MIDEA REAL ESTATE HOLDING LIMITED

美的置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3990)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2018, revenue amounted to RMB30,119.81 million, representing an increase of 70% as compared with RMB17,716.92 million for the year ended 31 December 2017.
- For the year ended 31 December 2018, gross profit amounted to RMB9,853.92 million, representing an increase of 101% as compared with RMB4,897.06 million for the year ended 31 December 2017.
- For the year ended 31 December 2018, profit and total comprehensive income for the year amounted to RMB3,286.87 million, representing an increase of 74% as compared with RMB1,893.57 million for the year ended 31 December 2017.
- For the year ended 31 December 2018, core net profit* amounted to RMB3,284.39 million, representing an increase of 75% as compared with RMB1,879.47 million for the year ended 31 December 2017.
- For the year ended 31 December 2018, earnings per share attributable to owners of the Company amounted to RMB3.08, representing an increase of 21% as compared with RMB2.54 for the year ended 31 December 2017.
- For the year ended 31 December 2018, contracted sales of the Group and its joint ventures and associates amounted to approximately RMB79,000 million, representing an increase of 55.82% as compared with RMB50,700 million for the year ended 31 December 2017.
- As at 31 December 2018, the Group had 173 projects and the Group also participated in 32 projects through joint ventures and associates, covering 48 cities in 15 provinces, whose net land reserves available for sale and leasing totalled approximately 45.07 million square metres and average cost was approximately RMB2,337 per square metre.

* Core net profit represents profit excluding the post-tax gains arising from changes in fair value of and transfer to investment properties.

FINAL DIVIDEND

As at 31 December 2018, the proposed final dividend was RMB1.0768 per share, which totalled approximately RMB1,282.00 million, representing approximately 40% of the profit attributable to shareholders (excluding the post-tax gains arising from changes in fair value of and transfer to investment properties) for the year ended 31 December 2018.

The board of directors (the "**Board**" or the "**Director(s)**") of Midea Real Estate Holding Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018, with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**30,119,811**	17,716,924
Cost of sales	*3*	**(20,265,888)**	(12,819,864)
Gross profit		**9,853,923**	4,897,060
Other income and gains — net	*6*	**691,508**	334,702
Gains arising from changes in fair value of and transfer to investment properties		**3,306**	18,801
Selling and marketing expenses	*4*	**(1,533,913)**	(807,877)
Administrative expenses	*5*	**(2,285,191)**	(776,262)
Net impairment losses on financial assets		**(34,297)**	(29,090)
Operating profit		**6,695,336**	3,637,334
Finance income		**183,097**	231,211
Finance costs		**(127,872)**	(262,540)
Finance income/(costs) — net	*7*	**55,225**	(31,329)
Share of results of joint ventures and associates		**(93,374)**	2,118
Profit before income tax		**6,657,187**	3,608,123
Income tax expenses	*8*	**(3,370,318)**	(1,714,554)
Profit for the year		**3,286,869**	1,893,569
Profit attributable to:			
Owners of the Company		**3,209,997**	1,912,442
Non-controlling interests		**76,872**	(18,873)
Total comprehensive income for the year		**3,286,869**	1,893,569

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Total comprehensive income attributable to:			
Owners of the Company		**3,209,997**	1,912,442
Non-controlling interests		**76,872**	(18,873)
		3,286,869	1,893,569
Earnings per share (expressed in RMB per share)			
Basic and diluted earnings per share	*9*	**3.08**	2.54

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2018** *RMB'000*	**2017** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**836,712**	435,882
Investment properties		**690,660**	709,844
Land use rights		**456,274**	368,601
Intangible assets		**35,084**	16,046
Properties under development		**5,685,753**	3,500,677
Investments in joint ventures		**1,023,571**	743,704
Investments in associates		**841,896**	239,739
Deferred income tax assets		**918,603**	567,329
		10,488,553	6,581,822
Current assets			
Inventories		**8,327**	5,350
Contract assets and contract acquisition costs	*2*	**1,429,912**	1,065,834
Properties under development		**103,913,613**	59,272,059
Completed properties held for sale		**4,384,344**	2,618,605
Trade and other receivables	*11*	**19,545,931**	15,491,821
Prepaid taxes		**9,758,793**	3,753,948
Financial assets at fair value through profit or loss	*12*	**1,256,498**	398,439
Restricted cash		**8,028,121**	3,752,716
Term deposits with initial terms of over three months		**3,065,866**	120,922
Cash and cash equivalents		**15,439,152**	19,917,383
		166,830,557	106,397,077
Total assets		**177,319,110**	112,978,899
EQUITY			
Equity attributable to the owners of the Company			
Share capital and premium	*13*	**8,787,079**	6,000,209
Other reserves		**1,293,695**	868,870
Retained earnings		**6,076,085**	3,314,600
		16,156,859	10,183,679
Non-controlling interests		**7,427,577**	1,981,101
Total equity		**23,584,436**	12,164,780

		As at 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Corporate bonds		**2,434,318**	3,495,481
Bank and other borrowings		**30,473,817**	25,688,820
Deferred income tax liabilities		**1,560,795**	944,193
		34,468,930	30,128,494
Current liabilities			
Contract liabilities	*2*	**55,929,397**	36,362,728
Corporate bonds		**3,499,268**	–
Bank and other borrowings		**13,101,903**	9,070,647
Trade and other payables	*14*	**43,502,042**	23,686,875
Current income tax liabilities		**3,233,134**	1,565,375
		119,265,744	70,685,625
Total liabilities		**153,734,674**	100,814,119
Total equity and liabilities		**177,319,110**	112,978,899

NOTES

1 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622 ("HKCO").

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (financial assets at "FVPL") and investment properties, which are carried at fair value.

(iii) New and amended standards adopted by the Group

HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group had applied HKFRS 9 and HKFRS 15 in prior years as disclosed in the Company's listing documents dated 28 September 2018.

The Group has also applied the following standards and amendments for the first time in current year:

- Classification and measurement of share-based payment transactions — amendments to HKFRS 2;
- Foreign currency transactions and advance consideration — HK (IFRIC) 22;
- Transfers of investment properties — amendments to HKAS 40; and
- Investments in associates and joint ventures — Annual improvements to HKFRS 2014-2016 cycle — amendments to HKAS 28.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for 31 December 2018 reporting periods and relevant to the Group and have not been early adopted by the Group.

		Effective for the financial year beginning on or after
HKFRS 16	Leases	01 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatment	01 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	01 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	01 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	01 January 2019
Annual improvements 2015–2017		01 January 2019
Amendments to HKFRS 3	Definition of a business	01 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	01 January 2020
HKFRS 17	Insurance contracts	01 January 2021
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 above new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2. Revenue and segment information

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Property development and sales	**29,602,383**	17,330,213
Property management services	**355,002**	232,803
Investment and operation of commercial properties		
— Property lease income	**43,041**	39,126
— Hotel operation	**11,860**	67,331
— Cultural-tourism project	**107,525**	47,451
	30,119,811	17,716,924

Represented by:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue from property development and sales:		
Recognised at a point in time	**19,011,990**	11,154,053
Recognised over time	**10,590,393**	6,176,160
	29,602,383	17,330,213
Revenue from rendering of services:		
Recognised over time	**474,387**	347,585
Revenue from other sources:		
Property lease income	**43,041**	39,126
	30,119,811	17,716,924

The Group's revenue is mainly attributable to the People's Republic of China ("PRC") market and over 90% 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 purchasers, none of whom contributed 10% or more of the Group's revenue.

(a) Details of contract assets and contract acquisition costs:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Contract assets related to property development and sales (i)	**1,016,658**	788,719
Contract acquisition costs (ii)	**413,254**	277,115
Total contract assets and contract acquisition costs	**1,429,912**	1,065,834

(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. Contract assets had been increasing during the year, which was primarily due to the growth of the Group's contracted sales.

(ii) Management expects the contract acquisition costs, primarily sale commissions and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amounts of amortisation were RMB213,846,000 for the year ended 31 December 2018 (2017: RMB145,065,000). There was no impairment loss in relation to the costs capitalised.

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Contract liabilities	**55,929,397**	36,362,728

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

3. COST OF SALES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	**19,504,341**	11,938,910
Business taxes and other levies relating to property development and sales	**156,546**	422,286
Employee benefit expenses	**363,462**	246,615
Depreciation	**4,956**	28,745
Amortisation of land use rights	**3,290**	1,140
Others	**233,293**	182,168
Total	**20,265,888**	12,819,864

4. SELLING AND MARKETING EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Employee benefit expenses	**434,591**	218,086
Marketing and advertising expenses	**750,922**	343,511
Amortisation of contract acquisition costs	**213,846**	145,065
Office expenses	**78,139**	68,037
Travelling and entertainment expenses	**17,922**	11,533
Rental expenses	**15,496**	5,774
Depreciation	**7,886**	2,586
Others	**15,111**	13,285
Total	**1,533,913**	807,877

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Employee benefit expenses	**964,351**	364,044
Taxes and surcharges	**165,794**	97,868
Depreciation	**39,215**	12,537
Amortisation of land use rights and intangible assets	**12,443**	6,329
Property management fees	**6,772**	3,341
Professional service fees	**119,160**	23,924
— Listing related expenses	**57,796**	1,060
— Others	**61,364**	22,864
Auditor's remuneration		
— Audit services	**4,900**	3,824
Provision for impairment of properties under development and completed properties held for sale	**362,605**	–
Bank charges	**192,576**	85,086
Travelling and entertainment expenses	**121,659**	69,385
Office expenses	**56,732**	30,793
Rental expenses	**41,271**	14,805
Others	**197,713**	64,326
Total	**2,285,191**	776,262

6. OTHER INCOME AND GAINS — NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Other income		
Management and consulting service income	**141,785**	45,872
Government subsidy income	**33,788**	8,637
Compensation income	**128,541**	–
	304,114	54,509
Other gains — net		
Realised and unrealised gains on financial assets at FVPL	**250,847**	217,926
Gains on disposal of subsidiaries	**3,657**	26,640
Gains on disposal of an associate	**925**	–
Losses on disposal of property, plant and equipment	**(416)**	–
Net foreign exchange gains/(losses)	**72,511**	(46,890)
Others	**59,870**	82,517
	387,394	280,193
Other income and gains — net	**691,508**	334,702

7. FINANCE (INCOME)/COSTS — NET

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Finance costs		
— Interest expenses		
— Bank and other borrowings	**2,416,322**	1,518,276
— Corporate bonds	**260,027**	169,062
	2,676,349	1,687,338
Less:		
— Capitalised interest	**(2,676,349)**	(1,424,798)
	–	262,540
— Net foreign exchange losses on financing activities	**127,872**	–
	127,872	262,540
Finance income		
— Interest income	**(183,097)**	(75,862)
— Net foreign exchange gains on financing activities	**–**	(155,349)
	(183,097)	(231,211)
Finance (income)/costs — net	**(55,225)**	31,329

8. INCOME TAX EXPENSES

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Current income tax:		
— Corporate income tax	**1,476,932**	1,026,284
— Withholding income tax on profits distributed	**–**	5,000
— PRC land appreciation tax	**2,114,663**	979,364
	3,591,595	2,010,648
Deferred income tax		
— Corporate income tax	**(271,277)**	(291,094)
— Withholding income tax on profits to be distributed in future	**50,000**	(5,000)
	(221,277)	(296,094)
	3,370,318	1,714,554

(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) PRC corporate income tax has been provided at corporate income tax rate of 25%.

(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.

9. EARNINGS PER SHARE

	Year ended 31 December	
	2018	2017
Profit attributable to owners of the Company (RMB'000)	**3,209,997**	1,912,442
Weighted average number of ordinary shares in issue (thousands)	**1,042,031**	10,968
Adjustment for bonus issue relating to the issue of shares for cash consideration and recapitalisation (thousands)	**–**	741,763
	1,042,031	752,731
Earnings per share — Basic (RMB per share)	**3.08**	2.54

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equal the basic earnings per share.

10. DIVIDENDS

On 28 March 2019, the Board of Directors of the Company declared the payment of a 2018 final dividend of RMB1.0768 (2017: none) per share, totalling approximately RMB1,282,003,000 (2017: none). Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Included in current assets:		
Trade receivables — net *(note (a))*	**1,295,905**	379,322
Other receivables — net	**12,574,571**	9,462,888
Prepayments for land use rights	**5,210,675**	5,265,493
Other prepayments	**464,780**	384,118
	19,545,931	15,491,821

As at 31 December 2018 and 2017, the fair value of trade and other receivables approximated their carrying amounts.

(a) Details of trade receivables are as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables — related parties	**5,867**	10,638
Trade receivables — third parties	**1,334,174**	376,722
Less: allowance for impairment	**(44,136)**	(8,038)
Trade receivables — net	**1,295,905**	379,322

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**1,138,953**	230,962
Over 90 days and within 180 days	**97,946**	67,520
Over 180 days and within 365 days	**13,318**	48,386
Over 365 days	**89,824**	40,492
	1,340,041	387,360

The Group's trade receivables were 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the year ended 31 December 2018, additional provision of RMB36,098,000 (2017: RMB5,233,000) were made against the gross amounts of trade receivables.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Investments in wealth management products	**405,000**	398,439
Investments in asset management schemes	**851,498**	–
	1,256,498	398,439

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

The ranges of expected return rates of these products as at 31 December 2018 were 0.30%–4.86% (2017: 0.35%–4.70%).

13. 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 29 November 2017 (date of incorporation)		10,000	10	8	–	8
Issue of shares of HKD1.00 each		290,000	290	246	–	246
Additional capital injection		999,700,000	999,700	837,088	5,162,867	5,999,955
At 31 December 2017 and 1 January 2018		1,000,000,000	1,000,000	837,342	5,162,867	6,000,209
Issue of shares in connection with the Listing	*(a)*	190,567,000	190,567	168,024	2,688,385	2,856,409
Share issuance cost	*(b)*	–	–	–	(69,539)	(69,539)
		1,190,567,000	1,190,567	1,005,366	7,781,713	8,787,079

(a) On 11 October 2018, the Company issued 180,000,000 ordinary shares of HKD1.00 each at HKD17.00 per share in connection with the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing"), and raised net proceeds of approximately HKD3,060,000,000 (approximately RMB2,698,002,000). In addition, on 2 November 2018, the over-allotment option in connection with the global offering of the Company's shares was partially exercised by the joint global coordinators and as a result, additional 10,567,000 ordinary shares of HKD1.00 each were issued at HKD17.00 per share and raised net proceeds of HKD179,639,000 (approximately RMB158,407,000). The respective paid up capital amount was approximately RMB168,024,000 and share premium arising from the issuance was approximately RMB2,688,385,000.

(b) Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing. Incremental costs that are directly attributable to the issue of the new shares amounting RMB69,539,000 was treated as a deduction against the share premium arising from the issuance.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**15,793,819**	8,085,929
Amounts due to related parties	**5,079,228**	5,811,306
Amounts due to non-controlling interests	**11,811,009**	4,600,708
Outstanding acquisition considerations payable	**1,401,975**	872,532
Deposit payables	**2,543,391**	1,176,935
Accrued expenses	**452,246**	265,267
Salaries payable	**742,918**	386,195
Interest payable	**246,508**	237,076
Other taxes payable	**3,716,571**	1,830,978
Other payables	**1,714,377**	419,949
	43,502,042	23,686,875

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**10,780,781**	7,521,301
Over 90 days and within 365 days	**4,304,598**	217,617
Over 365 days	**708,440**	347,011
	15,793,819	8,085,929

BUSINESS REVIEW AND OUTLOOK

Annual Results

2018 marked a milestone year for the Group. On 11 October 2018, the Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Since its initial public offering ("**IPO**"), the Group has attracted the attention of the market with its well-known brand and stable performance, the ability to obtain low-cost financing, and high quality Smart-Home products.

For the year ended 31 December 2018, our revenue was RMB30,119.81 million, and our gross profit was RMB9,853.92 million, representing a year-on-year increase of 70% and 101%, respectively. Our profit for the year was RMB3,286.87 million, representing a year-on-year increase of 74%, and our core net profit for the year was RMB3,284.39 million, representing a year-on-year increase of 75%. Supported by the steady and robust growth in revenue and profits, our gross profit margin increased from 27.6% in 2017 to 32.7% in 2018.

Business Review for 2018

(1) Real Estate Market Overview

During the year, China's macro-economic environment experienced changes with impact from the Sino-US trade war, the US tax cuts and interest rate hikes. As a result, the Chinese economy faced downward pressures. Nonetheless, China's property sales continued to grow steadily. According to the data published by the National Bureau of Statistics of China ("**NBS**"), the gross floor area ("**GFA**") of properties sold in China in 2018 amounted to 1,716.54 million square metres, representing a year-on-year increase of 1.3%. The total value of property sales in China hit a record high of RMB14,997.3 billion, representing a year-on-year increase of 12.2%. (Source: NBS, Wind Information)

(2) Sales Performance

For the year ended 31 December 2018, the contracted sales of the Group and its joint ventures and associates were approximately RMB79,000 million, representing a year-on-year increase of 55.82%, while GFA sold by contracted sales was approximately 7.907 million square metres, representing a year-on-year increase of 31.89%.

According to the 2018 China Index Academy Report, the Group ranked 38th among the Top Real Estate Enterprises with Ten-billion Sales in China (中國房地產銷售額百億企業排行榜), an improvement from the 39th place in 2017 and 74th place in 2016. At the end of 2018, most of the Group's pre-sold residential units are furnished with our Smart Home solutions. Our distinctive market position and differentiated product offerings will allow us to sell our property units more quickly and capture the growing trend for smart technology in the Chinese property market. We will further expand our core businesses, while paying close attention to market trends and related new growing areas such as Smart Home upgrades and modular Smart Home devices. We will continue to enhance our "Property + Industrial" strategy to achieve steady and sustainable high-quality business growth.

(3) Land reserves

As a national property developer in the PRC, our Group's project portfolio spans across 48 cities in China. Since our establishment, we have strategically entered into five regions, namely the Pearl River Delta Economic Region, Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, North China Region and Southwest China Economic Region. During the year, the Group continued to expand its geographical presence by targeting central cities such as Guangzhou and other provincial capital cities. During the year, the Group directly acquired land reserves with a total GFA of 16.62 million square metres. Additionally, through projects held by our joint ventures and associated companies, we acquired land reserves of 0.57 million square metres. As at 31 December 2018, the Group had total land reserves of 45.07 million square metres and a property portfolio of 173 large-scale projects and the Group also participated in 32 projects through joint ventures and associates, covering 48 cities in 15 provinces.

We focus our business activities across the Pearl River Delta Economic Region and Yangtze River Delta Economic Region, two of the most economically prosperous and vibrant regions in China, as well as the core districts of second and third-tier cities with economic growth prospects and continuous incoming population such as cities located in the Midstream of Yangtze River Economic Region, North China Region and Southwest China Economic Region which we believe entail great growth potential. We believe this strategy will enable us to acquire land at a reasonably low cost while commanding a premium in the sales price through our quality products integrated with our Smart Home solutions.

(4) Financial position and strategy

In 2018, the Group's gross profit margin increased to 32.7%. The improvement in gross profit margin for 2018 was primarily driven by the higher recognised average selling price ("**ASP**") of our properties sold and the increased percentage of projects with higher gross profit margin. During the year, the Group's weighted average effective interest rate of its total borrowings (including bank and other borrowings and corporate bonds) was 5.91%, which was lower than the industry average. As at 31 December 2018, the Group's cash and bank deposits amounted to RMB26,533.14 million, demonstrating that the Group has maintained a strong cash position. Its gearing ratio was 97%, representing a decline of 22 percentage points from 2017. The reduction in the Group's gearing ratio reflects its optimising capital structure. Meanwhile, the Group has access to multiple financing channels, including bank and other borrowings, corporate bonds and related party loans. Furthermore, the IPO in 2018 enabled us to tap into multiple channels for fund raising, thus enhancing our finance structure.

On the one hand, the Group has benefitted from the long established, highly recognised "Midea" brand, Midea's business network, relationships with financial institutions and credibility with local governments, which allowed us to obtain financing at competitive costs. On the other hand, the Group's strong operating cash flow ensures that it has sufficient access to funds even when the financial market tightens. The Group has adopted a prudent financial management strategy and strived to improve its capital structure through diversified financing channels.

BUSINESS OUTLOOK FOR 2019

Overall Property Market Development Outlook

In 2019, the property market will enter a new development cycle. In respect of national policies, city-specific implementation will be upheld, with cities becoming the principal parties in policy formulation. Property policies will switch from "control" to "stabilisation", and national policies will aim at "stabilising land prices, housing prices and expectations". We expect that the real estate market will maintain stable and robust in 2019. In respect of market performance, population will be a key factor in the long run. As first and second-tier cities have large incoming population and are supported by strong economic industries, the property market will continue to grow steadily in the future. As the level of urbanisation rises, first and second-tier cities will benefit from the size and quality of their population, which support the growth of the real estate market. Meanwhile, as the inter-connection and integration of cities strengthen and the economic industries of core cities expand to neighbouring areas, the demands for housing will also increase in these areas. The Guangdong-Hong Kong-Macau Greater Bay Area (with Guangzhou, Shenzhen, Hong Kong and Macau at its center), the Yangtze River Delta, North China Region, Chengdu-Chongqing city cluster, and Midstream Yangtze River city cluster will become the key areas with great potential for growth for the property market.

Future Development strategy and outlook of the Group

In 2019, the Group will maintain the composite development strategy of "Property + Industrial" by growing and improving its principal business of property development and services while promoting building industrialisation and intelligent industrialisation to connect the upstream and downstream of the industry chain, striving to become a leading smart property manufacturer.

The Group will continue to execute its "deep penetration" strategy in regional markets in 2019. Going forward, we will focus our project portfolio on major second-tier and third-tier cities which are looking to be promoted to upper tiers. We will reinforce our presence in line with China's "Eight Vertical and Eight Horizontal" high-speed rail network plan. In addition, we will continue to focus our activities on our five targeted regions, namely the Pearl River Delta Economic Region, Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, North China Region and Southwest China Economic Region. We will further penetrate the cities where we have entered, and expand into peripheral cities with high-growth potential.

The Group will continue to strengthen its brand and competence as a one-stop Smart Home solutions provider in close cooperation with Midea Group Co., Ltd. ("Midea Group") in 2019. The Group will also continue to invest in the Smart Home industry value chain and deepen our collaboration with Midea Group and other renowned Chinese internet companies to further develop its Smart Home and living solutions capabilities. In 2018, the Group has successfully entered into strategic cooperation agreements with Aliyun Computing Co., Ltd. (阿里雲計算有限公司), Suning.com Co., Ltd. (蘇寧易購集團股份有限公司), Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司) and other market leaders. Such partnerships have generated synergies and created win-win situations. In 2019, the Group plans to integrate more Smart Home products into our Smart Home system, enhance related technologies for developing Smart Business communities and upgrade our "5M Smart Health Community" to gradually become a Smart Home solutions provider for third party customers.

The Group will also reinforce its presence in the prefabricated construction industry in 2019, which will generate synergies with our property development business. The Group will expand its presence along the property industry value chain to achieve vertical integration in its businesses. We believe we are well positioned to enter the prefabricated construction industry for residential properties. With our building information modelling (BIM) capability, we can provide professional, highly collaborative and well-balanced models for the full cycle of prefabricated architecture from design, production to construction. This will help us refine the factory production process, thus improve production and operation efficiency and reduce costs. We currently plan to progressively roll out prefabricated construction factories in our five major targeted regions, with our first prefabricated construction factory in Xuzhou expected to commence production no later than June 2020. We are also deepening our cooperation with other industry players. For instance, in 2018, we cofounded a modular bathroom company with a Japanese company that features strong modular bathroom technology. We believe the overall market for modular bathrooms has low penetration in China and presents great growth potential. In 2019, the Group will leverage Midea Group's existing competitive edges in manufacturing to drive its modular bathroom business development.

We also strive to improve our capabilities in operating self-owned commercial properties in 2019. This will help us gain experience in property operation and management, and increase the recurring rental income and capital value of the properties. To fully meet the commercial needs of different cities and customers, the Group's commercial product line covers urban residential complex projects, hotel operations, shopping malls, cultural tourism projects and long-term rental apartments. We will continue to establish and improve our commercial property investment and operations. In addition, we will actively cooperate with various companies to generate more value from the entire industry chain and provide better services to customers. We will also build an ecosystem by integrating resources from various parties in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group recorded revenue of RMB30,119.81 million (2017: RMB17,716.92 million), representing an increase of 70% as compared with 2017. Operating profit amounted to RMB6,695.34 million (2017: RMB3,637.33 million), representing an increase of 84% as compared with 2017. Profit for the year amounted to RMB3,286.87 million (2017: RMB1,893.57 million), representing an increase of 74% as compared with 2017. Core net profit for the year increased by 75% to RMB3,284.39 million (2017: RMB1,879.47 million). Profits attributable to owners of the Company reached RMB3,210.00 million (2017: RMB1,912.44 million), representing an increase of 68% as compared with 2017. Basic and diluted earnings per share reached RMB3.08 (2017: RMB2.54).

Land reserves

During the year, the Group had strategically expanded its land reserves based on the market conditions. As at 31 December 2018, the Group owned land reserves with a total GFA of 45.07 million square metres in 48 cities. These land reserves are located in five major regions namely the Pearl River Delta Economic Region, Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, North China Region and Southwest China Economic Region. Their average land cost stood at RMB2,337 per square metre, which is competitive compared with our peers. In the long run, we believe our competitive land costs will translate into strong profitability and capability of fending off economic downturns.

During the year, the Group strategically acquired lands through public tender, auction, listing-for-sale processes, acquisition of equity interests in companies that hold land use rights and urban renovation projects. The newly acquired land reserves are located at: (i) Guangzhou, Foshan and other cities in the Pearl River Delta Economic Region; (ii) Suzhou, Wuxi, Ningbo, Quanzhou, Changzhou, Xuzhou, Yangzhou and other cities in the Yangtze River Delta Economic Region; (iii) Changsha, Nanchang, Yueyang, Changde and other cities in the Midstream of Yangtze River Economic Region: (iv) Handan, Zhengzhou, Shenyang and other cities in the North China Region; and (v) Chongqing, Chengdu, Guiyang and other cities in Southwest China Economic Region. Total GFA of the newly acquired lands amounted to 17.19 million square metres. We also entered new markets such as Zhengzhou, Quanzhou and Dali in 2018.

Going forward, the Group will continue to solidify its presences in regional markets, and build diversified and low-cost land reserves that span across China. We will also further focus our development activities on central cities and other provincial capital cities. We will focus on regions which we believe to have great growth potential, and seek to improve our market position in these regions to boost our sale prices and enhance our brand image.

FINANCIAL REVIEW

Property Development and Sales

During the year, the Group's recognised revenue from property development and sales increased by 71% to RMB29,602.38 million from RMB17,330.21 million in 2017, primarily due to increases in the total GFA and ASP recognised. Total GFA recognised amounted to 3.6369 million square metres, representing an increase of 49% from 2.4477 million square metres in 2017. Recognised ASP increased by 15% from RMB7,080 per square metre in 2017 to RMB8,139 per square metre in 2018.

Property Management Services

During the year, the Group's revenue derived from property management services increased by 52% to RMB355.00 million from RMB232.80 million in 2017, primarily due to an increase in the GFA under management.

Investment and Operation of Commercial Properties

During the year, the Group's revenue from investment and operation of commercial properties increased by 6% to RMB162.43 million from RMB153.91 million in 2017, primarily due to further development in our cultural tourism projects.

Cost of Sales

The Group's cost of sales primarily represents the costs we incur directly for the property development activities, the provision of property management services and other businesses. During the year, the Group's cost of sales increased by 58% to RMB20,265.89 million from RMB12,819.86 million in 2017, primarily due to the rising recognised GFA (3.6369 million square metres, representing an increase of 49% from 2017) which caused higher cost of sales in our property development and sales business.

Gross Profit

During the year, the Group's gross profit increased by 101% to RMB9,853.92 million from RMB4,897.06 million in 2017. During the year, gross profit margin increased by 5.1 percentage points to 32.7% from 27.6% in 2017. The gross profit margin improvement was driven by the higher recognised ASP and an increasing proportion of higher-margin projects in our sales.

Other Income and Gains — Net

During the year, the Group's other income and gains — net increased by 107% to RMB691.51 million from RMB334.70 million in 2017. Other income and gains primarily consist of gains on financial assets at fair value through profit or loss, management and consulting service income, and gains on disposal of subsidiaries.

Selling and Marketing Expenses

During the year, the Group's selling and marketing expenses increased by 90% to RMB1,533.91 million from RMB807.88 million in 2017, primarily due to the increase of related marketing expenses along with the growth in sales of properties.

Administrative Expenses

During the year, the Group's administrative expenses increased by 194% to RMB2,285.19 million from RMB776.26 million in 2017, primarily due to the increase in our headcount caused by the Group's business expansion and that impairment provision made for some of the Group's properties under development and completed properties held for sale.

Finance Costs — Net

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

During the year, the Group's net finance costs recorded a net gain of RMB55.23 million as compared to net expense of RMB31.33 million in 2017, primarily due to capitalisation rate of 100% (2017: 84%) of interest expenses for the year, and our interest income for the year was RMB183.10 million (2017: RMB75.86 million), offset by the net foreign exchange loss of RMB127.87 million from financing activities (2017: net foreign exchange gain of RMB155.35 million from financing activities) for the year.

Profit Attributable to Owners of the Company

During the year, profit attributable to owners of the Company increased by 68% to RMB3,210.00 million from RMB1,912.44 million in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB26,533.14 million as at 31 December 2018 (2017: RMB23,791.02 million), including RMB15,439.15 million in cash and cash equivalents (2017: RMB19,917.38 million), RMB3,065.87 million in term deposits with initial terms of over three months (2017: RMB120.92 million) and RMB8,028.12 million in restricted cash (2017: RMB3,752.72 million). Property development companies of the Group are required to deposit certain amounts of presale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 31 December 2018, the Group's approved but unused credit facilities from banks and financial institutions were RMB34,227.46 million, and its approved but unused issuance amount of domestic corporate bonds were RMB5,060.00 million.

Borrowings

As at 31 December 2018, the Group's total borrowings amounted to RMB49,509.31 million. Bank and other borrowings, and corporate bonds were RMB43,575.72 million and RMB5,933.59 million, respectively. As at 31 December 2018, the gearing ratio was 97% (2017: 119%). Gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings was calculated as total amount of interest-bearing borrowings less cash and cash equivalents, term deposits with initial terms of over three months and restricted cash.

Borrowing Cost

In 2018, the total borrowing costs of the Group amounted to RMB2,676.35 million, representing an increase of RMB989.01 million from RMB1,687.34 million in 2017, mainly due to the higher average interest rate and the increase in the principal of borrowings in 2018. The Group's weighted average effective interest rate on total borrowings during the year was 5.91% (2017: 5.23%).

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 31 December 2018, the value of the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB42,105.14 million (2017: RMB22,956.88 million).

In addition, the Group also provides guarantees for borrowings of several cooperative enterprises and associated companies. As at 31 December 2018, the value of the Group's guarantee for the loans of joint ventures and associates amounted to RMB2,947.42 million (2017: RMB1,713.54 million).

Commitments

As at 31 December 2018, the Group's capital and property development expenditure commitments amounted to RMB24,781.58 million (2017: RMB6,726.76 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.

SUBSEQUENT EVENTS

On 3 January 2019, Midea Real Estate Group Company Limited (美的置業集團有限公司) ("**Real Estate Group**"), an indirectly wholly-owned subsidiary of the Company, publicly offered the first tranche of a domestic corporate bond in an aggregate sum of RMB1,000,000,000 to qualified investors in China with a coupon rate of 7.0% per annum for a term of three years which will mature in January 2022 ("**2019 Public Offering of Domestic Corporate Bonds to Qualified Investors (First Tranche**)"). Real Estate Group has the option to adjust the coupon rate at the end of the second year, and investors have the option to sell their bonds back. Further details about the 2019 Public Offering of Domestic Corporate Bonds to Qualified Investors (First Tranche) are set out in the Company's announcements dated 27 December 2018, 28 December 2018, 3 January 2019, and 16 January 2019.

On 28 January 2019, Real Estate Group offered the first tranche of a non-public domestic corporate bond in an aggregate sum of RMB3,060,000,000 in China with a coupon rate of 5.3% per annum for a term of three years which will mature in January 2022 ("**2019 Non-Public Offering of Domestic Corporate Bonds (First Tranche)**"). Real Estate Group has the option to adjust the coupon rate at the end of the second year, and investors have the option to sell their bonds back. Further details about the 2019 Non-Public Offering of Domestic Corporate Bonds (First Tranche) are set out in the Company's announcement dated 29 January 2019.

On 28 February 2019, Real Estate Group offered the second tranche of a publicly offered domestic corporate bond in an aggregate sum of RMB1,000,000,000 to qualified investors in China with a coupon rate of 6.5% per annum for a term of three years which will mature in February 2022 ("**2019 Public Offering of Domestic Corporate Bonds to Qualified Investors (Second Tranche)**"). Real Estate Group has the option to adjust the coupon rate at the end of the second year, and investors have the option to sell their bonds back. Further details about the 2019 Public Offering of Domestic Corporate Bonds to Qualified Investors (Second Tranche) are set out in the Company's announcements dated 22 February 2019, 27 February 2019, 28 February 2019 and 14 March 2019.

USE OF PROCEEDS FROM IPO

Trading of shares in the Company on the Stock Exchange commenced on 11 October 2018 (the "**Listing Date**"), and the Group raised net proceeds of approximately RMB2,786.87 million (including the exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the IPO. As at 31 December 2018, the Group had applied (1) approximately RMB137.87 million of the proceeds for land acquisition and construction for our prefabricated construction projects; and (2) approximately RMB272.16 million of the proceeds for general working capital purposes, which is in compliance with the intended use of proceeds as disclosed in the prospectus dated 28 September 2018 issued by the Company. As at 31 December 2018, the Group has not used any proceeds for land acquisition to increase our land reserves by seeking and acquiring land parcels or suitable merger and acquisition opportunities in cities in which we currently operate and plan to expand and for our research and development on Smart Home solutions.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group has employed approximately 12,275 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 as well as internal and external training opportunities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the period from the Listing Date up to and including 31 December 2018.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the Model Code during the period from the Listing Date up to and including 31 December 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the period from the Listing Date up to and including 31 December 2018.

According to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the period from the Listing Date up to and including 31 December 2018, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision A.2.1 of the CG Code. Given Mr. Hao Hengle has considerable knowledge and experience in the PRC real estate industry and the business operations of the Group, the Board believes that vesting both roles of chairman and president in Mr. Hao Hengle facilitates the execution of the Group's business strategies and implementation of the Group's long-term business goals, 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. Further, decisions of the Board are collectively made by way of majority voting. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The Company established its audit committee ("**Audit Committee**") on 12 September 2018 with the responsibility to assist the Board in providing an independent review of the financial statements, risk management and internal control systems. The Audit Committee comprises 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 possessing the appropriate professional accounting and related financial management expertise.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2018. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Group, the risk management and internal control systems, and the financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2018 as set out in the annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the annual results announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held in Hong Kong on 28 May 2019. The notice of the AGM will be published on the Company's website at http://www.mideadc.com and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk, and despatched to the shareholders of the Company in due course.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB1.0768 per share for the year ended 31 December 2018 (2017: Nil). The total payout will amount to approximately RMB1,282.00 million, respresenting approximately 40% of the profit attributable to shareholders (excluding the post-tax gains arising from changes in fair value of and transfer to investment properties) for the year ended 31 December 2018. Subject to the approval of the shareholders of the Company at the AGM, the proposed final dividend will be paid on or about 20 June 2019 to the shareholders whose names appear on the register of members of the Company on 5 June 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders' rights of attending and voting at the AGM, the register of members of the Company will be closed from 23 May 2019 to 28 May 2019, both days inclusive, during which period no transfer of shares shall be effected. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 22 May 2019.

For the purpose of determining the identity of shareholders who are entitled to the proposed final dividend, the register of members of the Company will be closed from 4 June 2019 to 5 June 2019, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 3 June 2019.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at http://www.mideadc.com and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2018 annual report will be despatched to the shareholders of the Company and available on the aforesaid websites in due course.

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

Hong Kong, 28 March 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Hao Hengle, Mr. Yao Wei, Mr. Lin Ge and Ms. Lin Dongna; the non-executive Directors of the Company are Mr. He Jianfeng and Mr. Zhao Jun; and the independent non-executive Directors of the Company are Mr. Tan Jinsong, Mr. O'Yang Wiley and Mr. Lu Qi.