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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- During the Reporting Period, revenue amounted to RMB20,936.62 million, representing an increase of 47.5% as compared with RMB14,194.85 million for the corresponding period of 2019.
- During the Reporting Period, gross profit amounted to RMB5,523.79 million, representing an increase of 8.5% as compared with RMB5,093.34 million for the corresponding period of 2019.
- During the Reporting Period, profit and total comprehensive income amounted to RMB2,354.24 million, representing an increase of 24.6% as compared with RMB1,888.76 million for the corresponding period of 2019.
- During the Reporting Period, core net profit* amounted to RMB2,356.97 million, representing an increase of 24.7% as compared with RMB1,889.37 million for the corresponding period of 2019.
- During the Reporting Period, earnings per share attributable to owners of the Company amounted to RMB1.64, representing an increase of 10.1% as compared with RMB1.49 for the corresponding period of 2019.
- During the Reporting Period, contracted sales of the Group and its joint ventures and associates amounted to approximately RMB48.20 billion, representing an increase of 2.1% as compared with RMB47.20 billion for the corresponding period of 2019.
- As at 30 June 2020, the total GFA of the Group's land reserves reached 54.31 million square metres, comprising 295 property development projects, covering 61 cities in 18 provincial-level administrative divisions across China, 67 of which were participated through joint ventures and associates.

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

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (for the corresponding period of 2019: Nil).

The board of directors (the "**Board**" or the "**Director(s)**") of Midea Real Estate Holding Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**"), with the comparative figures for the corresponding period of 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**20,936,620**	14,194,850
Cost of sales	*4*	**(15,412,831)**	(9,101,508)
Gross profit		**5,523,789**	5,093,342
Other income and gains — net	*5*	**413,155**	270,813
Selling and marketing expenses	*4*	**(1,259,503)**	(1,045,473)
Administrative expenses	*4*	**(1,262,958)**	(1,030,663)
Net impairment losses on financial assets		**(20,850)**	(22,331)
Operating profit		**3,393,633**	3,265,688
Finance income	*6*	**160,183**	92,688
Finance costs	*6*	**(40,678)**	(10,615)
Finance income — net	*6*	**119,505**	82,073
Share of results of joint ventures and associates		**198,027**	90,013
Profit before income tax		**3,711,165**	3,437,774
Income tax expenses	*7*	**(1,356,930)**	(1,549,015)
Profit for the period		**2,354,235**	1,888,759

		Unaudited	
		Six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**2,024,099**	1,769,384
Non-controlling interests		**330,136**	119,375
Total comprehensive income for the period		**2,354,235**	1,888,759
Total comprehensive income attributable to:			
Owners of the Company		**2,024,099**	1,769,384
Non-controlling interests		**330,136**	119,375
		2,354,235	1,888,759
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted earnings per share	*8*	**1.64**	1.49

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2020 *RMB'000***	Audited 31 December 2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,205,919**	1,199,369
Investment properties		**1,772,795**	1,737,291
Right-of-use assets		**471,183**	529,632
Intangible assets		**148,839**	146,719
Properties under development		**2,947,686**	2,670,275
Investments in joint ventures		**7,857,884**	6,074,679
Investments in associates		**5,381,016**	4,685,994
Finance lease receivables		**38,690**	26,421
Deferred income tax assets		**2,757,276**	2,333,448
		22,581,288	19,403,828
Current assets			
Inventories		**67,847**	49,270
Contract assets and contract acquisition costs	*3(a)*	**1,960,818**	1,496,830
Properties under development		**140,552,697**	142,697,242
Completed properties held for sale		**8,900,551**	8,767,493
Trade and other receivables	*10*	**41,009,459**	36,205,754
Prepaid taxes		**13,025,159**	12,244,457
Financial assets at fair value through profit or loss	*11*	**1,942,954**	1,913,355
Restricted cash		**6,083,260**	7,697,191
Term deposits with initial terms of over three months		**–**	141,159
Cash and cash equivalents		**19,913,188**	19,097,265
		233,455,933	230,310,016
Total assets		**256,037,221**	249,713,844

	Note	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	*12*	**7,654,595**	9,465,989
Other reserves		**1,898,536**	1,875,120
Retained earnings		**10,332,629**	8,308,530
		19,885,760	19,649,639
Non-controlling interests		**14,803,231**	11,488,654
Total equity		**34,688,991**	31,138,293
LIABILITIES			
Non-current liabilities			
Corporate bonds		**5,910,022**	8,049,059
Bank and other borrowings		**38,694,522**	37,466,454
Lease liabilities		**129,472**	199,662
Deferred income tax liabilities		**1,376,793**	1,548,454
		46,110,809	47,263,629
Current liabilities			
Contract liabilities	*3(b)*	**93,863,011**	84,891,715
Corporate bonds		**6,056,368**	2,437,720
Bank and other borrowings		**5,451,588**	6,698,484
Lease liabilities		**61,375**	49,830
Trade and other payables	*13*	**64,340,173**	71,823,898
Current income tax liabilities		**5,464,906**	5,410,275
		175,237,421	171,311,922
Total liabilities		**221,348,230**	218,575,551
Total equity and liabilities		**256,037,221**	249,713,844

NOTES

1 BASIS OF PRESENTATION AND PREPARATION

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim financial reporting'. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2019 ("**2019 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.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of 2019 Financial Statements, except for the adoption of new and amendments to the HKFRS effective for the financial year beginning 1 January 2020.

(a) New and amended standard adopted by the Group

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

(b) New standards and amendments 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
Amendment to HKFRS 16	Covid-19 — related rent concessions	1 June 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendment to HKFRS 3	Reference to the conceptual Framework	1 January 2022
Amendment to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendment to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022
Amendment to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of these is expected to have a significant impact on the Group's accounting policies.

3 REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property development and sales	**20,533,533**	13,884,154
Property management services	**346,445**	214,469
Investment and operation of commercial properties		
— Property lease income	**26,402**	27,079
— Hotel operation	**3,360**	5,049
— Cultural-tourism project	**26,880**	64,099
	20,936,620	14,194,850

Represented by:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from property development and sales:		
— Recognised at a point in time	**15,860,755**	8,684,677
— Recognised over time	**4,672,778**	5,199,477
	20,533,533	13,884,154
Revenue from rendering of services:		
— Recognised over time	**376,685**	283,617
Revenue from other sources:		
— Property lease income	**26,402**	27,079
	20,936,620	14,194,850

Over 95% of the Group's revenue is attributable to the People's Republic of China (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 2020 ***RMB'000*** **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Contract assets related to property development and sales (i)	**1,339,786**	972,568
Contract acquisition costs (ii)	**621,032**	524,262
Total contract assets and contract acquisition costs	**1,960,818**	1,496,830

(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.

(ii) Management expects to recover the contract acquisition costs, primarily sale commissions and stamp duty paid/payable, as a result of obtaining the property sale contracts. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amount of amortisation for the six months ended 30 June 2020 were RMB151,983,000 (six months ended 30 June 2019: RMB108,517,000). There was no impairment loss in relation to the costs capitalised.

(b) Contract liabilities

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

	As at 30 June 2020 ***RMB'000*** **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Contract liabilities	**93,863,011**	84,891,715

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.

4 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	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	**15,005,235**	8,867,691
Employee benefit expenses	**955,233**	943,622
Marketing and advertising expenses	**720,511**	419,547
Write-downs of properties under development and completed properties held for sale	**253,205**	–
Amortisation of contract acquisition costs *(note 3(a))*	**151,983**	108,517
Taxes and surcharges	**155,227**	121,529
Depreciation and amortisation	**104,412**	94,103
Property management fees	**46,127**	38,240
Auditor's remuneration		
— Interim review services	**1,400**	1,400
Travelling and entertainment expenses	**42,899**	71,735
Office expenses	**22,044**	77,807
Others	**477,016**	433,453
Total	**17,935,292**	11,177,644

5 OTHER INCOME AND GAINS — NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Management and consulting service income	**185,437**	77,946
Government subsidy income	**40,929**	4,245
Compensation income	**38,809**	126,094
	265,175	208,285
Other gains — net		
Realised and unrealised gains on financial assets at fair value through profit or loss	**126,725**	56,397
Losses arising from changes in fair value of investment properties	**(3,641)**	(813)
Losses on disposal of a joint venture	**(5,812)**	–
(Losses)/gains on disposal of property, plant and equipment, investment properties and intangible assets	**(114)**	155
Net foreign exchange gains/(losses)	**16,833**	(7,940)
Others	**13,989**	14,729
	147,980	62,528
Other income and gains — net	**413,155**	270,813

6 FINANCE INCOME — NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
— Interest expenses		
— Bank and other borrowings	**(1,264,210)**	(1,407,884)
— Corporate bonds	**(353,958)**	(272,566)
— Lease liabilities	**(6,276)**	(7,647)
	(1,624,444)	(1,688,097)
Less:		
— Capitalised interest	**1,624,444**	1,688,097
— Net foreign exchange losses on financing activities	**(40,678)**	(10,615)
	(40,678)	(10,615)
Finance income		
— Interest income	**160,183**	92,688
Finance income — net	**119,505**	82,073

7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
— Corporate income tax	**1,323,494**	1,214,511
— PRC land appreciation tax ("**LAT**")	**648,664**	948,954
	1,972,158	2,163,465
Deferred income tax		
— Corporate income tax	**(615,228)**	(614,450)
	1,356,930	1,549,015

Note:

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2020 is 37%, compared to 45% for the six months ended 30 June 2019. The tax rate was lower in 2020 due to the decrease in LAT expense as a result of the drop in gross profit margin.

As at 30 June 2020, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB10,817,782,000 (31 December 2019: RMB8,734,814,000). 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.

8 EARNINGS PER SHARE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000):	**2,024,099**	1,769,384
Weighted average number of ordinary shares in issue (thousands)	**1,230,567**	1,190,567
Earnings per share — Basic (RMB per share)	**1.64**	1.49

The Company had no dilutive potential shares in issue during the six months ended 30 June 2020 and 2019, thus the diluted earnings per share equalled the basic earnings per share.

9 DIVIDENDS

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Included in current assets:		
Trade receivables — net *(note (a))*	**1,175,783**	1,203,717
Other receivables — net	**31,537,482**	30,431,785
Prepayments for land use rights	**7,072,648**	3,744,866
Other prepayments	**1,223,546**	825,386
	41,009,459	36,205,754

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables approximated their carrying amounts.

(a) Details of trade receivables are as follows:

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Trade receivables — related parties	**202,678**	144,646
Trade receivables — third parties	**1,004,192**	1,092,990
Less: allowance for impairment	**(31,087)**	(33,919)
Trade receivables — net	**1,175,783**	1,203,717

Aging analysis of the gross trade receivables based on invoice date at the balance sheet date are as follows:

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 90 days	**752,554**	924,707
Over 90 days and within 180 days	**67,341**	47,711
Over 180 days and within 365 days	**118,810**	15,641
Over 365 days	**268,165**	249,577
	1,206,870	1,237,636

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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the six months ended 30 June 2020, reversal of RMB2,832,000 (six months ended 30 June 2019: provision of RMB9,283,000) were made against the gross amount of trade receivables.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Investments in wealth management products *(note (a))*	**1,730,730**	992,700
Investments in asset management schemes *(note (a))*	**101,000**	786,475
Investments in listed equity security	**37,074**	61,304
Others	**74,150**	72,876
	1,942,954	1,913,355

(a) Investments in wealth management products and asset management schemes mainly represented investments in certain financial instruments issued by commercial banks and other financial institutions which had no guaranteed returns. The fair values of these investments were determined based on the statements provided by the counter parties. The ranges of return rates of these investments as at 30 June 2020 were 1.30% to 5.22% (31 December 2019: 0.30% to 5.22%).

12 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 2018 and 1 January 2019		1,190,567,000	1,190,567	1,005,366	7,781,713	8,787,079
Placing of shares		40,000,000	40,000	35,943	642,967	678,910
At 31 December 2019 and 1 January 2020		1,230,567,000	1,230,567	1,041,309	8,424,680	9,465,989
Dividends declared to shareholders	*(a)*	–	–	–	(1,811,394)	(1,811,394)
At 30 June 2020		1,230,567,000	1,230,567	1,041,309	6,613,286	7,654,595

(a) On 30 March 2020, the board of directors of the Company recommended the payment of a final dividend of HK$1.60 per share for the year ended 31 December 2019 (2018: HK$1.2253 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 29 May 2020.

13 TRADE AND OTHER PAYABLES

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(note (a))*	**28,398,681**	32,477,765
— related parties	**50,491**	22,793
— third parties	**28,348,190**	32,454,972
Amounts due to related parties	**12,368,554**	10,554,551
Amounts due to non-controlling interests	**9,334,177**	17,196,319
Outstanding acquisition considerations payable	**1,766,171**	1,867,489
Deposit payables	**2,169,788**	1,624,857
Accrued expenses	**854,158**	592,301
Salaries payable	**680,684**	1,114,310
Interests payable	**442,193**	713,068
Other taxes payable	**5,092,028**	4,396,479
Dividends payable to shareholders	**1,811,394**	–
Other payables	**1,422,345**	1,286,759
	64,340,173	71,823,898

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

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**14,740,260**	25,668,865
Over 90 days and within 365 days	**13,204,585**	6,033,564
Over 365 days	**453,836**	775,336
	28,398,681	32,477,765

The Group's trade and other payables as at 30 June 2020 and 31 December 2019 are denominated in RMB.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW FOR THE FIRST HALF OF 2020

Interim Results

During the Reporting Period, the outbreak of COVID-19 (the "**Epidemic**") posed a head-on collision to the macro economy and real estate industry. The Group achieved steady operation on the basis of scale layout. With the external environment full of uncertainties and industry competition entering into a deep-water zone, the Group had to concentrate more on building operational quality and its own core competitiveness, firmly adhering to city expansion through penetration and city upgrades, optimising the urban layout structure, accurately controlling the pace of development, strictly controlling asset quality, strengthening the value of its products and services, and building the business evaluation system with ROIC (return on invested capital) at the core, and the effects of our quality growth were starting to show.

During the Reporting Period, the Group achieved performance growth bucking the trend and maintained steady increase in profits, and continued to lower leverage, resulting in an upgrading of its comprehensive capabilities. The Group's revenue amounted to RMB20,936.62 million, representing an increase of 47.5% as compared to the corresponding period of 2019; gross profit amounted to RMB5,523.79 million, representing an increase of 8.5% as compared to the corresponding period of 2019. During the Reporting Period, the core net profit of the Group amounted to RMB2,356.97 million, representing an increase of 24.7% as compared to the corresponding period of 2019. As at 30 June 2020, the gearing ratio was 86.8%, representing a decline of 2.2% as compared to the end of 2019.

Business Review for the Reporting Period

(I) Review of the Real Estate Industry

The Chinese government continued to adhere to "housing is not for speculation" and housing regulations varying by city was more practical. With the emphasis on requiring local governments to shoulder primary responsibility and achieving the goal of stabilising land prices, housing prices, and meeting public expectations, local governments still adhered to the bottom line of policies such as lending curbs and purchase restrictions. Nonetheless, the housing policy became more viable following relaxing of residency policy and issuing of housing purchase subsidies.

The industry's V-shaped reversal had strong resilience and urban differentiation was obvious. The Epidemic caused a greater impact on the real estate market, but after the Epidemic eased, there was a rapid release of the backlog of housing demand. Real estate transactions helped the market recovery from both ends of supply and demand, though there was an intensification of the differentiation between cities. Tier-one, core tier-two and tier-three cities assumed a relatively rapid recovery, while weak tier-two and vast tier-three and tier-four cities came under significant pressure.

The real estate financing policy remained stable and the overall financing interest rate dropped. The central bank continued to use active monetary policy to maintain reasonable and sufficient liquidity. In the first half of the year, the onshore financial environment was marginally loose, and the overall financing interest rate had dropped.

As premium plots entered the market in a concentrated manner, the land auction market was in high demand. Under the loose monetary policy, the capital position of some real estate companies improved. This combined with premium plots in hot-spot cities entering the market in a concentrated manner, caused real estate companies to become quite enthusiastic about acquiring land.

(II) Sales Performance

Sales grew against the trend. The Group took the initiative to expand its customer base, and marketing through multiple routes by combining online and offline channels, using scientific method to arrange prompt product supply, and aggressively achieving greater performance, thereby offsetting the impact of the Epidemic on the Group's sales in the first quarter. During the Reporting Period, the contracted sales of the Group and its joint ventures and associates reached approximately RMB48.20 billion, bucking the trend and representing an increase of 2.1% as compared to the corresponding period of 2019, with the ranking increasing by 3 places (data source: CRIC's List of Top 200 Chinese Real Estate Companies by Sales for the first half of 2020); also the contracted sales area reached approximately 4.379 million square metres. Benefiting from the entry of projects in higher-tiered cities and the rapid increase in product capabilities, the average selling price achieved RMB11,008 per square metre, representing an increase of 5.6% as compared to the corresponding period of 2019.

The Yangtze River Delta region posted strong sales growth. In the Yangtze River Delta region, the real estate industry recovered rapidly due to its vast economic hinterland and large market capacity. The Group reaped the returns from its forward-looking layout in the Yangtze River Delta region. During the Reporting Period, the Group's contracted sales in the Yangtze River Delta region was RMB22.41 billion, representing an increase of 37.2% as compared to the corresponding period of 2019.

Dividends from city expansion through penetration were reaped. During the Reporting Period, cities with deep penetration had increasingly contributed to the Group's results. For example, we have penetrated into cities such as Xuzhou and Handan for the past 10 years, which had achieved good sales results in the first half of the year. The customer reputation accumulated over the years had increased the brand premium.

Results from city upgrade strategies were showing. During the Reporting Period, projects in newly-included higher-tiered cities had entered the market one after another, gaining market favourability. Benefiting from the strategy of city upgrades in recent years, the proportion of contribution of results from newly-included higher-tiered cities such as Hangzhou and Dongguan increased during the Reporting Period, with tier-one/strong tier-two cities accounting for 29%, and tier-two cities accounting for 43%.

(III) Business Layout

During the Reporting Period, the Group responded to market changes, continued to implement the strategies of regional expansion through penetration and city upgrades, adhered to the strategies of determining production and investment based on sales figures, so as to make remarkable achievements in structural adjustment of land reserves and achieve a more rational land reserve layout. As at 30 June 2020, the total gross floor area ("**GFA**") of the Group's land reserves* reached 54.31 million square metres, comprising 295 property development projects, covering 61 cities in 18 provincial-level administrative divisions across China.

(IV) Financial Performance

During the Reporting Period, the Group had continuously reduced its financing costs and improved its rating, actively reduced leverage and improved the efficiency of its financial management, thereby providing sufficient financial support for the Group's steady development.

Financing costs hit a record low, and financing competitiveness was strengthened. During the Reporting Period, Midea Real Estate Group Limited (美的置業集團有限公司) ("**Midea Real Estate Group**"), a major subsidiary of the Group gained an AAA rating as assessed by United Credit Ratings Co., Ltd., the second AAA rating acquired by Midea Real Estate Group. During the Reporting Period, the weighted average effective interest rate of the Group's total borrowings further decreased to 5.52%, of which the weighted average effective interest rate of new borrowings was 5.18%. Midea Real Estate Group seized the window of opportunity in the first half of the year and successfully issued corporate bonds with a coupon rate as low as 4.0%, representing a decrease of 120 basis points as compared to the previous issuance, and setting a record low of the Group's corporate bonds' coupon rate.

Financial resources were ample, and leverage level was further reduced. As at 30 June 2020, the Group had total cash and bank deposits of RMB25,996.45 million, and unused credit facilities from banks of RMB87,410.00 million. As at 30 June 2020, the Group's gearing ratio was 86.8%, representing a decrease of approximately 2.2% from the end of 2019.

(V) Operational Measures

Starting off the new year, the Group continued to inherit and uphold Midea's manufacturing DNA. Through a series of measures, such as precise investment, refined management, lean operations, product capabilities upgrades, "two secondary business lines" (兩翼) industry empowerment, etc., the Group's operational efficiency, capabilities in products, service and marketing were all effectively improved, which strengthened the model of steady and high-quality growth.

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

Precise investments and insistence on city expansion through penetration and upgrades. The Group continued to gain further penetration in cities that are in line with its deep penetration strategy and possess development potential, thus obtaining higher brand premiums and profit realisation. During the Reporting Period, the proportion of newly acquired land reserves which were located in tier-two or above cities reached 85%, which strengthened the results of the Group's strategy of city upgrades, improved the production capacity of a single city, reasonably controlled the total number of cities, and acquired suitable land at the right time, thus maintaining appropriate land reserves.

Lean productions and optimisation of operational leverage. Through standardised management action, dynamic balance management of supply, inventory and sales and effective coordination between large-scale operations and large-scale production were achieved. As production was determined by sales, we supplied our products effectively through planning management, and controlled our inventory to sales ratio within a healthy range. We established a full-caliber planning management system to accurately track the commencement, supply, revenue recognition and delivery status of buildings, and to raise rectification warnings on a timely basis. Inefficient management is reduced and ineffective management is eliminated. Cost adaptation is implemented and the concept of controlling ineffective costs is thoroughly implemented.

Digitisation empowered the entire operation process, effectively enabling refined management. On the basis of progressive achievements, we will continue to speed up digitisation throughout the entire business process, enable management data to be made available online and digitisation of the entire budget, the cost management of the entire cycle of project development and real-time integration of business and finance, and one-stop bidding and purchasing business management and services, etc. The online sales centre was firstly launched during the Epidemic, generating almost RMB10 billion in online sales in the first half of the year. The Epidemic management function was rapidly launched to ensure the safety of 80,000 workers back to work and production.

"5M Smart Health Community" maintained leading advantage, improved capabilities in products and services. The Group launched the first AI smart community in association with Alibaba Cloud Computing Co., Ltd., and the Smart Home standard was updated and iterated to version 4.1 from version 4.0 in 2019. As at 30 June 2020, approximately 40,000 sets of Smart Home were delivered in total. Based on sufficient customer research, the Group cooperated with the Architectural Design and Research Institute of Tsinghua University and Antao Design Group to carry out innovative technological research and launched the Midea Healthy Habitat Plan with eight health scenarios to build new lifestyles for future communities. We have completed the integration of our customer relationship system which enhanced and improved our service capabilities.

The accelerated development of the "two secondary business lines" (两翼) industry. The strategy of carrying out independent research and development together with ecological construction was adopted for intelligent industrialisation and building industrialisation, and the AI smart system of residences in the community was successfully developed. The full implementation of Artificial Intelligence of Things (AIoT) and complete coverage of scenarios in smart dwellings were achieved, and the smart hardware and software ecosystems were improved. The industry and product research institute was established and two factories in the prefabricated industry were put into production to expedite the layout of the ecosystem of prefabricated interior decoration.

BUSINESS OUTLOOK FOR THE SECOND HALF OF 2020

Market Outlook

In the second half of the year, "housing is not for speculation" remains to be the motto, and there is limited space for marginal relaxation. The real estate work forum organised by the central government stressed once again that "housing is not for speculation", and several cities introduced tightening policies on regulation of the real estate market. Under the long-term management mechanism of "implementation of policies according to the city", the local policies on the real estate market are more stable, and the market will continue to maintain stable operational momentum.

Industrial business development will face upgrading, new space will need to be found for city constructions and real estate development. The shortage of land supply in core cities will lead to an upsurge of urban renewals, driving the industry to an era of intensive cultivation of stock. The differentiation of city potential will drive the resources of real estate enterprises to flow towards mainstream cities. The product capitalisation of high-quality projects can be realised to obtain value-added profits only by entering the mainstream market.

Development Strategy and Outlook

The year of 2020 is a year of strategic consolidation of the Group. We will firmly and thoroughly implement operational measures, combined with the opportunity from the increased demands for residential quality in the post-Epidemic era, to strengthen the sorting of our internal business and market research and assessment. We will pursue quality growth as our target, guided by our cash flow and profit, consider customers to be our focus, using our products and services as the basis for competition, and digitalisation as a means, to achieve improvement of quality and efficiency and comprehensively upgrade and maintain our competitiveness.

In the second half of 2020, the Group will study and assess market changes thoroughly, set its investment pace reasonably, comprehensively consider conducting land acquisitions based on the combination of industry cycle, city cycle, city inventory and sustainable development capabilities, and strengthen its efforts to acquire lands for urban renewal projects, to create the competitiveness for city expansion through penetration.

Comprehensively push forward digitalised operations to realise lean management. Digitalisation methods will cover the entire property development process and comprehensive online monitoring will be guided by "profit" and "cash flow" to establish a closed-loop management system based on operating indicators for reserves, construction, supply, sales and inventory.

Build a security system and create system-wide precision quality. Through implementation of standardised management of projects, strategic centralised procurement from suppliers, intelligentisation and informatisation of management tools, and six third-party evaluation systems, a steady increase in our construction quality to produce exceptional products can be achieved.

Focus on intelligence and health, and strengthen the core competitiveness of products. Push forward product upgrades through the dual-dimensional empowerment of intelligence and health. We will emphasise on investments in smart research and development projects, straighten out management mechanism of M-Smart, put "trendy and popular products" forward according to customers, lifestyle and experience, focus on innovative technologies, reshape the "5M Smart Health Community", and continuously strengthen the core competitiveness of our products.

Focus on service quality and realise the continuous offering of value to customers. We will continue to push forward the upgrading of the integration of our customer relationship system, pay attention to our customer's living experience over the full life cycle, create a smart and healthy lifestyle that can be delivered, return and focus on community services and continue to improve customer satisfaction to realise continuous offering of value to customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the Reporting Period, the Group recorded a revenue of RMB20,936.62 million (the corresponding period of 2019: RMB14,194.85 million), representing an increase of 47.5% as compared to the corresponding period of 2019. Operating profit amounted to RMB3,393.63 million (the corresponding period of 2019: RMB3,265.69 million), representing an increase of 3.9% as compared to the corresponding period of 2019. Profit for the Reporting Period amounted to RMB2,354.24 million (the corresponding period of 2019: RMB1,888.76 million), representing an increase of 24.6% as compared to the corresponding period of 2019. Core net profit for the Reporting Period increased by 24.7% to RMB2,356.97 million (the corresponding period of 2019: RMB1,889.37 million). Profit attributable to owners of the Company reached RMB2,024.10 million (the corresponding period of 2019: RMB1,769.38 million), representing an increase of 14.4% as compared to the corresponding period of 2019. Basic and diluted earnings per share reached RMB1.64 (the corresponding period of 2019: RMB1.49).

Land Reserves

During the Reporting Period, the Group and its joint ventures and associates recorded contracted sales of approximately RMB48.20 billion and contracted sales GFA of approximately 4.379 million square metres. Specifically, the Yangtze River Delta, the Pearl River Delta and other regions accounted for 46.5%, 14.6% and 38.9% of the Group's contracted sales respectively, reflecting the strong operating capabilities of the Group which focuses on the most economically prosperous and dynamic areas in China — the Yangtze River Delta and the Pearl River Delta, while building presence in the Midstream of Yangtze River, North China and Southwest regions, which have growth potential and sustained population inflow.

During the Reporting Period, the Group strategically replenished its land reserves according to market conditions. We continued to expand towards the central cities and key tier-one and tier-two cities. The total GFA of the newly acquired land reserves* amounted to 3.99 million square metres, and newly-developed markets included Wenzhou and Luoyang.

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

As at 30 June 2020, the Group had a total of 295 property development projects and 67 of these projects were participated through joint ventures and associates, covering 61 cities in 18 provincial-level administrative divisions across China, and had a total GFA of land reserves of 54.31 million square metres.

FINANCIAL REVIEW

Revenue

Property Development and Sales

During the Reporting Period, the Group's recognised revenue from property development and sales increased by 47.9% to RMB20,533.53 million from RMB13,884.15 million in the corresponding period of 2019, primarily due to the increase in the total GFA recognised. Total GFA recognised amounted to 2.3683 million square metres, representing an increase of 52.8% from 1.5500 million square metres in the corresponding period of 2019.

Property Management Services

During the Reporting Period, the Group's revenue derived from property management services increased by 61.5% to RMB346.45 million from RMB214.47 million in the corresponding period of 2019, 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 decreased by 41.1% to RMB56.64 million from RMB96.23 million in the corresponding period of 2019. The decrease was due to the impact of the Epidemic on the cultural-tourism projects.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from the property development activities, the provision of property management services and other businesses. During the Reporting Period, the Group's cost of sales increased by 69.3% to RMB15,412.83 million from RMB9,101.51 million in the corresponding period of 2019, primarily due to the increase in recognised GFA of 52.8% to 2.3683 million square metres from the corresponding period of 2019.

Gross Profit

During the Reporting Period, the Group's gross profit increased by 8.5% to RMB5,523.79 million from RMB5,093.34 million in the corresponding period of 2019. The increase in gross profit was primarily driven by the increase in sales revenue.

Other Income and Gains — Net

During the Reporting Period, the Group's other income and gains — net increased by 52.6% to RMB413.16 million from RMB270.81 million in the corresponding period of 2019. The Group's other income and gains primarily consists of management and consulting service income, realised and unrealised gains on financial assets at fair value through profit or loss, government subsidy income, compensation income, etc.

Selling and Marketing Expenses

During the Reporting Period, the Group's selling and marketing expenses increased by 20.5% to RMB1,259.50 million from RMB1,045.47 million in the corresponding period of 2019, primarily due to the increase of marketing and advertising to promote sales in response to the poor market conditions caused by Epidemic.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses increased by 22.5% to RMB1,262.96 million from RMB1,030.66 million in the corresponding period of 2019, primarily due to the increase in staff costs caused by the continuing expansion of the Group's property development business, and impairment provision for those property development projects subject to impairment risks.

Finance Income — Net

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

During the Reporting Period, the Group's net finance income recorded a net gain of RMB119.51 million as compared with RMB82.07 million in the corresponding period of 2019, representing an increase of 45.6%, primarily due to an increase in interest income from RMB92.69 million in the corresponding period of 2019 to RMB160.18 million during the Reporting Period.

Profit Attributable to Owners of the Company

During the Reporting Period, profit attributable to owners of the Company increased by 14.4% to RMB2,024.10 million from RMB1,769.38 million in the corresponding period of 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB25,996.45 million as at 30 June 2020 (31 December 2019: RMB26,935.62 million), including RMB19,913.19 million in cash and cash equivalents (31 December 2019: RMB19,097.27 million), nil in term deposits with initial terms of over three months (31 December 2019: RMB141.16 million) and RMB6,083.26 million in restricted cash (31 December 2019: RMB7,697.19 million). Several property development companies of the Group are required to deposit certain amounts of pre-sale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 30 June 2020, the Group's unused credit facilities from banks were RMB87,410.00 million.

Borrowings and Gearing Ratio

As at 30 June 2020, the Group's total borrowings amounted to RMB56,112.50 million. Bank and other borrowings, and corporate bonds were RMB44,146.11 million and RMB11,966.39 million, respectively. As at 30 June 2020, the gearing ratio was 86.8% (31 December 2019: 89.0%). The gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings were calculated as total amount of borrowings less cash and cash equivalents, term deposits with initial terms of over three months and restricted cash.

Borrowing Cost

During the Reporting Period, the total borrowing costs of the Group amounted to RMB1,624.44 million, representing a decrease of RMB63.66 million from RMB1,688.10 million for the corresponding period of 2019, mainly due to the decrease of weighted average effective interest of the Group's total borrowings during the Reporting Period to 5.52% from 5.95% in the same period of last year.

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 30 June 2020, the value of the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB70,465.42 million (31 December 2019: RMB62,687.03 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 30 June 2020, the value of the Group's guarantee for the loans of joint ventures and associates amounted to RMB9,547.39 million (31 December 2019: RMB6,991.18 million).

Interest Rate Risk

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

Currency Risk

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

Legal Contingencies

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

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

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

CHANGES SINCE 31 DECEMBER 2019

Save as disclosed in this announcement, 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 2019.

SUBSEQUENT EVENTS

On 14 July 2020, Midea Real Estate Group publicly issued the third tranche of domestic corporate bonds in an aggregate sum of RMB1 billion to qualified investors in China with a coupon rate of 4.10% per annum for a term of 4 years or 4.18% per annum for a term of 5 years, which will mature in July 2024 and July 2025 respectively (the "**2020 Public Issuance of Domestic Corporate Bonds (Third Tranche)**"). Midea Real Estate Group has an option to adjust the coupon rate at the end of (in the case of the 4-year corporate bonds) the second year or (in the case of the 5-year corporate bonds) the third year, and investors are entitled to sell back. For further details about the 2020 Public Issuance of Domestic Corporate Bonds (Third Tranche), please refer to the Company's announcements dated 9 July 2020 and 13 July 2020.

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 dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD1,050 million and USD60 million respectively, which may be subsequently increased up to HKD1,170 million or its US dollars equivalent (exclusive of the said initial amount) (the "**Loan(s)**"). The final repayment date of the Loan(s) shall be the date falling 36 months after the first withdrawal date.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

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

As at 30 June 2020, an analysis of the utilisation of IPO proceeds of the Company is as follows:

	Original allocation of IPO proceeds (including the exercise of the over-allotment option) *RMB million*	**Utilised IPO proceeds as at 30 June 2020** *RMB million*	**Unutilised IPO proceeds as at 30 June 2020** *RMB million*	**Expected timeline for the use of unutilised IPO proceeds**
Land acquisition or mergers and acquisitions to increase land reserves	1,950.81	749.09	1,201.72 (Note 1)	On or before 31 December 2020
Land acquisition and construction for prefabricated construction projects	418.03	418.03	–	–
Research and development of Smart Home solutions	139.34	139.34	–	–
General working capital	278.69	278.69	–	–
Total	2,786.87	1,585.15	1,201.72	

Note:

1. The outbreak of the novel coronavirus has affected the business and economic activities of the Group in the first half of 2020 to some extent. The Company predicts that the real estate market of core cities is expected to rebound in the second half of 2020 and has been constantly evaluating targets and potential opportunities for expanding its land reserves through the public land auction market in Changzhou (常州), Wuxi (無錫) and Jiujiang (九江), the PRC with potential investments in an estimated aggregate sum of RMB1,534.42 million to be funded by the unutilised IPO proceeds and other funding resources of the Group in the third quarter of 2020. It is also expected that an estimated aggregate sum of RMB488.22 million will be used for development in Yangzhou (揚州) and Xuzhou (徐州), the PRC in the fourth quarter of 2020. However, the implementation of these projects may vary due to the high competition in the auction or the demand on the local real estate market.

The Company intends to apply the remaining proceeds in the manner set out in the Company's prospectus dated 28 September 2018. Nonetheless, the Board will constantly evaluate the Group's business objectives and may change or modify the plans against changing market conditions as necessary and will make the necessary announcement(s) in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") where appropriate.

HUMAN RESOURCES

As at 30 June 2020, the Group had employed approximately 14,200 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.

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 2020.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company had 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 six months ended 30 June 2020.

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 objectives, directions and policies laid down by the Board.

According to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2020, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision A.2.1 of the CG Code. Given Mr. Hao has considerable experience in the PRC real estate industry and the business operations of the Group, and is familiar with Midea's operations and management core values, the Board believes that vesting both roles of chairman and president in Mr. Hao facilitates the execution of the Group's long-term strategic aims and achieving its operations and business objectives, thereby maximising the effectiveness of the Group's operations.

The Board believes that this structure is in the best interest of the Company, and that this situation will not impair the balance of power and authority between the Board and the management of the Company because the Board comprises nine experienced and high-calibre individuals with demonstrated integrity, of which three are independent non-executive Directors. Further, decisions of the Board are collectively made by way of majority voting. The Board will nevertheless review the effectiveness of this structure from time to time.

REVIEW OF THE INTERIM 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 unaudited interim results of the Group for the six months ended 30 June 2020, including the accounting principles and practices 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 2020 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (for the corresponding period of 2019: Nil).

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM 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 2020 interim 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, 20 August 2020

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.