

美的置業控股有限公司

MIDEA REAL ESTATE HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3990

2021 Interim Report



Company Profile

Midea Real Estate Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**” or “**Midea Real Estate**”) (Stock Code: 3990.HK) is a listed company of The Stock Exchange of Hong Kong Limited, one of the top 24 listed real estate companies in China and one of the top 100 private enterprises in Guangdong Province, whose shares are included in the constituents of seven indexes such as Hang Seng Stock Connect Hong Kong Index. Founded in 2004, the Group upholds the development orientation of “Smart Property Manufacturer”, and aims to create a better lifestyle by building “**5M Smart Health Community**” with intelligent, industrial, digital and quality construction and services backed by its profound manufacturing foundation and technological expertise.

Guided by the policy of “intensive development in focused areas and strategy upgrade”, Midea Real Estate has established 339 projects in six regions (data as at 30 June 2021), including the Pearl River Delta Economic Region, Shanghai & Jiangsu Region, Zhejiang & Fujian Region, the Midstream of Yangtze River Economic Region, North Region and Southwest Economic Region, with presence in national core cities such as Shanghai, Guangzhou, Tianjin, Chongqing, Chengdu, Zhengzhou and Wuhan, and in provincial capitals such as Hangzhou, Nanjing, Changsha, Hefei, Kunming, Fuzhou, Nanchang and Guiyang.

Midea Real Estate adheres to the coordinated development of “four major business segments”, namely residential property development, property management services, commercial operations and industrial business. Among them, residential property development and services closely follow the trend of users’ demands for smart and healthy living in the technological era of AIoT (Artificial Intelligence of Things). We have created the unique “5M Smart Health Community” strategic product system designed to provide customers with a sophisticated and smart living experience from five dimensions, namely M-Smart, M-Health, M-Quality, M-Service, and M-Life. On the industry front, the Group has vigorously built an industry chain for creating a smart and technology-based living environment, so as to cultivate it into a “second runway” for independent development. We have developed intelligent industrialisation and building industrialisation, thereby establishing a closed loop of the full value chain from research and development, design, production and construction to management, operation and maintenance, which helps establish our advantages in integrated products and services. We have received the recognition as the first National Standard Creation Base for Smart Living and continuously provide third parties with smart and green prefabricated integration solutions.

Looking forward, Midea Real Estate will continue to strengthen its foundation, innovate and reform, strengthen industrial empowerment, and lead industry development in a smart and healthy manner, so as to provide the nation with premium residence and create better value for society.



Contents

Financial Overview	2
Chairman's Statement	3
Management Discussion and Analysis	9
Corporate Governance and Other Information	24
Report on Review of Interim Financial Information	34
Interim Condensed Consolidated Statement of Comprehensive Income	35
Interim Condensed Consolidated Balance Sheet	36
Interim Condensed Consolidated Statement of Changes in Equity	38
Interim Condensed Consolidated Statement of Cash Flows	40
Notes to the Interim Financial Information	41
Corporate Information	71

Financial Overview

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2021	2020	Change
Revenue (RMB million)	33,038.6	20,936.6	57.8%
Gross profit (RMB million)	6,838.1	5,523.8	23.8%
Net profit (RMB million)	3,002.3	2,354.2	27.5%
Core net profit attributable to owners of the Company* (RMB million)	2,253.3	2,026.8	11.2%
Core net profit (RMB million)	3,100.7	2,357.0	31.6%
Profit attributable to owners of the Company (RMB million)	2,154.9	2,024.1	6.5%
Basic earnings per share (RMB)	1.75	1.64	6.7%

BALANCE SHEET HIGHLIGHTS

	As at 30 June 2021	As at 31 December 2020	Change
Total assets (RMB million)	289,817.6	283,754.5	2.1%
Total cash and bank deposits (RMB million)	32,063.8	26,787.6	19.7%
Short-term borrowings (RMB million)	10,588.1	12,254.8	-13.6%
Long-term borrowings (RMB million)	46,533.3	46,385.4	0.3%
Total equity (RMB million)	43,073.2	40,219.4	7.1%
Total liabilities/total assets	85.1%	85.8%	-0.7 percentage point
Gearing ratio	58.2%	79.2%	-21 percentage points

* Core net profit attributable to owners of the Company represents profit attributable to owners of the Company excluding the post-tax profit or loss arising from changes in fair value of investment properties and the post-tax expenses arising from equity-settled share-based payment transactions.

Dear Shareholders,

I am pleased to present to you the interim report of the Group for the six months ended 30 June 2021 ("**Reporting Period**").

INTERIM RESULTS

2021 is the first year of the "14th Five-Year Plan". With national reforms going through a tough phase and economic development under a new normal, the transformation and reform of the real estate industry is going deeper and deeper. Following such financial regulatory measures as the "Three Red Lines and Four Camps" and the management of real estate loan concentration, the "two-centralised land supply" policy was introduced and implemented to stabilise land prices, house prices and expectations and promote the stable and healthy development of the real estate market. In the face of the restructuring of the industry's competition landscape, real estate companies focus on seeking "management-driven results" and shift their development objectives from business expansion to enterprise value enhancement. In this context, there are higher requirements on the investment capabilities, product strength, operating efficiency, capital efficiency and industrial momentum of real estate companies.

During the Reporting Period, the Group's revenue amounted to RMB33,038.57 million, representing an increase of 57.8% as compared to the corresponding period of 2020. Gross profit amounted to RMB6,838.11 million, representing an increase of 23.8% as compared to the corresponding period of 2020. Core net profit of the Group amounted to RMB3,100.71 million, representing an increase of 31.6% as compared to the corresponding period of 2020. Core net profit attributable to owners of the Company amounted to RMB2,253.31 million, representing an increase of 11.2% as compared to the corresponding period of 2020. As at 30 June 2021, the gearing ratio was 58.2%, representing a decline of 21 percentage points as compared to the end of 2020.

BUSINESS REVIEW FOR THE FIRST HALF OF 2021

(I) Review of the Real Estate Industry

In the first half of 2021, the industry ushered in an era of full-blown regulation with high-frequency, high-density and high-coverage regulatory policies, featuring "mild growth and active existing projects".

The central government insists on the fundamental principle that "housing is not for speculation". The high-leverage and high-debt business model has become unsustainable, forcing real estate companies to control financial leverage, improve operation and management efficiency, activate marketing channels, and accelerate cash turnover. In the future, real estate companies with abundant cash, sound finance and lean management will be better positioned to access more high-quality resources and development opportunities.

The policy of centralised land supply opens up a new era in the land supply market, and imposes higher requirements on the development, operation and profit management of real estate companies. The policy further increases the financial pressure on real estate companies, and puts forward higher requirements on their financing and cash flow management capabilities. Real estate companies are developing capabilities in diversified land acquisition, as land bank is of increasing value to their core competitiveness.

In the first half of the year, the sales of the industry increased greatly with increasing divergence and marketing innovations. In the first half of 2021, national sales of new commercial housing remained resilient as new digitalised and online marketing channels such as live broadcast sales and new media communication emerged in a frenzy. From the passive sitting-salesman model to active mobile marketing, it has become a new marketing pattern for real estate companies to proactively reach out to customers.

The three-child policy gives rise to the demand for housing replacement, and the normalisation of COVID-19 demands for more supporting facilities. In May 2021, the central government issued the "three-child policy". "Three-child" family buyers put greater emphasis on the number of rooms and storage functions, and require safe and eco-friendly decoration materials. Under the normalisation of COVID-19, consumers have demands for residential products with greater emphasis on health, functionality and privacy.

(II) Sales Performance

Sales grew strongly. During the Reporting Period, the contracted sales of the Group, together with its joint ventures and associates, reached approximately RMB82.59 billion with a contracted sales GFA of approximately 6,866 thousand square metres. The contracted sales increased by 71.3% over the same period in 2020 to reach 55% of the annual target. The COVID-19 pandemic has not had any material adverse impact on the financial conditions and operating results of the Group.

The strategy of regional expansion showed results. Expansion in first and second tier cities achieved good results, as the contribution of key urban agglomerations increased. During the Reporting Period, sales in Zhejiang & Fujian Region amounted to RMB18.5 billion, representing an increase of 174% as compared to the corresponding period of last year, while sales in the Pearl River Delta Region amounted to RMB13.8 billion, twice as much as that of the first half of 2020. The top ten best-selling cities contributed about 50% of the total contracted sales, demonstrating that the strategy of regional expansion has achieved phased results. The strategy of regional expansion is conducive to the intensive management of resources and creation of a brand premium.

The urban upgrade strategy reached a higher level. As the city upgrade strategy achieved phased results, the average selling price increased by 9.3% over the same period in 2020 to RMB12,028 per square metre (6.0% higher than the average selling price in 2020). During the Reporting Period, the contracted sales in first and second tier cities accounted for 78.3% of the total contracted sales. In particular, first tier and strong second tier cities contributed 39.9% of the total contracted sales. Shanghai & Jiangsu Region, Zhejiang & Fujian Region and Pearl River Delta Region accounted for 69.2% of the total contracted sales.

(III) Business Development

The Group adheres to the strategy of coordinated development of “four major business segments”, i.e. residential property development, property management services, commercial operations, and industrial business.

Residential Property Development

During the Reporting Period, the percentages of the Group's land bank and sales in first and second tier cities further increased to 56.2% and 78.3%, respectively. In particular, the base construction strategy has been advancing in an orderly manner in core cities, provincial capitals and cities connected to important rail transit. Based on the entire development cycle, the Group deepened the integration of investment and financing with operations in the aspects of business coordination, business indicators and management mechanisms; strengthened customer research, improved product positioning, innovation, adaptability, turnover and brand premium, built up competitiveness in smart, healthy and green products, and launched the top product series “Jingrui” to build benchmarking projects and gradually upgrade to a mid-to-high end developer brand.

Property Management Services

During the Reporting Period, based on community services, Mega Services made greater efforts to develop value-added services such as home decoration, home appliance sales, house leasing and home-delivery services as well as extended services including agent construction, developer services and advertising, and vigorously scaled up industrial park services. As at 30 June 2021, the Group had signed a total of 12 industrial park projects. Mega Services established the Urban Housekeeping Research Institute (城市管家研究院) with Infore Environment to specialise in creating smart and clean demonstration communities and providing urban space operation services.

Commercial Operations

As at 30 June 2021, the Group had developed and operated commercial GFA of over 3.5 million square metres. The operating indicators of its commercial projects in operation remained at a high level in the industry. Nine commercial projects were planned to open for business with a total commercial GFA of 421 thousand square metres. Among them, Foshan Midea Wanda Plaza, Guiyang Midea Wonderful Square, and Wuhan Midea Wonderful Square, which are located in high-value areas, will try to create new regional landmarks.

Industrial Business

During the Reporting Period, the contracted sales of the industrial business segment reached RMB1,085 million. It served over 200 customers, covering 30% of the top 100 real estate companies, and cooperated with over 300 partners.

(IV) Financial Performance

During the Reporting Period, the Group continuously capitalised on its advantages in low-cost financing, broadened financing channels, proactively reduced leverage and improved financial management efficiency, thus providing sufficient financial support for its sound development.

Deleveraging management was initiated prospectively to continuously optimise the debt structure. As at 30 June 2021, the total interest-bearing liabilities of the Group amounted to RMB57,121 million, a decrease of 2.6% from the end of the previous year (31 December 2020: RMB58,640 million). In May 2021, the Group successfully issued 2,096 million of commercial mortgage-backed securities (CMBS), with a low coupon rate of 4.5% and a term of 17 years (attached with a sell-back/repurchase option at the end of the third year).

Cash and credit facilities were abundant, and the net gearing ratio was declining. Against the backdrop of “Five Red Lines”, the Group still had abundant cash and credit facilities, and made efforts to improve risk resistance capacity with a focus on operating cash flow. Meanwhile, the Group continued to improve its capital management capabilities and speed up sales and cash collection, so as to strength its self-sustaining ability. As at 30 June 2021, the Group's net gearing ratio was 58.2%, representing a decline of 21 percentage points from the end of 2020.

(V) Operational Measures

Going deep in key cities to increase the production capacity of single cities. During the Reporting Period, the Group used more than 90% of its land acquisition funds to acquire land in first and second tier cities, in an unswerving effort to implement the city upgrade strategy. Meanwhile, the Group exercised caution when expanding to new cities and had only entered Fuzhou. During the Reporting Period, the Group further optimised its investment strategy and made the best of the selected areas in the base cities to increase its market share.

Determining production by sales to deepen the concept of lean operations. The Group strategically formulated construction plans and supply timing based on market dynamics, and dynamically tracked and adjusted management actions on a building-by-building basis, thus achieving a dynamic balance of supply, sales and inventory.

Leveraging advantages to develop urban renewal projects. For urban renewal business, the Group focused on old factories and villages and leveraged its own industrial advantages to actively obtain project resources. In the first half of 2021, the Group added 10 urban renewal projects. In addition to its base camp in the Pearl River Delta, we have also accumulated experience and resources in cities such as Guiyang and Kunming for urban renewal projects.

Practicing lean operations and achieving great results in digitalisation. The Group upholds the manufacturing mindset and practices the concept of lean operations. With an aim for quality growth, the Group has incorporated the digital strategy into the full business process covering land acquisition, construction, financing, supply, sales, inventory, collection and recognition, thus achieving a steady growth in business scale, profit and receivable collection and improving the intensive management quality and efficiency. With the full and deep implementation of a digital system, the Group's organisational management efficiency improved significantly.

BUSINESS PROSPECTS FOR THE SECOND HALF OF 2021

Market Outlook

China's economy is still in a critical phase with strategic opportunities, and its core growth driver will shift from "resources" to "value creation". In the future, the general rules for land supply in exuberant cities will be focusing on restriction on land premiums, control over housing prices and competition in quality. Looking forward, the authorities, from the central government to the relevant ministries and commissions to the local governments, will continue to improve the long-term mechanism for coordination of "people, housing, land and money" in order to build a safe boundary for the sound and healthy development of the industry.

In addition, the 14th Five-Year Plan and related policies have requirements and plans for the coordinated development of urban and rural areas, common prosperity, green development, digital China, urban renewal, public services, and business environment development in the future. In particular, the new urbanisation plan is focused on urban agglomeration construction where people, industries, capital and other production factors will continuously flow and gather. New opportunities brought about by urban renewal, rail transit projects, operation of high-quality assets, affordable rental housing, and comprehensive development of commercial, industrial and residential projects will constantly spring up. As such, enterprises need to form a business structure suitable to their own industrial gene and business layout, build up the competitiveness of such strategic structure, and seek new growth drivers, so as to achieve long-term development.

Development Strategy and Outlook

Given that the value center of China's real estate industry tends to shift from resources to assets, the Group will maintain sound operations and pursue safe business growth and reasonable profit creation for real estate development; consolidate the pattern of coordinated development of four major business segments in a shift from a "residential-focused" developer to a comprehensive operator integrating "commercial, industrial, and residential" projects; increase the operating business scale, revenue and asset value and enhance the anti-risk ability to facilitate cross-cycle development; explore new business areas and optimise and upgrade the original business model to meet customer needs, so as to enhance the recognition by consumers and the capital market.

Residential Property Development

The Group will continue to optimise its organisational structure and resource allocation, intensify business development in key urban agglomerations dominated by first and second tier cities, create a business landscape and product portfolios in line with its industrial DNA, and select appropriate regional markets to focus on; develop the right products and improve operations based on the needs of market segments, strengthen sales efforts on a project-by-project basis, and strike a balance among sales, collection and premium; uphold the long-term principle and maintain sound operations to continuously achieve financial health, debt reduction and profit growth.

Property Management Services

The Group will reconstruct the customer-oriented service value chain across the whole life cycle. As for consumption upgrading, we will improve the quality of services for individual customers, develop community value-added services, and explore new growth drivers from home-delivery services and healthcare services. We will formulate an operation and management mechanism and incentive model that fit the market and our long-term development, and improve the service and management efficiency and owners' living experience through high-tech, smart and digital technologies. As for industrial upgrading, we will extend services to business and government customers by building up reputation with landmark projects, scale up services for industrial parks, office buildings and public buildings, and explore more extensive integrated operations as an urban steward.

Commercial Operations

The Group will increase its commercial presence in high-value areas, improve asset allocation, and optimise the “Wonderful” brand assets covering commercial complexes, long-term rental apartments, community centres and TOD commercial properties. We will increase our market influence through landmark projects that have good cash flow and profitability and enjoy asset appreciation. As the state encourages the development of the rental housing market, we will replicate the operating model of our own long-term rental apartments to acquire more high-quality assets and offer asset-light services in selected areas.

Industrial Business

In respect of smart services, we will focus on smart home and smart community services to consolidate our core competitiveness, and gradually develop an ecosystem of “smart home, community, industrial park and building” services and even urban services. In respect of building industrialisation, we will follow the national strategy for carbon peaking and neutrality to strengthen green development and gradually promote the technology revolution of smart housing construction. In addition, we will build a platform for business solicitation and investment attraction based on big data, and devote ourselves to digital and intelligent asset-light operations of industrial parks.

The industry is going through restructuring and our corporate business value will be reshaped. Regarding the current regulatory policies optimistically, we believe that the overall development of the real estate industry will be sound and stable. Only by keeping up with the times, coming back to the nature of operations, and putting new ideas, new values and new approaches into action can we solve difficulties and risks, and create new significance for development.

ACKNOWLEDGEMENT

On behalf of the board of directors of the Company (the “**Board**” or “**Directors**”), I would like to take this opportunity to express sincere gratitude to all sectors of the society for your trust and support. In 2021, the Group will continue to make improvements and create more value for shareholders, investors, partners, customers and the society.

Chairman, Executive Director and President

Hao Hengle

25 August 2021

Hong Kong

Management Discussion and Analysis

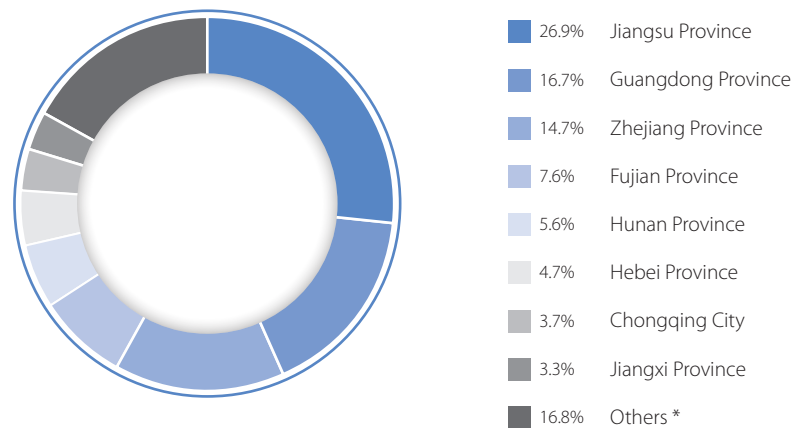
OVERALL PERFORMANCE

During the Reporting Period, the Group recorded a revenue of RMB33,038.57 million (the corresponding period of 2020: RMB20,936.62 million), representing an increase of 57.8% as compared to the corresponding period of last year. Operating profit amounted to RMB4,125.32 million (the corresponding period of 2020: RMB3,393.63 million), representing an increase of 21.6% as compared to the corresponding period of last year. Profit for the Reporting Period amounted to RMB3,002.34 million (the corresponding period of 2020: RMB2,354.24 million), representing an increase of 27.5% as compared to the corresponding period of last year. Core net profit for the Reporting Period increased by 31.6% to RMB3,100.71 million (the corresponding period of 2020: RMB2,356.97 million), and core net profit attributable to owners of the Company increased by 11.2% to RMB2,253.31 million. Profit attributable to owners of the Company reached RMB2,154.94 million (the corresponding period of 2020: RMB2,024.10 million), representing an increase of 6.5% as compared to the corresponding period of last year. Basic and diluted earnings per share reached RMB1.75 (the corresponding period of 2020: RMB1.64).

CONTRACTED SALES

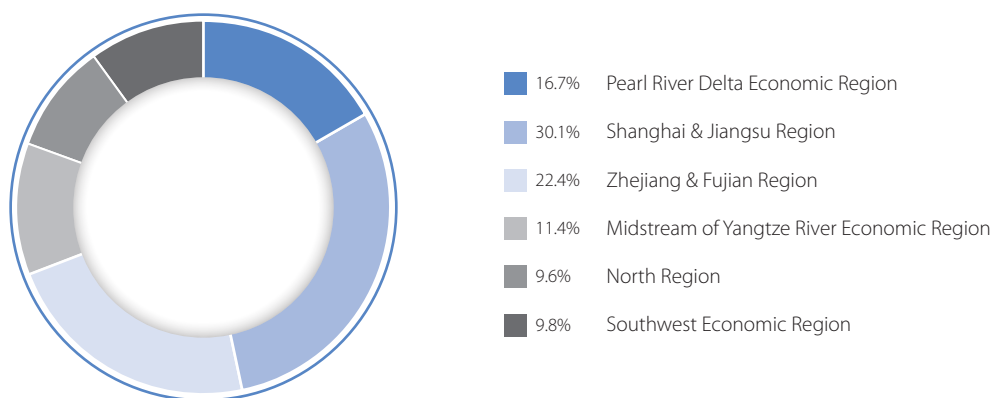
During the Reporting Period, the Group and its joint ventures and associates recorded contracted sales of approximately RMB82.59 billion with a total contracted sales GFA of approximately 6,866 thousand square metres. Specifically, Shanghai & Jiangsu Region, Zhejiang & Fujian Region accounted for over 50% of the contracted sales, while the Pearl River Delta accounted for 16.7%. The top ten cities in terms of sales contribution accounted for about 50% of the contracted sales amount. The further increase in sales concentration reflects that the regional expansion strategy of the Group has achieved phased results.

DISTRIBUTION MAP OF CONTRACTED SALES BY PROVINCE



* Others: Anhui Province, Hubei Province, Guizhou Province, Yunnan Province, Tianjin City, Liaoning Province, Henan Province, Sichuan Province, Guangxi Zhuang Autonomous Region and Shanghai City.

DISTRIBUTION MAP OF CONTRACTED SALES BY REGION



LAND RESERVES

Newly Acquired Land Reserves

During the Reporting Period, the Group maintained a prudent and restrained attitude and used 40% of the sales proceeds for land acquisition, investing over 90% of resources in first and second tier cities. The total gross floor area ("GFA") of the newly acquired land reserves[#] reached 3.18 million square metres.

List of Newly Acquired Land Reserves:

Region	City	Project name	Interest attributable to the Group**	Land Reserve (Square metres)
Pearl River Delta Economic Region	Foshan	Foshan Nanhai Lishui Avenue South Project (佛山南海裡水大道南項目)	50.1%	102,942
		Foshan Beijiao Fantasia • Midea • Excellence • Good Time* (佛山北濠花樣年 • 美的 • 卓越 • 好時光)	33.0%	80,518
	Huizhou	Huizhou Midea • Logan Acescene Park* (惠州美的 • 龍光玖悅台)	49.0%	56,005
	Guangzhou	Guangzhou Nansha Hengli Central Project* (廣州南沙橫瀝中路項目)	24.9%	45,479

[#] The land reserves total GFA of the properties held by our joint ventures/associates has been discounted in proportion to ownership percentage.

Management Discussion and Analysis (Continued)

Region	City	Project name	Interest attributable to the Group**	Land Reserve (Square metres)
Shanghai & Jiangsu Region	Xuzhou	Xuzhou Pengzu Avenue North Project (徐州彭祖大道北項目)	100.0%	538,245
		Xuzhou Yunlong District Hanyuan Avenue Project* (徐州雲龍區漢源大道項目)	33.0%	32,933
		Xuzhou Yunlong District Kunlun Avenue Project* (徐州雲龍區昆侖大道項目)	33.0%	60,945
	Suzhou	Suzhou Wuzhong Changli Road Project (蘇州吳中長蠡路項目)	100.0%	55,588
	Wuxi	Wuxi Lize Road Project* (無錫笠澤路項目)	50.0%	48,685
Zhejiang & Fujian Region	Wenzhou	Wenzhou Oujian Estuary Ouxiu Avenue Project (溫州甌江口甌繡大道項目)	100.0%	444,350
	Shaoxing	Shaoxing Yuecheng Yuyue Road Project (紹興越城于越路項目)	100.0%	193,756
	Jinhua	Jinhua Yiwu Midea Royal Orchid Fairview (金華義烏美的君蘭錦繡)	100.0%	174,996
	Ningbo	Ningbo Cixi Guangze Road Project (寧波慈溪廣澤路項目)	100.0%	154,774
	Quanzhou	Quanzhou Dehua Yunyin Landscape (泉州德化雲印江山)	100.0%	92,635
	Fuzhou	Fuzhou Greentown Midea Guiyu Yingyue* (福州綠城美的桂語映月)	50.0%	83,483
Midstream of Yangtze River Economic Region	Changsha	Changsha Greentown Midea Mingyue Jiangnan* (長沙綠城美的明月江南)	50.0%	108,975
		Changsha Midea Zhenro Riverside Court* (長沙美的正榮濱河苑)	50.0%	111,627
	Nanchang	Nanchang Jiaotou Properties Sunac Midea Qingshanyin (南昌交投置業融創美的青山印)	34.0%	142,253
	Ganzhou	Ganzhou Lakeside Avenue Project* (贛州湖邊大道項目)	51.0%	119,211
North Region	Handan	Handan Midea Grand Garden (邯鄲美的公園天下)	100.0%	172,370
	Luoyang	Luoyang Zhoushan Avenue Project (洛陽周山大道項目)	100.0%	152,476
	Tianjin	Tianjin Zhenro Midea Hezhu Meijiang Project* (天津正榮美的和築梅江項目)	49.0%	73,624
Southwest Economic Region	Chengdu	Chengdu Checheng Xisan Road Project* (成都車城西三路項目)	50.0%	130,403

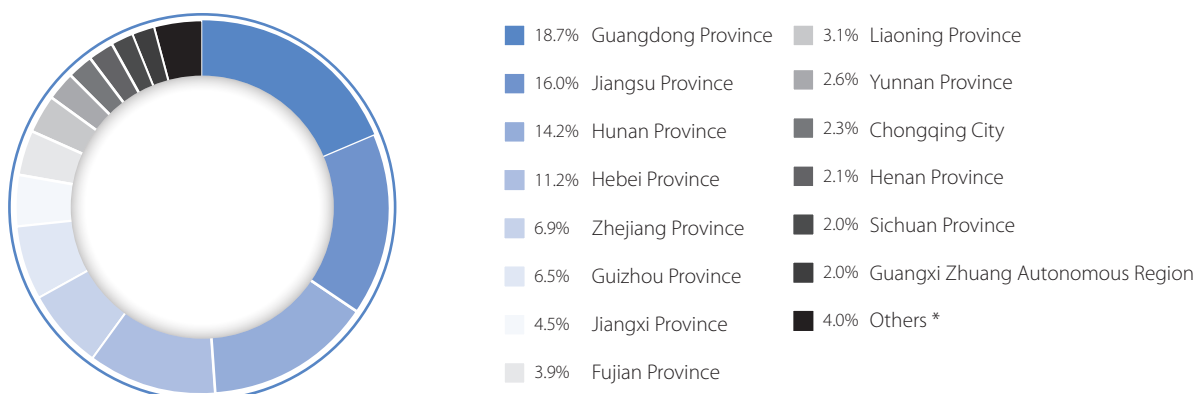
* The land reserve of the properties held by our joint ventures/associates has been discounted in proportion to ownership percentage.

** Interest attributable to the Group refers to the equity interest held by the Group in each project company as at 30 June 2021, and the ownership structures of some projects may be further adjusted according to the cooperation agreements in the future.

Land Reserves

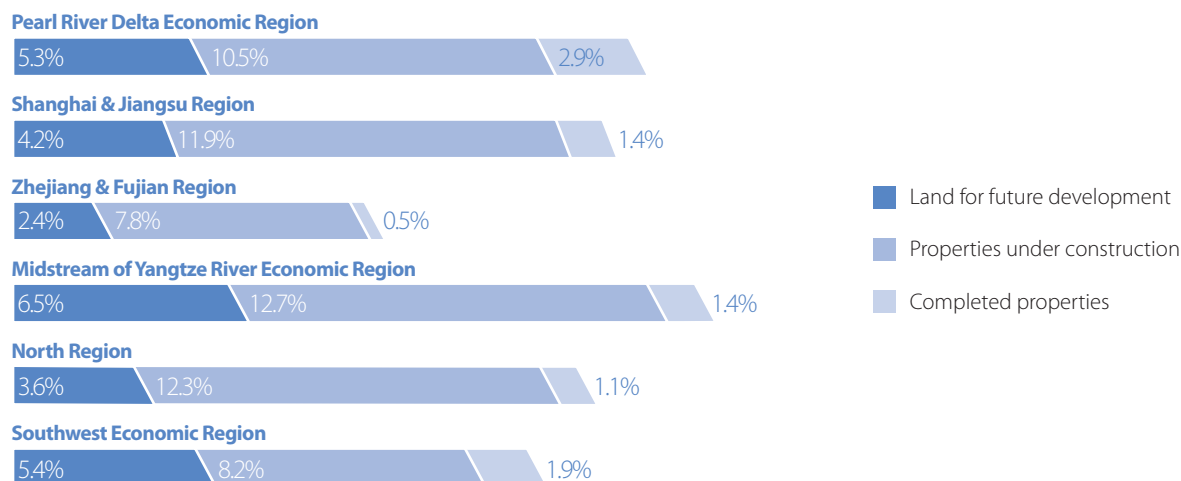
As at 30 June 2021, the Group had a total of 339 property development projects and 103 of them were participated through joint ventures and associates, covering 62 cities across China, and had a total GFA of land reserves of 52.77 million square metres.

DISTRIBUTION MAP OF LAND RESERVES BY PROVINCE



* Others: Hubei Province, Anhui Province, Tianjin City and Shanghai City.

REGIONAL DISTRIBUTION MAP BY PROJECT STATUS



LAND RESERVES BY CITY (AS AT 30 JUNE 2021)

Properties developed by our subsidiaries

Region	City	Number of Projects	Completed Available for Sale and Rentable GFA (square metre)	GFA Under Development (square metre)	Planned GFA for Future Development (square metre)	Land Reserves (square metre)
Pearl River Delta Economic Region	Foshan City	30	920,093	1,724,319	1,011,846	3,656,258
	Yangjiang City	2	110,370	426,197	718,213	1,254,780
	Heyuan City	2	84,607	600,182	24,837	709,626
	Maoming City	1		220,844	464,825	685,669
	Zhaoqing City	5	110,141	373,745		483,886
	Huizhou City	2	85,872	278,082		363,954
	Jiangmen City	4	56,071	277,264		333,335
	Guangzhou City	2	53,314	171,078		224,392
	Zhongshan City	3	35,902			35,902
Subtotal		51	1,456,370	4,071,711	2,219,721	7,747,802
Shanghai & Jiangsu Region	Xuzhou City	13	46,629	2,236,383	934,146	3,217,158
	Yangzhou City	4	9,972	467,353	569,988	1,047,313
	Zhenjiang City	5	136,263	582,106	133,837	852,206
	Suzhou City	4	239,028	345,597	55,588	640,213
	Wuxi City	4	56,117	473,566		529,683
	Changzhou City	4	41,538	309,902		351,440
	Taizhou City	1		168,405		168,405
	Shanghai City	2	59,614	102,383		161,997
	Nanjing City	2	32,387	45,274	19,619	97,280
	Nantong City	1		84,726		84,726
	Fuyang City	1		55,927		55,927
	Hefei City	2	34,218			34,218
Subtotal		43	655,766	4,871,622	1,713,178	7,240,566
Zhejiang & Fujian Region	Quanzhou City	6		1,092,074	487,973	1,580,047
	Ningbo City	11	161,376	732,160	154,774	1,048,310
	Jinhua City	7	118,476	641,684		760,160
	Wenzhou City	1			444,350	444,350
	Taizhou City	2		369,617		369,617
	Hangzhou City	2		295,056		295,056
	Shaoxing City	1			193,756	193,756
	Zhoushan City	1		95,489		95,489
Subtotal		31	279,852	3,226,080	1,280,853	4,786,785

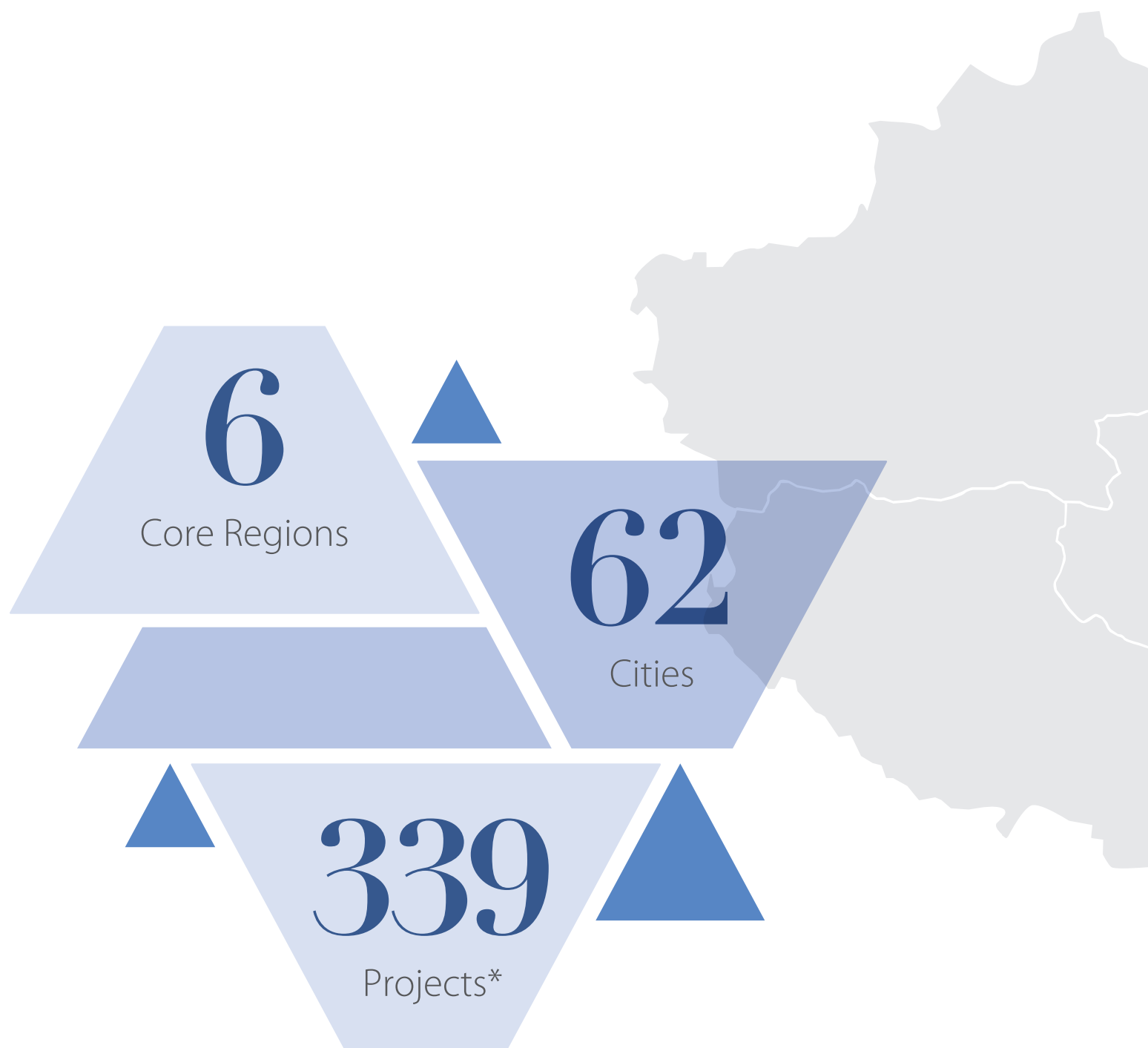
Management Discussion and Analysis (Continued)

Region	City	Number of Projects	Completed Available for Sale and Rentable GFA (square metre)	GFA Under Development (square metre)	Planned GFA for Future Development (square metre)	Land Reserves (square metre)
Midstream of Yangtze River Economic Region	Zhuzhou City	10	135,167	848,298	477,247	1,460,712
	Changsha City	7	224,926	830,244	291,891	1,347,061
	Xiangtan City	3	24,896	433,952	760,117	1,218,965
	Wuhan City	2		643,517	337,737	981,254
	Ganzhou City	2		776,997	77,547	854,544
	Hengyang City	3		483,339	317,577	800,916
	Chenzhou City	2	782	658,160	127,490	786,432
	Yueyang City	3	30,095	520,246	87,321	637,662
	Changde City	1	3,100	284,351	51,597	339,048
	Shangrao City	3	77,373	234,894		312,267
	Nanchang City	3	79,895	50,446	137,635	267,976
	Jiujiang City	2	62,108	48,450		110,558
	Subtotal	41	638,342	5,812,894	2,666,159	9,117,395
North Region	Handan City	18	503,103	2,881,835	646,640	4,031,578
	Shenyang City	10	95,983	1,015,999	501,734	1,613,716
	Xingtai City	6		795,285	204,399	999,684
	Zhengzhou City	2		273,272	299,567	572,839
	Luoyang City	2		210,618	152,476	363,094
	Kaifeng City	1		183,304		183,304
	Tianjin City	1		98,981		98,981
	Subtotal	40	599,086	5,459,294	1,804,816	7,863,196
Southwest Economic Region	Guiyang City	7	548,273	677,182	785,996	2,011,451
	Zunyi City	6	133,261	933,684	244,704	1,311,649
	Kunming City	3	55,893	568,561	526,826	1,151,280
	Chongqing City	4	62,043	472,943	303,334	838,320
	Wuzhou City	1	24,557	198,060	498,529	721,146
	Leshan City	1	26,288	262,108		288,396
	Chengdu City	2	19,350	234,098		253,448
	Meishan City	2	3,258	166,622		169,880
	Dali City	1		113,113	41,037	154,150
	Nanning City	2	31,542	69,561		101,103
	Liuzhou City	1		94,171		94,171
	Subtotal	30	904,465	3,790,103	2,400,426	7,094,994

Properties held by our joint ventures/associates

Region	City	Number of Projects	Completed Available for Sale and Rentable GFA (square metre)	GFA Under Development (square metre)	Planned GFA for Future Development (square metre)	Land Reserves (square metre)
Pearl River Delta Economic Region	Foshan City	14	57,917	921,393	325,051	1,304,361
	Guangzhou City	3		113,033	59,814	172,847
	Jiangmen City	4	13,319	182,578	24,982	220,879
	Maoming City	1		102,859	56,203	159,062
	Zhuhai City	1		76,233	40,971	117,204
	Dongguan City	1		82,936		82,936
	Huizhou City	1			56,005	56,005
Subtotal		25	71,236	1,479,032	563,026	2,113,294
Shanghai & Jiangsu Region	Fuyang City	2		208,304	141,464	349,768
	Xuzhou City	5		189,312	156,455	345,767
	Changzhou City	3	7,780	272,300		280,080
	Wuxi City	4		157,688	109,250	266,938
	Nanjing City	5	8,853	186,107	28,117	223,077
	Suzhou City	3		190,739		190,739
	Hefei City	1	84,618	62,974		147,592
	Nantong City	2		94,296	33,289	127,585
	Zhenjiang City	2		31,326	12,861	44,187
Subtotal		27	101,251	1,393,046	481,436	1,975,733
Zhejiang & Fujian Region	Wenzhou City	1		289,926		289,926
	Shaoxing City	1		156,274		156,274
	Hangzhou City	1		131,438		131,438
	Zhoushan City	1		84,649		84,649
	Quanzhou City	1		84,507		84,507
	Fuzhou City	1		83,483		83,483
	Ningbo City	1		76,654		76,654
	Jinhua City	1	7,951			7,951
Subtotal		8	7,951	906,931		914,882
Midstream of Yangtze River Economic Region	Nanchang City	7		402,285	154,640	556,925
	Changsha City	5	30,141	249,683	188,352	468,176
	Changde City	2	40,388	47,155	137,233	224,776
	Jiujiang City	3	1,484	132,028	2,912	136,424
	Yueyang City	1			129,074	129,074
	Ganzhou City	1			119,211	119,211
	Zhuzhou City	1	3,078	46,625	19,318	69,021
Subtotal		20	75,091	877,776	750,740	1,703,607
North Region	Handan City	6		819,889	50,312	870,201
	Tianjin City	2		231,757	33,247	265,004
	Xingtai City	1	851			851
Subtotal		9	851	1,051,646	83,559	1,136,056
Southwest Economic Region	Chongqing City	6	54,742	331,218	4,836	390,796
	Chengdu City	4	1,520	113,510	258,012	373,042
	Nanning City	2	42,861	51,097	52,566	146,524
	Zunyi City	1		38,175	60,171	98,346
	Dali City	1			69,929	69,929
Subtotal		14	99,123	534,000	445,514	1,078,637
Total		339	4,889,384	33,474,135	14,409,428	52,772,947

PROPERTIES DISTRIBUTION MAP



* Including 103 projects participated through joint ventures and associates.



PROPERTY MANAGEMENT

In the first half of 2021, Midea Property Management focused on customer needs to bring customers a smart and beautiful new life beyond expectations. It firmly implemented the “1+N” strategy, reinforced its basic service capabilities, deepened and developed the four product/service offerings of “Royalty, enjoyment, joy and pleasure”, continued to carry out regular anti-COVID-19 measures and deliver homeowner services, and took various measures to consolidate the lines of defense for community safety. It also piloted a tech-enable system for smart identification of electric bikes entering elevators to guarantee safety. Meanwhile, based on customers’ consumption upgrade needs and individual needs in diverse areas, Midea Property Management further extended the service chain and expanded the scope of services to build a “Cloud Neighbourhood Life” ecosystem of community-based value-added and asset management services integrating rental and sales services, community retail, home appliance customisation, home decoration and improvement, home-delivery services, etc. On the basis of market-oriented business development, Midea Property Management extended business boundaries by developing industrial park services, constantly innovating and upgrading its industrial park service model, and making efforts to maximise the user value and commercial value of the platform by applying the “people-focused and people-oriented” approach into space services.

INVESTMENT AND OPERATION OF COMMERCIAL PROPERTIES

As at 30 June 2021, the Group had a total of 14 commercial property projects, including 5 projects in operation, namely Foshan Midea Wonderful Square, Foshan Midea Wonderful Street, Zhenjiang Midea Wonderful Square, Xuzhou Midea Square and Zhuzhou Midea Times Square.

The three “Wonderful” commercial product lines have been launched. It is expected that Handan Midea Wonderful Square, Guiyang Midea Wonderful Square, Guiyang Midea Wonderful Times, and Foshan Midea Wonderful Future City will open for business between 2021 and 2023.

With forward-looking planning, strong investment attraction capacity and innovative operating capabilities, we position ourselves as a designer and creator for urban development and design vigorous and smart commercial properties for cities to meet the commercial needs of various cities and customer groups. Guiyang Midea Wonderful Square won the title of “New Urban Commercial Landmark of 2021”, and Handan Midea Wonderful Square received the award of “2021 Potential Star Show Award for the Shopping Mall Sector”.

INDUSTRIAL BUSINESS

Smart Space Industry

In terms of smart scenario-based application development, Ruizhu Intelligence continued to increase its investment, and has applied for 106 patents and 45 software copyrights. It has launched five smart home packages, Nature+ solutions, child care solutions and smart kitchen solutions to fully meet customer needs, and has obtained CMMI Maturity Level 5 certification and intellectual property management system certification. In addition, Ruizhu Intelligence has reached strategic cooperation with EZVIZ, Shanghai MCKIN and Wonly Security, further improving its ecosystem integration capabilities.

As a smart home and smart community service platform, Ruizhu Intelligence upholds the brand positioning of “making smart services considerate” to provide users with one-stop smart living solutions. In the first half of the year, Ruizhu Intelligence delivered 18,000 smart homes and more than 50 smart communities. As of now, it has served approximately 200 clients, of which about 30% are top 100 real estate developers, and has brought smart living experience to more than 250 community projects and more than 88,000 families.

Green Prefabrication Industry

Upholding the brand concept of “Green Habitat and Smart Future”, Remac Technology provides design, development, manufacturing, sales and construction services throughout the value chain, in an effort to become a service provider in the value chain of building industrialisation. In the first half of 2021, Remac Technology had been improving operating quality and continued to make innovations in technological research and development. As at 30 June 2021, we obtained 235 patents related to prefabrication.

In the first half of 2021, Remac Technology built a production facility on the east bank of the Pearl River. Huizhou production base began to build up productivity in less than three months to meet the market needs on the east bank of the Pearl River in the Greater Bay Area.

In addition, Remac Technology signed cooperation agreements on annual prefabricated components procurement with South Branch of China Construction Eighth Engineering Division, Excellence Real Estate and Jinke Property, and entered into a cooperation agreement on annual ACL centralised procurement with China Construction Fourth Engineering Division. It also worked with Remac Tianyuan, an integrated design service provider of the Group, to provide design and manufacturing integrated services. They signed contracts for projects such as China Construction Xingshun Garden, Haiyi Wenjuxuan and China Construction Xinghong City. As at 30 June 2021, Remac Technology had served a total of more than 50 customers and secured a total of about 140 contracted projects.

In April 2021, the first fully prefabricated interior decoration project of the Prefabricated Interior Decoration Innovation Institute was put into use, marking the official launch of the full-chain service model integrating “R&D, design, production, sales, construction, after-sales service, operation and maintenance”. In June 2021, the Prefabricated Interior Decoration Innovation Institute successfully signed a mass prefabricated apartment interior decoration project which has been under construction. While improving technology R&D and operational capabilities, it shifted from a single-unit prefabricated interior decoration to mass prefabrication and entered the stage of rapid expansion.

In respect of R&D innovation, through different types of projects, the Prefabricated Interior Decoration Innovation Institute independently develops and sets the prefabricated interior decoration product standard for public buildings, apartment buildings and residential buildings to facilitate the development of the prefabrication industry.

FINANCIAL REVIEW

Revenue

Property Development and Sales

During the Reporting Period, the Group’s recognised revenue from property development and sales increased by 58.2% to RMB32,480.41 million from RMB20,533.53 million in the corresponding period of 2020, primarily due to the dual increase in the total GFA recognized and sales unit price. Total GFA recognised amounted to 3.5082 million square metres, representing an increase of 48.1% from 2.3683 million square metres in the corresponding period of 2020.

Property Management Services

During the Reporting Period, the Group’s revenue derived from property management services increased by 22.7% to RMB425.11 million from RMB346.45 million in the corresponding period of 2020, primarily due to an increase in the GFA of the property under contract management.

Investment and Operation of Commercial Properties

During the Reporting Period, the Group’s revenue from investment and operation of commercial properties increased by 134.9% to RMB133.05 million from RMB56.64 million in the corresponding period of 2020, primarily due to that the effective control of the pandemic in China led to the gradual and stable recovery and further development of property leasing business and cultural tourism projects.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from the property development activities, the provision of property management services and other businesses. During the Reporting Period, the Group's cost of sales increased by 70.0% to RMB26,200.47 million from RMB15,412.83 million in the corresponding period of 2020, primarily due to the increase in recognised total GFA of 48.1% to 3.5082 million square metres from the corresponding period of 2020.

Gross Profit

During the Reporting Period, the Group's gross profit increased by 23.8% to RMB6,838.11 million from RMB5,523.79 million in the corresponding period of 2020. The increase in gross profit was primarily driven by the increase in sales revenue.

Other Income and Gains — Net

During the Reporting Period, the Group's other income and gains — net decreased by 8.8% to RMB376.94 million from RMB413.16 million in the corresponding period of 2020. The Group's net other income and gains primarily consists of management and consulting service income, compensation income, net foreign exchange gains, gains on financial assets at fair value through profit or loss, government grants income, losses/gains on disposal of subsidiaries, etc.

Selling and Marketing Expenses

During the Reporting Period, the Group's selling and marketing expenses increased by 10.4% to RMB1,390.03 million from RMB1,259.50 million in the corresponding period of 2020, primarily due to the continued sales expansion of the Group, which led to corresponding increase in the marketing expense.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses increased by 30.7% to RMB1,650.15 million from RMB1,262.96 million in the corresponding period of 2020, primarily due to the increase in staff costs caused by the continuing expansion of the Group's property development business.

Finance Income — Net

The Group's net finance income primarily consists of interest expenses for bank loans, other borrowings, interest expense of issued domestic corporate bonds (net of capitalised interest relating to properties under construction), interest income from bank deposits, as well as foreign exchange gains and losses arising from financing activities. The general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised into the cost of those assets, until such assets are substantially ready for their intended use or sale.

During the Reporting Period, the Group's net finance income recorded a net gain of RMB371.95 million as compared with RMB119.51 million in the corresponding period of 2020, representing an increase of 211.2%, primarily due to a significant increase in finance income from RMB160.18 million in the corresponding period of 2020 to RMB371.95 million during the Reporting Period.

Profit Attributable to Owners of the Company

During the Reporting Period, profit attributable to owners of the Company increased by 6.5% to RMB2,154.94 million from RMB2,024.10 million in the corresponding period of 2020.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB32,063.77 million as at 30 June 2021 (31 December 2020: RMB26,787.64 million), including RMB23,358.21 million in cash and cash equivalents (31 December 2020: RMB18,595.11 million), RMB30.00 million in term deposits with initial terms over three months (31 December 2020: RMB52.31 million) and RMB8,675.56 million in restricted cash (31 December 2020: RMB8,140.22 million). Several property development companies of the Group are required to deposit certain amounts of pre-sale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 30 June 2021, the Group's pre-sale fund under supervision was RMB8,675.56 million. As at 30 June 2021, the Group's unused credit facilities from banks were RMB89,930.31 million.

Borrowings and Gearing Ratio

As at 30 June 2021, the Group's total borrowings amounted to RMB57,121.41 million. Bank and other borrowings, and corporate bonds were RMB44,916.82 million and RMB12,204.60 million, respectively. As at 30 June 2021, the gearing ratio was 58.2% (31 December 2020: 79.2%). The gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings were calculated as total amount of borrowings less cash and cash equivalents, term deposits with initial terms over three months and restricted cash.

Borrowing Cost

During the Reporting Period, the total borrowing costs of the Group amounted to RMB1,444.94 million, representing a decrease of RMB179.50 million from RMB1,624.44 million for the corresponding period of 2020, mainly due to an increase in the proportion of low-cut financing during the Reporting Period which resulted in the decreasing borrowing cost. As at 30 June 2021, the weighted average effective interest rate of the Group's total borrowings further decreased to 4.92%, and the weighted average effective interest rate of new borrowings was 4.74%.

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 30 June 2021, the value of the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB93,540.60 million (31 December 2020: RMB80,416.62 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 30 June 2021, the value of the Group's guarantee for the loans of joint ventures and associates amounted to RMB13,347.89 million (31 December 2020: RMB11,917.46 million).

Interest Rate Risk

The Group's interest rate risk arises from interest-bearing bank deposits, corporate bonds, bank and other borrowings. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. Corporate bonds, bank and other borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Currency Risk

The Group's businesses are mainly conducted in RMB and most of its assets are denominated in RMB. Non-RMB assets and liabilities are mainly bank deposits and borrowings denominated in Hong Kong dollars and US dollars. The Group is subject to certain foreign exchange risks arising from future commercial transactions and recognised assets and liabilities which are denominated in Hong Kong dollars and US dollars.

Legal Contingencies

The Group may be involved in litigations and other legal proceedings in its ordinary course of business from time to time. The Group believes that the liabilities arising from these legal proceedings will not have a material adverse effect on our business, financial condition or results of operations.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Reporting Period, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets.

CHANGES SINCE 31 DECEMBER 2020

Save as disclosed in this report, there were no other significant changes in the Group's financial position or from the information disclosed under the section headed "Management Discussion and Analysis" in the Group's annual report for the year ended 31 December 2020.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Trading of shares in the Company on the Main Board of The Stock Exchange of Hong Kong Limited commenced on 11 October 2018, and the Company raised net proceeds of approximately RMB2,786.87 million (including the exercise of the over-allotment option), after deducting the underwriting commission and other expenses in connection with the initial public offering ("IPO").

As at 30 June 2021, an analysis of the utilisation of IPO proceeds of the Company is as follows:

	Original allocation of IPO proceeds (including the exercise of the over-allotment option) RMB million	Utilised IPO proceeds as at 30 June 2021 RMB million	Unutilised IPO proceeds as at 30 June 2021 RMB million	Expected timeline for the use of unutilised IPO proceeds
Land acquisition or mergers and acquisitions to increase land reserves	1,950.81	1,878.98	71.83 (Note 1)	By the end of 2021
Land acquisition and construction for prefabricated construction projects	418.03	418.03	–	–
Research and development of Smart Home solutions	139.34	139.34	–	–
General working capital	278.69	278.69	–	–
Total	2,786.87	2,715.04	71.83	

Notes:

1. According to the Company's prospectus dated 28 September 2018, the Group intended to apply approximately 70% of the IPO proceeds for land acquisition to increase the land reserves by seeking and acquiring land parcels or suitable merger and acquisition opportunities in cities in which we currently operate and plan to expand by the end of 2020. The Group had attempted to utilise the IPO proceeds basically according to the schedule in the second half of 2020 for expanding its land reserves in Changzhou, Wuxi, Yangzhou and Xuzhou respectively. However, the utilisation of such proceeds was delayed due to the implementation of the control policies on the real estate industry and the business and economic activities of the Group had been affected in 2020 to some extent.

During the six months ended 30 June 2021, RMB660.73 million were used for certain projects in Xuzhou and Quanzhou. It is also expected that the remaining IPO proceeds of RMB71.83 million will be used for expanding our land reserves in Jiangsu Province by the end of 2021. Nonetheless, the implementation of these projects may vary due to the high competition in the auction or the demand on the local real estate market.

As at the date of this report, the Board confirms that there will not be any change to the original intended use of IPO proceeds or the allocated amount. However, additional time will be required to utilise the remaining IPO proceeds due to the reasons stated above. It is expected that the unutilised IPO proceeds will be utilised by the end of 2021. The Board will constantly evaluate the Group's business objectives and may change or modify the plans against changing market conditions as necessary and will make the necessary announcement(s) in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") where appropriate.

HUMAN RESOURCES

As at 30 June 2021, the Group had employed 14,436 full time employees, most of whom were based in the PRC. Employee's remuneration includes salaries, bonuses and other cash subsidies. The remuneration and bonuses of the employees are determined based on the Group's remuneration and welfare policies, the performance of the employees, the profitability of the Group and market level. The Group will also provide employees with comprehensive welfare plans and career development opportunities, including social insurances, housing provident funds, commercial insurance as well as internal and external training opportunities.

In addition, the Group has granted certain share options and award shares for the purpose of providing incentives to eligible participants of the Group. For details, please refer to the paragraphs headed "Share Option Scheme" and "Share Award Scheme" in the "Corporate Governance and Other Information" section of this report.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its corporate governance policies and practices. The Company had complied with the provisions of the CG Code during the six months ended 30 June 2021, except for certain deviations as specified under the paragraph headed “Chairman and President” below.

The Company is committed to achieving a high standard of corporate governance so as to enhance the transparency and accountability to the shareholders of the Company. The Board believes that good corporate governance will contribute to maximising the corporate value of the Company to its shareholders. The Board will continue to review and monitor the procedures in place with reference to Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

THE BOARD

Board Composition

During the six months ended 30 June 2021 and up to the date of this interim report, the Board comprised of nine Directors:

Executive Directors

Mr. Hao Hengle (Chairman)
Mr. Wang Quanhui (appointed on 4 June 2021)
Mr. Yao Wei
Mr. Lin Ge
Mr. Xu Chuanfu (retired on 4 June 2021)

Non-executive Directors

Mr. He Jianfeng
Mr. Zhao Jun

Independent non-executive Directors

Mr. Tan Jinsong
Mr. O’Yang Wiley
Mr. Lu Qi

During the six months ended 30 June 2021, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the board) including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

The Directors have no financial, business, family or other material or relevant relationships with each other.

CHAIRMAN AND PRESIDENT

Our Chairman is responsible for formulating the overall strategies and policies of the Company and providing leadership for the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. Our Chairman, as chief executive of the Company, is also delegated the authority by the Board to lead the day-to-day operation and business management of the Group in accordance with the corporate objectives, directions and policies laid down by the Board.

According to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2021, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision A.2.1 of the CG Code. Given Mr. Hao has considerable experience in the PRC real estate industry and the business operations of the Group, and is familiar with Midea's operations and management core values, the Board believes that vesting both roles of chairman and president in Mr. Hao facilitates the execution of the Group's long-term strategic aims and achieving its operations and business objectives, thereby maximising the effectiveness of the Group's operations.

The Board believes that this structure is in the best interest of the Company, and that this situation will not impair the balance of power and authority between the Board and the management of the Company because the Board comprises nine experienced and high-calibre individuals with demonstrated integrity, of which three are independent non-executive Directors, and they will take the lead where potential conflicts of interests of other Directors arise.

Further, major decisions of the Board are collectively made by way of majority voting. Therefore, major decisions must be made in consultation with members of the Board and appropriate committees. The Group had engaged an external internal control consultant to perform evaluation on top ten risks annually so as to identify, review and mitigate potential risks that may affect the Group's operation management. Senior management and/or external professional consultants are also invited to attend Board and committee meetings from time to time to provide adequate, accurate, clear, complete and reliable information to members of the Board for consideration in a timely manner.

The Board will nevertheless review the effectiveness of this structure and the Board composition from time to time.

AUDIT COMMITTEE

The Audit Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 1 January 2019 in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at 30 June 2021, the Audit Committee comprised three members including two independent non-executive Directors, Mr. Tan Jinsong (chairman of the Audit Committee) and Mr. O'Yang Wiley, and one non-executive Director, Mr. Zhao Jun. Mr. Tan Jinsong is the independent non-executive Director who possesses the appropriate professional qualifications and accounting and financial management expertise. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The Audit Committee is responsible for, among other things, reviewing and monitoring the integrity of the consolidated financial statements of the Group, reviewing the effectiveness of the risk management and internal control systems of the Group, reviewing the findings from the works carried out by the internal audit department and monitoring the effectiveness of the Group's internal audit function. The Audit Committee is also responsible for making recommendations to the Board on the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor. Before commencement of annual audit, the Audit Committee will discuss with the external auditor the nature and scope of audit, the significant risk analysis and the impact of the change in accounting policies on the financial statements of the Group. The Audit Committee is required to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

AUDIT COMMITTEE (Continued)

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021, including the accounting principles and policies adopted by the Group. In addition, PricewaterhouseCoopers, the Company's auditor, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

UPDATED INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as otherwise set out below, there is no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the Company's latest published annual report.

Appointment of Mr. Wang Quanhui (王全輝) ("Mr. Wang")

Mr. Wang, aged 47, was appointed as an executive Director and the Executive Vice President of the Company immediately after the conclusion of the Company's annual general meeting held on 4 June 2021. Mr. Wang is primarily responsible for the businesses of the sales management, operation management, cost control and tendering and procurement, project management, product research and development, brand management and customer relationship management. Since joining the Group in June 2001, Mr. Wang has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), including: (i) director; (ii) general manager of the city company; (iii) general manager of the North China regional company; and (iv) vice president and general manager of the central regional company. Mr. Wang has also assumed multiple directorships in other subsidiaries, including, among others, Shijiazhuang Midea Real Estate Development Co., Ltd. (石家莊美的房地產開發有限公司), Handan Midea Real Estate Development Co., Ltd. (邯鄲市美的房地產開發有限公司) and Henan Haode Junlan Property Co., Ltd. (河南浩德郡瀾置業有限公司).

Mr. Wang graduated from Shijiazhuang School of Economics (石家莊經濟學院) (currently known as Hebei GEO University (河北地質大學)) in the PRC in July 1997 in accounting and obtained a master's degree in Business Administration from Northwest University (西北大學) in the PRC in June 2014. Mr. Wang is an intermediate accountant accredited by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) since September 2003.

Retirement of Mr. Xu Chuanfu (徐傳甫) ("Mr. Xu")

In order to devote more time to develop the services business of the Company's subsidiary, Mr. Xu retired as an executive Director of the Company immediately after the conclusion of the Company's annual general meeting held on 4 June 2021.

Information Update on Mr. Tan Jinsong (譚勁松) ("Mr. Tan")

During the Reporting Period, Mr. Tan:

- has been appointed as an independent non-executive director of Guangzhou Rural Commercial Bank Co., Ltd. (廣州農村商業銀行股份有限公司) (Stock Exchange: 1551) since March 2021;
- has resigned as an independent non-executive director of China Southern Airlines Company Limited (中國南方航空股份有限公司) (Stock Exchange: 1055) in April 2021; and
- has resigned as an independent director of Huafa Industrial Co., Ltd. Zhuhai (珠海華發實業股份有限公司) (Shanghai Stock Exchange: 600325) in May 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

EQUITY-LINKED AGREEMENTS

Save as disclosed below and under “Share-Based Payment” in note 22 to the interim financial information in this report, during the six months ended 30 June 2021, the Company had not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 30 June 2021.

SHARE OPTION SCHEME

A share option scheme was approved and adopted by the shareholders of the Company at the Company’s annual general meeting held on 29 May 2020 (the “**2020 AGM**”), which is valid and effective for a period of 10 years commencing on the adoption date and ending 28 May 2030 (the “**Share Option Scheme**”). The following is a summary of the principal terms of the Share Option Scheme:

The purposes of the Share Option Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the “**Eligible Participant(s)**”) have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Eligible Participants, and attract, retain and motivate the Eligible Participants to continue to contribute to the growth and development of the Group; and provide Eligible Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Eligible Participants.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 10% of the total number of shares in issue as at the date of the 2020 AGM (being 123,056,700 shares), unless the Company seeks approval by its shareholders in a general meeting for refreshing the 10% limit under the Share Option Scheme. The limit on the total number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted if such a grant would result in such 30% limit or maximum permissible limit being exceeded.

The maximum entitlement of each Eligible Participant under the Share Option Scheme and any other share option schemes of the Company shall not, in any 12-month period up to and including the date of such grant, exceed 1% of the total number of shares in issue as at the date of the 2020 AGM, being 12,305,670 shares. Any further grant of share options in excess of such limit must be separately approved by its shareholders in a general meeting.

Share options granted under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors, (excluding independent non-executive Director who is the proposed grantee of such share options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, in aggregate more than 0.1% of the total number of shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of each grant) in excess of HKD5 million, within any 12-month period up to and including the date of such grant, must be subject to approval by its shareholders in a general meeting.

SHARE OPTION SCHEME (Continued)

The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share prevailing on the date of grant. Consideration for each grant of share options is HKD1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) and is required to be paid within 28 days from the date of grant of share options, with full payment for the exercise price to be made on exercise of the relevant options.

Subject to the terms and conditions of the Share Option Scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when making such an offer to an Eligible Participant (including, without limitation, as to any performance targets which must be satisfied by the Eligible Participant and/or us, and any minimum period for which an option must be held, before an option may be exercised, if any). The exercise period shall not be more than 10 years from the date upon which any particular share options are granted in any event.

Movements of the share options granted under the Share Option Scheme during the six months ended 30 June 2021 were as follows:

Category and name of grantees	Date of grant (Note 1)	Exercisable period (Note 2)	Exercise price per share HKD	As at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 June 2021
Directors									
Mr. Hao Hengle	22/04/2021	22/04/2023–21/04/2027	18.376	–	5,500,000	–	–	–	5,500,000
Mr. Wang Quanhui (appointed on 4 June 2021)	22/04/2021	22/04/2023–21/04/2027	18.376	–	1,100,000	–	–	–	1,100,000
Mr. Yao Wei	22/04/2021	22/04/2023–21/04/2027	18.376	–	880,000	–	–	–	880,000
Mr. Lin Ge	22/04/2021	22/04/2023–21/04/2027	18.376	–	880,000	–	–	–	880,000
Mr. Zhao Jun	22/04/2021	22/04/2023–21/04/2027	18.376	–	1,100,000	–	–	–	1,100,000
Mr. Xu Chuanfu (retired on 4 June 2021)	22/04/2021	22/04/2023–21/04/2027	18.376	–	880,000	–	–	–	880,000
Sub-total				–	10,340,000	–	–	–	10,340,000
Employees of the Group (other than the Directors) in aggregate	22/04/2021	22/04/2023–21/04/2027	18.376	–	56,320,000	–	–	–	56,320,000
Sub-total				–	56,320,000	–	–	–	56,320,000
Total				–	66,660,000	–	–	–	66,660,000

Notes:

- The closing price immediately before the date of grant (i.e. 21 April 2021) was HKD17.96 per share.
- Subject to satisfaction of the vesting conditions, the first tranche of 40% share options shall be exercisable from 22 April 2023 to 21 April 2027, the second tranche of 40% share options shall be exercisable from 22 April 2024 to 21 April 2027 and the third tranche of 20% share options shall be exercisable from 22 April 2025 to 21 April 2027.

SHARE OPTION SCHEME (Continued)

During the six months ended 30 June 2021, the Company had granted a total of 66,660,000 share options to 193 Eligible Participants with a fair value of approximately RMB170.47 million on the date of grant, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs.

As at 30 June 2021, a total number of 123,056,700 shares (including 66,660,000 share options granted and yet to be exercised) (representing approximately 9.97% of the issued share capital of the Company as at 30 June 2021) were available for issue under the Share Option Scheme.

For details, please refer to the Company's announcement dated 22 April 2021 and note 22 to the interim financial information in this report.

SHARE AWARD SCHEME

A restricted share award scheme managed by an independent trustee (the "**Trustee**") was approved and adopted by the Board on 22 April 2021 (the "**Adoption Date**"), which is valid and effective for a period of 10 years commencing on the Adoption Date and ending 21 April 2031 (the "**Share Award Scheme**"). The following is a summary of the principal terms of the Share Award Scheme:

The purposes of the Share Award Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the "**Selected Participant(s)**") have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Selected Participants, and attract, retain and motivate the Selected Participants to continue to contribute to the growth and development of the Group; and provide Selected Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Selected Participants.

The maximum number of shares which may be awarded under the Share Award Scheme shall not, in aggregate, exceed 10% of the total number of shares in issue as at the Adoption Date (being 123,056,700 shares).

The maximum number of unvested shares which may be awarded to any one Selected Participant at any time shall not exceed 1% of the total number of shares in issue from time to time.

Subject to the terms and conditions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any Selected Participants to participate in the Share Award Scheme. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

SHARE AWARD SCHEME (Continued)

Movements of the award shares granted under the Share Award Scheme during the six months ended 30 June 2021 were as follows:

Category and name of grantees	Date of grant (Note 1)	Vesting period (Note 2)	As at 1 January 2021	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	As at 30 June 2021
Directors								
Mr. Hao Hengle	22/04/2021	01/04/2022	–	550,000	–	–	–	550,000
Mr. Wang Quanhui (appointed on 4 June 2021)	22/04/2021	01/04/2022	–	220,000	–	–	–	220,000
Mr. Yao Wei	22/04/2021	01/04/2022	–	220,000	–	–	–	220,000
Mr. Lin Ge	22/04/2021	01/04/2022	–	220,000	–	–	–	220,000
Mr. Xu Chuanfu (retired on 4 June 2021)	22/04/2021	01/04/2022	–	220,000	–	–	–	220,000
Sub-total			–	1,430,000	–	–	–	1,430,000
Employees of the Group (other than the Directors) in aggregate	22/04/2021	01/04/2022	–	3,795,000	–	–	–	3,795,000
Sub-total			–	3,795,000	–	–	–	3,795,000
Total			–	5,225,000	–	–	–	5,225,000

Notes:

1. The closing price immediately before the date of grant (i.e. 21 April 2021) was HKD17.96 per share.
2. Subject to satisfaction of the vesting conditions, the award shares shall be vested on 1 April 2022 (or such other date as determined by the Board).

During the six months ended 30 June 2021, the Company had granted a total of 5,225,000 award shares to 31 Selected Participants at nil consideration. Among which, the Trustee purchased 1,430,000 existing shares on the market out of cash contributed by the Company to be held on trust for the Directors until such award shares are vested with such Directors. In relation to the award shares granted to the employees of the Group, a total of 3,795,000 new shares were allotted and issued by the Board on 26 May 2021 to the Trustee (which holds the same on behalf of the employees of the Group in anticipation of their vesting in the future) pursuant to the general mandate granted by the shareholders of the Company at the 2020 AGM.

The fair value of award shares on the date of grant (i.e. 22 April 2021) was HKD18.04 per share, which was determined by taking the market price of the Company's shares on the date.

For details, please refer to the Company's announcement dated 22 April 2021 and note 22 to the interim financial information in this report.

DISCLOSURE OF INTERESTS

Directors' Interests

Save as disclosed below, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company contained in the Listing Rules:

Long Positions in the Shares and Underlying Shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of shareholding (Note 4)
Mr. Hao Hengle	Beneficial owner	5,000,000 (Note 1)	6,050,000 (Note 2)	11,050,000	0.90%
Mr. Wang Quanhui	Beneficial owner	1,000,000 (Note 1)	1,320,000 (Note 2)	2,320,000	0.19%
Mr. Yao Wei	Beneficial owner	800,000 (Note 1)	1,100,000 (Note 2)	1,900,000	0.15%
Mr. Lin Ge	Beneficial owner	800,000 (Note 1)	1,100,000 (Note 2)	1,900,000	0.15%
Mr. He Jianfeng	Interest of spouse	970,000,000 (Note 3)	–	970,000,000	78.58%
Mr. Zhao Jun	Beneficial owner	1,000,000 (Note 1)	1,100,000 (Note 2)	2,100,000	0.17%

Notes:

- These shares were transferred by Ms. Lu Deyan, the controlling shareholder of the Company, without additional conditions on 16 June 2021, against payment of a consideration of HK\$14.354 per share through participation in a trust scheme managed by an independent trustee.
- These relevant interests comprised of: (i) share options which were granted by the Company on 22 April 2021 under the Share Option Scheme, entitling the grantee(s) to subscribe for shares of the Company at an exercise price of HK\$18.376 per share in three tranches within a period of six years from the date of grant; and/or (ii) award shares which were granted by the Company on 22 April 2021 under the Share Award Scheme, entitling the grantee(s) to receive shares of the Company at nil consideration on 1 April 2022 (or such other date as determined by the Board). For details, please refer to the paragraphs headed "Share Option Scheme" and/or "Share Award Scheme" above.
- Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu Deyan, a controlling shareholder of the Company. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO.
- The percentage has been compiled on the basis of 1,234,362,000 shares of the Company in issue as at 30 June 2021.

Apart from the Share Option Scheme, the Share Award Scheme and save as disclosed above, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries entered into any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' Interests

Save as disclosed below, as at 30 June 2021, the Directors and chief executive of the Company were not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the Shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of shareholding (Note 4)
Midea Development Holding (BVI) Limited	Beneficial owner	910,000,000	73.72%
Ms. Lu Deyan (Note 1)	Interests of controlled corporations	970,000,000	78.58%
Mr. He Xiangjian (Note 2)	Interest held jointly with another person	970,000,000	78.58%
Mr. He Jianfeng (Note 3)	Interest of spouse	970,000,000	78.58%

Notes:

1. Ms. Lu Deyan ("**Ms. Lu**") holds the entire equity interest in each of Midea Development Holding (BVI) Limited ("**Midea Development (BVI)**"), Midea Ever Company Limited ("**Midea Ever**") and Midea Field Company Limited ("**Midea Field**"), and these companies in turn hold 910,000,000, 30,000,000 and 30,000,000 shares of the Company, respectively. Therefore, Ms. Lu is deemed to be interested in the shares of the Company held by Midea Development (BVI), Midea Ever and Midea Field by virtue of the SFO.
2. Mr. He Xiangjian ("**Mr. He**") and Ms. Lu are parties acting-in-concert. Therefore, Mr. He is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company. However, as confirmed by Mr. He and Ms. Lu in the deed of acting-in-concert dated 14 May 2018 entered into between Mr. He and Ms. Lu, Mr. He does not hold any economic interest (including the right to dividend) in the Group.
3. Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company.
4. The percentage has been compiled on the basis of 1,234,362,000 shares of the Company in issue as at 30 June 2021.

SPECIFIC PERFORMANCE OBLIGATIONS ON THE CONTROLLING SHAREHOLDERS

The following disclosure is made in compliance with the disclosure requirements under rule 13.21 of the Listing Rules.

On 21 June 2019, Midea Construction (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with a syndicate of financial institutions in respect of a three-year term loan facility of HKD2.9 billion (the **"2019 Loan"**).

On 3 August 2020, Midea Construction (Hong Kong) Limited (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD1,050 million and USD60 million respectively (the **"2020 Loan"**). In addition to the said initial amount, the 2020 Loan was subsequently increased to HKD1,050 million and USD80 million respectively.

On 28 June 2021, Midea Construction (Hong Kong) Limited (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD3,300 million and USD35 million respectively (the **"2021 Loan"**). In addition to the said initial amount, the 2021 Loan may be subsequently increased up to HKD1,500 million or its US dollars equivalent.

Pursuant to the provisions of each of the facility agreements, if (i) Mr. He and/or Ms. Lu (taking into account their combined shareholdings) jointly do not or cease to, remain as the single largest shareholder of the Company or maintain (directly or indirectly) not less than 51% of all beneficial shareholding interests in the issued share capital and management control of the Company; and/or (ii) Mr. He, Ms. Lu and Midea Development (BVI) collectively cease to, maintain the power to the exercise of 30% or more of the voting rights at general meetings of the Company, or cease to be the controlling shareholders of the Company as such term is used under the Listing Rules, it will be a "Change of Control" upon which the financial institutions may, among other things, require repayment of all or part of the 2019 Loan, the 2020 Loan and/or the 2021 Loan, together with accrued interest, and all other amounts accrued or outstanding.

USE OF PROCEEDS FROM IPO

Please refer to the "Management Discussion and Analysis" section set out on pages 22 to 23 for the details of the use of proceeds from IPO.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (for the corresponding period of 2020: Nil).

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF MIDEA REAL ESTATE HOLDING LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 70, which comprises the interim condensed consolidated balance sheet of Midea Real Estate Holding Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2021

Interim Condensed Consolidated Statement of Comprehensive Income

		Unaudited Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
Revenue	6	33,038,573	20,936,620
Cost of sales	7	(26,200,467)	(15,412,831)
Gross profit		6,838,106	5,523,789
Other income and gains — net	8	376,941	413,155
Selling and marketing expenses	7	(1,390,032)	(1,259,503)
Administrative expenses	7	(1,650,154)	(1,262,958)
Net impairment losses on financial assets		(49,542)	(20,850)
Operating profit		4,125,319	3,393,633
Finance income	9	371,946	160,183
Finance costs	9	—	(40,678)
Finance income — net	9	371,946	119,505
Share of results of joint ventures and associates	13	(85,539)	198,027
Profit before income tax		4,411,726	3,711,165
Income tax expenses	10	(1,409,388)	(1,356,930)
Profit for the period		3,002,338	2,354,235
Profit attributable to:			
Owners of the Company		2,154,935	2,024,099
Non-controlling interests		847,403	330,136
Total comprehensive income for the period		3,002,338	2,354,235
Total comprehensive income attributable to:			
Owners of the Company		2,154,935	2,024,099
Non-controlling interests		847,403	330,136
		3,002,338	2,354,235
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted earnings per share	11	1.75	1.64

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

		Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,213,921	1,240,196
Investment properties	14	2,617,778	2,644,975
Right-of-use assets		376,588	387,217
Intangible assets		149,826	152,558
Properties under development	15	88,665	2,172,043
Investments in joint ventures	13(a)	13,319,142	12,511,758
Investments in associates	13(b)	7,389,448	6,824,011
Finance lease receivables		47,683	42,721
Deferred income tax assets		3,985,870	3,245,424
		29,188,921	29,220,903
Current assets			
Inventories		57,359	54,754
Contract assets and contract acquisition costs	6(a)	1,432,228	1,634,864
Properties under development	15	148,794,591	147,733,999
Completed properties held for sale		17,081,619	12,781,184
Trade and other receivables	16	49,471,588	54,467,913
Prepaid taxes		10,717,683	9,977,138
Financial assets at fair value through profit or loss	17	1,009,880	1,096,084
Restricted cash	18	8,675,562	8,140,220
Term deposits with initial terms over three months	18	30,000	52,310
Cash and cash equivalents	18	23,358,212	18,595,105
		260,628,722	254,533,571
Total assets		289,817,643	283,754,474
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	19	6,026,594	7,654,595
Other reserves	20	2,858,596	2,803,116
Retained earnings	20	13,764,927	11,609,992
		22,650,117	22,067,703
Non-controlling interests		20,423,088	18,151,685
Total equity		43,073,205	40,219,388

Interim Condensed Consolidated Balance Sheet (Continued)

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
LIABILITIES			
Non-current liabilities			
Corporate bonds	23	9,065,054	9,286,080
Bank and other borrowings	24	37,468,242	37,099,339
Lease liabilities		144,458	176,113
Deferred income tax liabilities		1,012,140	1,088,402
		47,689,894	47,649,934
Current liabilities			
Contract liabilities	6(b)	109,598,492	104,037,720
Corporate bonds	23	3,139,545	6,758,152
Bank and other borrowings	24	7,448,573	5,496,685
Lease liabilities		80,156	62,956
Trade and other payables	25	71,951,801	73,116,412
Current income tax liabilities		6,835,977	6,413,227
		199,054,544	195,885,152
Total liabilities		246,744,438	243,535,086
Total equity and liabilities		289,817,643	283,754,474

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Approved by the Board of Directors on 25 August 2021 and were signed on its behalf.

Hao Hengle
Director

Lin Ge
Director

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2020	9,465,989	1,875,120	8,308,530	19,649,639	11,488,654	31,138,293
Comprehensive Income						
Profit for the period	–	–	2,024,099	2,024,099	330,136	2,354,235
Total comprehensive income for the period ended 30 June 2020	–	–	2,024,099	2,024,099	330,136	2,354,235
Transactions with owners in their capacity as owners:						
Disposal of subsidiaries	–	–	–	–	(690,343)	(690,343)
Disposal of equity interests in subsidiaries without change of control	–	31,698	–	31,698	(28,198)	3,500
Dividends payable to shareholders	(1,811,394)	–	–	(1,811,394)	–	(1,811,394)
Acquisition of subsidiaries which do not contain a business	–	–	–	–	123,417	123,417
Capital injections from non-controlling interests	–	–	–	–	3,593,205	3,593,205
Acquisition of equity interests in subsidiaries from non-controlling interests	–	(8,282)	–	(8,282)	(13,640)	(21,922)
Total transactions with owners	(1,811,394)	23,416	–	(1,787,978)	2,984,441	1,196,463
Balance at 30 June 2020	7,654,595	1,898,536	10,332,629	19,885,760	14,803,231	34,688,991

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

	Note	Unaudited				
		Attributable to owners of the Company				Total equity RMB'000
		Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	
Balance at 1 January 2021		7,654,595	2,803,116	11,609,992	22,067,703	18,151,685
Comprehensive Income						
Profit for the period		–	–	2,154,935	2,154,935	847,403
Total comprehensive income for the period ended 30 June 2021		–	–	2,154,935	2,154,935	847,403
Transactions with owners in their capacity as owners:						
Issue of new shares	19	3,134	–	–	3,134	–
Employee share scheme						
— Value of employee services received	20	–	131,233	–	131,233	–
Shares held for restricted share award scheme	20	–	(25,232)	–	(25,232)	–
Disposal of subsidiaries		–	(1,500)	–	(1,500)	(184,087)
Disposal of equity interests in subsidiaries without change of control		–	(10,380)	–	(10,380)	10,380
Dividends payable to shareholders	19	(1,631,135)	–	–	(1,631,135)	–
Dividends paid and payable to non-controlling interests		–	–	–	–	(311,801)
Capital injections from non-controlling interests		–	–	–	–	1,913,266
Acquisition of equity interests in subsidiaries from non-controlling interests		–	(38,641)	–	(38,641)	(3,758)
Total transactions with owners		(1,628,001)	55,480	–	(1,572,521)	1,424,000
Balance at 30 June 2021		6,026,594	2,858,596	13,764,927	22,650,117	20,423,088

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

		Unaudited Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash used in operations		(3,285,532)	(2,218,725)
Income tax paid		(2,753,885)	(2,588,937)
Interest paid		(1,475,888)	(1,887,660)
Net cash used in operating activities		(7,515,305)	(6,695,322)
Cash flows from investing activities			
Net cash acquired from acquisition of subsidiaries		35,642	186,866
Proceeds from disposal of subsidiaries, net of cash disposed of	28	210,685	(559,411)
Purchases of property, plant and equipment		(14,997)	(58,260)
Purchases of intangible assets		(7,826)	(6,139)
Investments in joint ventures		(408,500)	(974,866)
Investments in associates		(63,700)	(563,002)
Proceeds from disposal of a joint venture		–	2,400
Dividend received from a joint venture and an associate		124,811	66,700
Repayment of advances to joint ventures and associates		10,760,256	5,039,915
Proceeds from disposal of property, plant and equipment, and investment properties		56,162	14,834
Decrease in term deposits with initial terms over three months		22,310	141,159
Payments for financial assets at fair value through profit or loss		(11,035,210)	(19,263,372)
Proceeds from disposal of financial assets at fair value through profit or loss		11,141,088	19,360,498
Interest received		371,946	160,183
Net cash generated from investing activities		11,192,667	3,547,505
Cash flows from financing activities			
Capital injections from non-controlling interests		1,865,227	505,850
Payments for acquisition of additional interests in subsidiaries		(42,399)	(21,922)
Proceeds from disposal of interests in subsidiaries without loss of control		–	3,500
Proceeds from bank and other borrowings		15,781,227	17,004,567
Repayments of bank and other borrowings		(13,422,347)	(14,569,333)
Proceeds from corporate bonds		1,712,258	2,911,952
Repayment of corporate bonds		(4,560,000)	(1,440,000)
Purchase of shares for the purpose of restricted share award scheme		(22,098)	–
Principal elements of lease payments		(48,686)	(58,645)
Cash advances with related parties controlled by the Ultimate Controlling Parties, net		(48,610)	(396,090)
Dividends paid to non-controlling interests		(126,361)	–
Net cash generated from financing activities		1,088,211	3,939,879
Net increase in cash and cash equivalents		4,765,573	792,062
Cash and cash equivalents at the beginning of the period		18,595,105	19,097,265
Exchange (losses)/gains on cash and cash equivalents		(2,466)	23,861
Cash and cash equivalents at end of the period		23,358,212	19,913,188

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Interim Financial Information

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 November 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in property development and sales, property management services and investment and operation of commercial properties in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Midea Development Holding (BVI) Limited ("Midea Development (BVI)"), and the ultimate controlling parties of the Company are Mr. He Xiangjian (何享健, "Mr. He") and Ms. Lu Deyan (盧德燕, "Ms. Lu") (the "Ultimate Controlling Parties").

This interim financial information for the six months ended 30 June 2021 ("Interim Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated, and was approved by the Board of Directors of the Company (the "Board") for issue on 25 August 2021.

2 BASIS OF PRESENTATION AND PREPARATION

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020 (the "2020 Financial Statements"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Stock Exchange of Hong Kong Limited, and any public announcements made by the Company during the interim reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2020 Financial Statements, except for the adoption of new and amendments to the HKFRS effective for the financial year beginning 1 January 2021.

(a) New and amended standard adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) New standards, amendments and interpretations to existing standards have been issued but not yet effective and have not been early adopted by the Group**

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 20 June 2021	1 April 2021
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment- proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to IFRS Standards 2018 to 2020	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

Based on management's preliminary assessment, none of the above new standard, amendments and interpretation is expected to have a significant impact on the Group's consolidated financial statements.

4 ESTIMATES

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the 2020 Financial Statements, and should be read in conjunction with the 2020 Financial Statements.

There have been no significant changes in the risk management policies since 31 December 2020.

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk (Continued)

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2021 (Unaudited)					
Corporate bonds	3,656,948	5,997,238	3,545,381	–	13,199,567
Bank and other borrowings	10,112,003	21,063,957	18,313,415	4,479,620	53,968,995
Trade and other payables (excluding salaries payable and other taxes payable)	69,530,595	–	–	–	69,530,595
Financial guarantees	94,558,968	3,358,579	8,485,685	485,260	106,888,492
Lease liabilities	82,187	55,732	87,672	26,294	251,885
	177,940,701	30,475,506	30,432,153	4,991,174	243,839,534
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020 (Audited)					
Corporate bonds	7,237,929	5,656,077	4,014,148	–	16,908,154
Bank and other borrowings	7,877,550	24,916,319	14,727,172	2,078,847	49,599,888
Trade and other payables (excluding salaries payable and other taxes payable)	70,178,052	–	–	–	70,178,052
Financial guarantees	80,768,781	5,792,113	5,397,110	376,080	92,334,084
Lease liabilities	65,198	53,561	92,608	29,671	241,038
	166,127,510	36,418,070	24,231,038	2,484,598	229,261,216

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2021 and 31 December 2020, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2021 (Unaudited)				
Financial assets at fair value through profit or loss	–	1,009,880	–	1,009,880
At 31 December 2020 (Audited)				
Financial assets at fair value through profit or loss	–	1,096,084	–	1,096,084

- There were no transfers among level 1, 2 and 3 during the period.
- There were no changes in valuation techniques during the period.

6 REVENUE AND SEGMENT INFORMATION

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised into three business segments as follows:

- Property development and sales
- Property management services, and
- Investment and operation of commercial properties

For the six months ended 30 June 2021 and 2020, the aggregate revenues, profits or losses or total assets of the business segments other than property development and sales accounted for less than 5% of the total revenues, profits or assets of the Group, therefore, the directors of the Company consider these business segments not reportable and the executive directors assess the Group's performance as a whole. Thus operating segment information is not presented.

Revenue of the Group for the six months ended 30 June 2021 and 2020 is analysed as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Property development and sales	32,480,410	20,533,533
Property management services	425,109	346,445
Investment and operation of commercial properties		
— Property lease income	69,354	26,402
— Hotel operation	3,807	3,360
— Cultural-tourism project	59,893	26,880
	33,038,573	20,936,620

6 REVENUE AND SEGMENT INFORMATION (Continued)

Represented by:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from property development and sales:		
Recognised at a point in time	28,987,006	15,860,755
Recognised over time	3,493,404	4,672,778
	32,480,410	20,533,533
Revenue from rendering of services:		
Recognised over time	488,809	376,685
Revenue from other sources:		
Property lease income	69,354	26,402
	33,038,573	20,936,620

Over 95% of the Group's revenue is attributable to the PRC market and over 95% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(a) Details of contract assets and contract acquisition costs

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract assets related to property development and sales (i)	659,939	887,881
Contract acquisition costs (ii)	772,289	746,983
Total contract assets and contract acquisition costs	1,432,228	1,634,864

- (i) Contract assets related to property development and sales consist of unbilled amount resulting from sale of properties when revenue recognised over time exceeds the amount billed to the property purchasers. The decrease in contract assets was mainly due to the decrease of the portion of revenue recognised over time.
- (ii) Management expects the contract acquisition costs, primarily sale commissions and stamp duty paid/payable, as a result of obtaining the property sales contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amount of amortisation were RMB305,301,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB151,983,000). There was no impairment loss in relation to the costs capitalised.

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Contract liabilities	109,598,492	104,037,720

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales. The increase in contract liabilities during the period was mainly attributable to the increase in the Group's contracted sales.

As at 30 June 2021, RMB9,822,861,000 (31 December 2020: RMB9,308,048,000) of value-added-taxes on advances from customers relating to contracted sales were recognised in other taxes payable.

The following table shows the revenue recognised during the period related to carried-forward contract liabilities.

	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Property development and sales	27,031,268	16,142,795

(c) Unsatisfied contracts related to property development and sales

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Expected to be recognised within one year	60,069,865	64,705,853
Expected to be recognised after one year	66,907,677	53,058,164
	126,977,542	117,764,017

- (d) For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term.

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses were analysed as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	25,671,159	15,005,235
Employee benefit expenses	1,115,903	955,233
Marketing and advertising expenses	725,995	763,515
Write-downs of properties under development and completed properties held for sale	369,809	253,205
Amortisation of contract acquisition costs	305,301	151,983
Taxes and surcharges	215,167	155,227
Travelling and entertainment expenses	63,572	42,899
Office expenses	24,690	22,044
Depreciation and amortisation	83,967	104,412
Auditor's remuneration — Interim review services	1,400	1,400
Others	663,690	480,139
Total	29,240,653	17,935,292

8 OTHER INCOME AND GAINS — NET

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Other income		
Management and consulting service income	322,989	185,437
Government subsidy income	11,324	40,929
Compensation income	42,786	38,809
	377,099	265,175
Other gains — net		
Realised and unrealised gains on financial assets at fair value through profit or loss	19,674	126,725
Gains/(losses) arising from changes in fair value of investment properties	72	(3,641)
Losses on disposal of subsidiaries (Note 28)	(42,001)	—
Loss on disposal of a joint venture	—	(5,812)
Losses on disposal of property, plant and equipment and investment properties	(1,866)	(114)
Net foreign exchange gains	22,081	16,833
Others	1,882	13,989
	(158)	147,980
Other income and gains — net	376,941	413,155

9 FINANCE INCOME — NET

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Finance costs		
— Interest expenses		
— Bank and other borrowings	(1,136,865)	(1,264,210)
— Corporate bonds	(300,563)	(353,958)
— Lease liabilities	(7,513)	(6,276)
	(1,444,941)	(1,624,444)
Less:		
— Capitalised interest	1,444,941	1,624,444
	—	—
— Net foreign exchange losses on financing activities	—	(40,678)
	—	(40,678)
Finance income		
— Interest income	322,043	160,183
— Net foreign exchange gains on financing activities	49,903	—
	371,946	160,183
Finance income — net	371,946	119,505

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current income tax		
— Corporate income tax	1,836,527	1,323,494
— PRC land appreciation tax ("LAT")	401,268	648,664
	2,237,795	1,972,158
Deferred income tax		
— Corporate income tax	(828,407)	(615,228)
	1,409,388	1,356,930

Note:

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated weighted average effective annual tax rate used for the six months to 30 June 2021 is 32%, compared to 37% for the six months ended 30 June 2020. The effective tax rate was lower in 2021 primarily due to the decrease in LAT expense as a result of the drop in gross profit margin.

As at 30 June 2021, the retained earnings of the Group's PRC subsidiaries not yet remitted to their holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB14,143,972,000 (31 December 2020: RMB11,946,794,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimations of demand for overseas funding.

11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding those ordinary shares held for restricted share award scheme (Note 22).

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (RMB'000):	2,154,935	2,024,099
Weighted average number of ordinary shares in issue (thousands)	1,230,276	1,230,567
Earnings per share — Basic (RMB per share)	1.75	1.64

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the restricted shares as mentioned in Note 22(a) and the share options as mentioned in Note 22(b). As disclosed in Note 22, the restricted shares and the share options granted are subject to certain performance conditions. Such performance conditions have not been met as of 30 June 2021, therefore, for the six months ended 30 June 2021, no dilutive shares arising from the restricted shares and the share options were included in the calculation of the diluted earnings per share and hence the diluted earnings per share was equal to the basic earnings per share.

12 DIVIDENDS

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

13(a) INVESTMENTS IN JOINT VENTURES

The movement of investments in joint ventures are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At January 1	12,511,758	6,074,679
Transfer from investments in subsidiaries (Note 28)	119,771	676,058
Other additions	860,860	974,866
Dividend received from a joint venture	(122,000)	(66,700)
Transfer to investments in subsidiaries	–	(54,814)
Disposal	–	(8,212)
Share of results	(51,247)	262,007
At June 30	13,319,142	7,857,884

As at 30 June 2021 and 31 December 2020, there were no significant commitments and contingencies relating to the Group's interests in the joint ventures, while certain borrowings of the joint ventures were guaranteed by the Group (Note 26).

13(b) INVESTMENTS IN ASSOCIATES

The movement of investments in associates are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At January 1	6,824,011	4,685,994
Additions	602,540	759,002
Dividend received from an associate	(2,811)	–
Share of results	(34,292)	(63,980)
At June 30	7,389,448	5,381,016

As at 30 June 2021 and 31 December 2020, there were no significant contingencies relating to the Group's interests in the associates, while certain borrowings of the associates were guaranteed by the Group (Note 26).

14 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment RMB'000	Investment properties RMB'000
Six months ended 30 June 2020 (Unaudited)		
Opening net book amount at 1 January 2020	1,199,369	1,737,291
Additions	66,260	46,255
Fair value changes	–	(3,641)
Disposals	(7,838)	(7,110)
Depreciation	(51,872)	–
Closing net book amount at 30 June 2020	1,205,919	1,772,795
Six months ended 30 June 2021 (Unaudited)		
Opening net book amount at 1 January 2021	1,240,196	2,644,975
Additions	46,941	4,341
Fair value changes	–	72
Disposals	(26,418)	(31,610)
Depreciation	(46,798)	–
Closing net book amount at 30 June 2021	1,213,921	2,617,778

Investment properties

There were no changes to the valuation techniques during the period.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. At 30 June 2021 and 31 December 2020, the Group had only level 3 investment properties.

15 PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Properties under development expected to be completed:		
— Within normal operating cycle included under current assets	148,794,591	147,733,999
— Beyond normal operating cycle included under non-current assets	88,665	2,172,043
	148,883,256	149,906,042
Properties under development comprise:		
— Construction costs	39,711,898	34,688,055
— Land use rights	103,745,303	109,624,214
— Capitalised interest expenses	6,702,772	7,362,303
	150,159,973	151,674,572
Less: write-down	(1,276,717)	(1,768,530)
	148,883,256	149,906,042

Properties under development were all located in the PRC.

The amounts of RMB114,184,213,000 as at 30 June 2021 (31 December 2020: RMB81,531,845,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

The capitalisation rates of general borrowings were 4.98% per annum for the six months ended 30 June 2021 (six months ended 30 June 2020: 5.81% per annum).

As at 30 June 2021, properties under development with net book value of RMB47,403,037,000 (31 December 2020: RMB45,773,767,000) were pledged as collateral for the Group's bank and other borrowings.

16 TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Included in current assets:		
Trade receivables — net (Note (a))	1,676,113	1,321,642
Other receivables — net (Note (b))	39,034,170	48,702,799
Prepayments for land use rights (Note (c))	7,831,103	2,673,252
Advanced payments for redemption of corporate bonds	—	1,000,000
Other prepayments	930,202	770,220
	49,471,588	54,467,913

(a) Details of trade receivables are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables — related parties (Note 27(b))	246,022	242,118
Trade receivables — third parties	1,474,411	1,115,958
Less: allowance for impairment	(44,320)	(36,434)
Trade receivables — net	1,676,113	1,321,642

Aging analysis of trade receivables based on invoice date is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 90 days	987,534	868,510
Over 90 days and within 180 days	178,515	116,560
Over 180 days and within 365 days	356,152	130,593
Over 365 days	198,232	242,413
	1,720,433	1,358,076

The Group's trade receivables are denominated in RMB.

16 TRADE AND OTHER RECEIVABLES (Continued)**(a) Details of trade receivables are as follows: (Continued)**

Trade receivables mainly arise from property development and sales. Proceeds from property development and sales are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the six months ended 30 June 2021, a provision of RMB7,886,000 (six months ended 30 June 2020: provision of RMB2,832,000) were made against the gross amounts of trade receivables.

(b) Details of other receivables are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Amounts due from related parties (Note 27(b))	13,083,478	25,492,174
Amounts due from non-controlling interests (Note (i))	13,124,753	9,834,275
Deposits and others from third parties (Note (ii))	13,003,735	13,512,715
	39,211,966	48,839,164
Less: allowance for impairment	(177,796)	(136,365)
Other receivables — net	39,034,170	48,702,799

(i) Amounts due from non-controlling interests mainly represented current accounts with the non-controlling interests of certain subsidiaries of the Group in the ordinary course of business, which are interest-free, unsecured and repayable on demand.

(ii) Other receivables from third parties mainly represented deposits and various payments on behalf of and advances made to construction and design vendors.

(c) Prepayments for land use rights are mainly related to acquisition of land use rights which will be reclassified to properties under development when land certificates are obtained.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Investments in wealth management products (a)	554,973	813,690
Investments in asset management schemes (a)	268,900	201,100
Others	186,007	81,294
	1,009,880	1,096,084

- (a) Investments in wealth management products and asset management schemes mainly represented investments in certain financial instruments issued by commercial banks and other financial institutions which had no guaranteed returns. The fair values of these investments were determined based on the statements provided by the counter parties.

The ranges of expected return rates of these products as at 30 June 2021 were 0.57% to 4.1% (31 December 2020: 0.45%–6.4%).

18 CASH AND CASH EQUIVALENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Cash at bank and in hand	31,817,132	25,905,325
Bank deposits	246,642	882,310
	32,063,774	26,787,635
Less: restricted cash	(8,675,562)	(8,140,220)
term deposits with initial terms over three months	(30,000)	(52,310)
	23,358,212	18,595,105

18 CASH AND CASH EQUIVALENTS (Continued)

Cash and deposits are denominated in the following currencies:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Denominated in RMB	31,927,478	26,473,849
Denominated in United States Dollar ("USD")	4,669	122,707
Denominated in Hong Kong Dollar ("HKD")	131,627	191,079
	32,063,774	26,787,635

The conversion of RMB denominated balances into other currencies and the remittance of bank balances and cash out of the PRC is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

19 SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised						
Ordinary share of HKD1.00 each upon incorporation		1,000,000,000	1,000,000	–	–	–
Increase in authorised share capital		1,000,000,000	1,000,000	–	–	–
		2,000,000,000	2,000,000	–	–	–
Issued and fully paid						
At 31 December 2019 and 1 January 2020		1,230,567,000	1,230,567	1,041,309	8,424,680	9,465,989
Dividends payable to shareholders		–	–	–	(1,811,394)	(1,811,394)
At 31 December 2020 and 1 January 2021		1,230,567,000	1,230,567	1,041,309	6,613,286	7,654,595
Issue of new shares	(a)	3,795,000	3,795	3,134	–	3,134
Dividends payable to shareholders	(b)	–	–	–	(1,631,135)	(1,631,135)
At 30 June 2021		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594

19 SHARE CAPITAL AND PREMIUM (Continued)

- (a) On 22 April 2021, in recognition of the contributions by, and to attract, motivate and retain certain directors or proposed directors, management, key technician, officer, manager and employee of any member of the Group, the Company adopted the restricted share award scheme, according to which 3,795,000 ordinary shares of the Company were issued and allotted to MRE T Limited on 31 May 2021 for the purpose of the restricted share award scheme (Note 22(a)).
- (b) On 24 March 2021, the Board recommended the payment of a final dividend of HK\$1.60 per share for the year ended 31 December 2020 (2019: HK\$1.60 per share) out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on 4 June 2021.

20 OTHER RESERVES AND RETAINED EARNINGS

	Merger reserve RMB'000	Statutory reserves RMB'000	Shares held for restricted share award scheme RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2020	173,000	1,866,404	–	(164,284)	1,875,120	8,308,530	10,183,650
Profit for the period	–	–	–	–	–	2,024,099	2,024,099
Acquisition of equity interests in subsidiaries from non-controlling interests	–	–	–	(8,282)	(8,282)	–	(8,282)
Disposal of ownership interests in subsidiaries without change of control	–	–	–	31,698	31,698	–	31,698
Balance at 30 June 2020 (unaudited)	173,000	1,866,404	–	(140,868)	1,898,536	10,332,629	12,231,165
Balance at 1 January 2021	173,000	2,891,424	–	(261,308)	2,803,116	11,609,992	14,413,108
Profit for the period	–	–	–	–	–	2,154,935	2,154,935
Shares held for restricted share award scheme (Note 22(a))	–	–	(25,232)	–	(25,232)	–	(25,232)
Acquisition of equity interests in subsidiaries from non-controlling interests	–	–	–	(38,641)	(38,641)	–	(38,641)
Disposal of subsidiaries	–	(1,500)	–	–	(1,500)	–	(1,500)
Disposal of ownership interests in subsidiaries without change of control	–	–	–	(10,380)	(10,380)	–	(10,380)
Employee share scheme — value of employee services received (Note 22)	–	–	–	131,233	131,233	–	131,233
Balance at 30 June 2021 (unaudited)	173,000	2,889,924	(25,232)	(179,096)	2,858,596	13,764,927	16,623,523

21. PERPETUAL CAPITAL SECURITIES

In March and April 2021, Ningbo Meishan Bonded Port Area Maidirui Construction Materials Limited ("Ningbo Maidirui"), a wholly owned subsidiary of the Group, issued subordinated unlisted perpetual capital securities (the "Perpetual Capital Securities") to certain financial institutions in the PRC, with initial aggregate principal amount of RMB1,049,000,000 and RMB380,000,000 respectively.

The Perpetual Capital Securities are guaranteed by Midea Real Estate Group Limited ("Midea Real Estate Group"). They do not have maturity date and the distribution payments can be deferred at the discretion of Ningbo Maidirui. The Perpetual Capital Securities are classified as equity instruments and recorded in non-controlling interests in the consolidated balance sheet.

On 21 June 2021, distributions of totalling RMB31,980,000 to the holders of the Perpetual Capital Securities were paid by Ningbo Maidirui.

22. SHARE-BASED PAYMENT

(a) Restricted share award scheme

On 22 April 2021, the board of directors of the Company adopted a restricted share award scheme to among other things, recognise the contributions by, and to attract, motivate and retain, certain directors, or proposed directors, management, key technician, officer, manager and employee of any member of the Group. On the same day, the Company granted 5,225,000 award shares at nil consideration to 31 eligible participants under the scheme, which are subject to certain performance conditions.

Pursuant to the rules relating to the restricted share award scheme, 3,795,000 new shares were issued and allotted to MRE T Limited, a trustee (the "Trustee") entrusted by the Company, on 31 May 2021, and MRE T Limited purchased 1,438,000 existing ordinary shares in the open market in May 2021. The Trustee will hold such shares on behalf of the relevant eligible participants on trust, until such shares are vested with the relevant eligible participants in accordance with the scheme rules. The MRE T Limited are controlled and consolidated by the Group as a structured entity and the above new shares issued and existing shares purchased held by the Trustee for the purpose of restricted share award scheme, amounting to RMB3,134,000 and RMB22,098,000 respectively, are recorded as shares held for restricted share award scheme and included in other reserves at 30 June 2021.

The award shares granted to the eligible participants will be vested on 1 April 2022 (or such other date as determined by the Board), provided that the vesting conditions above are satisfied. In case the vesting conditions are not satisfied, the awarded shares granted will lapse.

The fair value of the restricted shares at grant date, HKD18.04 per share, was determined by taking the market price of the Company's shares on that date.

For the six months ended 30 June 2021, the Group recognised RMB19,342,000 of share-based payment expenses for the aforesaid restricted shares award scheme.

The Group has to estimate the expected percentage of eligible participants that will stay within the Group (the "Expected Retention Rate") of the restricted share award scheme in order to determine the amount of share-based payment expenses charged to the consolidated statements of comprehensive income. As at 30 June 2021, the Expected Retention Rate was assessed to be 100%.

22. SHARE-BASED PAYMENT (Continued)**(a) Restricted share award scheme (Continued)**

The following table presents the movement in shares that held by the trustee for the purpose of issuing shares or purchasing existing ordinary shares under restricted share award scheme. Shares issued to eligible participants are recognised on a first-in-first-out basis.

Details	Numbers of shares	Equivalent to	
	(thousand)	HK\$'000	RMB'000
Opening balance 1 January 2021	–	–	–
Purchase of shares for share award scheme	1,438	26,455	22,098
Issue of new shares	3,795	3,795	3,134
Balance 30 June 2021	5,233	30,250	25,232

(b) Share options

On 22 April 2021, the Company offered to grant a total of 66,660,000 share options to 193 eligible participants, who are certain directors, senior management and employees of the Group. The share options shall entitle the eligible participants to subscribe for a total of 66,660,000 ordinary shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the eligible participants will be vested based on the following rates for the relevant financial year, provided that the vesting conditions above are satisfied: (i) 40% of the total number of the share options will be vested on 22 April 2023; (ii) 40% of the total number of the share options will be vested 22 April 2024; and (iii) 20% of the total number of the share options will be vested 22 April 2025. If the vesting conditions above have not been fulfilled, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 6 years after the grant date at the exercise price of HKD18.376 per share.

For the six months ended 30 June 2021, the Group recognised RMB10,709,000 of share-based payment expenses for the aforesaid share options.

22. SHARE-BASED PAYMENT (Continued)**(b) Share options (Continued)**

Movements in the number of share options outstanding are as follows:

	2021	
	Number of share options	Average exercise price in HKD
As at 1 January	–	–
Granted	66,660,000	18.376
As at 30 June	66,660,000	18.376

Share options outstanding at the end of the period have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 30 June 2021
22 April 2021	21 April 2027	HKD18.376	66,660,000

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The fair value of share options granted is between HKD2.8276 to HKD3.3143 (equivalent to RMB2.3639 to RMB2.7708) per option, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs. These inputs include:

Description	Fair value of share options granted	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Share option	HKD203,911,000 (equivalent to RMB170,472,000)	Volatility	37.73%	The higher the volatility, the higher the fair value
		Risk-free interest rate	0.7378%	The higher the risk-free interest rate, the higher the fair value
		Dividend yield	8.48%	The lower the dividend yield, the higher the fair value

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

As at 30 June 2021, the Expected Retention Rate of the eligible participants granted share options was assessed to be 94%.

22. SHARE-BASED PAYMENT (Continued)

(c) The transfer of shares by Ms. Lu to the eligible participants

On 16 June 2021, in order to align the long-term interests of the management and shareholders of the Company, the Ultimate Controlling Parties procured a controlled corporation directly wholly-owned by Ms. Lu to transfer a total of 30,000,000 shares without additional conditions, to certain directors, senior management and employees of the Group at a consideration of HKD14.354 per share through participation in a trust scheme managed by an independent trustee.

These shares awarded vested immediately at grant date. The fair value of these incentive interests at the grant date, which was determined by taking the market price of the Company's shares on that date (HKD18.44 per share), over the respective cash consideration assumed by the selected participants, were treated as share-based payment expenses and charged to the consolidated statement of comprehensive income.

For the six-months ended 30 June 2021, the Group recognised RMB101,182,000 of share-based payment expenses for the aforesaid transfer of shares by Ms. Lu.

23 CORPORATE BONDS

Corporate bonds as at 30 June 2021 and 31 December 2020 were as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
As at 1 January	16,044,232	10,486,779
Additions	1,712,258	7,980,557
Interests charges	300,563	753,060
Interests paid	(292,454)	(736,164)
Repayment upon maturity	(5,560,000)	(2,440,000)
Ending balance	12,204,599	16,044,232
Analysed as		
— Current portion	3,139,545	6,758,152
— Non-current portion	9,065,054	9,286,080
	12,204,599	16,044,232

24 BANK AND OTHER BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowings	31,469,286	32,694,495
Other loans	13,447,529	9,901,529
	44,916,815	42,596,024
Included in non-current liabilities:		
— Secured/guaranteed	25,408,880	23,771,544
— Unsecured	19,279,549	18,235,946
Less: current portion of non-current liabilities	(7,220,187)	(4,908,151)
	37,468,242	37,099,339
Included in current liabilities:		
— Secured/guaranteed	40,625	233,852
— Unsecured	187,761	354,682
— Current portion of non-current liabilities	7,220,187	4,908,151
	7,448,573	5,496,685
Total	44,916,815	42,596,024

As at 30 June 2021 and 31 December 2020, all of the Group's borrowings were denominated in following currencies:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
RMB	41,823,248	39,404,797
HKD	2,846,586	2,941,768
USD	246,981	249,459
	44,916,815	42,596,024

The Group's bank and other borrowings as at 30 June 2021 of RMB20,467,974,000 (31 December 2020: RMB18,601,405,000) were secured by certain buildings, properties under development and completed properties held for sale of the Group with total carrying values of RMB54,113,892,000 (31 December 2020: RMB47,105,916,000).

The Group's bank and other borrowings of RMB4,981,531,000, as at 30 June 2021 (31 December 2020: RMB4,940,991,000) were guaranteed by its related parties (Note 27(a)), and nil (31 December 2020: RMB463,000,000) were guaranteed by third parties.

The annual weighted average effective interest rate of bank and other borrowings is 4.98% per annum for the six months ended 30 June 2021 (31 December 2020: 5.26% per annum).

25 TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables (Note (a))	34,211,975	34,913,221
— related parties (Note 27(b))	75,815	32,766
— third parties	34,136,160	34,880,455
Amounts due to related parties (Note 27(b))	18,236,604	19,027,429
Amounts due to non-controlling interests (Note (b))	8,701,799	9,692,822
Payable for outstanding acquisition considerations	2,306,475	2,133,530
Deposit payables	1,061,903	1,339,001
Accrued expenses	860,032	763,464
Salaries payable	476,424	1,082,101
Interests payable	518,457	557,513
Other taxes payable	1,944,782	1,856,259
Dividends payable to shareholders	1,631,135	—
Other payables (Note (c))	2,002,215	1,751,072
	71,951,801	73,116,412

(a) The aging analysis of the trade payables based on invoice dates is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 90 days	13,128,626	18,523,384
Over 90 days and within 365 days	19,240,179	14,527,604
Over 365 days	1,843,170	1,862,233
	34,211,975	34,913,221

The Group's trade payables as at 30 June 2021 and 31 December 2020 are denominated in RMB.

- (b) Amounts due to non-controlling interests mainly represented current accounts with the non-controlling interests of certain subsidiaries of the Group in the ordinary course of business, which are interest-free, unsecured and repayable on demand.
- (c) Other payables mainly represented miscellaneous payments received from property purchasers for various purposes such as obtaining approvals/certificates from government authorities.

26 GUARANTEES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers (Note (a))	93,540,604	80,416,621
Guarantees to joint ventures and associates in respect of borrowings (Note (b))	13,347,888	11,917,463
	106,888,492	92,334,084

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal titles and take possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.
- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.
- (c) The directors of the Company have assessed that the fair values of guarantees provided to the purchasers and joint ventures and associates as at initial recognition and 30 June 2021 and 31 December 2020 were insignificant.

27 RELATED PARTY TRANSACTIONS

The ultimate holding company of the Company is Midea Development (BVI), and the Ultimate Controlling Parties of the Company are Mr. He and Ms. Lu.

(a) Transactions with related parties

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(i) Entities controlled by the Ultimate Controlling Parties			
Rendering of property management services	5,381	3,204	
Management and consulting service income	13,623	7,451	
Purchase of home appliances and smart home technology products	72,222	56,846	
Interest expenses on loans from related parties	32,489	40,948	
Receiving guarantee in respect of borrowings	4,981,531	9,165,785	
Licensing fees	4,161	4,567	
Guarantee fees	15,191	20,130	
Selling of materials, equipment and other services	1,599	–	
(ii) Joint ventures			
Management and consulting service income	155,455	117,473	
Providing guarantee in respect of borrowings	8,659,696	6,578,323	
Selling of materials, equipment and other services	90,753	26,957	
Purchase of materials, equipment and other services	38,490	–	
Purchase of home appliances and smart home technology products	3,435	126	
Rendering of property management services	16,130	18,303	
(iii) Associates			
Providing guarantee in respect of borrowings	4,688,192	2,969,062	
Management and consulting service income	40,348	19,652	
Rendering of property management services	11,349	6,544	
Selling of materials, equipment and other services	4,105	3,802	

The prices for the above transactions were determined in accordance with the terms agreed by the relevant contracting parties.

27 RELATED PARTY TRANSACTIONS (Continued)**(b) Balances with related parties**

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
(i) Joint ventures		
Amounts due from related parties	7,172,100	16,370,256
Amounts due to related parties	14,312,170	14,837,261
(ii) Associates		
Amount due from related parties	6,052,992	9,312,482
Amount due to related parties	3,967,031	4,201,654
(iii) Entities controlled by the Ultimate Controlling Parties		
Amounts due from related parties	103,978	50,803
Amounts due to related parties	33,186	21,248
(iv) Entities controlled by certain directors and/or their close family members		
Amounts due from related parties	430	751
Amounts due to related parties	32	32
(v) Analysis on amounts due from related parties:		
Trade	246,022	242,118
Non-trade	13,083,478	25,492,174
(vi) Analysis on amounts due to related parties:		
Trade	75,815	32,766
Non-trade	18,236,604	19,027,429

Amounts due from/to related parties mainly represented the cash advances which are unsecured, interest-free, and repayable on demand.

27 RELATED PARTY TRANSACTIONS (Continued)**(c) Loans from related parties**

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Beginning of the period	–	–
Loans advanced	1,499,487	1,809,358
Loans repayments	(1,499,487)	(1,809,358)
End of the period	–	–

During the six months ended 30 June 2021 and 2020, loans from related parties carried variable interest rates ranging 5.0% to 5.5% per annum, and the terms of the loans were between 2 months to 6 months.

(d) Key management compensation

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Key management compensation		
— Salaries and other employee benefits	3,115	11,856
— Pension costs	112	74
— Fees	250	273
— Share-based payment expenses	35,373	–
	38,850	12,203

28 DISPOSAL OF SUBSIDIARIES

During the current period, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposal are as follows:

	Six months ended 30 June 2021 RMB'000 (Unaudited)
Disposal consideration	
— Cash received	230,729
— Outstanding and included in other receivables	20,332
— Fair value of investments in joint ventures	119,771
— Financial assets at fair value through profit or loss	634
	371,466
Cash and cash equivalents	(20,044)
Restricted cash	(22,782)
Deferred income tax assets	(11,699)
Prepaid taxes	(157,148)
Properties under development and completed properties held for sale	(1,009,352)
Trade and other receivables	(363,389)
Trade and other payables	816,718
Contract liabilities	213,208
Others	(43,066)
Total net assets disposed of	(597,554)
Non-controlling interest disposed of	184,087
	(413,467)
Losses on disposal	42,001
Cash proceeds from disposal, net of cash disposed of	
— Cash received	230,729
— Cash and cash equivalents of the subsidiaries disposed of	(20,044)
Net cash inflow on disposal	210,685

EXECUTIVE DIRECTORS

Mr. Hao Hengle (Chairman and President)
Mr. Wang Quanhui (appointed on 4 June 2021)
Mr. Yao Wei
Mr. Lin Ge
Mr. Xu Chuanfu (retired on 4 June 2021)

NON-EXECUTIVE DIRECTORS

Mr. He Jianfeng
Mr. Zhao Jun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tan Jinsong
Mr. O'Yang Wiley
Mr. Lu Qi

AUDIT COMMITTEE

Mr. Tan Jinsong (Chairman)
Mr. Zhao Jun
Mr. O'Yang Wiley

REMUNERATION COMMITTEE

Mr. O'Yang Wiley (Chairman)
Mr. Hao Hengle
Mr. Zhao Jun
Mr. Tan Jinsong
Mr. Lu Qi

NOMINATION COMMITTEE

Mr. Hao Hengle (Chairman)
Mr. Tan Jinsong
Mr. Lu Qi

AUTHORISED REPRESENTATIVES

Mr. Hao Hengle
Mr. Zeng Chaoming

JOINT COMPANY SECRETARIES

Mr. Zeng Chaoming
Ms. Chan Bo Shan

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE MAINLAND CHINA

34/F, Tower 4, Midea Real Estate Plaza
No. 1 Chengde Road, Beijiao Town
Shunde District, Foshan City
Guangdong Province, the PRC

PLACE OF BUSINESS IN HONG KONG, CHINA

Suites 3906–3910, 39/F, Tower 6, The Gateway
Harbour City, No. 9 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

Hogan Lovells

PRINCIPAL BANKS IN THE MAINLAND CHINA (IN ALPHABETICAL ORDER)

Agricultural Bank of China Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Guangdong Shunde Rural Commercial Bank Company Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

PRINCIPAL BANKS IN HONG KONG, CHINA (IN ALPHABETICAL ORDER)

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Company Limited, Hong Kong Branch
China Minsheng Banking Corporation Limited,
Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Hua Xia Bank Company Limited, Hong Kong Branch
LUSO International Banking Limited
Pingan Bank Company Limited
Tai Fung Bank Limited
The Bank of East Asia, Limited

STOCK CODE

3990

EMAIL OF INVESTOR RELATIONS

investor@midea.com

COMPANY'S WEBSITE

<http://www.mideadc.com>



www.mideadc.com

