

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

2022

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 and one of the top 100 private enterprises in Guangdong Province, whose shares are included in the constituents of indexes such as Hang Seng Stock Connect Hong Kong Index. Founded in 2004, the Group upholds the development orientation of “Smart Healthy Life Service Provider”, 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 337 projects in five regions (data as at 30 June 2022), including the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Region, the Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic 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 real estate technologies. 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 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”. In terms of real estate technologies, 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 industries and building technologies, and iterated technologies based on users’ needs. Driven by the integrated smart home solutions, we have established core competitiveness around scenario innovation and the Internet of Things, boasting industry-leading solutions and full-chain service capabilities. From research and development, design, production and construction, to management, operation and maintenance, we have built a closed-loop system for the entire value chain and established the advantages of integrated products and services. We have received the recognition as the first “National Standard Creation Base for Smart Residential Area” and continuously provide third parties with smart and green prefabricated integrated 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 way, so as to provide the nation with premium residence and create better value for society.

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FINANCIAL OVERVIEW

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2022	2021	Change
Revenue (RMB million)	31,662.9	33,038.6	-4.2%
Gross profit (RMB million)	5,668.6	6,838.1	-17.1%
Net profit (RMB million)	2,608.4	3,002.3	-13.1%
Core net profit* (RMB million)	2,735.5	3,100.7	-11.8%
Profit attributable to owners of the Company (RMB million)	1,538.1	2,154.9	-28.6%
Core net profit attributable to owners of the Company** (RMB million)	1,655.7	2,253.3	-26.5%
Basic earnings per share (RMB)	1.25	1.75	-28.6%

BALANCE SHEET HIGHLIGHTS

	As at	As at	Change
	30 June	31 December	
	2022	2021	
Total assets (RMB million)	286,167.4	288,519.9	-0.8%
Total cash and bank deposits (RMB million)	30,476.9	34,196.5	-10.9%
Short-term borrowings (RMB million)	13,454.1	15,335.1	-12.3%
Long-term borrowings (RMB million)	39,685.7	40,988.5	-3.2%
Total equity (RMB million)	50,437.0	47,809.6	5.5%
Total liabilities/total assets	82.4%	83.4%	-1.0 percentage point
Net gearing ratio	44.9%	46.3%	-1.4 percentage point

* Core net profit represents profit 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.

** 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 2022 ("**Reporting Period**").

I. Industry Overview

In the first half of 2022, the market downturn continued amid the profound changes unseen in a century and the lingering COVID-19 pandemic. Given rising defaults, weak market confidence and unrecovered demand, industry players are still in distress. However, driven by regulatory policies and industry trends, 2022 marks the first year of the industry's shift to a new real estate development model. The real estate market is undergoing a cruel and drastic reshuffling process, which is also a process of breaking through the old barriers and pursuing innovative and stable development. The megatrend is irresistible, and all companies and individuals involved will be affected. In 2022 when the trend is surging and risks and challenges coexist, what we have to do is to keep the bottom line of safety in the midst of fluctuations, forge ahead in a tough way, and go through the cycle with solid steps.

II. Business Review

On the basis of preserving our credit quality and upholding our strategic vision, the Group focused on product and brand building, practised lean management, and consolidated organisational development. Against the backdrop of frequent defaults and weak customer confidence in the industry, the Group gave priority to ensuring delivery, quality and services; leveraged our own advantages and smart technology to develop premium products, find value-added space, and address the real needs of users, thus empowering urban living.

During the Reporting Period, the Group's revenue amounted to RMB31,662.90 million, representing a decrease of 4.2% as compared with RMB33,038.57 million for the corresponding period of 2021; gross profit amounted to RMB5,668.62 million, representing a decrease of 17.1% as compared with RMB6,838.11 million for the corresponding period of 2021; core net profit amounted to RMB2,735.50 million, representing a decrease of 11.8% as compared with RMB3,100.71 million for the corresponding period of 2021. Core net profit attributable to owners of the Company amounted to RMB1,655.68 million, representing a decrease of 26.5% as compared with RMB2,253.31 million for the corresponding period of 2021. As at 30 June 2022, the Group's net gearing ratio further decreased to 44.9%.

(I) Business Development: Optimising Land Reserves Structure and Increasing Ownership Percentage

During the Reporting Period, the Group adhered to the regional expansion and urban upgrade strategies, continued to improve the land reserves structure, and divided the equity in cooperation projects to optimise financial and management costs and facilitate the acquisition of high-value projects. As of now, the Group has completed the division of equity in a number of projects. The Group acquired projects in sizable cities and exited lower-tier city markets at low costs, thus enabling us to better focus on key cities and facilitating the cash collection from projects.

In the first half of 2022, the Group continued to focus on first- and second-tier cities with high potential with heavy investments in sizable cities in national core economic zones such as the Yangtze River Delta and the Greater Bay Area, and concentrated resources to upgrade and build strongholds in first- and second-tier cities. As at 30 June 2022, the Group had a total of 337 property development projects and sizable land reserves* of 42.94 million square metres in GFA. Moreover, the Group's land reserves structure is reasonable.

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

(II) Sales Performance: Anti-cyclical Increase in Average Selling Price under a Dynamic Balance of Supply, Sales and Inventory

In the current market environment, sales varied greatly by city, with higher-tier cities being more resilient in sales. During the Reporting Period, the Group continuously leveraged our brand value and managerial advantages to conduct intensive research on users and the market. As a result, despite the market headwinds, the Group's average selling price increased by 1.7% to RMB12,233 per square metre as compared with the same period in 2021, and the percentage of sales contributed by high-tier cities continued to rise, with second-tier cities and above accounting for 80.2% of sales. Based on market developments, the Group made reasonable construction and supply schedules to achieve a dynamic balance of supply, sales and inventory. In the sluggish market environment, the Group's sales have been rebounding since the second quarter.

(III) Financial Performance: Highlighting the Advantage of High Credit Value and Maintaining Solid Fundamentals

Given shrinking market demand and frequent defaults in the industry, we consistently put great emphasis on cash flows as a safety buffer, and proactively improved the debt structure and ensured sufficient liquidity. As at 30 June 2022, the Group had total cash and bank deposits of approximately RMB30.5 billion, unused quotas of registered domestic corporate bond, mid-term notes, private placement notes and asset-backed securities totalling approximately RMB11.4 billion, and unused credit facilities from banks totaling approximately RMB105.6 billion.

In the meantime, the net gearing ratio of the Group fell to 44.9%; the cash to short-term debt ratio excluding restricted cash increased to 1.73; the asset-liability ratio after excluding advance receipts dropped to 70.3%. While reducing liabilities and enhancing liquidity, the Group further reduced its finance costs. As at 30 June 2022, the Group's weighted average financing cost further dropped by 22 basis points to 4.60%.

As credit profiles in the industry are increasingly diverge, we have access to more high-quality resources due to our solid fundamentals and high credit quality. In March 2022, the Group obtained approval for, and successfully executed, an offering of medium term notes (MTN), becoming the first domestic real estate company to do so in 2022, and reached strategic cooperation with a number of banks to obtain real estate M&A loans, affordable rental housing loans, and personal housing mortgage facilities. In May 2022, as one of the first pioneer real estate companies to issue bonds with credit protection contracts, we successfully issued our first tranche of corporate bonds in 2022 with a low coupon rate of 4.5%.

(IV) Product Strength: Following the Policy of “No Speculation in Housing” and Improving Product Quality

In the first half of 2022, downturn was felt across the industry without exception, which is thought-provoking as to how to achieve sustainable product development. As the boom fades and the market returns to rationality, product strength has become an important part of a real estate company's comprehensive capabilities.

During the Reporting Period, in order to meet customers' living needs and follow the development trends, the Group developed “M+ Houses” integrating 3 health components, 4 smart products and N smart scenarios through field surveys and co-creation, and gradually promoted the new concept in our projects across the country. Meanwhile, the Group carried out the community quality remodeling campaign across the country by utilising smart technology to continuously improve hardware, software and property management services and upgrade the standards of smart community products.

(V) Delivery Capacity: Understanding Customer Demands and Improving Delivery Capacity

The real estate industry is moving towards the era of quality. For a real estate developer, delivery is not only a test imposed by customers, but also a demonstration of its ability to fulfill its promises and attain a good reputation. As such, delivery capacity, as an important part of product strength, is of greater significance. During the Reporting Period, the Group delivered over 30,000 houses of 66 projects in 38 cities across the nation, with a customer satisfaction rate ranking among the best in the industry. The Group continued to develop a customer survey system to understand customer demands, so as to help improve delivery quality. In 2022, the Group upgraded our delivery brand “Chengyijia” (橙意家) to continuously deliver a “visible” good life to customers in the aspects of products, construction and services. In an ongoing effort to build an influential service brand, the Group adopted a series of innovative measures, such as live streaming of construction site opening, one-stop delivery pilot programme, Midea Real Estate cloud-based delivery, to create a happy, beautiful, warm and quality community experience.

(VI) Service Capabilities: Strengthening System Construction to Upgrade Service Capabilities

Property management represents a communication bridge between real estate developers and home owners. After the pattern of real estate development shifts back to that of manufacturing, property management as a scenario gateway can meet the needs of residents in all aspects with unlimited potential. During the Reporting Period, Midea Real Estate Services, a subsidiary of the Group, continuously developed space service scenarios based on customer needs to accurately serve residential communities, industrial parks, office buildings, schools, government and public buildings, etc. With improving innovative service capabilities, it creates a better life for people while facilitating high-quality urban development.

Since launching the four service series of “royalty, enjoyment, joy and pleasure” in 2021, Midea Real Estate Services has gradually developed a product methodology based on “demands & labels” to build a service system that incorporates carbon peaking and neutrality-related services, community culture, technology management and other capabilities and practices the concept of sustainable development in all respects.

(VII) Real Estate Technology: Shifting to an Innovative Real Estate Developer with a Full-cycle Industrial Chain Possessing Smart and Healthy Features

After the pattern of real estate development shifts back to that of manufacturing, the profitability of industry players will be limited. Real estate companies need to explore a second growth curve by carrying out reforms and seizing new market segments and opportunities arising from industry transformation.

As at 30 June 2022, the Group had built six product research platforms, namely, the National Smart Residential Area Standardisation Base, Smart Life Research Institute, Future Community Research Institute, Prefabrication Research Institute, Remac TY Science and Technology Innovation Center, and State Key Laboratory of Subtropical Building Science of South China University of Technology. The Group has applied for more than 500 patents and software copyrights, and participated in formulating over 20 sets of national/industry standards for smart and green buildings.

Remac Smart, a subsidiary of the Group, continued to lead the smart home system market with market share in China's fine decoration ranking ahead in the industry. In addition, it launched the Remac Select (睿住優選) brand to build a one-stop smart shopping platform with selected household products for individual users. This year, Remac Smart launched REMAC HOME OS, a smart space operating system, which uses powerful core networking technology to realise active intelligence and humanised interaction.

In order to focus on vertical integration of industry chain, the Group established Remac Construction Technology. As at the end of the Reporting Period, it had completed design of more than 23 million square metres of projects, including over 12 million square metres of prefabricated buildings and BIM. Its design capacity can reach 9 million square metres per year. In the meantime, Remac Technology integrated resources to research and develop modular integrated construction (MIC) products in order to build integrated service capabilities covering design, main structure and interior decoration, which is conducive to reducing energy consumption and construction waste. By doing so, Remac Technology seeks to shift from a manufacturer of prefabricated components to a supplier of "fabricated buildings", "modular buildings" and "finished houses". In May 2022, Remac Construction Technology and CIMC-MBS, a subsidiary of CIMC Group, reached a strategic cooperation on smart construction and new construction industrialisation, in an effort to promote the green and digital transformation and upgrading of the construction industry through technological innovation.

(VIII) Digitisation: Upgrading Operational Capabilities of the System to Enhance Systemic Competitiveness

In terms of digitisation, the Group constantly upgraded the operational capabilities of our digital system. As early as in 2018, the Group started the research and development of a digital management system. Supported by RMB100+ billion of sales and based on multiple business operation, the Group successfully developed the Panshi (磐石) PaaS platform to build a company-wide value chain by integrating with financial, design, production, marketing and other systems, thus achieving the digitisation and transparency of internal production and operations. In addition, the Group upgraded the competitiveness of the system in collaboration with upstream and downstream partners of the industrial chain, started the construction of a "full-cycle high-quality strategic supply chain", and vigorously promoted the development of green supply chain. During the Reporting Period, the Group teamed up with more than 40 Grade-A strategic suppliers to jointly create a synergistic ecosystem for win-win results.



III. Development Strategy and Outlook

Since last year, there have been signs in the industry showing that the era of rapid growth, quick profit and high turnover has come to an end. In the future, the Group will continue to maintain stability, strive for high-quality and sustainable development, predict and prevent risks in advance, return to the essence of operation, and improve management efficiency. Meanwhile, the Group will cherish and protect our credit quality, and firmly go through the market cycle.

(I) Making Progress While Maintaining the Fundamentals to Achieve Long-term Healthy and Sustainable Development

In the era of “prioritising scale-up” in the industry, real estate companies over-leveraged themselves, leading to heavy burdens. Under the current market conditions, we need to think in multiple dimensions, and regain strength by “deleveraging” to ensure the safe development of the enterprise.

On the financial front, the Group will spare no effort to reduce leverage and liabilities, and keep the bottom line of liquidity safety and maintain solid fundamentals to ensure that we can survive the downward cycle of the industry. In the meantime, the Group will optimise the debt structure, gain access to high-quality financing resources, and constantly innovate in financing models to consolidate the moat of financing capacity, so as to be financially prepared for the advent of a new cycle. The Group will also steadily improve operational quality and transform to high-quality development. On the investment front, the Group will continue to improve our business presence, enhance our ability to resist risks, reduce the number of cities where we invest, and focus on high-quality, high-potential cities to optimise land reserves structure, so as to increase our ability to resist cyclical risks. In addition, the Group will steer the allocation of resources precisely, reduce the management scope, and optimise the organisational structure, with a view to improving the overall profitability.

(II) Returning to the Essence of Operation and Upgrading the Product System and Service Quality

As product strength becomes increasingly important, the Group will focus on key cities, constantly enhance capabilities in developing mid-to-high-end improved housing products, and gradually phase out low-end products. The Group will create differentiated advantages in construction system, new technology and processes, and digital empowerment. We will also put emphasis on engineering quality and customer service and ensure delivery, in an effort to provide premium projects that ensure “what you see is what you get”. Meanwhile, the Group will intensify research on the land market and sales market cycle, strengthen the conversion of product strength to marketing power, and shift from being sales-focused to being value-oriented, with a view to increasing project premiums.

In the property management segment, the Group will deepen basic services and focus on customers' life scenarios to improve service quality, so as to empower the property development business. Moreover, the Group will continuously develop community services, public building services and urban services to achieve quality and sustainable growth.

In respect of delivery, the Group will continue to uphold the vision of becoming a “leader in smart living”, undertake the responsibility for quality assurance, and integrate the fine management concept of manufacturing industry into the full-cycle management of projects, thus practicing corporate responsibility with concrete actions.

(III) Promoting the Upgrading of Real Estate Technology Capabilities Across the Industry Chain

Under the national technology innovation strategy, the Group will empower real estate development with technology, and invest in upstream and downstream businesses for digital transformation, product upgrading and technology ecosystem building, so as to continuously consolidate the real estate & technology ecosystem.

In the field of construction technology, the Group will focus on the integration of design and prefabrication to provide construction technology services across the value chain covering all business scenarios. The Group will gradually develop a well-established prefabrication industry chain integrating R&D, design, marketing, supply chain, construction, operation and maintenance and covering interior and exterior decoration, in an effort to provide integrated lifecycle solutions.

In the field of smart technology, positioned as a leader in smart space solutions, we will continuously pursue rapid growth in revenue and profit by building a service ecosystem covering a full range of "solutions, services, and operation and maintenance functions".

(IV) Empowering Operations and Facilitating the Innovative Development of Core Business with Digitisation

In 2022, the Group will start the research and development of a new-generation digital system. Focusing on customer value, the system will strengthen internal coordination in materials, design, services, decoration and other aspects, act as a bridge to align our strategic partners to form a collaboration system, and enable online collaboration and data collaboration in the industry chain as well as quality delivery and interaction, so as to enhance the competitiveness and operational efficiency of the enterprise.

In addition, at the organisational level, the Group will continue to improve and upgrade the organisational development mechanism, return to a simple and pragmatic entrepreneurial mindset, focus on the long-termism perspective and strategic vision, and improve the incentive mechanism to stimulate organisational vitality. Moreover, the Group will continuously upgrade our workforce to strategically build a wide talent moat.

Looking back from tomorrow on today, everything is a prologue. In the current environment, the industry has ushered in the darkest moment before dawn. Companies and individuals involved need to work together to accelerate the transformation of the industry. In the long river of history, there is no such thing as a successful company. There are only companies that keep improving and growing. Only by doing so can we live up to the times and our commitment.



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. Going forward, 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

26 August 2022

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

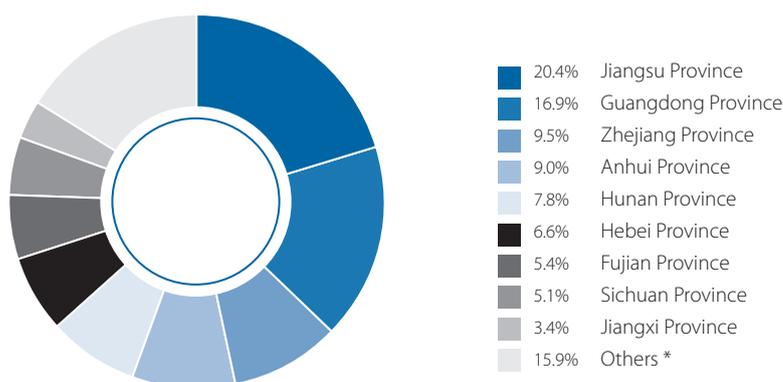
OVERALL PERFORMANCE

During the Reporting Period, the Group recorded revenue of RMB31,662.90 million (the corresponding period of 2021: RMB33,038.57 million), representing a decrease of 4.2% as compared to the corresponding period of last year. Operating profit amounted to RMB3,897.52 million (the corresponding period of 2021: RMB4,125.32 million), representing a decrease of 5.5% as compared to the corresponding period of last year. Profit for the Reporting Period amounted to RMB2,608.37 million (the corresponding period of 2021: RMB3,002.34 million), representing a decrease of 13.1% as compared to the corresponding period of last year. Core net profit for the Reporting Period decreased by 11.8% to RMB2,735.50 million (the corresponding period of 2021: RMB3,100.71 million), and core net profit attributable to owners of the Company decreased by 26.5% to RMB1,655.68 million. Profit attributable to owners of the Company reached RMB1,538.08 million (the corresponding period of 2021: RMB2,154.94 million), representing a decrease of 28.6% as compared to the corresponding period of last year. Basic and diluted earnings per share reached RMB1.25 (the corresponding period of 2021: RMB1.75).

CONTRACTED SALES

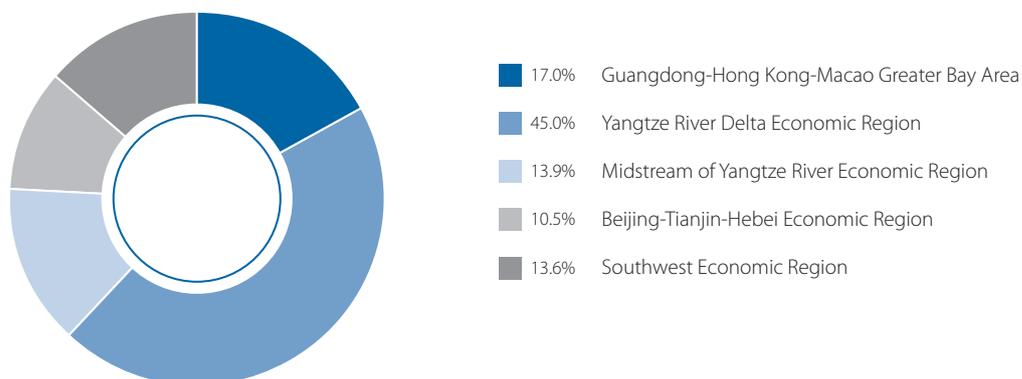
During the Reporting Period, the Group and its joint ventures and associates recorded contracted sales of approximately RMB40.03 billion with a total contracted sales GFA of approximately 3,272 thousand square metres. Specifically, Yangtze River Delta and the Greater Bay Area accounted for over 60% of the contracted sales, reflecting the further increase in sales concentration. During the Reporting Period, the monthly average selling price increased steadily, showing sales resilience in the adverse market environment.

DISTRIBUTION MAP OF CONTRACTED SALES BY PROVINCE



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

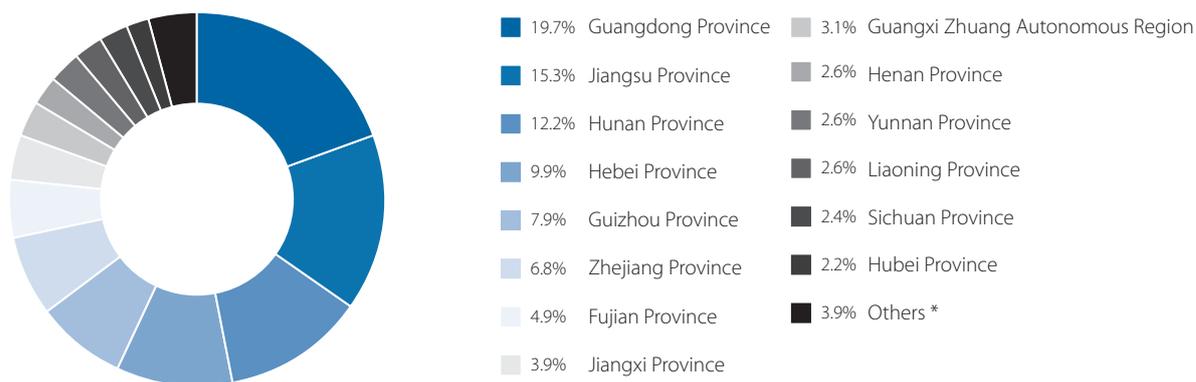
DISTRIBUTION MAP OF CONTRACTED SALES BY REGION



LAND RESERVES

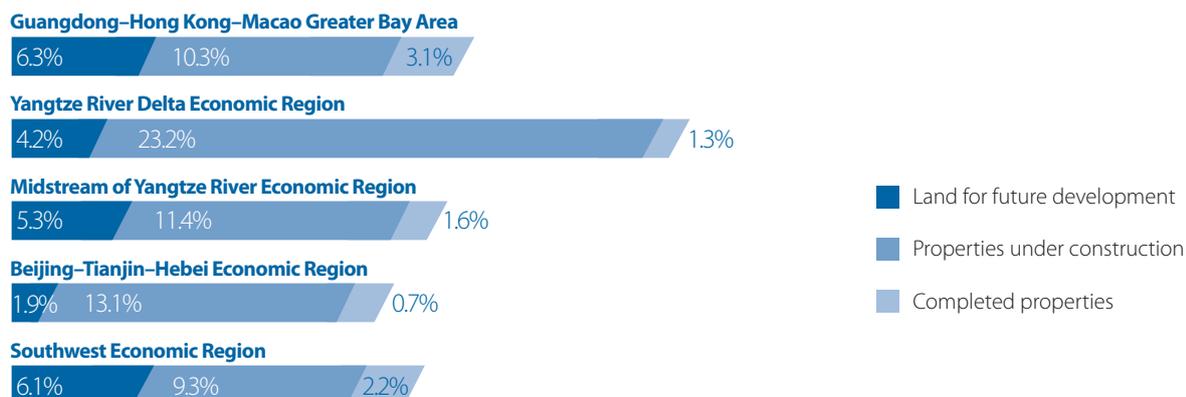
As at 30 June 2022, the Group had a total of 337 property development projects, of which 98 were participated through joint ventures and associates, covering 60 cities across China with a total GFA of land reserves* of 42.94 million square metres.

DISTRIBUTION MAP OF LAND RESERVES BY PROVINCE



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

REGIONAL DISTRIBUTION MAP BY PROJECT STATUS



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

LAND RESERVES BY CITY (AS AT 30 JUNE 2022)
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)
Guangdong–Hong Kong–Macao Greater Bay Area	Foshan	28	964,926	1,561,750	1,190,368	3,717,044
	Yangjiang	2	51,702	287,874	697,362	1,036,938
	Maoming	1	7,006	155,631	464,149	626,786
	Heyuan	2	95,629	391,111	970	487,710
	Zhaoqing	5	23,857	156,592		180,449
	Guangzhou	3	7,841	289,243		297,084
	Huizhou	2	38,591	220,955		259,546
	Jiangmen	4	11,589	246,455		258,044
	Dongguan	1	15,775	63,922		79,697
	Zhongshan	3	20,588			20,588
	Subtotal	51	1,237,504	3,373,533	2,352,849	6,963,886
Yangtze River Delta Economic Region	Xuzhou	13	37,630	2,079,180	529,849	2,646,659
	Yangzhou	4	27,989	395,521	339,734	763,244
	Zhenjiang	5	76,619	217,254	142,700	436,573
	Wuxi	4	27,557	365,009		392,566
	Changzhou	5	36,724	246,850		283,574
	Nanjing	3	23,296	267,862		291,158
	Suzhou	4	47,792	193,195		240,987
	Shanghai	2	43,844	103,278		147,122
	Nantong	1		84,857		84,857
	Fuyang	1		55,927		55,927
	Hefei	2	16,217			16,217
	Taizhou	1	2,080			2,080
	Quanzhou	8	13,183	1,409,612	388,971	1,811,766
	Ningbo	9	76,969	546,113		623,082
	Jinhua	7	35,719	510,456		546,175
	Wenzhou	1		444,882		444,882
	Hangzhou	2		295,056		295,056
Taizhou	2	50,646	106,184		156,830	
Zhoushan	1	5,282			5,282	
	Subtotal	75	521,547	7,321,236	1,401,254	9,244,037

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	Changsha	8	122,390	693,116	291,804	1,107,310
	Xiangtan	3	47,467	283,162	751,529	1,082,158
	Zhuzhou	9	69,442	548,562	361,681	979,685
	Wuhan	2	36,682	619,784	279,555	936,021
	Ganzhou	2		613,952		613,952
	Hengyang	3	54,013	355,608	186,339	595,960
	Chenzhou	2	19,185	447,703		466,888
	Yueyang	2	60,485	238,571	30,859	329,915
	Nanchang	3	52,704	120,215	73,916	246,835
	Changde	2	2,063	231,951		234,014
	Shangrao	3	82,497	2,548		85,045
Jiujiang	2	70,403			70,403	
	Subtotal	41	617,331	4,155,172	1,975,683	6,748,186
Beijing-Tianjin-Hebei Economic Region	Handan	17	163,049	2,809,684	186,332	3,159,065
	Shenyang	10	85,192	733,865	292,146	1,111,203
	Xingtai	6	30,773	531,628	52,031	614,432
	Zhengzhou	3		337,595	241,283	578,878
	Luoyang	2		308,738	55,065	363,803
	Kaifeng	1		183,304		183,304
	Tianjin	1			150,252	150,252
	Subtotal	40	279,014	5,055,066	826,857	6,160,937
Southwest Economic Region	Guiyang	8	487,185	894,873	906,319	2,288,377
	Zunyi	7	152,374	714,008	258,906	1,125,288
	Kunming	3	24,181	982,705	111,624	1,118,510
	Wuzhou	1	700	162,023	695,165	857,888
	Chengdu	3	55,629	153,340	184,787	393,756
	Nanning	3	26,381	141,787	182,417	350,585
	Chongqing	4	183,512	118,713		302,225
	Leshan	1	9,155	236,987		246,142
	Meishan	2	104	144,904		145,008
	Subtotal	32	939,221	3,549,340	2,339,218	6,827,779

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)
Guangdong–Hong Kong–Macao Greater Bay Area	Foshan	13	84,430	554,854	181,101	820,385
	Jiangmen	4	13,870	158,816	24,982	197,668
	Maoming	1	8,696	65,876	55,317	129,889
	Zhuhai	2		86,784	31,639	118,423
	Guangzhou	2		82,021	16,868	98,889
	Dongguan	1		57,728	39,073	96,801
	Huizhou	1		42,404	13,609	56,013
	Subtotal	24	106,996	1,048,483	362,589	1,518,068
Yangtze River Delta Economic Region	Wuxi	7		380,630	155,199	535,829
	Xuzhou	6		352,918	25,260	378,178
	Fuyang	2		212,854	71,375	284,229
	Suzhou	2		156,549		156,549
	Hefei	2		144,143		144,143
	Nanjing	4	8,768	106,781		115,549
	Changzhou	2	7,135	80,135		87,270
	Shanghai	1		72,023		72,023
	Nantong	1		36,114	32,397	68,511
	Yangzhou	1		43,496		43,496
	Zhenjiang	2	9,733	16,658		26,391
	Wenzhou	2	5,534	198,917		204,451
	Shaoxing	2		252,927		252,927
	Fuzhou	4		204,812		204,812
	Jinhua	2	4,539	72,569	105,729	182,837
	Hangzhou	1		132,431		132,431
Quanzhou	1		84,510		84,510	
Ningbo	1		76,669		76,669	
	Subtotal	43	35,709	2,625,136	389,960	3,050,805

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	Nanchang	7	9,701	381,843	108,841	500,385
	Changsha	3	30,278	167,356	6,436	204,070
	Changde	2	10,668	77,363	106,248	194,279
	Ganzhou	1		69,828	64,102	133,930
	Zhuzhou	1	10,738	29,865		40,603
	Jiujiang	1	4,435			4,435
	Subtotal	15	65,820	726,255	285,627	1,077,702
Beijing-Tianjin-Hebei Economic Region	Handan	4	23,784	464,923		488,707
	Tianjin	2	18,000	108,260		126,260
	Xingtai	1	2,031			2,031
	Subtotal	7	43,815	573,183		616,998
Southwest Economic Region	Chongqing	5	27,266	232,430	126,201	385,897
	Chengdu	3	737	155,264	83,878	239,879
	Nanning	1		52,767	56,526	109,293
	Subtotal	9	28,003	440,461	266,605	735,069
	Total	337	3,874,960	28,867,865	10,200,642	42,943,467

PROPERTIES DISTRIBUTION MAP



5 CORE REGIONS

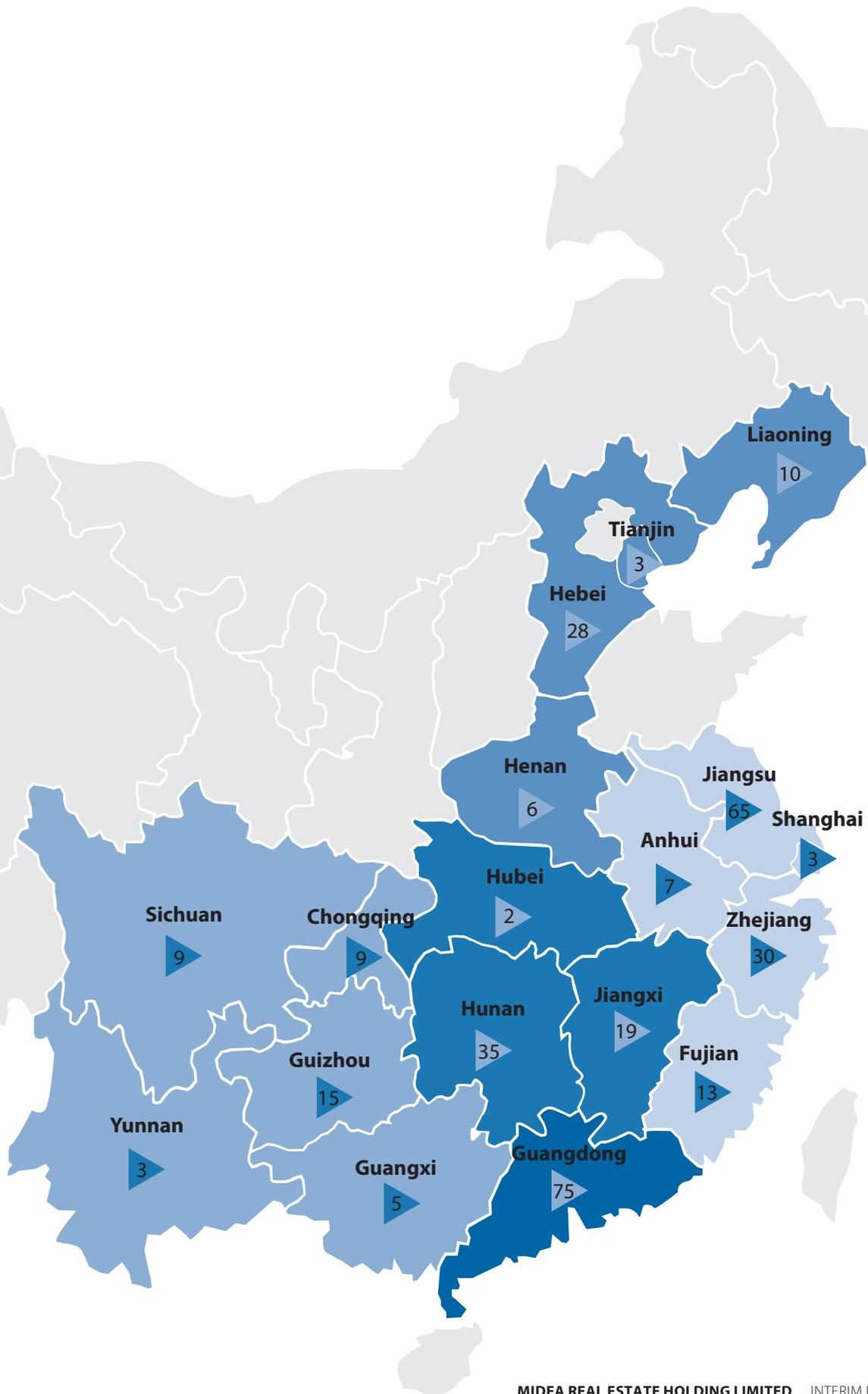


60 CITIES



337 PROJECTS*

* Including 98 projects participated through joint ventures and associates.



PROPERTY MANAGEMENT

In the first half of 2022, the property management business expanded steadily and developed in an orderly manner. With a focus on customer needs, Midea Real Estate Services made efforts to bring customers a smart and beautiful new life beyond expectations. It consolidated the basic service capabilities, deepened and developed the four product/service offerings of “royalty, enjoyment, joy and pleasure”, continued to carry out routine anti-epidemic control measures and deliver homeowner services, and took various measures to build a solid line of defense for community safety, in an effort to create low-carbon, humane and technology-based communities.

On the basis of maintaining its fundamentals, Midea Real Estate Services vigorously developed third-party business and non-residential services. In the first half of the year, it landed a number of high-quality projects, including the Refrigeration Equipment Industrial Park and HVAC Equipment Industrial Park in Wuhan Economic and Technological Development Zone, Guangdong Weiqi Electrical Materials Park, the General Office Building of the Government of Dehua County, Quanzhou, Xuzhou Aier Eye Hospital, and Guanshan Lake Third Kindergarten in Guiyang. Midea Real Estate Services will continuously take advantage of its capabilities to maximise the user value and commercial value of the platform based on its customer-oriented principle and space services.

After several rounds of rigorous evaluation and assessments by authoritative certification agencies, Midea Real Estate Services successfully passed the certifications of ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO/IEC 27001 Information Security Management System, ISO 9001 Quality Management System and ISO 45001 Occupational Health and Safety Management System. This proves that Midea Real Estate Services can consistently provide customers with high-standard services beyond expectations.

INVESTMENT AND OPERATION OF COMMERCIAL PROPERTIES

As at 30 June 2022, the Group had a total of 15 commercial property projects, including 9 projects in operation, namely, Foshan Midea Wonderful Square, Foshan Midea Wonderful Street, Zhenjiang Midea Wonderful Square, Handan Midea Wonderful Square, Xuzhou Midea Square, Zhuzhou Midea Times Square, Foshan Wonderful Apartment, Foshan Midea Real Estate Headquarters, and Midea Egret Lake Forest Resort.

The three “Wonderful” commercial product lines of the Group have materialised. It is expected that Guiyang Midea Wonderful Square, Guiyang Midea Wonderful Times, Xuzhou Midea Wonderful Street, Foshan Midea Wonderful Future City and Foshan Nanhai Midea Wonderful Apartment will open for business between 2022 and 2023. In 2022, Midea Commercial made a foray into the mother and baby market by cooperating with a well-known local maternal and infant health management institution to open a jointly-operated store in the Wonderful Square in Beijiao, which is planned to open for business in August 2022.

With forward-looking planning, strong investment attraction capacity and innovative operational capabilities, we design vigorous and smart commercial properties for cities to meet the commercial needs of different cities and customer groups. Guiyang Midea Wonderful Times won the “Highly Anticipated Experience Trend Project Award”; Guiyang Midea Wonderful Square was included in the “List of Excellent Planning and Design Cases” and received the title of “New Urban Commercial Landmark”; and Handan Midea Wonderful Square won the “Industry Potential Star Award”.

REAL ESTATE TECHNOLOGY

Remac Smart Technology

In the first half of 2022, Remac Smart maintained its strategic focus, developed smart space scenarios based on the quality needs of users and customers, and deepened smart integrated solutions to provide interactive and humanised smart space solutions that are more suitable for family needs. In particular, it launched a series of innovative solutions for home space upgrade, including whole-house smart cabinets, smart sleep system, smart integrated kitchen, etc. In terms of community services, based on 7 lines of flow and 12 space scenarios including home coming, vehicle flows and food delivery, Remac Smart launched an array of solutions, including low-carbon energy management, new energy smart parking, COVID-19 QR code, and logistics robot, to create a new Remac community cloud platform that enables centralised SaaS management and empowers smart living.

Meanwhile, Remac Smart increased R&D investment, developed a full-stack smart space technology scheme, completed applications for 52 intellectual property rights, and once again passed the intellectual property management system certification. As of now, it has applied for 246 intellectual property rights, including 144 patents and 102 software copyrights. In addition, it reached strategic cooperation with leading companies in niche markets such as Shangpin Home Collection and DeRUCCI to continuously strengthen ecosystem integration.

In the first half of the year, it delivered 24,000 smart homes and 79 smart communities. In total, it had provided smart living experience to more than 120,000 households.

Remac Construction Technology

It is deeply engaged in the fields of design technology and green prefabrication. Based on its unique “REMAC” model, it provides a full range of services for the industry including “consultation, R&D, design, production, sales, construction, and operation and maintenance”.

Design Technology

In the first half of 2022, Remac TY signed 168 contracts with a total GFA of 4.64 million square metres for design, took the lead in developing metaverse design business, innovated in green and low-carbon technologies, and carried out “prefabrication + BIM + smart” integrated design. In total, it had completed over 60 million square metres of digital design to meet the needs of carbon emission reduction, smart city and future community.

It has completed digital transformation and established a “Technology Innovation Center” to focus on the digitalisation of design and the industrialisation of construction. Remac TY has won more than 200 honours and awards, and has been accredited as a National High-tech Enterprise and a Guangdong Prefabricated Construction Industry Base. It has also joined hands with international urban think tank on design technology, actively participates in the upgrading of industry standards, and creates technology-based future life paradigms, so as to help achieve the goal of “carbon peaking and neutrality” and promote the “2030 Agenda for Sustainable Development”.

Green Prefabrication

Under the downturn of the real estate market and the saturation of the production capacity of prefabricated components (PCs), Remac Industrialisation took proactive response measures, carefully selected customers, and focused on developing strong partners to ensure business performance and funds withdrawal. In the first half of 2022, it signed RMB460 million worth of contracts, representing an increase of 70% as compared to the corresponding period of last year, while vigorously developing PC+ products to diversify the product portfolio.

Upholding the concept of technological innovation, Remac Industrialisation has established the Prefabrication Research Institute to develop core technologies of “low-carbon building”, and reached a strategic cooperation agreement with CIMC-MBS to jointly develop and produce integrated modular building products, with a view to shifting from a PC manufacturer to a supplier of modular buildings and providing stronger support for future business development.

FINANCIAL REVIEW

Revenue

Property Development and Sales

During the Reporting Period, the Group’s recognised revenue from property development and sales decreased by 4.6% to RMB30,971.21 million from RMB32,480.41 million in the corresponding period of 2021, primarily due to the dual decrease in the total GFA recognised and sales unit price recognised. Total GFA recognised amounted to 3.4 million square metres, representing a decrease of 3.1% from 3.5082 million square metres in the corresponding period of 2021.

Property Management Services

During the Reporting Period, the Group’s revenue derived from property management services increased by 31.2% to RMB557.58 million from RMB425.11 million in the corresponding period of 2021, 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 0.8% to RMB134.12 million from RMB133.05 million in the corresponding period of 2021, remaining roughly the same as the corresponding period of 2021.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from property development activities, provision of property management services and other business activities. During the Reporting Period, the Group's cost of sales decreased by 0.8% to RMB25,994.29 million from RMB26,200.47 million in the corresponding period of 2021, remaining roughly the same as the corresponding period of 2021.

Gross Profit

During the Reporting Period, the Group's gross profit decreased by 17.1% to RMB5,668.62 million from RMB6,838.11 million in the corresponding period of 2021. The decrease in gross profit was primarily driven by the decrease in sales revenue.

Other Income and Gains — Net

During the Reporting Period, the Group's other income and gains — net decreased by 33.1% to RMB252.34 million from RMB376.94 million in the corresponding period of 2021. The Group's net other income and gains primarily consists of management and consultancy service income, gain on acquisition of an asset at a discounted price, foreign exchange gains, compensation income, etc. The decrease was mainly due to the decrease in management and consultancy service income.

Selling and Marketing Expenses

During the Reporting Period, the Group's selling and marketing expenses decreased by 30.0% to RMB973.13 million from RMB1,390.03 million in the corresponding period of 2021, primarily due to the reduction of sales of the Group, which led to a corresponding decrease in marketing expenses.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses decreased by 42.2% to RMB953.22 million from RMB1,650.15 million in the corresponding period of 2021, primarily due to the combined effects of the Group's implementation of strict cost control and enhancement of per capita efficiency.

Finance Income — Net

The Group's net finance income primarily consists of interest expenses for bank loans, other borrowings, interest expenses of 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 costs 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 income of RMB166.26 million, representing a decrease of 55.3% as compared with RMB371.95 million in the corresponding period of 2021, primarily due to foreign exchange losses on financing activities during the Reporting Period.

Profit Attributable to Owners of the Company

During the Reporting Period, profit attributable to owners of the Company decreased by 28.6% to RMB1,538.08 million from RMB2,154.94 million in the corresponding period of 2021.



LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB30,476.89 million as at 30 June 2022 (31 December 2021: RMB34,196.54 million), including RMB23,218.31 million in cash and cash equivalents (31 December 2021: RMB26,288.55 million) and RMB7,258.58 million in restricted cash (31 December 2021: RMB7,907.99 million). 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 2022, the Group's pre-sale fund under supervision was RMB6,973.49 million. As at 30 June 2022, the Group's unused credit facilities from banks were RMB105,584.61 million.

Borrowings and Net Gearing Ratio

As at 30 June 2022, the Group's total borrowings amounted to RMB53,139.83 million. Bank and other borrowings, and corporate bonds were RMB41,569.22 million and RMB11,570.61 million, respectively. As at 30 June 2022, the net gearing ratio was 44.9% (31 December 2021: 46.3%). The net 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 and restricted cash.

Borrowing Cost

During the Reporting Period, the total borrowing costs of the Group amounted to RMB1,366.76 million, representing a decrease of RMB78.18 million from RMB1,444.94 million for the corresponding period of 2021, mainly because the Group further reduced total borrowing amount and increased the proportion of low-cost financing during the Reporting Period, resulting in a decrease in borrowing costs. As at 30 June 2022, the weighted average effective interest rate of the Group's total borrowings further decreased by 22 basis points to 4.60%.

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 mortgage 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 2022, the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB92,116.09 million (31 December 2021: RMB90,111.88 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 30 June 2022, the Group's guarantee for the loans of joint ventures and associates amounted to RMB10,988.29 million (31 December 2021: RMB12,434.24 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

Save as disclosed below, 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 during the Reporting Period.

On 11 March 2022, Nanjing Midea Property Development Company Limited (南京美的房地產發展有限公司) (the “**Acquisition Purchaser**”), an indirectly wholly-owned subsidiary of the Company, entered into an acquisition equity transfer agreement (the “**Acquisition Agreement**”) with Nanjing Baijun Property Development Company Limited (南京百俊房地產開發有限公司) (the “**Acquisition Vendor A**”), Jiangsu Jinke Tianchen Property Development Company Limited (江蘇金科天宸房地產有限公司) (the “**Acquisition Vendor B**”), Nanjing Kechen Property Development Company Limited (南京科宸房地產開發有限公司) (the “**Acquisition Target Company A**”) and Nanjing Shanhe Chenyuan Management Company Limited (南京山河宸園企業管理有限公司) (the “**Acquisition Target Company B**”) in relation to (1) the acquisition of 53.0% of the equity interests in Acquisition Target Company A (the “**Acquisition Target Company A Equity Interests**”) and 50.0% of the equity interests in Acquisition Target Company B (the “**Acquisition Target Company B Equity Interests**”) by the Acquisition Purchaser; (2) the novation of a loan in the principal amount of RMB497,362,000 advanced by Acquisition Target Company A to Acquisition Vendor A and acceptance of such novation by the Acquisition Purchaser; and (3) the assignment of a shareholder’s loan in the principal amount of RMB75,600,000 advanced by Acquisition Vendor B to Acquisition Target Company B (the “**Acquisition Assignment Loan**”) and acceptance of such assignment by the Acquisition Purchaser. The total consideration of the acquisition of Acquisition Target Company A Equity Interests and the Acquisition Target Company B Equity Interests and the Acquisition Assignment Loan was RMB907,210,000. Acquisition Target Company A is engaged in property development in Nanjing City, Jiangsu Province of the PRC. Upon completion of the acquisition, Acquisition Target Company A and Acquisition Target Company B became wholly-owned subsidiaries of the Acquisition Purchaser.

On 11 March 2022, Foshan Gaoming District Midea Property Development Company Limited (佛山市高明區美的房地產發展有限公司) (the “**Liuzhou Disposal Vendor**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Liuzhou Disposal Agreement**”) with Liuzhou Jinzhuoliu Property Development Company Limited (柳州金卓柳房地產開發有限公司) (the “**Liuzhou Disposal Purchaser**”) and Liuzhou Tongxin Property Development Company Limited (柳州同鑫房地產開發有限公司) (the “**Liuzhou Disposal Target Company**”) in relation to (1) the disposal of 34% of the equity interests in Liuzhou Disposal Target Company (the “**Liuzhou Disposal Target Equity Interests**”) by the Liuzhou Disposal Vendor; and (2) the assignment of a shareholder’s loan in the principal amount of RMB76,707,720 advanced by the Liuzhou Disposal Vendor to the Liuzhou Disposal Target Company (the “**Liuzhou Disposal Assignment Loan**”) and acceptance of such assignment by the Liuzhou Disposal Purchaser. The total consideration of the acquisition of the Liuzhou Disposal Target Equity Interests and the Liuzhou Disposal Assignment Loan was RMB100,000,000. The Liuzhou Disposal Target Company is engaged in property development in Liuzhou City, Guangxi Zhuang Autonomous Region of the PRC. Upon completion of the disposal, the Group ceased to have any interest in the Liuzhou Disposal Target Company and the Liuzhou Disposal Target Company would no longer be accounted as a subsidiary of the Company.

On 11 March 2022, Changsha Midea Property Development Company Limited (長沙市美的房地產開發有限公司), (the “**Yueyang Disposal Vendor**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Yueyang Disposal Agreement**”) with Jinke Property Group Hubei Company Limited (金科地產集團湖北有限公司) (the “**Yueyang Disposal Purchaser**”) and Yueyang County Dingyue Property Development Company Limited (岳陽縣鼎岳房地產開發有限公司), (the “**Yueyang Disposal Target Company**”) in relation to (1) the disposal of 50.1% of the equity interests in Yueyang Disposal Target Company (the “**Yueyang Disposal Target Equity Interests**”) by the Yueyang Disposal Vendor; and (2) the novation of a loan in the principal amount of RMB24,148,200 advanced by the Yueyang Disposal Target Company to the Yueyang Disposal Vendor and acceptance of such novation by the Yueyang Disposal Purchaser. The consideration of the disposal of the Yueyang Disposal Target Equity Interests was RMB84,148,200. The Yueyang Disposal Target Company is engaged in property development in Yueyang City, Hunan Province of the PRC. Upon completion of the disposal, the Group ceased to have any interest in the Yueyang Disposal Target Company and the Yueyang Disposal Target Company would no longer be accounted as a subsidiary of the Company.

Acquisition Vendor A, Acquisition Vendor B, Liuzhou Disposal Purchaser and Yueyang Disposal Purchaser are the members of Jinke Property Group Company Limited (金科地產集團股份有限公司), a company established in the PRC and listed on the Shenzhen Stock Exchange with stock code: 000656.SZ. For details of the Acquisition Agreement, the Liuzhou Disposal Agreement and the Yueyang Disposal Agreement, please refer to the Company’s announcement dated 11 March 2022.

CHANGES SINCE 31 DECEMBER 2021

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 2021.

SUBSEQUENT EVENTS

Scrip Dividend Scheme

On 13 July 2022, the Company allotted and issued 116,162,993 ordinary shares pursuant to the exercise of the scrip dividend option by the eligible shareholders under the Company’s scrip dividend scheme (the “**Scrip Dividend Scheme**”) in relation to its final dividend for the year ended 31 December 2021 (the “**Final Dividend**”). For details of the Scrip Dividend Scheme, please refer to the circular of the Company dated 13 June 2022.

Ms. Lu Deyan, a controlling shareholder of the Company, through two wholly-owned entities, Midea Development Holding (BVI) Limited and Midea Field Company Limited, elected to receive the Final Dividend wholly in new shares in lieu of cash dividend. As at the date of this report, Ms. Lu Deyan holds the entire equity interest in each of Midea Development Holding (BVI) Limited, Midea Ever Company Limited and Midea Field Company Limited, and these companies in turn hold 1,022,259,057, 30,000,000 and 33,700,848 shares of the Company, respectively (representing approximately 80.12% of the issued share capital of the Company in total).

HUMAN RESOURCES

As at 30 June 2022, the Group had employed 12,500 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 had 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 sections headed “Share Option Scheme” and “Restricted Share Award Scheme” below.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time (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 2022, 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 had complied with the Model Code during the six months ended 30 June 2022.

THE BOARD

Board Composition

During the six months ended 30 June 2022 and up to the date of this interim report, the Board comprised of nine Directors:

Executive Directors

Mr. Hao Hengle (Chairman)

Mr. Wang Quanhui

Mr. Lin Ge

Mr. Zhang Ziliang (appointed on 25 March 2022)

Mr. Yao Wei (resigned on 25 March 2022)

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 2022, the Company had 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 C.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 2022, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision C.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 2022, 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 2022, 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 2022 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.

Information Update on Mr. Tan Jinsong (譚勁松)

Mr. Tan Jinsong has resigned as an independent director of Shanghai RAAS Blood Products Co., Ltd. (上海萊士血液製品股份有限公司) (Shenzhen Stock Exchange: 002252) in June 2022.

Information Update on Mr. O'Yang Wiley (歐陽偉立)

Mr. O'Yang Wiley has resigned as an independent non-executive director of Tianyun International Holdings Limited (天韻國際控股有限公司) (Stock Exchange: 6836) in May 2022.

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 2022.

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 2022, 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 2022.

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 date of the 2020 AGM and ending 28 May 2030 (the "2020 Share Option Scheme"). The following is a summary of the principal terms of the 2020 Share Option Scheme:

The purposes of the 2020 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.



SHARE OPTION SCHEME (Continued)

The maximum number of shares in respect of which options may be granted under the 2020 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 2020 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 2020 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 2020 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 of the Company in issue. 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 2020 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.

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 Listing Rules and the terms and conditions of the 2020 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 the Company, 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.

The Board had granted 66,660,000 share options to 193 Eligible Participants on 22 April 2021 (the "2021 Share Options Grant Date") under the 2020 Share Option Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board. The fair value of such share options was approximately RMB170.47 million on the 2021 Share Options Grant Date, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs.

SHARE OPTION SCHEME (Continued)

Movements of the share options granted under the 2020 Share Option Scheme during the six months ended 30 June 2022 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 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 June 2022
Directors									
Mr. Hao Hengle	22/04/2021	22/04/2023–21/04/2027	18.376	3,850,000	–	–	–	–	3,850,000
Mr. Wang Quanhui	22/04/2021	22/04/2023–21/04/2027	18.376	770,000	–	–	–	–	770,000
Mr. Lin Ge	22/04/2021	22/04/2023–21/04/2027	18.376	616,000	–	–	–	–	616,000
Mr. Zhang Ziliang (appointed on 25 March 2022)	22/04/2021	22/04/2023–21/04/2027	18.376	616,000	–	–	–	–	616,000
Mr. Zhao Jun	22/04/2021	22/04/2023–21/04/2027	18.376	770,000	–	–	–	–	770,000
Mr. Yao Wei (resigned on 25 March 2022)	22/04/2021	22/04/2023–21/04/2027	18.376	616,000	–	–	–	–	616,000
Sub-total				7,238,000	–	–	–	–	7,238,000
Employees of the Group in aggregate									
Sub-total	22/04/2021	22/04/2023–21/04/2027	18.376	20,867,000	–	–	–	(385,000) (Note 3)	20,482,000
Sub-total				20,867,000	–	–	–	(385,000)	20,482,000
Total				28,105,000	–	–	–	(385,000)	27,720,000

Notes:

- The closing price immediately before the 2021 Share Options Grant Date (i.e. 21 April 2021) was HKD17.96 per share.
- Subject to satisfaction of the vesting conditions, the first tranche of 40% share options granted on the 2021 Share Options Grant Date 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.
- Certain share options shall lapse by reason of cessation of employment during the six months ended 30 June 2022.

As at 30 June 2022, a total number of 123,056,700 shares (including the share options remained outstanding and yet to be exercised) (representing approximately 9.93% of the issued share capital of the Company as at 30 June 2022) were available for issue under the 2020 Share Option Scheme. The Company had not granted any share options during the six months ended 30 June 2022.

For details, please refer to note 22 to the interim financial information in this report.

RESTRICTED SHARE AWARD SCHEME

A restricted share award scheme managed by the independent trustee(s) 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 “**2021 Share Award Scheme**”). The following is a summary of the principal terms of the 2021 Share Award Scheme:

RESTRICTED SHARE AWARD SCHEME (Continued)

The purposes of the 2021 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 2021 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 Listing Rules and the terms and conditions of the 2021 Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any Selected Participants to participate in the 2021 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.

The Board had granted 5,225,000 award shares at nil consideration to 31 Selected Participants on 22 April 2021 (the “**2021 Award Shares Grant Date**”) and 8,932,500 award shares at nil consideration to 423 Selected Participants on 13 May 2022 (the “**2022 Award Shares Grant Date**”) under the 2021 Share Award Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board.

Movements of the award shares granted under the 2021 Share Award Scheme during the six months ended 30 June 2022 were as follows:

Category and name of grantees	Date of grant (Note 1)	Vesting period (Note 2)	As at 1 January 2022	Granted during the period	Vested during the period (Note 3)	Cancelled during the period	Lapsed during the period	As at 30 June 2022
Directors								
Mr. Hao Hengle	22/04/2021	07/04/2022	385,000	–	(385,000)	–	–	–
	13/05/2022	01/04/2023	–	625,000	–	–	–	625,000
Mr. Wang Quanhui	22/04/2021	07/04/2022	154,000	–	(154,000)	–	–	–
	13/05/2022	01/04/2023	–	250,000	–	–	–	250,000
Mr. Lin Ge	22/04/2021	07/04/2022	154,000	–	(154,000)	–	–	–
	13/05/2022	01/04/2023	–	250,000	–	–	–	250,000
Mr. Zhang Ziliang (appointed on 25 March 2022)	22/04/2021	07/04/2022	154,000	–	(154,000)	–	–	–
	13/05/2022	01/04/2023	–	250,000	–	–	–	250,000
Mr. Yao Wei (resigned on 25 March 2022)	22/04/2021	07/04/2022	154,000	–	(154,000)	–	–	–
	13/05/2022	01/04/2023	–	75,000	–	–	–	75,000
Sub-total			1,001,000	1,450,000	(1,001,000)	–	–	1,450,000
Employees of the Group in aggregate								
	22/04/2021	07/04/2022	1,886,500	–	(1,886,500)	–	–	–
	13/05/2022	01/04/2023	–	7,482,500	–	–	–	7,482,500
Sub-total			1,886,500	7,482,500	(1,886,500)	–	–	7,482,500
Total			2,887,500	8,932,500	(2,887,500)	–	–	8,932,500

RESTRICTED SHARE AWARD SCHEME (Continued)

Notes:

1. The closing price immediately before the 2021 Award Shares Grant Date (i.e. 21 April 2021) was HKD17.96 per share; and the closing price immediately before the 2022 Award Shares Grant Date (i.e. 12 May 2022) was HKD13.64 per share.
2. The award shares granted on the 2021 Award Shares Grant Date had been vested on 7 April 2022. Subject to satisfaction of the vesting conditions, the award shares granted on the 2022 Award Shares Grant Date shall be vested on 1 April 2023 (or such other date as determined by the Board).
3. From an accounting perspective, the award shares granted on the 2021 Award Shares Grant Date under the 2021 Share Award Scheme are considered to have been vested in the Selected Participants as at 31 December 2021, being the date on which the vesting conditions were satisfied. For details, please refer to note 28 (Share-based payments) to the consolidated financial statements of the Company's 2021 annual report.

During the six months ended 30 June 2022, the Company had granted a total of 8,932,500 award shares, among which, MRE D Limited, the trustee purchased 1,700,000 existing shares on the market out of cash contributed by the Group 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 4,887,000 new shares were allotted and issued by the Board on 20 May 2022 to MRE T Limited, another 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 Company's annual general meeting held on 4 June 2021 and the remaining award shares shall be satisfied by the award shares which are not vested and/or are forfeited in accordance with the terms of the 2021 Share Award Scheme. The fair value of award shares as at the 2022 Award Shares Grant Date (i.e. 13 May 2022) was HKD13.94 per share, which was determined by taking the closing price of the Company's shares on that date.

For details, please refer to the Company's announcements dated 13 May 2022 and 18 May 2022 and note 22 to the interim financial information in this report.

DISCLOSURE OF INTERESTS

Directors' Interests

Save as disclosed below, as at 30 June 2022, 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:



DISCLOSURE OF INTERESTS (Continued)

Directors' Interests (Continued)

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	5,385,000 (Note 1)	4,475,000 (Note 2)	9,860,000	0.80%
Mr. Wang Quanhui	Beneficial owner	1,154,000 (Note 1)	1,020,000 (Note 2)	2,174,000	0.18%
Mr. Lin Ge	Beneficial owner	954,000 (Note 1)	866,000 (Note 2)	1,820,000	0.15%
Mr. Zhang Ziliang	Beneficial owner	954,000 (Note 1)	866,000 (Note 2)	1,820,000	0.15%
Mr. He Jianfeng	Interest of spouse	970,000,000 (Note 3)	–	970,000,000	78.27%
Mr. Zhao Jun	Beneficial owner	1,000,000 (Note 1)	770,000 (Note 2)	1,770,000	0.14%

Notes:

- These shares comprised of: (i) shares which 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 HKD14.354 per share through participation in a trust scheme managed by an independent trustee; and/or (ii) award shares which were granted by the Company on the 2021 Award Shares Grant Date under the 2021 Share Award Scheme and had been vested on 7 April 2022. For details, please refer to the paragraph headed "Restricted Share Award Scheme" above.
- These underlying shares comprised of: (i) share options which were granted by the Company on the 2021 Share Options Grant Date under the 2020 Share Option Scheme, entitling the grantee(s) to subscribe for shares of the Company at an exercise price of HKD18.376 per share in three tranches within a period of six years from the 2021 Share Options Grant Date; and/or (ii) award shares which were granted by the Company on the 2022 Award Shares Grant Date under the 2021 Share Award Scheme, entitling the grantee(s) to receive shares of the Company at nil consideration on 1 April 2023 (or such other date as determined by the Board). For details, please refer to the paragraphs headed "Share Option Scheme" and/or "Restricted 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 Deyan's interest in the Company by virtue of the SFO.
- The percentage has been compiled on the basis of 1,239,249,000 shares of the Company in issue as at 30 June 2022.

Apart from the 2020 Share Option Scheme, the 2021 Share Award Scheme and save as disclosed above, during the six months ended 30 June 2022, 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 2022, 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	73.43%
Ms. Lu Deyan (Note 1)	Interests of controlled corporations	970,000,000	78.27%
Mr. He Xiangjian (Note 2)	Interest held jointly with another person	970,000,000	78.27%
Mr. He Jianfeng (Note 3)	Interest of spouse	970,000,000	78.27%

Notes:

- 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.
- 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.
- 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.
- The percentage has been compiled on the basis of 1,239,249,000 shares of the Company in issue as at 30 June 2022.



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 3 August 2020, 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 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**”).

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 2020 Loan and/or the 2021 Loan, together with accrued interest, and all other amounts accrued or outstanding.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the corresponding period of 2021: 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 the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 35 to 74, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 26 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	6	31,662,904	33,038,573
Cost of sales	7	(25,994,289)	(26,200,467)
Gross profit		5,668,615	6,838,106
Other income and gains — net	8	252,338	376,941
Selling and marketing expenses	7	(973,126)	(1,390,032)
Administrative expenses	7	(953,223)	(1,650,154)
Net impairment losses on financial assets		(97,086)	(49,542)
Operating profit		3,897,518	4,125,319
Finance income	9	438,460	371,946
Finance costs	9	(272,199)	—
Finance income — net	9	166,261	371,946
Share of results of joint ventures and associates	13	(37,512)	(85,539)
Profit before income tax		4,026,267	4,411,726
Income tax expenses	10	(1,417,896)	(1,409,388)
Profit for the period		2,608,371	3,002,338
Profit attributable to:			
Owners of the Company		1,538,081	2,154,935
Non-controlling interests		1,070,290	847,403
Total comprehensive income for the period		2,608,371	3,002,338
Total comprehensive income attributable to:			
Owners of the Company		1,538,081	2,154,935
Non-controlling interests		1,070,290	847,403
		2,608,371	3,002,338
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic	11	1.25	1.75
Diluted	11	1.25	1.75

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,216,163	1,236,426
Investment properties	14	3,634,710	3,355,218
Right-of-use assets		351,904	390,643
Intangible assets		209,493	184,801
Properties under development	15	421,272	379,460
Investments in joint ventures	13(a)	13,923,319	16,841,500
Investments in associates	13(b)	10,984,057	11,442,700
Finance lease receivables		39,978	43,343
Deferred income tax assets		4,135,227	4,016,383
Financial assets at fair value through profit or loss	17	432,902	159,172
		35,349,025	38,049,646
Current assets			
Inventories		143,567	146,366
Contract assets and contract acquisition costs	6(a)	2,221,462	2,218,958
Properties under development	15	148,262,910	147,830,961
Completed properties held for sale		12,979,521	12,663,962
Trade and other receivables	16	45,661,020	42,715,075
Prepaid taxes		11,044,478	10,694,849
Financial assets at fair value through profit or loss	17	28,558	3,500
Restricted cash	18	7,258,584	7,907,985
Cash and cash equivalents	18	23,218,305	26,288,551
		250,818,405	250,470,207
Total assets		286,167,430	288,519,853
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	19	4,346,269	6,026,594
Other reserves	20	4,145,400	2,867,664
Retained earnings	20	16,155,543	14,617,462
		24,647,212	23,511,720
Non-controlling interests		25,789,759	24,297,901
Total equity		50,436,971	47,809,621

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Corporate bonds	23	5,932,278	5,635,782
Bank and other borrowings	24	33,753,462	35,352,703
Lease liabilities		112,572	140,088
Deferred income tax liabilities		763,417	810,234
		40,561,729	41,938,807
Current liabilities			
Contract liabilities	6(b)	107,036,928	107,453,005
Corporate bonds	23	5,638,334	4,873,724
Bank and other borrowings	24	7,815,754	10,461,339
Lease liabilities		71,873	89,272
Trade and other payables	25	68,324,804	68,959,924
Current income tax liabilities		6,281,037	6,934,161
		195,168,730	198,771,425
Total liabilities		235,730,459	240,710,232
Total equity and liabilities		286,167,430	288,519,853

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

Approved by the Board of Directors on 26 August 2022 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	Other reserves	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2021	7,654,595	2,803,116	11,609,992	22,067,703	18,151,685	40,219,388
Comprehensive Income						
Profit for the period	–	–	2,154,935	2,154,935	847,403	3,002,338
Total comprehensive income for the period ended 30 June 2021	–	–	2,154,935	2,154,935	847,403	3,002,338
Transactions with owners in their capacity as owners:						
Issue of new shares for the purpose of restricted share award scheme	3,134	(3,134)	–	–	–	–
Employee share scheme						
— Value of employee services received	–	131,233	–	131,233	–	131,233
Repurchase of shares for the purpose of restricted share award scheme	–	(22,098)	–	(22,098)	–	(22,098)
Disposal of subsidiaries	–	(1,500)	–	(1,500)	(184,087)	(185,587)
Disposal of equity interests in subsidiaries without change of control	–	(10,380)	–	(10,380)	10,380	–
Dividends payable to shareholders	(1,631,135)	–	–	(1,631,135)	–	(1,631,135)
Dividends paid and payable to non-controlling interests	–	–	–	–	(311,801)	(311,801)
Capital injections from non-controlling interests	–	–	–	–	1,913,266	1,913,266
Acquisition of equity interests in subsidiaries from non-controlling interests	–	(38,641)	–	(38,641)	(3,758)	(42,399)
Total transactions with owners	(1,628,001)	55,480	–	(1,572,521)	1,424,000	(148,521)
Balance at 30 June 2021	6,026,594	2,858,596	13,764,927	22,650,117	20,423,088	43,073,205

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

		Unaudited					
		Attributable to owners of the Company					
	Note	Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		6,026,594	2,867,664	14,617,462	23,511,720	24,297,901	47,809,621
Comprehensive Income							
Profit for the period		–	–	1,538,081	1,538,081	1,070,290	2,608,371
Total comprehensive income for the period ended 30 June 2022		–	–	1,538,081	1,538,081	1,070,290	2,608,371
Transactions with owners in their capacity as owners:							
Issue of new shares for the purpose of restricted share award scheme	19	4,227	(4,227)	–	–	–	–
Employee share scheme — Value of employee services received	20	–	24,529	–	24,529	–	24,529
Repurchase of shares for the purpose of restricted share award scheme	20	–	(21,043)	–	(21,043)	–	(21,043)
Acquisition of subsidiaries which do not contain a business	29	–	–	–	–	885,777	885,777
Disposal of subsidiaries	28	–	(1,435)	–	(1,435)	(416,839)	(418,274)
Dividends payable to shareholders	19	(1,684,552)	1,281,498	–	(403,054)	–	(403,054)
Dividends paid and payable to non-controlling interests		–	–	–	–	(132,127)	(132,127)
Capital injections from non-controlling interests		–	–	–	–	311,917	311,917
Acquisition of equity interests in subsidiaries from non-controlling interests		–	(1,586)	–	(1,586)	(78,160)	(79,746)
Redemption of perpetual capital securities	21	–	–	–	–	(149,000)	(149,000)
Total transactions with owners		(1,680,325)	1,277,736	–	(402,589)	421,568	18,979
Balance at 30 June 2022		4,346,269	4,145,400	16,155,543	24,647,212	25,789,759	50,436,971

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

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations		2,257,891	(3,285,532)
Income tax paid		(2,675,369)	(2,753,885)
Interest paid		(1,332,940)	(1,475,888)
Net cash used in operating activities		(1,750,418)	(7,515,305)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	29	489,006	35,642
Proceeds from disposal of subsidiaries, net of cash disposed of	28	(199,728)	210,685
Purchases of property, plant and equipment		(25,946)	(14,997)
Purchases of intangible assets		(40,249)	(7,826)
Investments in joint ventures		–	(408,500)
Investments in associates		(506,889)	(63,700)
Proceeds from disposal of joint ventures and associates		397,490	–
Dividends received from joint ventures and associates		98,933	124,811
Repayment of advances to joint ventures and associates		5,418,779	10,760,256
Proceeds from disposal of property, plant and equipment, investment properties and land use right for own-used properties		31,804	56,162
Decrease in term deposits with initial terms over three months		–	22,310
Payments for financial assets at fair value through profit or loss		(5,056,212)	(11,035,210)
Proceeds from disposal of financial assets at fair value through profit or loss		5,191,200	11,141,088
Interest received		438,460	371,946
Net cash generated from investing activities		6,236,648	11,192,667
Cash flows from financing activities			
Capital injections from non-controlling interests		311,917	1,865,227
Payment for redemption of perpetual capital securities	21	(149,000)	–
Payments for acquisition of additional interests in subsidiaries		(59,646)	(42,399)
Proceeds from bank and other borrowings		7,454,976	15,781,227
Repayments of bank and other borrowings		(15,991,154)	(13,422,347)
Proceeds from issue of corporate bonds		2,496,373	1,712,258
Repayment of corporate bonds		(1,440,000)	(4,560,000)
Repurchase of shares for the purpose of restricted share award scheme	22(a)	(21,043)	(22,098)
Principal elements of lease payments		(48,579)	(48,686)
Cash advances with related parties controlled by the Ultimate Controlling Parties, net		3,760	(48,610)
Dividends paid to non-controlling interests		(132,127)	(126,361)
Net cash (used in)/generated from financing activities		(7,574,523)	1,088,211
Net (decrease)/increase in cash and cash equivalents		(3,088,293)	4,765,573
Cash and cash equivalents at the beginning of the period		26,288,551	18,595,105
Exchange gains/(losses) on cash and cash equivalents		18,047	(2,466)
Cash and cash equivalents at end of the period		23,218,305	23,358,212

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

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 2022 ("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 26 August 2022.

The outbreak of the coronavirus disease 2019 ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including the revenue from property development and sales, investment and operation commercial properties and fair value of investment properties, allowance for expected credit losses on trade and other receivables and so on. Due to the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 outbreak and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated financial statements are authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating results of the Group.

2 Basis of presentation and preparation

This interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The interim financial information does not include all the notes normally included in an annual financial report. Accordingly, this interim financial information is to be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021 (the "2021 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.

Going concern basis

The tightened credit controls imposed by the government on the domestic real estate industry and the continuous impact of COVID-19 have brought unprecedented challenges to the property market in mainland China. The contracted sales of the Group for the six months ended 30 June 2022 was approximately RMB22 billion, representing a drop of approximately 54% compared to that of the same period of 2021. In addition, the Group recorded net cash outflow from operating activities of approximately RMB1,750 million for the six months ended 30 June 2022. The business of the Group is subject to extensive governmental regulation and macro-economic control measures of real estate sector implemented by the PRC government from time to time, some of these policies and measures may have unfavourable impact to the working capital available to the Group.

2 Basis of presentation and preparation (Continued)

Going concern basis (Continued)

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 30 June 2022, taking into consideration the following plans and measures:

- (i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds. These measures include but not limited to effective sales promotion activities and closely monitor the process of construction of its property development projects to ensure the construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, such that the Group is able to release restricted pre-sale proceeds from the designated bank accounts to meet its other financial obligations;
- (ii) The Group has available registered quotas of domestic corporate bond, mid-term notes, private placement notes and asset-backed securities totaling approximately RMB11.4 billion and unused credit facilities from banks totaling approximately RMB105.6 billion as at 30 June 2022. The directors of the Company believes that the Group would be able to obtain funding from the issuance of the above domestic corporate bond, mid-term notes, private placement notes and asset-backed securities as well as to draw down from the above credit facilities from banks as and when needed in the next twelve months from 30 June 2022 under the prevailing rules and regulations. The Group will also continue to seek for new debt financing and bank borrowings at cost acceptable to the Group to finance the settlement of its existing financial obligations and future operating costs and capital expenditures;
- (iii) The Group will continue to take active measures to control selling and marketing costs and administrative expenses; and
- (iv) The Group will not commit on significant capital expenditures and land acquisitions before securing the necessary funding.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 June 2022. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations, the Group's existing and future plans of land acquisitions, the continued availability of the Group's bank and other borrowings as well as the Group's ability to raise new financing under the prevailing rules and regulations, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 30 June 2022. Accordingly, this Interim Financial Information has been prepared on a going concern basis.

3 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the 2021 Financial Statements and corresponding interim reporting period.

(a) New and amended standard adopted by the Group

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning or after 1 January 2022:

Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS 16	Covid-19-related rent concessions
Amendments to HKAS 16	Property, plant and equipment: proceeds before Intended use
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract
Annual Improvements to HKFRSs 2018–2020	Annual improvements
Amendments to Accounting Guideline 5	Merger accounting for common control combinations

The adoption of these new and amended standards and interpretations did not result in any significant impact on the results and financial position of the Group.

(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
HKFRS 17	Insurance contracts	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
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HK Interpretation 5 (2020)	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

The Group will adopt the above new or revised standards and amendments to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards and amendments to the existing HKFRSs.

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 2021 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 2021 Financial Statements, and should be read in conjunction with the 2021 Financial Statements.

There have been no significant changes in the risk management policies since 31 December 2021.

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 2022 (Unaudited)					
Corporate bonds	5,984,776	6,056,404	–	–	12,041,180
Bank and other borrowings	9,512,870	13,262,413	19,819,397	4,060,602	46,655,282
Trade and other payables (excluding salaries payable and other taxes payable)	64,984,765	–	–	–	64,984,765
Lease liabilities	77,615	53,189	62,710	16,870	210,384
	80,560,026	19,372,006	19,882,107	4,077,472	123,891,611
Financial guarantee	93,832,865	3,942,048	4,711,759	617,702	103,104,374
	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 2021 (Audited)					
Corporate bonds	5,228,209	5,263,439	501,953	–	10,993,601
Bank and other borrowings	12,444,526	13,838,637	21,211,110	4,205,474	51,699,747
Trade and other payables (excluding salaries payable and other taxes payable)	65,801,263	–	–	–	65,801,263
Lease liabilities	90,052	62,239	87,617	20,440	260,348
	83,564,050	19,164,315	21,800,680	4,225,914	128,754,959
Financial guarantee	92,848,962	4,295,765	4,780,411	620,980	102,546,118

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 2022 and 31 December 2021, 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 2022 (Unaudited)				
Financial assets at FVPL	–	–	461,460	461,460
At 31 December 2021 (Audited)				
Financial assets at FVPL	–	–	162,672	162,672

- (i) There were no changes in valuation techniques during the period.
- (ii) The Group's finance department performs the valuations of financial assets required for financial reporting purpose, including Level 3 fair values. The financial department reports directly to the executive directors. Discussions of valuation results are held between the executive directors and the financial department at least once every six months, in line with the Group's interim and annual reporting dates.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
At 1 January	162,672	1,096,084
Additions	5,356,212	11,035,210
Disposal of subsidiaries (Note (28))	(52,700)	–
Acquisition of subsidiaries (Note (29))	180,000	–
Fair value changes (Note (8))	6,476	19,674
Disposals	(5,191,200)	(11,141,088)
At 30 June	461,460	1,009,880



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 2022 and 2021, 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 2022 and 2021 is analysed as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Property development and sales	30,971,210	32,480,410
Property management services	557,575	425,109
Investment and operation of commercial properties		
— Property lease income	94,050	69,354
— Hotel operation	4,060	3,807
— Cultural-tourism project	36,009	59,893
	31,662,904	33,038,573

6 Revenue and segment information (Continued)

Represented by:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from property development and sales:		
— Recognised at a point in time	28,492,572	28,987,006
— Recognised over time	2,478,638	3,493,404
	30,971,210	32,480,410
Revenue from rendering of services:		
— Recognised over time	597,644	488,809
Revenue from other sources:		
— Property lease income	94,050	69,354
	31,662,904	33,038,573

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 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract assets related to property development and sales (i)	711,444	866,380
Contract acquisition costs (ii)	1,510,018	1,352,578
Total contract assets and contract acquisition costs	2,221,462	2,218,958

- (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 in the 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 was RMB400,691,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB305,301,000). 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract liabilities	107,036,928	107,453,005

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.

As at 30 June 2022, RMB9,577,753,000 (31 December 2021: RMB9,472,285,000) 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Property development and sales	25,937,984	27,031,268

(c) Unsatisfied contracts related to property development and sales

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Expected to be recognised within one year	70,527,297	67,213,965
Expected to be recognised after one year	45,111,906	53,966,935
	115,639,203	121,180,900

- (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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	24,989,490	25,671,159
Employee benefit expenses	1,017,372	1,115,903
Marketing and advertising expenses	247,458	725,995
Write-downs of properties under development and completed properties held for sale	380,561	369,809
Amortisation of contract acquisition costs	400,691	305,301
Taxes and surcharges	163,137	215,167
Travelling and entertainment expenses	44,503	63,572
Office expenses	25,320	24,690
Depreciation and amortisation	73,731	83,967
Auditor's remuneration		
— Interim review services	1,400	1,400
Others	576,975	663,690
Total	27,920,638	29,240,653

8 Other income and gains — net

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income		
Management and consulting service income	174,121	322,989
Government subsidy income	10,667	11,324
Compensation income	25,399	42,786
	210,187	377,099
Other gains — net		
Realised and unrealised gains on financial assets at fair value through profit or loss	6,476	19,674
(Losses)/gains arising from changes in fair value of investment properties (Note 14)	(136,797)	72
Losses on disposal of subsidiaries (Note 28)	(21,550)	(42,001)
Losses on disposal of joint ventures and associates	(13,571)	—
Losses on disposal of property, plant and equipment and investment properties	(2,057)	(1,866)
Net foreign exchange gains	38,614	22,081
Gain on acquisition of an asset at a discounted price (Note (a))	165,230	—
Others	5,806	1,882
	42,151	(158)
Other income and gains — net	252,338	376,941

(a) During the current period, one of the shareholders of a joint venture of the Group exited from its investment in the joint venture and transferred its shareholder's loan to the joint venture to the Group at a discounted price, which resulted in a gain of RMB165,230,000.



9 Finance income — net

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Finance costs		
— Interest expenses		
— Bank and other borrowings	(1,119,904)	(1,136,865)
— Corporate bonds	(242,278)	(300,563)
— Lease liabilities	(4,580)	(7,513)
	(1,366,762)	(1,444,941)
Less:		
— Capitalised interest	1,366,762	1,444,941
	—	—
— Net foreign exchange losses on financing activities	(272,199)	—
	(272,199)	—
Finance income		
— Interest income	438,460	322,043
— Net foreign exchange gains on financing activities	—	49,903
	438,460	371,946
Finance income — net	166,261	371,946

10 Income tax expenses

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— Corporate income tax	1,167,354	1,836,527
— PRC land appreciation tax	422,284	401,268
	1,589,638	2,237,795
Deferred income tax		
— Corporate income tax	(171,742)	(828,407)
	1,417,896	1,409,388

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either supported by Western Development Strategy or qualified as "High and New Technology Enterprise" and thus subject to a preferential income tax rate of 15%.
- (c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales property development and sales less deductible expenditures including cost of land use rights and all property development expenditures.
- (d) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The overseas holding company had successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax had been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

As at 30 June 2022, 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 RMB16,950,261,000 (31 December 2021: RMB15,116,196,000). 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, including the shares to be issued in connection with the Scrip Dividend Scheme (Note 19(b)), but excluding those ordinary shares held for restricted share award scheme (Note 22).

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (RMB'000):	1,538,081	2,154,935
Weighted average number of ordinary shares in issue (thousands)	1,232,312	1,230,276
Earnings per share — Basic (RMB per share)	1.25	1.75

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The Group has two categories of potential ordinary shares for the six months ended 30 June 2022, which were 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 granted are subject to certain performance conditions. Such performance conditions had not been met as of 30 June 2022, therefore, for the six months ended 30 June 2022, no dilutive shares arising from the restricted shares were included in the calculation of the diluted earnings per share.

A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The effect of share options was not dilutive because the exercise price of the share option was higher than the market price of the Company's shares as at 30 June 2022.

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 2022 (six months ended 30 June 2021: nil).

13(a) Investments in joint ventures

The movement of investments in joint ventures are as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
At 1 January	16,841,500	12,511,758
Transfer from investments in subsidiaries	–	119,771
Other additions	26,297	860,860
Dividends received from joint ventures	(493,939)	(122,000)
Transfer to investments in subsidiaries (Note 29)	(1,258,254)	–
Disposals	(1,272,495)	–
Share of results	80,210	(51,247)
At 30 June	13,923,319	13,319,142

As at 30 June 2022 and 31 December 2021, 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
At 1 January	11,442,700	6,824,011
Transfer from investments in subsidiaries (Note 28)	91,575	–
Other additions	1,553,272	602,540
Dividends received from associates	(31,041)	(2,811)
Transfer to investments in subsidiaries (Note 29)	(1,310,967)	–
Disposals	(643,760)	–
Share of results	(117,722)	(34,292)
At 30 June	10,984,057	7,389,448

As at 30 June 2022 and 31 December 2021, 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 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
Six months ended 30 June 2022 (Unaudited)		
Opening net book amount at 1 January 2022	1,236,426	3,355,218
Additions	54,687	418,625
Fair value changes	–	(136,797)
Disposals	(22,170)	(2,336)
Depreciation	(52,780)	–
Closing net book amount at 30 June 2022	1,216,163	3,634,710

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 2022 and 31 December 2021, the Group had only level 3 investment properties.

15 Properties under development

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Properties under development expected to be completed:		
— Within normal operating cycle included under current assets	148,262,910	147,830,961
— Beyond normal operating cycle included under non-current assets	421,272	379,460
	148,684,182	148,210,421
Properties under development comprise:		
— Construction costs	33,626,608	36,105,539
— Land use rights	108,185,210	105,749,483
— Capitalised interest expenses	8,261,242	8,057,247
	150,073,060	149,912,269
Less: write-down	(1,388,878)	(1,701,848)
	148,684,182	148,210,421

Properties under development were all located in the PRC.

The amounts of RMB105,231,622,000 as at 30 June 2022 (31 December 2021: RMB97,228,580,000) under normal cycle operating classified as current assets were expected to be completed and delivered beyond one year.

The capitalisation rates of general borrowings were 4.62% per annum for the six months ended 30 June 2022 (six months ended 30 June 2021: 4.98% per annum).

As at 30 June 2022, properties under development with net book value of RMB27,686,879,000 (31 December 2021: RMB37,161,019,000) were pledged as collateral for the Group's bank and other borrowings.

16 Trade and other receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Included in current assets:		
Trade receivables — net (Note (a))	1,311,502	1,510,010
Other receivables — net (Note (b))	42,375,357	39,714,707
Prepayments for land use rights (Note (c))	932,770	558,719
Other prepayments	1,041,391	931,639
	45,661,020	42,715,075

(a) Details of trade receivables are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables — related parties (Note 27(b))	189,317	180,497
Trade receivables — third parties	1,276,336	1,442,642
Less: allowance for impairment	(154,151)	(113,129)
Trade receivables — net	1,311,502	1,510,010

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 90 days	528,342	903,298
Over 90 days and within 180 days	213,609	191,210
Over 180 days and within 365 days	204,097	360,162
Over 365 days	519,605	168,469
	1,465,653	1,623,139

The Group's trade receivables are denominated in RMB.

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.

16 Trade and other receivables (Continued)

(a) Details of trade receivables are as follows: (Continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the six months ended 30 June 2022, a provision of RMB41,022,000 (six months ended 30 June 2021: provision of RMB7,886,000) was made against the gross amounts of trade receivables.

(b) Details of other receivables are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due from related parties (Note 27(b))	15,068,226	16,535,974
Amounts due from non-controlling interests (Note (i))	17,564,277	13,017,394
Deposits and others from third parties (Note (ii))	10,181,234	10,543,655
	42,813,737	40,097,023
Less: allowance for impairment	(438,380)	(382,316)
Other receivables — net	42,375,357	39,714,707

(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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Investments in wealth management products	28,558	3,500
Equity investments in unlisted companies	413,242	105,000
Others	19,660	54,172
	461,460	162,672
Non-current	432,902	159,172
Current	28,558	3,500
	461,460	162,672

18 Cash and cash equivalents

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cash at bank and in hand	29,281,889	34,196,536
Short-term bank deposits with original maturity less than 3 months	1,195,000	–
	30,476,889	34,196,536
Less: restricted cash (Note (a))	(7,258,584)	(7,907,985)
	23,218,305	26,288,551

- (a) The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and placed in designated bank account as at 30 June 2022, and will be released in accordance with certain construction progress milestones.

Cash and deposits are denominated in the following currencies:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Denominated in RMB	30,456,982	33,443,720
Denominated in USD	6,076	85,463
Denominated in HKD	13,831	667,353
	30,476,889	34,196,536

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 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 for the purpose of restricted share award scheme		3,795,000	3,795	3,134	–	3,134
Dividends payable to shareholders		–	–	–	(1,631,135)	(1,631,135)
At 30 June 2021 (Unaudited)		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594
At 31 December 2021 and 1 January 2022						
		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594
Issue of new shares for the purpose of restricted share award scheme	(a)	4,887,000	4,887	4,227	–	4,227
Dividends payable to shareholders	(b)	–	–	–	(1,684,552)	(1,684,552)
At 30 June 2022 (Unaudited)		1,239,249,000	1,239,249	1,048,670	3,297,599	4,346,269

(a) According to the restricted share award scheme of the Company, 4,887,000 ordinary shares of the Company were issued and allotted to MRE T Limited, a trustee entrusted by the Company on 20 May 2022 for the purpose of the restricted share award scheme (Note 22(a)).

(b) On 25 March 2022, the Board recommended the payment of a final dividend of HK\$1.60 per share for the year ended 31 December 2021 (2020: 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 26 May 2022, with the eligible shareholders being given an option to elect to receive the final dividend all in cash, or all in new shares, or partly in new shares and partly in cash (the "Scrip Dividend Scheme"). The election of the shareholders to receive final dividend all or partly in new shares had been determined as of 29 June 2022. As at 30 June 2022, the final dividend will be settled by cash of approximately RMB403,054,000 and issue of the Company's shares of approximately RMB1,281,498,000.

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 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
Issue of new shares for the purpose of restricted share award scheme	–	–	(3,134)	–	(3,134)	–	(3,134)
Repurchase of shares for the purpose of restricted share award scheme	–	–	(22,098)	–	(22,098)	–	(22,098)
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	–	–	–	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
Balance at 1 January 2022	173,000	3,626,011	(11,307)	(920,040)	2,867,664	14,617,462	17,485,126
Profit for the period	–	–	–	–	–	1,538,081	1,538,081
Issue of new shares for the purpose of restricted share award scheme (Note 22(a))	–	–	(4,227)	–	(4,227)	–	(4,227)
Repurchase of shares for the purpose of restricted share award scheme (Note 22(a))	–	–	(21,043)	–	(21,043)	–	(21,043)
Shares to be issued in connection with the Scrip Dividend Scheme (Note 19(b))	–	–	–	1,281,498	1,281,498	–	1,281,498
Acquisition of equity interests in subsidiaries from non-controlling interests	–	–	–	(1,586)	(1,586)	–	(1,586)
Disposal of subsidiaries	–	(1,435)	–	–	(1,435)	–	(1,435)
Employee share scheme — value of employee services received (Note 22)	–	–	–	24,529	24,529	–	24,529
Balance at 30 June 2022 (Unaudited)	173,000	3,624,576	(36,577)	384,401	4,145,400	16,155,543	20,300,943

21 Perpetual capital securities

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
As at 1 January	1,429,000	500,000
Issue	–	1,429,000
Redemption (b)	(149,000)	(500,000)
Ending balance (a)	1,280,000	1,429,000
Distributions (c)	38,108	82,847

- (a) The subordinated unlisted perpetual capital securities (the “Perpetual Capital Securities”) were issued by Ningbo Meishan Bonded Port Area Mairui Construction Materials Limited (“Ningbo Mairui”), a wholly owned subsidiary of the Group, to certain financial institutions in the PRC.

The payments of interest and principal of 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 Mairui. The Perpetual Capital Securities are classified as equity instruments and recorded in non-controlling interests in the consolidated balance sheet.

- (b) During the six months ended 30 June 2022, Ningbo Mairui redeemed RMB149,000,000 of the Perpetual Capital Securities.
- (c) During the six months ended 30 June 2022, distributions of RMB38,108,000 to the holders of the Perpetual Capital Securities were paid by Ningbo Mairui (six months ended 30 June 2021: RMB31,980,000).

22 Share-based payment

(a) Restricted share award scheme

On 22 April 2021, the Board 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 13 May 2022, the Company granted 8,932,500 award shares at nil consideration to 423 eligible participants under the scheme, which are subject to certain performance conditions.

Pursuant to the rules relating to the restricted share award scheme, 4,887,000 new shares were issued and allotted to MRE T Limited on 20 May 2022, and MRE D Limited repurchased 1,700,000 existing ordinary shares in the open market in May 2022. MRE T Limited and MRE D Limited 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. MRE T Limited and MRE D Limited are controlled and consolidated by the Group as structured entities and the above new shares issued and existing shares repurchased held by them for the purpose of restricted share award scheme, amounting to RMB4,227,000 and RMB21,043,000 respectively, are recorded as shares held for restricted share award scheme and included in other reserves at 30 June 2022.

22 Share-based payment (Continued)

(a) Restricted share award scheme (Continued)

The award shares granted to the eligible participants will be vested on 1 April 2023 (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, HKD13.94 per share, was determined by taking the market price of the Company's shares on that date.

For the six months ended 30 June 2022, the Group recognised RMB15,000,000 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 2022, the Expected Retention Rate was assessed to be 80%.

The following table presents the movement in shares that held by MRE T Limited and MRE D Limited 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 (thousand)	Equivalent to HK\$'000	Equivalent to 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 (Unaudited)	5,233	30,250	25,232
Opening balance 1 January 2022	2,345	13,556	11,307
Purchase of shares for share award scheme	1,700	24,795	21,043
Issue of new shares	4,887	4,887	4,227
Balance 30 June 2022 (Unaudited)	8,932	43,238	36,577

(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.

22 Share-based payment (Continued)

(b) Share options (Continued)

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 2022, the Group recognised share-based payment expenses of RMB9,529,000 for the aforesaid share options.

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

	Number of share options	Average exercise price in HKD
As at 1 January 2021	–	–
Granted	66,660,000	18.376
As at 30 June 2021 (Unaudited)	66,660,000	18.376
As at 1 January 2022	28,105,000	18.376
Forfeited	(385,000)	18.376
As at 30 June 2022 (Unaudited)	27,720,000	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 2022
22 April 2021	21 April 2027	HKD18.376	27,720,000

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

As at 30 June 2022, the Expected Retention Rate of the eligible participants granted share options was assessed to be 90%.

23 Corporate bonds

Corporate bonds as at 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
As at 1 January	10,509,506	16,044,232
Additions	2,496,373	1,711,456
Interests charges	242,278	543,372
Interests paid	(237,545)	(529,554)
Repayment upon maturity	(1,440,000)	(7,260,000)
Ending balance	11,570,612	10,509,506
Analysed as		
— Current portion	5,638,334	4,873,724
— Non-current portion	5,932,278	5,635,782
	11,570,612	10,509,506

The Group's corporate bonds were repayable as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	5,638,334	4,873,724
Between 1 and 2 years	5,932,278	5,135,924
Between 2 and 5 years	–	499,858
	11,570,612	10,509,506

24 Bank and other borrowings

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings	31,921,168	34,045,969
Other borrowings	9,648,048	11,768,073
	41,569,216	45,814,042
Included in non-current liabilities:		
— Secured/guaranteed	21,422,270	24,783,126
— Unsecured	19,698,706	20,792,153
Less: current portion of non-current liabilities	(7,367,514)	(10,222,576)
	33,753,462	35,352,703
Included in current liabilities:		
— Secured/guaranteed	390,000	—
— Unsecured	58,240	238,763
— Current portion of non-current liabilities	7,367,514	10,222,576
	7,815,754	10,461,339
Total	41,569,216	45,814,042

As at 30 June 2022 and 31 December 2021, all of the Group's borrowings were denominated in following currencies:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
RMB	37,049,732	39,712,363
HKD	3,801,364	5,368,473
USD	718,120	733,206
	41,569,216	45,814,042

The Group's bank and other borrowings as at 30 June 2022 of RMB15,425,050,000 (31 December 2021: RMB18,825,366,000) were secured by certain buildings, properties under development and completed properties held for sale of the Group with total carrying values of RMB33,622,220,000 (31 December 2021: RMB42,544,570,000).



24 Bank and other borrowings (Continued)

The Group's bank and other borrowings of RMB5,929,460,000, as at 30 June 2022 (31 December 2021: RMB5,490,000,000) were guaranteed by its related parties (Note 27(a)), and RMB457,760,000 (31 December 2021: RMB467,760,000) were guaranteed by third parties.

The annual weighted average effective interest rate of bank and other borrowings is 4.61% per annum for the six months ended 30 June 2022 (31 December 2021: 4.86% per annum).

The repayment terms of the bank and other borrowings are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	7,815,754	10,461,339
1 to 2 years	11,995,577	12,432,046
2 to 5 years	18,843,521	19,949,624
Over 5 years	2,914,364	2,971,033
	41,569,216	45,814,042

25 Trade and other payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables (Note (a))	31,930,223	35,090,123
— related parties (Note 27(b))	112,154	77,794
— third parties	31,818,069	35,012,329
Amounts due to related parties (Note 27(b))	22,119,465	19,839,886
Amounts due to non-controlling interests (Note (b))	3,979,969	3,770,421
Payable for outstanding acquisition considerations	1,420,471	1,372,647
Deposit payables	730,373	999,773
Accrued expenses	800,705	689,110
Salaries payable	567,231	1,055,014
Interests payable	515,044	485,955
Other taxes payable	2,772,808	2,103,647
Dividends payable to shareholders (Note 19(b))	403,054	—
Other payables (Note (c))	3,085,461	3,553,348
	68,324,804	68,959,924

25 Trade and other payables (Continued)

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 90 days	12,323,893	15,745,629
Over 90 days and within 365 days	15,805,195	16,769,920
Over 365 days	3,801,135	2,574,574
	31,930,223	35,090,123

The Group's trade payables as at 30 June 2022 and 31 December 2021 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers (Note (a))	92,116,086	90,111,875
Guarantees to joint ventures and associates in respect of borrowings (Note (b))	10,988,288	12,434,243
	103,104,374	102,546,118

- (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 2022 and 31 December 2021 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

The Group had the following significant transactions with related parties during the period:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(i) Entities controlled by the Ultimate Controlling Parties		
Rendering of property management services	18,714	5,381
Management and consulting service income	29,403	13,623
Purchase of home appliances and smart home technology products	77,758	72,222
Interest expenses on loans from related parties	52,555	32,489
Receiving guarantee in respect of borrowings	5,929,460	4,981,531
Licensing fees	4,034	4,161
Guarantee fees	16,720	15,191
Selling of materials, equipment and other services	627	1,599
(ii) Entities controlled by certain directors		
Management and consulting service income	142	–
(iii) Joint ventures		
Management and consulting service income	136,353	155,455
Providing guarantee in respect of borrowings	7,354,096	8,659,696
Selling of materials, equipment and other services	89,155	90,753
Purchase of materials, equipment and other services	33,735	38,490
Purchase of home appliances and smart home technology products	5,900	3,435
Rendering of property management services	19,627	16,130
(iv) Associates		
Providing guarantee in respect of borrowings	3,634,192	4,688,192
Management and consulting service income	23,440	40,348
Rendering of property management services	13,129	11,349
Selling of materials, equipment and other services	3,235	4,105

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
(i) Joint ventures		
Amounts due from related parties	9,250,930	6,268,078
Amounts due to related parties	14,294,767	13,103,125
(ii) Associates		
Amount due from related parties	5,925,923	10,371,283
Amount due to related parties	7,884,769	6,783,835
(iii) Entities controlled by the Ultimate Controlling Parties		
Amounts due from related parties	79,651	76,298
Amounts due to related parties	51,517	30,688
(iv) Entities controlled by certain directors and/or their close family members		
Amounts due from related parties	1,039	812
Amounts due to related parties	566	32
(v) Analysis on amounts due from related parties:		
Trade	189,317	180,497
Non-trade	15,068,226	16,535,974
(vi) Analysis on amounts due to related parties:		
Trade	112,154	77,794
Non-trade	22,119,465	19,839,886

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Beginning of the period	290,000	–
Loans advanced	2,630,186	1,499,487
Loans repayments	(2,630,186)	(1,499,487)
End of the period	290,000	–

The interest rate of loans from related parties is 4.60% per annum, and the terms of the loans were 19 months.

(d) Key management compensation

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Key management compensation		
— Salaries and other employee benefits	3,475	3,115
— Pension costs	120	112
— Fees	256	250
— Share-based payment expenses	7,350	35,373
	11,201	38,850

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 2022 RMB'000 (Unaudited)
Disposal consideration	
— Investments in associates (Note 13(b))	91,575
— Cash received	158,211
— Consideration offset against other payables	49,731
— Outstanding and included in other receivables	350,000
	649,517
Cash and cash equivalents	(357,939)
Restricted cash	(4,125)
Financial assets at fair value through profit or loss	(52,700)
Trade and other receivables	(1,006,754)
Prepaid taxes	(145,869)
Properties under development and completed properties held for sale	(1,732,435)
Contract assets and contract acquisition costs	(17,519)
Deferred income tax assets	(12,604)
Bank and other borrowings	80,000
Trade and other payables	785,988
Contract liabilities	1,407,976
Others	(31,925)
Total net assets disposed of	(1,087,906)
Non-controlling interest disposed of	416,839
	(671,067)
Losses on disposal	(21,550)
Cash proceeds from disposal, net of cash disposed of	
— Cash received	158,211
— Cash and cash equivalents of the subsidiaries disposed of	(357,939)
Net cash outflow on disposal	(199,728)

29 Acquisition of subsidiaries

During the six months ended 30 June 2022, the Group acquired certain property development companies and obtained control of these companies. The directors of the Company applied the optional test to identify concentration of fair value as prescribed by HKFRS 3 "Business Combination" and considered that the acquired set of activities and assets of these subsidiaries individually are not businesses. Accordingly, the above acquisition of subsidiaries was accounted for as acquisitions of assets and the consideration for each acquisition was allocated to the individual assets acquired and liabilities assumed of each acquired companies on the respective acquisition dates.

Details of the acquisitions are as follows:

	Six months ended 30 June 2022 RMB'000 (Unaudited)
Purchase consideration	
— Investments in joint ventures (Note 13(a))	1,258,254
— Investments in associates (Note 13(b))	1,310,967
— Cash paid	697,538
— Consideration offset against other receivables	1,031,104
— Outstanding and included in other payables	136,000
Total consideration	4,433,863
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,186,544
Restricted cash	640,318
Financial assets at fair value through profit or loss	180,000
Trade and other receivables	5,337,869
Prepaid taxes	551,360
Properties under development and completed properties held for sale	13,179,701
Contract assets and contract acquisition costs	19,993
Deferred income tax assets	109,403
Bank and other borrowings	(4,099,153)
Trade and other payables	(3,253,308)
Contract liabilities	(8,528,112)
Others	(4,975)
Total identifiable net assets	5,319,640
Less: non-controlling interests	(885,777)
Net assets acquired	4,433,863
Payments of acquisition of subsidiaries, net of cash acquired	
— Cash paid	(697,538)
— Cash and cash equivalents of the subsidiaries acquired	1,186,544
Net cash inflow on acquisitions	489,006

30 Subsequent events

In July and August 2022, Midea Real Estate Group redeemed the outstanding corporate bonds with total principal amounts of RMB3,075,600,000 at a redemption price equal to 100% of the principal amount of the corporate bonds as of the redemption date.

On 13 July 2022, in connection with the Scrip Dividend Scheme (Note 19(b)), the Company allotted and issued 116,162,993 new ordinary shares at an issue price of HKD12.97 per share, totalling approximately HKD1,506,634,000. The remaining dividend payable amounting to approximately HKD476,164,000 has been paid in cash as at the date that the Interim Financial Information is authorised for issue.



EXECUTIVE DIRECTORS

Mr. Hao Hengle (Chairman and President)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang (appointed on 25 March 2022)
Mr. Yao Wei (resigned on 25 March 2022)

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. Lin Ge (appointed on 11 February 2022)

JOINT COMPANY SECRETARIES

Mr. Lin Ge (appointed on 11 February 2022)
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
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

LEGAL ADVISER

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

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.
Ping An Bank Co., Ltd.
Postal Savings Bank of China 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
Ping An 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>

 美的置业

www.mideadc.com

