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Environmental, Social and Governance

2020

Environmental, Social and Governance Report

SMART LIFE
GROWS
TOGETHER

智 慧 生 活
共 生 長

About This Report

Scope of Report

This report is the third Environmental, Social and Governance ("**ESG**") report sincerely produced by Midea Real Estate Holding Limited (the "**Company**"). On the basis of previous environmental, social and governance reports, the Company will further disclose the environmental, social and governance vision, strategies and practices of the Company and its subsidiaries from 1 January 2020 to 31 December 2020 (the "**reporting period**") in a comprehensive and objective manner for stakeholders to have a better understanding of the Company' s sustainability performance. Unless otherwise specified, the scope of this report is consistent with that of the 2020 annual report of the Company.

Basis of Compilation

This report is compiled in accordance with Appendix 27 of "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The detailed content index of the ESG Guide is set forth in the last section of this report for quick reference.

Source of Data

This report follows the principles of materiality, quantitative, balance and consistency required by the ESG Guide. All case studies and data cited in this report come from Midea Real Estate' s internal statistical statements, relevant documents, and public information. The Company states that this report is free from any false records or misleading statements, and may be held responsible for the truthfulness, accuracy and integrity of the contents. Unless otherwise specified, the amounts in this report are denominated in RMB.

Appellation Statement

For the convenience of expression and reading, the terms "**Midea Real Estate**", the "**Group**", "**we/us**" in this report refer to Midea Real Estate Holding Limited and its subsidiaries.

Approval of Report

In accordance with the principle of materiality set forth in the Environmental, Social, and Governance Reporting Guide, this report was considered and approved by the board of directors of the Company to be released on 7 July 2021.

Acquisition of Report

The report includes both Traditional Chinese and English versions. An electronic version of this report is available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) or the Company' s official website (www.mideadc.com).

Feedback

If you have any question or feedback on this report and its content, please contact us by the following means:

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About Us

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Company Profile

Midea Real Estate Holding Limited (Stock Code: 3990.HK), listed on the Stock Exchange on 11 October 2018, ranks 24th in listed real estate companies in China, and is one of the Top 100 private enterprises in Guangdong Province, and a leading smart property manufacturer. The Company has been included in the constituent of 7 indexes, including the Hang Seng Stock Connect Hong Kong Index, and is widely recognised by all sectors of society. Founded in 2004, the Group has been focusing on property development and service and guided by its development goal of smart property manufacturer and aims to create a better lifestyle by building "5M Smart Health Community" through intelligent, industrialised and digitised high-quality construction and services. As of 31 December 2020, we launched 321 premium projects in 63 cities in 5 core economic regions, including the Pearl River Delta Economic Region ("**Pearl River Delta**"), the Yangtze River Delta Economic Region, the Midstream Yangtze River Economic Region the North China Region ("**North China**"), and the Southwest Economic Region ("**Southwest**"). We have established a presence in Shanghai, Guangzhou, Tianjin, Chongqing, Zhengzhou, Wuhan and other central cities in China. The annual recorded contract sales were up to RMB100 billion, with the growth rate among the fastest in the industry, elevating its development to a new level.



Coordinated and Diversified Development

In 2020, Midea Real Estate upgraded its strategy of having "one principal and two secondary business lines" to that with "four major business lines" for a combination of competitive strengths in residential property development, mega services, industry development and commercial operations, in an attempt to achieve coordinated and diversified development.

Residential Property Development

We centre around quality and health to build high-quality smart homes for customers

Guided by the strategy of "smart property", Midea Real Estate continues to upgrade the developed "5M Smart Health Community" product system in residential property development. We developed four benchmark residence brands of "City Mansion, Royal Orchid, Cloud Mansion, and Future Town" for one-stop smart living connecting community and family to meet customers' underlying needs for a smart living experience and high-quality life.

Mega Services

We focus on city demands to provide high-quality services for communities and cities

Midea Real Estate implements the concept of "mega service" and resolutely carries out the "1+N" strategy. With its AI smart service capability, the Company continuously extends our service chain and scope to create an urban space service ecosystem. Taking property service as its principal business, Midea Real Estate constantly improves pre-sales services such as referral and entrusted construction, sales services such as venues and brokerage of remaining units, and community ancillary services such as finance, leasing, media and community senior care. The Company also explores new services such as industrial parks, wellness and cultural tourism, and urban public space.

Industry Development

We are committed to smart manufacturing and building industrialisation, leading the green and low-carbon trend

Driven by the independent R&D capacity of the Smart Life Research Institute and Industrial Product Research Institute, Remac industry attempts to build a smart living industry centred on Remac Smart Technology Co., Ltd. and an eco-friendly prefabricated industry centred on Remac Housing Industrialisation Technology Co., Ltd. and Ruizhu Youka Technology Co., Ltd. , and to develop comprehensive service capacity covering the whole chain from the phases of R&D, design, production, sales, construction, operational maintenance, and city-industry development and operation by integrating the two industrial functions of Remac Tianyuan Design Co., Ltd. and City-Industry Integration Company. We are committed to becoming a provider of green and smart living solutions.

Commercial Operations

We create an innovative and interactive urban living experience

Adhering to the parallel development strategy of "urban complex + community centre", Midea Real Estate has launched three product lines (Shopping Mall, Community Neighborhood Commerce and Long-term Rental Apartment) and four proprietary brands "fun series", "future series", "dream series" and "time series" to deliver an interactive urban living experience to customers and revitalise the development of urban life.

Responsibilities in 2020

Operating Performance

		Performance in 2020	Improvement from 2019
Financial Performance	Total Assets	283,754.5 million	Up by 13.6%
	Total Equity	40,219.4 million	Up by 29.2%
	Revenue	52,483.6 million	Up by 27.6%
	Profit for the year	4,825.5 million	Up by 11.5%
	Profit Attributable to Owners of the Company	4,326.5 million	Up by 0.5%
Product Service	Number of Cities Covered by Business Operations	63 cities	Up by 6.8%
	Land Reserves	53.98 million m ²	Up by 2.6%
	Area of New Process Applications	6.58 million m ²	Down by 8.2%
	Number of Smart Community Constructions	345 projects	/
	Smart Home Projects Delivered	Nearly 70,000 projects	/
	Customer Satisfaction	82 points	Up by 4 points
Capital Market	Included in the constituent of the Hang Seng Large-Mid Cap (Investable) Index, the Hang Seng Stock Connect Hong Kong Index, the Hang Seng Stock Connect Hong Kong Mid Cap & Small Cap Index, the Hang Seng SCHK Mainland China Companies Index, the Hang Seng Large-Mid Cap Momentum Tilt Index, the Hang Seng SCHK ex-AH Companies Index, and the Hang Seng Large-Mid Cap Momentum 50 Index		

Social Performance

		Performance in 2020	Improvement from 2019
Compliant Employment	Total Workforce	15,252 employees	Up by 5.8%
	Labour Contract Signing Rate	100%	Flat
	Social Insurance Coverage Rate	100%	Flat
Safety and Health	Employee Physical Examination Coverage Rate	100%	Flat
	Number of Work Safety Training Sessions	1,548 sessions	Up by 74.9%
Development and Training	The Percentage of Employees Trained	100%	Flat
Employee Care	Donations to Financially-stricken Employees	247,260	Down by 2.7%
Democratic Management	Employee Satisfaction Rate	99%	Flat
Charity	Total Public Welfare Investment	4,173,900	Down by 29.0%
	Total Donations to Fight against Coronavirus Pandemic	19,139,700	Up by 3.5%

Environmental Performance

		Performance in 2020	Improvement from 2019
Energy Conservation and Emission Reduction	Cumulative Certified Green Building Area	18,732,500 m ²	Up by 11.8%
	Intensity of Total Carbon Dioxide Emissions	0.10 ton/million of revenue	Down by 33.3%
	Intensity of Energy Consumption	0.13MWh/million of revenue	Down by 38.1%
	Intensity of Water Consumption	0.94 m ³ /million of revenue	Down by 66.5%

Honours in 2020

	Honours	Honoured by
Business Achievements	Ranked 214th among Top 500 Chinese Private Enterprises, and 67th among Top 100 Chinese Private Enterprises in Service Industry in 2020	All-China Federation of Industry and Commerce
	Top 10 Chinese Real Estate Developers by Sound Operations in 2020	China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre
	Top 50 Chinese Real Estate Developers in 2020	China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre
	Top 30 Chinese Listed Real Estate Companies by Comprehensive Strength in 2020	China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre
	Top 30 Chinese Listed Real Estate Companies in 2020	Guandian Index Academy
	Ranked 1,264th in Forbes' 2020 Global 2,000 list	Forbes
	Ranked 32nd among Top 100 Guangdong Private Enterprises in 2020	Guangdong Federation of Industry and Commerce
Investment Value and Growth Potential	Top 10 Listed Real Estate Companies by Operating Capabilities in 2020	China Securities Market Research and Design Centre, Hexun Finance China Association
	The Fifth Financial "Golden Sail Award"--2020 Excellent Growth Value Award	Southern Finance Omnimedia Corp.
	Top 5 Chinese Listed Real Estate Companies by Capital Operation in 2020	China Real Estate Association, Shanghai E-house China R&D Institute, China Real Estate Appraisal Centre
Smart Real Estate/ Innovation	China Real Estate Golden Brick Award--2020 Leading Smart Real Estate Company	21st Century Business Herald
	Top 20 Chinese Real Estate Companies by Digital Power in 2020	E-House' s CRIC, National Real Estate CIO Alliance
	The service case of Guangdong Tianyuan Architectural Design Co., Ltd. won the "Special Award" of Commercial Complex Category in the 11th "Innovation Cup" Building Information Model (BIM) Application Competition	China Engineering & Consulting Association Autodesk Software (China) Co., Ltd.
	Foshan Midea Elite Residence received the designation of "2020 China Real Estate Digital Power Smart Community Benchmark Project"	E-House' s CRIC, National Real Estate CIO Alliance
	Remac Technology won the"Standard Contribution Award – Application Practice Award"	National Association of Intelligent Standards

	Honours	Honoured by
Product Strength	Ranked 27th among Chinese Real Estate Companies by Product Strength in 2020	E-House CRIC Research Centre and CRIC Wishbuild
	"Cloud Mansion" series won the Award of Top Ten Quality, Aesthetic Home Product Series in 2020	E-House CRIC Research Centre and CRIC Wishbuild
	"Royal Orchid" series was included in the Top 15 Chinese Real Estate Product Series by Brand Value and Top 10 Ingenuous and Aesthetic Real Estate Product Series by Brand Value in China in 2020	Leju Finance Research Institute
	Changzhou Midea-Shimao Cloud Villas and Changsha Midea Lu Mansion were included in the Top Ten Cost-effective Products in the first half of 2020	E-House CRIC Research Centre and CRIC Wishbuild
Service Strength	Midea Property Management received the awards of Leading Company in Residential Property Services in 2020, Leading Company in Smart Property Services in 2020, and Top 20 Branded Property Management Companies in South China	R&D Institute, China Real Estate Appraisal Centre
	Midea Property Management won the award of Top 30 Chinese Real Estate Property Management Companies by Service Satisfaction in 2020	China Real Estate Business, Fangchan.com, Zhongfang Think Tank
Social Responsibility	2020 Top Anti-COVID-19 Donors in the Real Estate Industry	Guandian Real Estate New Media
	2020 Social Poverty Alleviation Role Model	China Securities Market Research and Design Centre, Hexun Finance China Association
	CSR Competitiveness in 2020--Social Responsibility Practice Award of China Corporate Social Responsibility Evaluation	China Business Journal, China Business Future
	Real Estate Companies with Outstanding Contribution to Targeted Poverty Alleviation in 2020	Guangdong Real Estate Association
	Top 30 Chinese Green Property Developers	Investment Association of China, Globe, Institute of Standard Ranking

Statement on Responsibility

02

Statement on Responsibility

In 2020, the real estate industry in China accelerated to usher in a management-driven era featuring a new cycle, new strategies, new niche markets and a new competitive landscape. By seizing the structural opportunities from the differential development of cities and the industry, Midea Real Estate made solid achievements and achieved a high-performance growth rate. During the year, we upgraded the strategy of having "one principal and two secondary business lines" to that with "four major business lines" for a combination of competitive strengths, with an aim to establish a smart, healthy, eco-friendly, scientific and technological ecological chain for living; we conducted lean operation and strengthened the operating leverage to drive high-quality growth, focusing on our deep penetration strategy in cities; and we were among the Top 8 enterprises with eco-friendly real estate development capability in China for the first time, among the Top 10 enterprises with green operating capacity. It is one of the Top 24 listed real estate companies in China. While achieving high-quality and diversified development, Midea Real Estate has been implementing sustainable development throughout the value chain of corporate development. Focusing on improving intelligence capabilities, safety management and product quality, the acceleration of building industrialisation, and the devotion to green and low-carbon development, Midea Real Estate has empowered the better life and supported the city advancement.

Enhancing safety and leading smart manufacturing

We adhered to the bottom line of safety production and built a strong barrier to steady development. In 2020, we strengthened and stuck to our safe production management system, improved our four-level safety monitoring and control framework covering the headquarters, regions, cities, and projects, and established a veto system for safety incidents. The Smart Construction Site Project was also unfolded to consolidate safety management through digital methods, maintaining a solid and safe production line of defence. Efforts were made to comprehensively promote new technologies, materials and processes, achieving the goals of shortening the construction period, eliminating hidden quality issues, saving energy and protecting the environment.

We focused on customers' needs, and improved the production ability and the service ability. In 2020, we upgraded the value system of the four product series, and improved production ability management centred on customers and operation. The

first customer service centre of the Group was established to act as a mega service platform to deliver customer services, property services, intelligent services etc. We concentrated on refined services to build a "five beauty" service system. We constructed with sincerity and built a transparent management system of "Chengyijia" buildings for homeowners, so as to protect the quality of Midea projects.

We led the development direction of smart real estate, and ceaselessly tapped into the capabilities of development and innovation. In 2020, we actively implemented our smart real estate strategy, adhered to our development goal of "smart property manufacturer", and upgraded the product value system of "5M Smart Health Community". Business development was enabled by digital methods to create an ecological chain of whole-house smart health products. Ten community brain functions of AI communities were rolled out to unlock a new life of healthy living. In addition, we joined hands with Tsinghua University to launch Wei G Health Community, whereby the healing theory was applied in communities for the first time.

Fostering a green industry and promoting low-carbon development

We promoted the orderly establishment of prefabricated industrial bases, and supported the green and low-carbon development. In 2020, while enabling real estate development, we gave full play to our strength in manufacturing to boost the development of the prefabricated real estate industry and actively expand into a new niche market to enhance our competitive advantages. During the year, we successively completed the construction and production tasks of the prefabricated PC factories in Xuzhou, Handan and Foshan to serve 45 third-party companies. Ruizhu Youka was listed as a prefabricated industrial base in Guangdong Province.

We built green buildings and created a healthy & smart habitat environment. We imposed stringent controls on the full-lifecycle environmental management of our buildings, from design to operation. Ten new eco-friendly construction projects were initiated throughout the year, generating a new eco-friendly construction area of 1,975,400 m². Moreover, we signed the Agreement on Strategic Cooperation of Technology Research and Development in Eco-friendly and Low-carbon Industries with Tsinghua University Architectural Design and Research Institute and the State Key Laboratory of Subtropical Building Science of

South China University of Technology. We jointly founded the "Low-carbon Healthy Habitat Environment Research Centre", to devote to the research of healthy habitat, smart, eco-friendly, and low-carbon construction and other fields.

We publicised the green philosophy and fulfilled green operation. In 2020, we ceaselessly strengthened energy control, adopted measures to conserve energy and reduce emissions and upgraded energy-saving technology. We also regularly reviewed the effectiveness of energy-saving measures and established a positive incentive mechanism, advocating the eco-friendly concept during daily corporate management and actively promoting green and low-carbon development.

Improving internal growth and focusing on talent cultivation

We reshaped the management positioning, and implemented the middle-office strategy. Midea Real Estate returned to the essence of management. The lean management mindset from manufacturing was integrated into the whole process of real estate development to reshape the management positioning of the Group. A three-tier management and operation positioning was formed to make the Group an elite headquarters, a regional specialist and a leading player in urban development. The middle-office strategy was adopted to build a minimalistic and most efficient organisation model, thus achieving organisational reform and improving internal growth.

We attached great importance to talent cultivation, and boosted long-term corporate development through company-talent growth. We improved the "four-stone + rookie plan" to invigorate our core talents. We also actively organised open recruitment across society to select candidates for vacancies to optimise our talent structure through introducing external talents. By continuously improving the decision-making and assessment mechanisms, we encouraged employees to play to their strengths and build a diversified and differentiated training system.

Assuming social responsibilities and gathering the power of kindness

We supported rural revitalisation through cooperation with Shaoguan Foundation. The year 2020 is the third year for the Foundation to lay the roots in Shaoguan countryside. We continued to keep eyes on countryside education, and overcame shortcomings in educational resources by building libraries and transforming classrooms in poverty-stricken areas. We concentrated on improving living conditions in rural areas and created the "Hemei Home Plan". Based on the plans, we reconstructed 6 houses and renovated 13 houses. We also launched renovation and upgrade projects for old residential buildings in Jiluo Village, Jinyang County, during the same year. We focused on the construction of rural water projects

to ensure the safety of drinking water for residents, benefiting 58,500 villagers in 22 administrative villages. We contributed to the renovation of public spaces in rural areas and supported recreational activities in rural communities. We renovated 56 courtyards and carried out 30 recreational activities in total. We leveraged our own resource advantages, contributing to the rural economic development through industrial poverty-alleviation means such as homestay base construction and assistance in selling farm products.

We publicised the "black eyes public welfare program" and took social responsibility. The year 2020 was the 9th year for the program to put into practice. Since the launch, we had been committed to developing the "black eyes" program into a sustainable model of public poverty alleviation. We called high attention from all walks of life to care for education and children growth in poverty-stricken areas, actively helped build multi-functional public spaces with libraries as the key, and ceaselessly called for book donation. We advocated making good use of resources, gave full play to our own industrial strengths to take actions to aid poverty alleviation through industrial development.

We stayed tuned on public welfare and charity, and advocated for good deeds. In 2020, our volunteer team was active in various fields such as anti-pandemic, education, care for disadvantaged groups, environmental protection, etc. The total investment in public utilities throughout the year was more than one million Yuan. Through such activities as public welfare donations, donating books to exchange for green plants, reading marathons, and urban public welfare activities, we advocated public welfare and charity and contributed to a better life.

We persisted in guarding for love and fighting against the pandemic together. In 2020, we fully participated in the fight against the pandemic with concerted efforts, investing over ten million Yuan. Midea Property Management withdrew 2.5% of the advanced property management fee to establish a "Community Care Fund" for "brave COVID-19 fighters". Midea Commercial Management exempted rents and property management fees for 1 month across the country to support the resumption of work and production.

We always uphold the principle of conscientiousness and earnestness and move forward steadily. In 2021, we will continue to strengthen our principal business, consolidate the competitiveness of the four major business lines, and earnestly carry out the reconstruction of the value chain. We will also continue to innovate and reform, implement the concept of sustainable development, and promote green and low-carbon development to create a better future for related parties.

03

Special Topic:

Fighting against COVID-19 and Ensuring Safety together to Forge Ahead

- Protecting Health in a Scientific Way
- Overcoming Difficulties with Joint Efforts

Protecting Health in a Scientific Way

During the tough fight against COVID-19 in 2020, Midea Real Estate adhered to the customer values of "love is everywhere" and actively implemented COVID-19 prevention and control in a scientific way to ensure travel safety and protect the health of customers, homeowners and consumers.

Ensuring the Safety of Homeowners with Thoughtful Property Services

During the pandemic, Midea Real Estate made full use of its intelligent property service system and applied multiple intelligent property service technologies to support scientific COVID-19 prevention.

- Contactless service. In some property service projects, homeowners or tenants can use the intelligent access control system for contactless entry without taking off the mask. Homeowners can also use the automatic elevator calling system to call the elevator in advance and open the door automatically without touching the elevator buttons, thereby reducing the waiting time and touch infection.
- AI identification and monitoring. The AI monitoring equipment was used to track the movement of visitors and automatically record the tracks of visitors and other specific personnel in communities, whereby their movement can be tracked and traced in time and the relevant contacts can be found. The video identification function of AI edge servers was used to identify people who had been reported for home quarantine. They would be automatically identified and an alarm would be given when they were in a public area, and then prevention and control management would be carried out in time to ensure the quarantine effect.

In addition, Midea Real Estate established an all-round, round-the-clock anti-pandemic defence line to protect homeowners' health.



Midea Real Estate protected the health of homeowners thoroughly

Round-the-clock protection	A special COVID-19 emergency response team was set up, and a 24-hour emergency communication mechanism was established to carry out COVID-19 prevention and control management and publicity
Sufficient COVID-19 supplies	Material consumption was tracked, and procurement channels were explored to ensure the reserve of emergency supplies
All-round disinfection and sterilisation	Communities were thoroughly disinfected several times a day on time, and unified collection points of discarded masks were set up to prevent the spread of COVID-19 effectively
Strict access control	Rigorous quarantine management was carried out in communities; the body temperature of people in and out of the communities was measured and their information was checked and registered to ensure the tracking of COVID-19
Real-time COVID-19 information	Pandemic prevention posters were posted on community bulletin boards, and real-time COVID-19 information was pushed via the homeowner service App "Cloud Community" to disseminate COVID-19 prevention information
Uplifting special services	To meet various demands of homeowners, the Fresh Food segment was launched on the "Cloud Market" to provide home delivery services for homeowners; convenient material printing service was provided to ensure unaffected learning of students, and we also worked with Chunyu Doctor to provide psychological counselling services to ensure the physical and mental health of homeowners

Scientifically Fighting against COVID-19 with Uplifting Business Operation

During the pandemic, Midea Commercial Management fully supported government departments at all levels to prevent COVID-19 by adopting various measures to provide warm services for merchants and customers, promoting scientific pandemic fighting.

- Normal prevention and control measures: The number of entrances to malls was reduced; frequent disinfection, temperature measurement and survey were conducted; and the three major prevention measures of "scanning the QR code, measuring body temperature and wearing a mask" were adopted;
- Detailed pandemic prevention services: Set up multiple temperature measurement and disinfection stations; supplied hand sanitisers, thermometers, masks, etc.; and ensured regular disinfection of public areas;
- Uplifting business services: The brand of "Midea Commercial Management Agency Team" was established to promote the sales of merchants; and disinfection was provided for the personnel, tools and orders of merchants to advocate zero-touch safe delivery.

Overcoming Difficulties with Joint Efforts

Pandemic Fighting Data

- Midea Real Estate donated RMB 2 million to the fight against the pandemic in Wuhan
- Midea Real Estate invested RMB 19,139,700 in total in the fight against the pandemic
- Midea Commercial Management exempted tenants' rents and management fees for 1 month in the shopping centres we manage and operate
- Midea Property Management withdrew 2.5% of the advanced property management fee to establish a "Community Care Fund"

Actions Taken to Care and Support

Dandelion Student Assistance Tour

In early April 2020, Midea Real Estate launched the Dandelion Student Assistance Tour program, donating masks, disinfectants, forehead thermometers and other anti-pandemic materials to 7 primary and secondary schools to protect campus safety.

Support community volunteers

Zhuzhou Midea Times Square in Hunan donated supplies of RMB30,000 to 15 community volunteers in Zhuzhou and front-line city defenders to support their work and the resumption of work and production.

Support "pandemic heroes"

Foshan Wonderful Square provided free meals for "pandemic heroes" in Beijiao Town, with a total material cost of RMB30,000.



▲ Donations to Maoming No.1 Middle School



▲ Donations to Xijiang New City No.1 Primary School of Gaoming District



▲ Pandemic prevention donations to Shimen Experimental School



▲ Pandemic prevention donations to Wuzhou Zhenxing Primary School and Peizheng School

To enhance competitive strengths and corporate vitality, Midea Real Estate continued to implement the strategy of comprehensive digitisation and established a "five abilities-centred" system for the whole process of production and operation to improve its core competitiveness. Besides, Remac Technology, a subsidiary of Midea Real Estate, built an ecosystem of scientific and smart living industry chain and developed a relatively mature ability to serve third parties in terms of smart home system, smart community system, entry-level intelligent terminal products, and prefabricated buildings, accelerating the expansion into a new niche market through scientific and technological innovation.

Special Topic:

Multi-dimensional Empowerment and Intelligent Symbiosis

- Driving Improvement by Digitalisation
- Accelerating Synergy Realisation with Smart Products

Driving Improvement by Digitalisation

In principal businesses, Midea Real Estate established a "five abilities-centred" system for the whole production and operation process of "store-build-finance-supply-sales-inventory-return-settlement". The improvement of corporate investment and financing, operation, product, marketing and service abilities was accurately driven by digitalisation. In 2020, we made great efforts to promote digitalisation in talent development, bidding and procurement, project management, after-sales service and marketing management, improving the quality and efficiency of corporate operations.

Improvement of bidding and procurement management by digitalisation

Joined forces with third-party platforms to acquire real-time basic information, risk information and associated information of suppliers and evaluate the dynamic performance capability of suppliers. The performance capability and undertaking capacity of suppliers in the database can be displayed dynamically on the system to provide an objective selection basis for suppliers.

Improvement of financial management by digitalisation

Integrated finance was established to connect business through finance and promote reverse standardisation and transparency in front-end business data, ensuring business operational safety and rapidly supporting business needs by developing digital financial capabilities.

Improvement of talent development by digitalisation

Internal and external lecturers and courses were integrated, and an online learning platform was established. The platform served as a convenient and rich learning platform for employee training without the limitation of time and space and encouraged employees to learn and grow independently.

Improvement of project management by digitalisation

The Craftsman App was upgraded, where the personnel information registration function was added for the online filling of health status, movements and other information about project personnel. The function helps realise a combination of the whole construction management process and the pandemic prevention and control measures.

Improvement of marketing management by digitalisation

The directly-managed house purchase platform "Midea Real Estate Cloud" was created with functions such as VR house viewing, house viewing via live streaming, online consultation, online subscription and contract signing to provide customers with one-stop services of house hunting, viewing and purchase; besides, intelligent face identification equipment was added at the venues for systematic evaluation of marketing compliance and incentive recipients, effectively controlling marketing risks.

Improvement of after-sales service by digitalisation

An after-sales service management system for smart construction was built, so that after the delivery of smart construction projects, homeowners can report for repair on the after-sales platform, and customers' after-sales service needs can be quickly responded to by connecting offline outlets through the platform to improve the service efficiency.

Over
40
digitalised operation systems
were rolled out

Over
800
digitalised operation modules
were rolled out

Accelerating Synergy Realisation with Smart Products

With its strong R&D capability, Remac Technology accelerated the vertical integration of the industry chain, helped Midea Real Estate expand into a new niche market, and provided customers with overall solutions to the intelligent industry and construction industrialisation.

Creating Smart Life Scenarios

With years of experience in lean manufacturing and technology of Midea Group, Remac Technology provides services mainly related to communities and living spaces. It focuses on the research and development of the intelligent application of life scenarios, aiming to provide customers with full-system and full-cycle one-stop solutions featuring a full spectrum of service and product offerings. In 2020, Remac Technology continued to focus on smart home and smart community, and developed multiple smart products to provide a better smart living experience for customers.



Smart screen

Our smart screen is equipped with a self-developed interactive system with a high-performance quad-core processor. We created a central dashboard for smart homes with multi-modal interactions of touch screen, buttons and voice functions, realising centralised management and control of all household equipment in the house.



Smart door

The smart door is designed with a fully embedded system with an integrated design of the door, the smart lock, and the smart cat-eye. The indoor environment can be detected in real-time with the integrated environment sensing module and interactive ability. It is also equipped with features such as face and fingerprint identification, thermal-imaging living body identification, and remote video communication via the smart peephole to realise smart home integration.



Smart capsule

The smart capsule mainly uses environmentally friendly materials. The "smart home system" and "smart storage system" were integrated to create new mobile eco-friendly and smart living spaces, greatly reducing the use of building materials while helping users live a smart, healthy and low-carbon life.

Promoting Building Industrialisation

Integrated fine decoration platform	We researched and developed an integrated fine decoration platform based on the BIM system, linking design, deepening, material lifting, production, construction, operation and maintenance and other processes to realise automatic drawing and one-key calculation to improve the accuracy and efficiency of projects and promote smart management of fine decoration.
Prefabricated interior decoration system	We built a prefabricated interior decoration system for Remac Residence (睿住班邸). We achieved efficient and standardised production and construction processes through accurate measurement and proper planning . In addition, we used a modular construction structure that can be assembled to suit different residential needs. The system comes with strong variability and adaptability and allows us to provide customers with tailored, smart assembly services.

Midea Real Estate has always adhered to comprehensive and sustainable development. Faced with the challenges imposed by the era and the economy, we accurately capture development opportunities, integrate smart technology into daily operations and business development, continuously improve the Company's internal governance, strengthen risk prevention, and improve our overall governance level.

05

Building a Responsible Enterprise

- Responsible Operation
- Steady Development

Key Issues

- Anti-Corruption & anti-bribery
- Compliant operations
- Responsible governance
- Intellectual Property Right (IPR) protection

Responsible Operation

- Our Philosophy on Responsibility
- Responsible Management
- Responsible Communications
- Responsibility Issues

Midea Real Estate always regards fulfilling environmental, social and governance responsibilities as the key path to sustainable development and long-term growth. We consider compliant operations as the insurmountable bottom line for long-term growth. We actively leverage on our professional and resource advantages, integrate smart technology into the Group's daily operations and business development, integrate compliance management and risk prevention into corporate operations, continue to promote innovation and change, and maintain the steady growth of the Group and create a better life for the people.

01. Our Philosophy on Responsibility

Midea Real Estate upholds the vision of becoming a "leader in smart living" and actively brings into play our professional advantages in intelligence, technology, planning and design to continuously innovate and change. At the same time, we deepen our industrial layout, focus on smart manufacturing, invest in environmental protection, and stimulate the vitality of talents. We are committed to building high-quality homes for people, bringing upward growth to cities, creating better values for society, and empowering a better life with intelligent upgrades.

Smart living enhances growth

Building a responsible enterprise	We maintain steady development, improve capital operation capabilities, consolidate risk management and control capabilities, improve responsible operation capabilities, create an extremely streamlined organisational structure, seize new opportunities from industrial development, and promote high-quality development of enterprises.
Quality helps create a better life	We are committed to creating intelligent, industrialised, and digital high-quality construction and integrated services, building a "5M Smart Health Community", carrying out mega service management, making efforts to improve service quality, and creating a better lifestyle.
Promoting Carbon Neutrality with Eco-friendly Models	We tap into intelligence industrialisation and building industrialisation, accelerate the application of prefabricated interior-decoration technology, strictly control the environmental management of the entire life cycle of buildings from design to operation, build a new, green and liveable pattern, practice green operation and green office, and advocate eco-friendly and low-carbon development.
Partnership prospers industry	We adhere to the vision of "Achieve Success with Talents, Accomplish Talents with Careers" , provide peers with a platform to fully realise their own talent and career, and promote the rapid development of the Company with the talents' success.
Embracing a Better Society in Good Faith	Relying on Shaoguan Rural Revitalisation Foundation (hereinafter referred to as " Shaoguan Foundation "), we implement the strategy of rural revitalisation, explore a replicable, extendable, and sustainable path toward rural revitalisation and targeted poverty alleviation; make use of the volunteers' team, give back to the society so that more people can enjoy a beautiful and happy life.

02. Responsible Management

ESG Management Structure

Midea Real Estate attaches great importance to ESG management, and continues to improve the ESG management structure based on operational development and regulatory requirements. As the highest governance body of the Group, the Board of Directors is responsible for formulating the Group's strategic guidelines, supervising the Group's business performance, and ensuring that the Group's risk management and internal control systems are effective. The board of directors coordinates the ESG development strategy, establishes a sound sustainability management and compliance system, pays attention to ESG issues, and takes the responsibilities of reviewing and officially approving the annual ESG report. The Board of Directors will also continue to keep eyes on and follow up on the improvement of the ESG control process. The Group's Board of Directors assumes full responsibility for ESG's strategy and reporting.

With the help of its audit committee, remuneration committee and nomination committee, the Board of Directors also performs its duties, monitors the Group's stance and practice in specific areas of business operations and sustainability and gives instructions on related matters as appropriate.

In addition, Midea Real Estate has established an ESG working group under the Board of Directors. The working group is subdivided into different working levels, covering various key functional departments such as environmental protection and safety, human resources, product quality, social welfare, and corporate governance. In addition, it also manages and monitors matters related to ESG. The ESG working group regularly organises and coordinates the updates of ESG-related policies and systems every year, collects and integrates annual ESG practices, reviews the Group's annual ESG performance, and provides suggestions to the Board of Directors.

ESG Working Group Levels	Key Responsibilities	Staffing
ESG leading team	<ul style="list-style-type: none">• Lead the preparation and compilation of the annual ESG report and supervise the implementation of ESG management strategies and policies formulated by the Board of Directors• Guide the ESG work of the Group and assess the risks and opportunities faced• Review the ESG report and the disclosure of related information	Led by CFO and supported by persons in charge designated by other relevant functional centres and regions
ESG management team	<ul style="list-style-type: none">• Make an overall work arrangement based on ESG strategy• Promote the ESG implementation work, report the work and submit the ESG annual report to the leadership group	An ESG management team consists of business leaders of each relevant department
ESG working group	<ul style="list-style-type: none">• Responsible for determining ESG related materials and data collection and record• Implement and improve the Group's ESG philosophy, strategies and measures in daily operation management	Executive personnel of relevant functional departments from the headquarters, regional companies, and other operating units



ESG Work Progress

Making use of the opportunity of preparing ESG reports, the Group comprehensively reviewed the accomplishment of the Group's ESG work objectives in 2019, systematically sorted out the Group's work performances within the ESG areas in 2020, and improved the Company's ESG governance structure through objective reviews and work performance summaries. We formulated improvement and response measures based on the deficiencies in ESG report disclosure. In addition, we organised training for the Group's Board of Directors on the latest ESG reporting guidelines so that board members can better understand the ESG compliance requirements and updates of the Stock Exchange of Hong Kong Limited and further participate in ESG management.

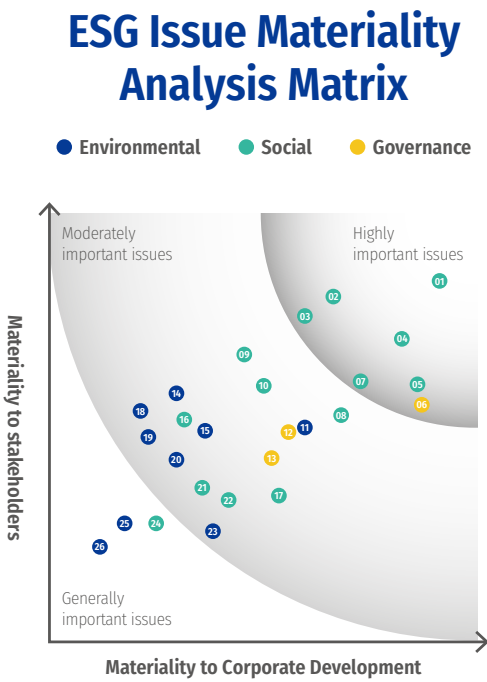
03. Responsible Communications

Midea Real Estate hopes to maintain active two-way communication and collaboration with internal and external stakeholders by setting up convenient communication channels. We aim to understand stakeholders' opinions and recommendations better and to respond to them promptly. Doing so can continuously optimise management, boost development, and effectively promote the sustainable development of the enterprise.

Stakeholders	Demands & Expectations	Forms of Communication	Response Measures
Shareholders & investors	<ul style="list-style-type: none">Transparent disclosureSafeguard shareholders' equityCorporate compliance governance	<ul style="list-style-type: none">Regular disclosure of business informationGeneral meeting of shareholdersInvestor conference & roadshow	<ul style="list-style-type: none">Transparent information disclosureContinuous improvement of corporate risk managementImprovement of brand value
Governments & regulators	<ul style="list-style-type: none">Law-abiding and compliant business operationFully implement national policiesAnti-Corruption and anti-briberySupport local development	<ul style="list-style-type: none">Regular reporting and communicationForums and exchange events	<ul style="list-style-type: none">Continuous improvement of compliance managementImprovement of governance structureTax payment issued according to law
Property owners/ customers of mall & office buildings	<ul style="list-style-type: none">Quality of products and servicesEffectively respond to customer complaintsCustomer's security protectionCustomer's privacy protection	<ul style="list-style-type: none">Effective complaint channels and responsesSatisfaction surveysDisclosure of fee informationProperty/commercial service activities	<ul style="list-style-type: none">Protection of customers' rights and interestsOptimisation of product and service qualityImprovement of customer experience
Employees	<ul style="list-style-type: none">Talent attraction and retentionDevelopment and trainingSafety and healthBenefits and care	<ul style="list-style-type: none">Regular communicationRegular training sessionEmployee activities	<ul style="list-style-type: none">Formulate a competitive remuneration system and benefit mechanismProvide training regularlyImproveme promotion mechanismsOrganise employee activities
Environment	<ul style="list-style-type: none">Energy conservationEmission reductionEffective utilisation of materials	<ul style="list-style-type: none">Environmental information disclosureForums and exchanges	<ul style="list-style-type: none">Promote eco-friendly building industrialisationConstruct eco-friendly buildingsImplement eco-friendly constructionBuild eco-friendly communitiesConstructing green prefabricated buildings
Suppliers	<ul style="list-style-type: none">Win-win cooperation for mutual benefitContract fulfilled in good faith	<ul style="list-style-type: none">Regular daily communicationSupplier conferencesProcurement activities	<ul style="list-style-type: none">Strengthen supply chain managementConduct supplier trainingImplement transparent procurement
Industry association/ chamber of commerce	<ul style="list-style-type: none">Comply with the industrial normsPromote industry innovation	<ul style="list-style-type: none">Strengthen industrial exchange	<ul style="list-style-type: none">Direct/participate in industrial research
Society & the public	<ul style="list-style-type: none">Local community development & careSupport social welfare	<ul style="list-style-type: none">Public benefit activitiesCommunity servicesInformation disclosures	<ul style="list-style-type: none">Organise and participate in rural revitalisation projectsOrganise and participate in local community activitiesLaunch employee volunteer activities

04. Responsibility Issues

Midea Real Estate conducts all-around surveys for a wide range of stakeholders every two years to continuously pay attention to their expectations and demands. In 2020, based on the ESG Guide of the Stock Exchange of Hong Kong Limited, we reviewed the ESG management-related issues of last year, combined this year's business development trends, benchmarked peer companies, and adjusted our major ESG issues. In addition, we conducted questionnaire surveys with stakeholders such as senior management, employees, homeowners, investors, suppliers, governments, and regulatory authorities to understand the changes in the views and demands of key stakeholder groups. Based on the important issues of the Group's sustainable development and the focus of interest of stakeholders, we have systematically sorted out the following 26 ESG issues, and the issues mentioned above are fully elaborated in the report while the concerns and demands of stakeholders are closely followed to adjust the Group's sustainable development strategy and management policy.



Ranking of Major Issues

Importance	No.	Issue Description
Highly important issues	1	Improvement of product and service quality
	2	Customer complaints response
	3	Customers' safety
	4	Safeguard of employees' rights and diversity
	5	Employees health and safety
	6	Anti-Corruption & anti-bribery
	7	Talent attraction and retention
Moderately important issues	8	Employee development and training
	9	Customer privacy protection
	10	Promotion of responsible supply chains
	11	Green building design
	12	Compliant operation
	13	Responsible governance

Importance	No.	Issue Description
Moderately important issues	14	Waste management
	15	Recycling of water resources
	16	Intellectual property rights protection
	17	Employees' remuneration & benefits
	18	Greenhouse gas emission & control
	19	Improvement of energy use efficiency
	20	Effective use of resources
	21	Reasonable marketing and publicity
	22	Community development and care
	23	Exhaust gas and wastewater discharge and management
Generally important issues	24	Social welfare
	25	Biodiversity conservation
	26	Identification and response to climate change

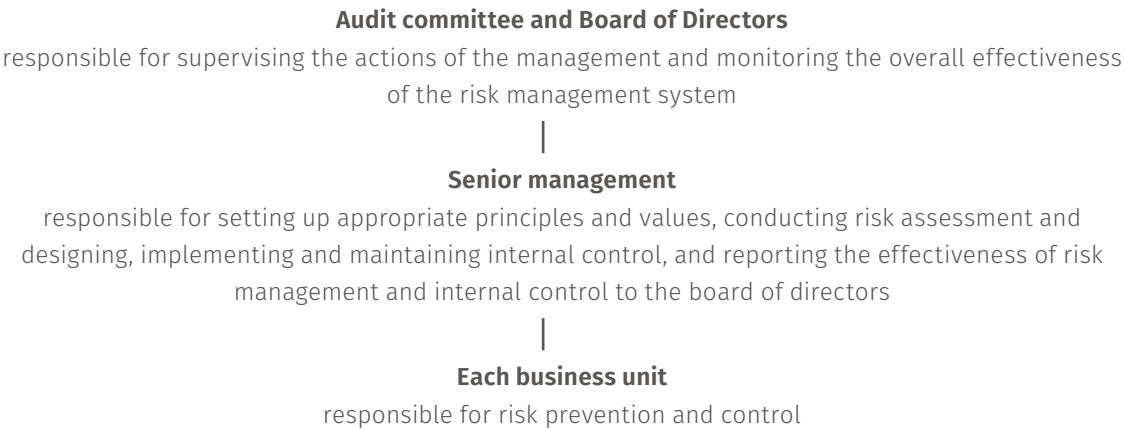
Steady Development

- Risk Control
- Anti-Corruption
- Intellectual Property Rights Protection

01. Risk Control

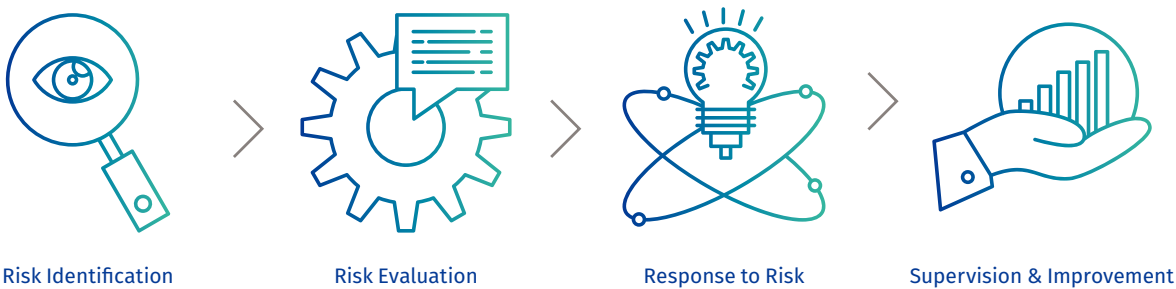
Midea Real Estate always attaches great importance to the prevention and control of major risks. The Group strictly follows the requirements of relevant laws and regulations and the Articles of Association, and implements the risk management policy of "identifying current risk exposure and subsequently monitoring them", continuously improves the risk management and prevention system, and gradually improves the internal control system and risk management mechanism by establishing a stable internal control structure with clear responsibilities.

Risk Management Structure



The Group's risk management tasks include identifying major risks that may affect our strategy and business objectives. We are also committed to identifying, evaluating, reviewing and reducing operational risks, taking all risks into consideration.

Risk Management Procedure



In 2020, the Group's Audit and Risk Control Centre conducted a special audit on the informatisation of the business system, the stringency of business and its control. In addition, we hired an external professional organisation to audit the management and control logic of the Group's business system and user authority management.

02. Anti-Corruption

Midea Real Estate pursues a corporate culture of integrity. We strictly abide by relevant laws and regulations such as the Company Law of the People's Republic of China, Law of the People's Republic of China on Anti-money Laundering, Law of the People's Republic of China on Anti-Unfair Competition and Interim Provisions on Banning Commercial Bribery. We exercise zero tolerance to corruption, resolutely crack down on any form of corruption, bribery, extortion, and fraud, and actively advocate honesty and trustworthiness of employees and establish employees' awareness of integrity. We continue to improve the Group's internal rules and regulations on integrity, strengthen the Group's internal supervision, accountability and reporting system, regulate employees' behaviours, and implement integrity education and trainings, to create a corporate atmosphere that promotes integrity and good governance.

The Group's Audit and Risk Control Centre established the Audit Sub-centre, which has two functional departments for audit and fraud supervision. The sub-centre implements and carries out rules and regulations such as the Anti-Corruption Practices, the Measures for Supervision Management, the Supervision Work Procedure and Guidelines, the Measures for Tip-off and Complaint Management, and the Measures for Accountability Management. We aim to thoroughly monitor fraud risks in business operations and optimise system construction and control structure to strengthen our line of defence against corruption.

Conducted integrity training and anti-corruption lectures totalling

23
sessions

Published

14
articles on the integrity practice

The handling completion rate of received reports and complaints exceeded

93%

Stringent Anti-Corruption Regulations	We specify employees' code of conduct for corruption-related behaviour in accordance with internal regulations like Anti-Corruption Practices, require employees to sign the Midea Real Estate Integrity Agreement (for Employees), standardise the integrity of all employees, and eliminate corruption and commercial bribery incidents; We adopt a rotation system for key positions to prevent someone from holding the same position for a long time and avoid risks of fraud and corruption.
Tight Supervision & Management	We specify the supervisory department, standardises the supervision and supervises the units and key posts regularly as per the Measures for Supervision Management and Supervision Work Procedure and Guidelines, punish any employees soliciting or accepting bribes or committing malpractice as per the Measures for Accountability Management, and hand them over to the judiciary authorities if their acts constitute criminal offences; We carry out special audits on engineering safety and supplier management.
Well-defined Whistle-blowing Channel	We issued the Measures for Tip-off and Complaint Management and established multiple whistleblowing channels like phone, e-mail, mail, and face to face; We prohibit all forms of discrimination or retaliation, keep the information of whistleblowers and whistle-blowing files strictly confidential based on the principle of information confidentiality and prohibit information leakages.
A Strong Integrity Atmosphere	We created a strong integrity atmosphere from top to bottom through online and offline approaches like integrity lectures, topic reporting, case video watching, and integrity article releases on WeChat.
Effective Assessment Mechanism	We incorporated anti-corruption and anti-fraud matters into the responsibility assessment indicators of organisations or departments at all levels.

CASE

Midea Real Estate attended the Seminar on Corporate Risk Management and Control Practices under the New Situation

In November 2020, Midea Real Estate attended the Business Risk Management Practice under the New Situation seminar hosted by the GEIIC (Guangdong Enterprise Institute for Internal Controls). In-depth exchanges and discussions on risk management practices under the new situation were made at the seminar in the areas of risk management practices, exploration of risk control and business integration, risk control tools based on internet information, ESG risk management and comprehensive risk control systems. Midea Real Estate actively participated in industry exchanges and discussions and strengthened the learning and iterative update of management ideas for corporate digital risk control system building under the new situation.





03. Intellectual Property Rights Protection

Under the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, Midea Real Estate highly values the protection of intellectual property rights. We standardised and normalised intellectual property right-related work to safeguard innovation results and build the brand. The Company has formulated a series of management systems related to protecting intellectual property rights and realised the effective protection of intellectual property rights through the continuous optimisation of the management process.

Regulations	Description
Measures for Patent Management Rules for Implementation Measures for Patent Management	Define the measures to handle patent application, patent portfolio, patent ownership, patent warning, patent evaluation, patent operation, and infringement disputes
Measures for Copyright Management	Specify the primary action guidelines for copyright ownership, registration, protection, and risk prevention, to encourage employees to safeguard their legitimate intellectual property rights, and to fully respect the intellectual property rights of others while filing patent and copyright applications
Notice on Use Specifications for Commercial Trademarks	Defines the correct forms of trademarks of Midea Real Estate and their use permissions and specifications on publications, new conferences and websites to further standardise trademark use

In 2020, Midea Real Estate optimised the approval process of patents and copyright applications and improved management efficiency by improving the Measures for Patent Management, the Rules for Implementation Measures for Patent Management and the Measures for Copyright Management and other related management systems. We carefully select the best partner suppliers who can provide quality patent agency services. We organise several in-house training sessions on patent drafting to strengthen compliance and professional skills to enhance the quality of patent applications.

In 2020 Remac Technology



In 2020, under the influence of COVID-19, along with the issue of the "three red lines" for real estates, the real estate industry continued to be under pressure. As the market shifts from an incremental era to a stock era, the "crossover" trend of enterprises in the industry has gradually deepened. Midea Real Estate is advancing against the current, based on the strategic positioning of "smart life leader", deeply integrates the one-stop smart life of communities and families, strictly controls product quality by the craftsmanship standard, continuously improves services, and creates a harmonious and happy life for customers.

Quality Helps Create a Better Life

- Smart Creation of Healthy Lives
- Pursuing Supreme Quality
- Sticking to Service Quality
- Building Comfortable Communities
- Consolidating Safety Management

Key Actions in 2020

- Published the Health Standards of Midea Real Estate to provide guidelines for health facilities and the environment
- Launched a new "Wei-G Health Community" system to create a healthy and comfortable living environment for homeowners
- Established the "832 project" management system and clarified construction standards
- Created the "Chengyijia" transparent building management system and restore the house building process to customers in all scenarios
- Found the first national customer service centre of the Group to improve customer service level systematically
- Held the first "Harmonious and Happy Family Festival" activity for the homeowners to enjoy the warm interaction of the community
- Continued to apply smart construction sites and carried out real-time monitoring of the project sites

Key Results in 2020

- The application area of new process in projects was 6,580,000 m²
- Customer satisfaction was 82 points
- A total of 2,841 community cultural activities were carried out throughout the year, with 465,000 participants
- Over 1,000 events were held in the first "Harmonious and Happy Family Festival", in which more than 200,000 people participated
- Health and safety training coverage was 100%, and the average training time per person was 50 hours

Key Issues

- Product and service quality improvement | Handling of customer complaints | Customer safety assurance | Protection of customer privacy | Reasonable marketing and publicity

Smart Creation of Healthy Lives

- Health Standard
- Healthy Physical Environment
- Healthy Community

As the creator of an ecosystem of new type of smart home and smart community service, Midea Real Estate, which takes intelligence as a driving force, is committed to creating a healthy living environment. We continue to research health, environmental protection and community safety, publish the Health Standards of Midea Real Estate and develop healthy home, and create a brand-new Wei G health community. We are committed to creating a safe and healthy living environment for customers and intelligently creating a healthy life.

01. Health Standard

In 2020, to promote public health, mitigate health threats, and build a health community, Midea Real Estate officially released the Health Standards of Midea Real Estate, which aimed to comprehensively promote the concept of "active health", and build 3 major health segments, 11 health systems, and 220 health measures. The standards apply to the "5M Smart Health Community" residential project, requiring health communities to provide facilities, environment, guidance and services for active health to residents through active design strategies, and is committed to enabling residents to actively acquire sustainable health capabilities.

Health segment	Health system	
An energetic community for fitness	Sport enhancing system	The Happy Motion Ring connected to the entire community's sports system integrates various outdoor activities such as non-gravity additional exercise and obstacle training to create an ecological closed-loop of deep interaction between sports and social activities.
	Communication enhancing system	Focusing on the relationship between the crowd and the site, the gathering place represented by Decoding Camp and Taoleyuan reconstructs the space for interpersonal communication and promotes the harmony between man and nature.
	Body recovery system	Stimulating nature's changing landscape across different seasons, the night garden creates a multi-sensory environment that brings users a diverse experience in the space.
Healthy physical environment	Healthy air system	Outdoor measures such as green plants to reduce dust and smart irrigation are used to comprehensively improve the air quality in the community; the smart fresh air system is introduced indoors to continuously purify the indoor air through filtration and replacement and reduce the dependence of pathogens.
	Healthy water system	The triple water purification is carried out by disinfecting community water tank with ultraviolet light, then going through a pre-filter procedure to remove large particle impurities such as sediment and rust, and finally achieving deep purification with our under-kitchen reverse osmosis water purifiers.
	Healthy lighting system	By using outdoor measures such as sunlight analysis, dark area lighting, and avoiding light pollution, the quality of the community's lighting environment is comprehensively improved. The indoor measures from the selection to control of healthy lamps aim to create a comfortable and healthy indoor lighting environment.
	Healthy sound system	In the outdoor environment, we enhanced the community sound environment through greenery, micro-terrain and various types of sound insulation structures; In the indoor environment, we adopted a full-dimensional sound insulation and noise reduction system, including noise reduction equipment, wall noise reduction, drainage noise reduction and other comprehensive measures.
	Healthy material system	Healthy and harmless indoor materials such as PVC antibacterial film, diatom coating, asbestos vinyl rubber floor, and fabricated wallboard are used to ensure that the indoor formaldehyde concentration reaches the international E0 standard.
Health management service	Health protection system	In the outdoor environment, barrier-free design, aromatic healing plants, and sterilisation and mosquito repellent plants are introduced. Using indoor intelligent parts and intelligent brains in the indoor area aims to create a healthy and humanised protection system.
	Health management system	We take measures such as AI camera + server management, perimeter security, senseless access, and intelligent body temperature detection to enable efficient, convenient and safe health management.
	Health service system	Provide health services such as waste management, smoke-free community management, community health detectors, pest control and pandemic prevention, and healthy lifestyle advocacy to improve the community's living environment and boost homeowner's health.



Health Standards of Midea Real Estate

02. Healthy Physical Environment

Midea Real Estate is actively creating whole-house integrated smart and healthy home products, developing an indoor healthy air system, a healthy light source control system, a full-dimensional sound insulation and noise reduction system, and a silent indoor door lock. We are dedicated to providing whole-house smart and healthy household products and services by introducing healthy materials such as PVC antibacterial film, SPC asbestos vinyl rubber floor, prefabricated wall panel and other designs in the stage of construction.

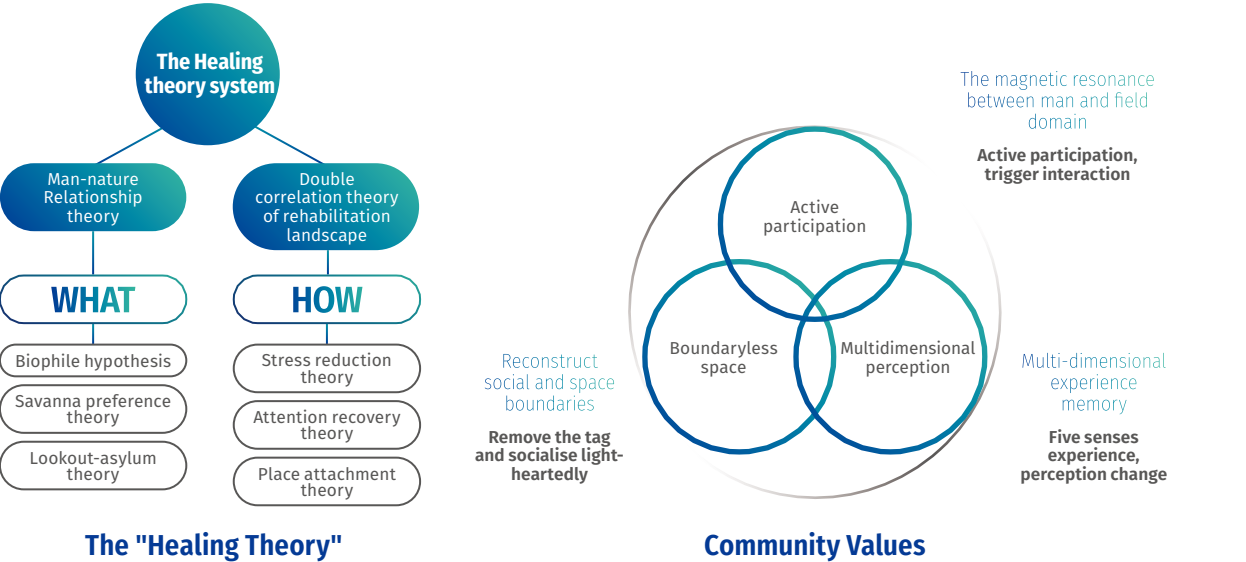
CASE

Midea Yunyue Jiangshan, creating a smart home demonstration project

Midea Yunyue Jiangshan devotes itself to creating cutting-edge smart home scenes covering smart and healthy water tanks, tumble detection, human presence and body movement detection in bathrooms, smart toilets, and sleep quality detection, showcasing a new model of smart health and vitality in the future. This project won the 2020 Smart Home Innovation Application Award.

03. Healthy Community

We insist on creating a high-end life experience for our customers. The 5M smart health community product system covers the five dimensions of "Midea Wisdom (M-Smart), Midea Health (M-Health), Midea Quality (M-Quality), Midea Service (M-Service), and Midea Life (M-Life)", leading the AIoT Technology Habitat 4.0 Era. In 2020, we focused on the refinement of "M-Health", and cooperated with Tsinghua University Architectural Design and Research Institute to implement the "Healing Theory" systematically in domestic residential communities for the first time, launching a new "Wei G Health Community" system that is committed to creating a healthy, intelligent and comfortable living environment for the homeowners. Based on the core values of "Pro-nature", the "Wei G Health Community" system decomposes and reconstructs the traditional community model. It actively advocates the health concept of "boundaryless space, multidimensional perception, and active participation", and creates the eight health scenes of Happy Motion Ring, Decoding Camp, Bubble School, Natural Theatre, Taoleyuan, Sugar-reducing Garden, Night Garden, and Four-season Garden. The system strives to create more exposure to nature for homeowners.



CASE

Multi-scenario landing in Wei G Health Community

Midea Jingyue Fenghua combines the "Healing Theory" with the community to create three health scenarios: Happy Motion Ring, Bubble School and Decoding Camp, where homeowners can fully enjoy the power of green healing and put into practice green and healthy lifestyles. Among them, Happy Motion Ring connects runways, leisure venues and other spaces using the sports social circle to stimulate the vitality of the community; while the Decoding Camp integrates the natural terrains such as mountains, plateaus and basins into the community to create an exploration paradise for all age groups; and the Bubble School creates a healthy and interesting sensory environment aiming at providing a multi-dimensional perception experience.



▲ Happy Motion Ring Design Sketch



▲ Decoding Camp Design Sketch

Pursuing Supreme Quality

- Source Control
- Building with Craftsmanship
- Delivery in Good Faith
- Considerate After-sales Services

Midea Real Estate pursues craftsmanship and strives to provide customers with high-quality products and services. In order to build a standardised management system and forge lean quality, we place great emphasis on controlling engineering design and materials, ensuring construction specifications, improving pre-delivery evaluation, and providing comprehensive after-sales services.

01. Source Control

Persistent in source control, we strictly carry out standardised management of engineering design and materials admission and are dedicated to creating the quality benchmark for the industry by enhancing system building and comprehensively guaranteeing engineering quality.

Control design quality strictly	According to the Management System of Quality Control on Design requirements, the key results of each project are reviewed, followed by quality spot checks and post-evaluations. The advanced technology "Building Information Model" (BIM) is used to standardise project management. In addition, the mandatory audit and four project review meetings are used to strengthen plan review and avoid project risks, improve regional back-end control and minimise design changes through spot check of construction drawings, and establish quality control systems suitable for specific quality control needs in different regions.
Standardise materials admission	Throughout the year, the Group carried out 4 "Skynet Actions", and carried out 2 inspections on suppliers of materials provided by clients to prevent fake and inferior materials from entering the construction site and ensure that the quality of the materials is compliant and harmless. To strictly control the quality of engineering materials, the Group will punish those suppliers of unqualified materials depending on the severity, the punitive measures, including the penalty, and the suspension of cooperation as agreed in the contract.

02. Building with Craftsmanship

Persistent in source control, we strictly carry out standardised management of engineering design and materials admission and are dedicated to creating the quality benchmark for the industry by enhancing system building and comprehensively guaranteeing engineering quality.

Control over construction carefully	Establish the "832" project management system, including 8 management systems, 3 operation guidelines, and 2 process standards, covering Measures for the Management of Remac Intelligent Project Standard Actions, Standards for Construction Technology of Remac Smart Community, Standards for Construction Technology of Remac Smart Homes and other systems, clarify construction specifications and ensure construction quality.
Build craftsmanship discreetly	Promote constantly the "5+N" "craftsmanship" construction system, promote the implementation of new processes, build a quality assurance mechanism led by new technologies and new processes, and comprehensively promote the improvement of safety construction, project efficiency, and environmental protection.
Manage installation intently	Formulate and implement the Smart Home 4.0 Construction and Commissioning Standards and Remac Intelligent Standards for Smart Home Construction Technology, and revise and implement the "Remac Intelligent Standards for Smart Community Construction Technology" to ensure the construction of smart communities and the installation results of smart homes.

The application area of new processes was
6,580,000 m²
in 2020

CASE

"Chengyijia" transparent management system

Midea Real Estate sincerely launched the "Chengyijia" transparent management system, to show customers the true picture of the home in an all-round and regular manner from the customers' perspective, showcasing eight scenes of experience including underground garages, building facades, landscape and gardens, first-floor lobby, basement lobby, civil construction method model house, decoration method model house, and display delivered model houses. Customers are invited to perceive the production line, and observe the construction process. We also regularly inform customers of the construction progress through family letters, so that customers can buy a house with confidence and see the good quality.

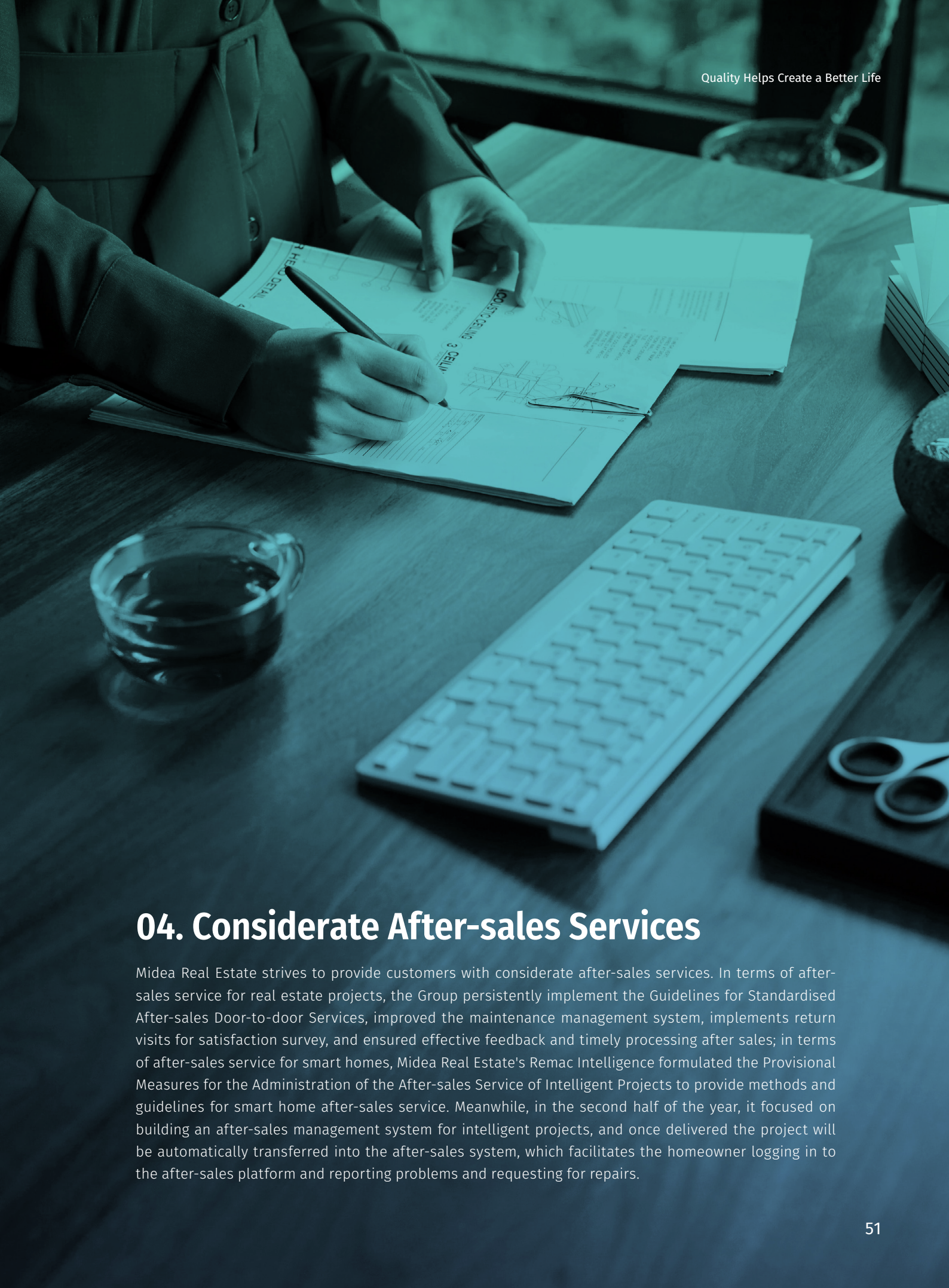


▲ "Chengyijia" activities held in Midea Yunyue Jiangshan

03. Delivery in Good Faith

Midea Real Estate strictly controls the delivery quality, practices delivery in good faith, conducts an all-round evaluation before delivery, regularly check delivery quality inspections, and integrate standardised management through the entire chain to realise batch delivery.

Implement evaluation comprehensively	Formulate the Measures for the Administration of Remac Intelligent Delivery Evaluation stating that an evaluation team will be organised by the headquarters to carry out on-site evaluation comprehensively and in details after the project has passed the preliminary evaluation by the regional quality manager;
Control the delivery quality strictly	To improve product quality control, we conduct project quality inspections, Remac intelligent delivery assessment/inspections, benchmarking project selection, project manager qualification certification, and post-delivery satisfaction surveys on a quarterly basis.
Mass landing and delivery	After the on-site material usage and process data are checked, and the warehouse accounts and inventory management and process control data filing are randomly checked, the standardised mass landing and delivery comes true in the integrated whole chain through on-site inspection and scoring of the function test, installation process and customer satisfaction of smart home/smart community, and including the scores in the evaluation results.



04. Considerate After-sales Services

Midea Real Estate strives to provide customers with considerate after-sales services. In terms of after-sales service for real estate projects, the Group persistently implement the Guidelines for Standardised After-sales Door-to-door Services, improved the maintenance management system, implements return visits for satisfaction survey, and ensured effective feedback and timely processing after sales; in terms of after-sales service for smart homes, Midea Real Estate's Remac Intelligence formulated the Provisional Measures for the Administration of the After-sales Service of Intelligent Projects to provide methods and guidelines for smart home after-sales service. Meanwhile, in the second half of the year, it focused on building an after-sales management system for intelligent projects, and once delivered the project will be automatically transferred into the after-sales system, which facilitates the homeowner logging in to the after-sales platform and reporting problems and requesting for repairs.

Sticking to Service Quality

- Standard System
- Responsible Marketing
- Privacy Protection
- Response to Complaints
- Satisfaction Enhancement

Midea Real Estate insists on the customer-centric philosophy, always adheres to the quality of service, strives to enhance the service awareness, formulates and implements such regulations and policies as related to the delivery of consumer service and support, complaint handling and dispute resolution in an effort to create high-end service experience for customers.

01. Standard System

Midea Real Estate has established and implemented corresponding standard systems and standardised service standards in real estate development, residential property development, commercial property development and operation.

Residential property development	Persistently implement the Service Standard Operation of Midea Real Estate, continuously improve and implement customer service management system throughout the homeowner's full life cycle, and implement the entire process service standard in the five major stages of marketing, construction and delivery, maintenance, residence, and customer relationship maintenance.
Property management service	Persistently implement the Guidelines for Service Operation to standardise the special value-added services, response to customer service appeals and customer care service in each community of Midea Property.
Commercial property development & operation service	Based on the updated 2021 version of the Operations Management Manual, we refined the standards for merchant repair request management, and customer complaint management. In addition, we deeply developed the Midea Operation Guidelines for Business Operations Management (2021 Edition) on the basis of the current operations management manual to provide guidance for the whole operation process from the preparation period to the operation period.

CASE

The "Smart Service - Midea Housekeeper" service system

Adhering to the work principle of "no interference, no dead ends, responsiveness, from beginning to end", the "Smart Service - Midea Housekeeper" service system runs a 7 × 24 × 365 all-weather response mechanism, and promotes the establishment of closed-loop management of services. In addition, we formulate the "Five-level Care System" to provide real life care, travel care, children care, care for the elderly, and personalised care for the homeowners, put into practice Midea Property's service concept of "Care is Everywhere", and provide impetus for the homeowners to enjoy quality lives.



▲ Midea Housekeepers



02. Responsible Marketing

Midea Real Estate adheres to the customer-oriented strategy, complies with the Measures for Pre-sales Management of Urban Commodity Houses, the Measures for Sales Management of Commodity Houses, the Advertising Law of the People's Republic of China and other laws and regulations, and continues to implement the internal system requirements of the Measures for Sales Risk Inspection and Quality Assessment and Management in the Display Area. Meanwhile, we released the "Six Customer Red Lines of Midea Real Estate" to implement the operation bottom line awareness and effectively protect the rights and interests of consumers. Revolving around customer concerns and sensitive content in the sales process, Midea Real Estate promises to abide by the "Sunshine Pact" of information transparency, and actively discloses delivery standards and other important information of the project, and actively warns customers of possible risks in the sales process. The Group prevents unfair marketing of its products and services to consumers, ensures that no false promises and exaggerated publicity are made, effectively bears marketing responsibilities, and guides consumers to consume rationally. In 2020, Midea Real Estate did not receive any complaints about unfair marketing.

03. Privacy Protection

Midea Real Estate attaches great importance to the protection of customer information. The Group abides by the Cyber Security Law of the People's Republic of China, and strictly keeps confidential customer information collected in the process of house sales, property management, and commercial operations. The Group formulates the Midea Real Estate Cloud Privacy Protection Policy to ensure customer data and privacy security, complies with the requirements of the Information Security Technology - Personal Information Security Specification, persistently strengthen the protection and control of information security, regularly hold security and privacy protection training to strengthen employees' awareness of the importance of protecting personal information.

Risk Management Structure

8 Principles	Formulate the Cloud Privacy Protection Policy of Midea Real Estate, adhere to eight principles including match between power and responsibility, clear purpose, choice and consent, minimum sufficiency, security assurance, the principle, subject participation, and openness and transparency to protect security of customers' data and privacy.
Professional management	Establish a dedicated team, adopt appropriate management, technical and physical security measures, and set up an information security assurance system that is compatible with business development by referring to domestic and foreign information security standards and best practices;
Management by levels	Adopt strict hierarchical management, establish an approval mechanism for important steps such as data access, internal and external transmission and use, desensitisation, and decryption, and sign confidentiality agreements with relevant employees;
Continuous management	Regular information security training is provided to employees, and employees are required to cultivate good operating habits in their daily work and enhance their awareness of protection.

In addition, the Group continues to strengthen the protection and control of information security to ensure the safe operation of systems, apps, equipment and user data. The company has passed ISO9001, ISO29001 quality management system certification, and the system and corresponding apps have passed the cyber security assessment by the Fifth Research Institute of the Ministry of Industry and Information Technology. At the same time, in accordance with the requirements of the Information Security Technology Personal Information Security Specification, a third-party agency scans data and completes special governance in accordance with GB/T 35273-2020 Information Security Technology Personal Information Security Specification.

CASE

Employee training on information security

In September and October 2020, the Group's legal department and the IT department organised two sessions of information security training on the theme of "Trade Secrets, Information Security and Non-Competition". Focusing on intellectual property rights, information security, and non-competition, the two training sessions publicise warning cases on information security at the levels of law, company management, and employee quality requirements for employees.

04. Response to Complaints

Midea Real Estate always puts customer needs first, unblocks feedback channels for customers, actively responds to customer questions and accepts customer complaints in a timely manner, and strives to provide customers with satisfactory solutions. In 2020, the Group established the first national customer service centre to further improve the level of customer service; released the Group 400 Hotline and Complaint Handling Management Measures. The Group also included complaint response requirements, complaint handling time requirements and call-back requirements for complaint cases in the complaint handling process. At the same time, the Group has set up a first point of contact for the project and produced weekly and monthly reports, so that each complaint case can be recorded and closed up in a timely manner.

Complaint Handling Mechanism

Multiple-channel feedback	Expand the 400 national customer service hotline covering all business types, update and iterate the complaint and suggestion segment of the Meidihui platform, upgrade the Yunlin community property app and other communication channels to build an efficient feedback platform for customers;
Whole-process tracking	Classify and define complaints, require the project's first person in charge to deeply understand and handle complaints within a limited time, realise the whole process tracking of customer complaints handling through the unified work order system, and carry out closed-loop management;
Timely response	Clarify timeliness requirements for complaint response and handling, establish a response time-out warning mechanism and a complaint handling reward and punishment mechanism, classify complaints and allocate working hours, and complete complaint handling within prescribed working hours;
More comprehensive improvement	Incorporate the complaint response timeliness rate and satisfaction into the evaluation system of the customer service director, and conduct post-event review of customer complaints on a monthly basis, share typical complaint cases, prepare improvement plans, and continue to optimise the service process.



Complaint Handling Process



05. Satisfaction Enhancement

Midea Real Estate takes serious customers' comments and feedback, and actively conducts customer satisfaction surveys on household products, community properties, and merchant services, to fully understand the overall evaluation from business customers on the products and services provided by the Group in each stage, and regularly invite the third-party agency to conduct research on satisfaction with the Group that discovers the improvement needs of each business, and provides data support aiming at improving the service quality. While knowing the overall satisfaction, we obtain service satisfaction in each business area, and based on this, we further form systematic improvement suggestions to wholeheartedly promote the upgrade of products and services. In the future, we will continue to improve the digital customer service system, accelerate the online survey of residence customer satisfaction, strengthen online interaction with customers, and improve the level of intelligent service.



Building Comfortable Communities

- Community Activities
- Tenant Services

Midea Real Estate seeks to create a friendly community environment, promote community building and create comfortable communities by offering a variety of community activities, targeted and intimate commercial services and performing the responsibility of supporting the community development.

01. Community Activities

In 2020, Midea Property Management conducted the "safe fresh food delivery campaign" and safety culture activities, comprehensively spreading fire-fighting knowledge for homeowners, reading culture activities such as urban "readathon" and deep reading plan, carnival activities in summer such as "smart summer fun" military summer camp for children, "water home party" and starlight film festival. The company showed an effort to create the first "harmonious and happy family festival", aiming to create a good community atmosphere and enable the homeowners to enjoy the warm interaction with the community at the occasion of family reunion.

We launched
2,841
community culture activities
throughout the year

hosted a total of
465,000
individual participants for all
events

CASE

Summer Carnival

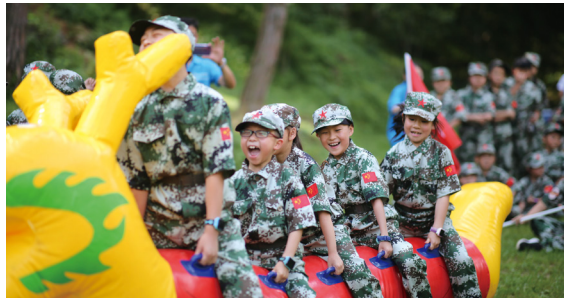
Midea Property Management meticulously planned and hosted the carnival activities in summer, called on the property management staff in all communities nationwide to try their best to conduct a series of activities including "smart summer fun" military summer camp for children, "water home party" and starlight film festival. These diverse activities provided strong momentum for the growth of children and promote children to draw valuable nutrition for new growth when spending a happy and safe summer vacation.



▲ Water home party



▲ Starlight film festival



▲ "Smart summer fun" military summer camp for children



▲ Jiangshan small class

CASE

Harmonious and happy family festival

Adhering to the original intention of creating a beautiful community cultural atmosphere, Midea Property Management strived to create an annual exclusive "harmonious and happy family festival" themed by "cultivating a better life in the happy golden autumn" for homeowners nationwide, which covers a series of activities including "Mid-Autumn festival evening party", "Garden party under the moonlight", "night market with characteristics of Han and Tang dynasties", "national fad street snap", "car boot sale", "Midea housekeeper" selection, and "harmonious and happy family" selection when the Mid-Autumn Festival and National Day in the golden September was approaching. In almost 2 months, Midea Property Management conducted more than 1,000 activities attracting more than 200,000 participants in an attempt to extend the connotation of "family" and make homeowners enjoy the harmony and warmth of harmonious communities.



▲ Mid-Autumn Festival evening party



▲ Garden party under the moonlight



▲ "Harmonious and happy family" selection



▲ "Midea housekeeper" selection

02. Tenant Services

Midea Commercial Management launched various tenant services in the aspects of property management and operation management. In terms of property management, it strengthened the preventive protection and control measures in shopping malls and implemented a rent reduction plan for tenants during the pandemic, and regularly held fire drills guaranteeing the safety of tenants. In terms of operation management, it conducted regular tenant business meetings and special skills training each month to improve the management level of tenants.

CASE

"Super knowledge festival" sales promotion event to support business activities

During the pandemic, in order to help tenants get through difficulties and improve the management level of tenants, Midea Commercial Management focused on the implementation of "super knowledge festival" sales promotion event to support business activities. We assisted education and training service tenants in enrolment and planned brand activities that integrated on-site enrolment, advertising, performance, member activity and promoted activity of education and training tenants. School-age children in the surrounding communities were transformed into the student source for education and training in the square, channelled to the tenants, and helped the tenants recover their business.

Consolidating Safety Management

- Safety System
- Safe Construction
- Safety Culture

Regarding safety management as its main responsibility, Midea Real Estate established the work safety management system, continuously improved the safety management-related systems, made specific requirements on the work safety, safety management of parties involved, safety management goals and performance, also conducted safety culture education and training for the staff to consolidate safety management and create a safe working environment.

01. Safety System

The Group established a four-level control structure (Headquarters – Regions – Cities – Projects) and outlined safety management obligations at all levels for daily supervision and review, formally implemented safety management systems including Measures for Safety System Establishment and Implementation (Trial), Measures for Safety Production Responsibility System Management (Trial), Measures for Work Safety Accident and Work-related Injury Management (Trial), specified bottom lines for major hazard source management, equipment and facility management by safety red line mechanism to prevent major work safety accidents. Active efforts were made to conduct safety education and training for staff to improve their safety awareness and create a safe and healthy working environment. Categorised and refined management of safety accidents was performed at the same time of specifying the internal accountability mechanism and punishment standards and strictly imposing safety responsibility regulations.

02. Safe Construction

The Group vigorously promoted a safe construction guarantee mechanism and continuously advanced the safe construction of front-line projects empowered by the smart construction site system. With enhanced work safety management, standardised work safety assessment and clarified safety management goals and performance, the safety management of parties involved is promoted to comprehensively curb work safety incidents and wholeheartedly create a safe and civilised construction site.

Safe Production

For the purpose of overall supervision on the safe production of projects, the Group deepened innovation by intelligence, strived to create a cloud platform for smart construction sites by the Internet of Things, mobile internet and other technologies. During the pandemic prevention and control, Midea Real Estate always integrated safety management into the routine work, controlled possible risks in each stage of daily production in real-time under smart construction site system to effectively realise the supervision and control on "unsafe behaviours of people" and "unsafe status of things" in the production process, and speeded up the improvement in the normalised system of production management. We planned to comprehensively launch and upgrade functions and scenes of smart construction sites in 2021. In addition, the Group specified the concrete judging criteria for accident classification and casualties, and the judging criteria for economic loss and other work safety standards are based on the Measures for Project Quality and Safety Assessment Management and Measures for Project Quality and Safe Switch-out Management.

CASE

Guiyang Midea VIP Mansion

Guiyang Midea VIP Mansion is the first smart construction site project launched by Midea Real Estate. The "4+2+X" smart construction site system was fully applied for the project, namely 4 modules including intelligent access control management, intelligent environmental monitoring, special equipment monitoring, intelligent monitoring and warning, and 2 systems including smart construction site system and special equipment patrol system. Meanwhile, real-time personnel locating, warning and monitoring of hanging baskets and other innovative functions were also applied. The project greatly enriched the personal experience of the parties involved in the smart construction site platform, and effectively realised the overall supervision and control on safety production of projects.

Safety Assessment

Midea Real Estate issued Measures for Project Quality and Safety Assessment Management to assess the safe and civilised production in the construction process of projects in construction and set up 49 safety red lines. Third-party organisations were employed to conduct quarterly reviews in quality, safety and customer satisfaction and other dimensions. Meanwhile, a safety check ranking was also conducted, and an endogenous safety promotion mechanism was established. According to the safety check ranking system, regional companies are required to strengthen and deepen the understanding of projects by safety check and patrol every month, with "full understanding" as the system target. At the same time, safety assessment models were developed based on reference to the standard of peers and business understanding of each department to guarantee the objectivity of the assessment system. Objective judgment was made to determine the severity of accidents by detailed regulations.

Safety Management of Parties Involved

The Group guarantees the safety management of parties involved in three dimensions. First, priority is given to A-level suppliers/contractors in terms of contractor selection. Through the evaluation of suppliers' quality, safety, contract fulfilment and other important dimensions, A-level suppliers have better quality and safety guarantee. Second, a special security fund was set up. The safe and civilised construction measures expense was included in the budget of the bidding contract for a specified purpose. The fund is used to purchase safe construction and labour protection appliances to safeguard the rights and interests of the contractor's staff. Moreover, the contractor's safety accidents were monitored. Through the monitoring of contractors' relevant national safety accidents monitoring indicators, the safety accident risk was included as a dimension for evaluating contractors' project undertaking capacity. Contractors' project undertaking capacity was evaluated by the level of occurrence of safety accidents, and the requirements on quality safety were implemented at the levels of equipment, facilities and personnel of contractors according to the control system of clients.

Safety Management Objectives and Performance

Midea Real Estate takes overall zero casualty and zero loss as the highest goal. Due to few uncontrollable risk factors, taking the actual accident occurrence probability as reference, reducing the rate of accidents is taken as a specific goal for red line assessment, Three-level assessment for the responsible person of the enterprise, managers and others is made for the purpose of zero occurrence of severe injury and other events with social influence to protect staff from work accidents or fatal accidents due to work on the construction site.

In 2020, 0 people died due to work in the Group.

3. Safety Culture

Midea Real Estate continuously improved the occupational safety assurance mechanism. The employee occupation safety and health assurance measures are clarified in the labour contract, and a safe working environment and essential protective supplies are provided to employees. We have formulated the Measures for the Prevention, Control and Management of Occupational Diseases to standardise the management of occupational disease prevention and control in the subordinated factories, which aimed to avert, control, and mitigate occupational hazards. We further actively improve work safety management regulations, strictly follow the state's labour safety management terms, standardise employee code of conduct, and conduct safety education training, enhance employee safety awareness, and reduce safety incident risks and occupational hazards. During the work resumption after the pandemic, we issued standardised guidelines on pandemic prevention, office and work safety, coupling with implementation and training, to effectively protect the health of customers, employees, partners, construction enterprise's employees and guarantee safe production and operation.

The percentage of our employees receiving health and safety training is

100%

The time of receiving health and safety training per person is

50 hours

Midea Real Estate constantly focuses on the relationship among human, building and nature and is committed to the integration of human and nature, as well as co-development of technology and nature. We further promote eco-friendly development and contributes its wisdom and strength to the goal of carbon neutrality through vigorously advancing building industrialisation, making a comprehensive layout of eco-friendly prefabricated intelligent industrial parks, persisting in constructing sustainable eco-friendly buildings and optimising smart environmental management.

Promoting Carbon Neutrality with Eco-friendly Models

- Building Industrialisation
- Optimising Eco-friendly Construction
- Implementing Eco-friendly Operations
- Advocating Eco-friendly Concepts

Key Actions in 2020

- Focused on the field of prefabricated buildings and established Shunde Prefabricated Intelligent Industrial Park in Foshan
- Launched "Remac Residence" Prefabricated Interior Decoration System to foster the green transformation of the home decoration industry
- Continued to promote the Smart Construction Site Project and optimised environmental management at construction sites
- Signed a Strategic Agreement on Strategic Cooperation of Technology Research and Development in Eco-friendly and Low-carbon Industries to boost industry-university-research cooperation in the field of eco-friendly buildings

Key Results in 2020

- Implemented 68 prefabricated construction projects with an assembly area of 8,880,000m²
- Smart Construction Site Project covered 100% of all operation areas
- Added 10 new eco-friendly buildings, with an area of 1,975,400m² meeting the eco-friendly building standards

Key Issues

- Eco-friendly building design | Waste management | Water resource cyclic utilisation | Greenhouse gas emissions control | Improving energy use efficiency | Effective use of resources | Exhaust gas and wastewater discharge and management | Biodiversity conservation | Identifying and responding to climate change risks

Building Industrialisation

- Prefabricated Buildings
- Prefabricated Interior Decoration
- Constructing Eco-friendly Buildings

Midea Real Estate proactively responds to the national "Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Building Industrialisation", vigorously promotes the R&D and implementation of new technology for building industrialisation, and takes standardised and intelligent upgrading as the driving force to create an integrated intelligent construction industry system, enhancing construction efficiency of architectural designs and reducing consumption of construction energy resources, so as to help the industries move towards carbon neutrality.

01. Prefabricated Buildings

With the brand concept of "Smart Life, Beautiful Life" and relying on its rich manufacturing experience and a keen sense of technology, Midea Real Estate has formed an intelligent construction industry system covering the whole industry chain, such as scientific research, design, production and processing, construction and prefabrication, and operations management. Since the independent research and development of new prefabricated construction materials and intelligent building assembly certified by the intellectual property management system in 2019, we have continuously concentrated on the research and development in the field of prefabricated buildings. In 2020, we successfully built Foshan Prefabricated Intelligent Industrial Park and implemented 68 prefabricated construction projects, accelerating the process of building industrialisation.

Midea Real Estate Strengths in Prefabricated Construction Industry

Whole Industry Chain Information-Based Management of Prefabricated Construction	Established the Radio Frequency Identification System ("RFID" system), Enterprise Resource Planning ("ERP" system), Warehouse Management System ("WMS" system), Supplier Relationship Management ("SRM" system) and Manufacturing Execution System ("MES" system) covering the whole industry chain of information-based management
Quality Leadership Supported by Intelligent Manufacturing	Worked with high-level intelligent plants to develop intelligent manufacturing products
An R&D System Covering the Whole Industry Chain	Set up the Material Technology Institute, Construction Technology Institute, Equipment Technology Institute, and Engineering Technology Institute to build an R&D system covering the whole industry chain

Deployment of Prefabricated Building Industry Parks

In 2020, the COVID-19 pandemic undoubtedly posed great challenges to the construction industry. The large-scale construction suspension in the world made people realise that the process of building industrialisation is irreversible, and the development of intelligent construction and prefabricated buildings play a vital role in the transformation and upgrading of the construction industry. Centred on the concept of "Smart Property", Midea Real Estate has successfully constructed 3 prefabricated building industry parks in Xuzhou, Jiangsu, Handan, Hebei and Foshan, Guangdong by 2020, all of which have been formally put into production and operation.

CASE

Intelligent Park of Shunde Prefabricated Building Industry Park in Foshan Put into Operation

As the demonstration base of Prefabricated Building Industry Park, Shunde Industry Park in Foshan was formally put into operation in September 2020. The park not only makes full use of equipment such as advanced production line of intelligent manufacturing and robots, but also establishes the connectivity of ERP management system, SRM system and MES system in all-dimensional construction. At present, the park has achieved extensive integration of collected information and real-time linkage of data to reach the goal of visualisation, traceability and continuous improvement, laying a solid foundation for intelligent production.



▲ Top View of Industry Park



▲ Integrated Production Line

Successful Implementation of Prefabricated Construction Projects

Despite the impact of the pandemic, Midea Real Estate still successfully implemented 68 prefabricated construction projects with an assembly area of 8,880,000m², accounting for 18.69% of the newly-commenced projects in 2020, reflecting the advantages of high-efficiency, time-saving and cost-saving of prefabricated construction.



Midea Real Estate
successfully implemented

68

prefabricated construction
projects with an assembly area of

8,880,000m²

02. Prefabricated Interior Decoration

As the national carbon neutrality policy was released, new requirements for traditional construction industries were put forward, while greater opportunities were bought to the prefabricated decoration. Focusing on the green and smart living industry, Remac Technology, a subsidiary of Midea Real Estate rolled out the "Remac Residence" Prefabricated Interior Decoration System in 2020 to foster the intelligent and information-based green transformation of the traditional home decoration industry.

Remac Residence and Green Living

"Remac Residence" Prefabricated Interior Decoration System has high variability and adaptability. According to the different needs of the residence, combined with the different functions of architecture and interior design, it adopts a modular construction structure for the purpose of easy assembly and disassembly while maintaining the aesthetic of the space design. In 2020, the Remac Residence system made critical headway in the research and development of integrated kitchen, establishing SMC cabinets of integrated kitchen. For the selection of the materials, the cabinets are made of "formaldehyde-free" eco-friendly materials in line with the national standards, which can save time in decoration and allows homeowners to move in without worry.

Strengths of Prefabricated Interior Decoration

Modular and Standardised Production	Accurate measurement, reasonable planning, standardised production, significantly improving construction efficiency and decreasing comprehensive cost by up to 15%
Civilised Noiseless Construction	No noise and dust produced during construction, effectively reducing construction safety risks
Dry Method Construction to Reduce Construction Time	Easy to assemble, reducing decoration wastes, eco-friendly and harmless construction, easy to manage, reducing construction time by up to 75%
Safety and Eco-friendly Materials	Eco-friendly materials, with no formaldehyde or odour, mildew proof, easy to clean, and prolong service life
Using SI Wiring	Reducing 90% pre-embedded amount, exposed pipeline installation, convenient operation, centralised control, beautiful and safe

In 2020, Ruizhu Youka applied for

18

new patents and intellectual
property rights

In addition, as an important part of prefabricated interior decoration, assembled sanitary ware products are known for their efficient and convenient installation, reliable and eco-friendly material quality and other strengths. Ruizhu Youka, a subsidiary of Remac Technology, introduces Japanese assembled sanitary ware technologies, concerning on research and development to create high-quality assembled sanitary wares.

Intelligent Production and Innovation Promotion

Ruizhu Youka continuously optimised and advanced production technique, and further promoted the modular design process of assembled sanitary ware systematically in 2020, founding standardised modules including waterproof plate, wallboard and top plate, with the size series covering more than 90% of modules of building and interior decoration components system, while completing the design and R&D of side floor drain and special faucet for assembled sanitary ware. Modular design will save more time and cost for installation.

Eco-friendly Interior Decoration and Low-carbon Manufacturing

Through assembled sanitary ware featuring factory prefabricated manufacturing, we can realise stable production of high-efficiency, high-quality and high-standard products, and further ensure to meet the delivery inspection standards for high-end renovation through standardised assembly on site. In the selection of materials for building assembled sanitary ware, eco-friendly and healthy high-tech materials are selected to ensure the safety of production, construction and living.

CASE

"Remac Residence" Prefabricated Interior Decoration System

"Remac Residence" Prefabricated Interior Decoration System consists of ten prefabricated systems, including integrated ceiling system, integrated wall system, integrated flooring system, integrated sanitary ware system, integrated kitchen system, interior door and window system, SI wiring system, integrated water supply and drainage system, integrated wall partition system and smart home system. The residential assembly rate of "Remac Residence" system has reached 100%, which promotes the development of prefabricated interior decoration in terms of the industry chain.

Product Overview of Prefabricated Interior Decoration | System Introduction

Ceiling system
Wall facing system
Smart home system
Assembled sanitary ware system
Wall partition system
SI wiring system
Prefabricated kitchen system
SMC cabinet system
Dry flooring system
Fast water supply and same-floor drainage system

Ceiling
Wall
Flooring

▲ Introduction to "Remac Residence" System

03. Constructing Eco-friendly Buildings

In compliance with the Evaluation Standard for Eco-friendly Construction, the Eco-friendly Building Action Plan, and other eco-friendly building standards, Midea Real Estate formulated Guidelines on Midea Real Estate Eco-friendly Residential Buildings Design and Midea Real Estate Manual for Managing Energy Conservation Design of Residential Buildings. Based on the principle of adapting our buildings to their local conditions including climates, environments, resources, economies, and cultures, we normalise the standard for creating eco-friendly buildings in terms of optimising design and building materials. In addition, we vigorously promote the application of eco-friendly buildings and provide certification schemes of eco-friendly buildings (such as LEED and BREEAM) based on project positioning; we are committed to creating efficient and economical eco-friendly buildings with resource conservation, low consumption, high durability, and health, comfort, and liveable environment, in an effort to maintain co-existence of nature and buildings and help our country achieve carbon neutrality.



Resource Conservation	<p>In accordance with design specifications such as the Code for Design of Building Water Supplies and Drainage, and the Standards for Water Saving Designs in Civil Construction, water resource utilisation efficiency has been enhanced in our architectural designs:</p> <ul style="list-style-type: none">· For laying pipelines, valves and pipeline devices are meticulously selected to prevent pipeline leakages;· For interior design, water-saving instruments are used, and sanitary requirements are enhanced for water utilisation efficiency;· For wastewater treatment, a rainwater/sewer drain diversion control system is strictly implemented, kitchen wastewater is isolated, sedimented, and pre-treated, and is then discharged into the municipal pipeline network along with the sanitary wastewater;· For eco-friendly space construction, low-elevation greenbelt construction is used to converge the runoff of the surrounding rainwater to replenish the underground water reserves;· For green space irrigation, water-saving sprinkling irrigation is utilised for the comprehensive irrigation of local greenery and plants.
Low Consumption and High Durability	<p>The energy conservation control system is applied to effectively reduce the community's energy consumption and to extend the operating life of electrical equipment:</p> <ul style="list-style-type: none">· For architectural design, eco-friendly glasses with sound proof and heat insulation are required to use to ensure the heat preservation of buildings, thereby reducing the energy consumption of the HVAC system and correspondingly reducing carbon emissions;· High-efficiency and energy-saving lighting fixtures and photovoltaic solar power generation systems are used for public lighting systems and induction lamp systems are used to conserve energy, effectively extending the operating life of the lighting system and preventing excessive power consumption;· Solar and thermal integration technologies are adopted in certain projects to utilise renewable resources and achieve energy conservation in our buildings.
Health and Comfort	<p>The Classification and Testing Methods of Lighting Performance in Exterior Building Windows, the Lighting Design Standard for Buildings and Midea Real Estate Health Standard are followed to ensure proper lighting and ventilation in buildings:</p> <ul style="list-style-type: none">· Overhead insulated rooftop designs are adopted to improve corridor ventilation and natural lighting in the main structures of our buildings;· Building orientation and spacing requirements are clarified to effectively prevent buildings with glass curtain walls from generating harmful light due to glass reflection and thus harming local residents;· Intelligent fresh air system is introduced to control ventilation volume according to the air quality, continuously purify indoor air and reduce germs spreading.
Environmental Liveability	<p>According to the climatic and soil conditions of project sites, plants are used in our communities which require low maintenance and little pest control, and which provide strong weather resistance and imposing no harm on the human body. Our communities thereby achieve a green coverage ratio of more than 30%. Green planting not only absorbs heat and reduces ambient temperature in the environment, but also effectively absorbs the noise generated by vehicles on the nearby roads and reduces the impact of noise on the community environment.</p>

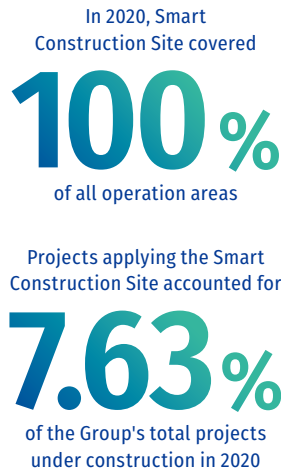
Optimising Eco-friendly Construction

- Intelligent Control
- Discharge Management

In strict accordance with the Law of the People's Republic of China on Environmental Protection and the Law of the People's Republic of China on Energy Conservation and other laws and regulations during our engineering construction, Midea Real Estate has further saved the use of resources and energy consumption and minimised the environmental footprint of engineering construction through "double-lines" (online and offline) intelligent control while guaranteeing construction quality and personnel safety.

01. Intelligent Control

We continued to implement Smart Construction Sites, and carried out intelligent tracking management of the construction process in 2020. Combined with offline supervision and management, we performed real-time monitoring on the environmental data of the construction sites, thereby effectively controlling and reducing the energy consumption during the construction and the impact on the surrounding environment. Through the application of Smart Construction Sites, we have achieved the standardised and normalised management of construction safety that covers functions such as environmental monitoring, personal information identification, equipment monitoring and automatic alarm. During the pandemic, the extensive application of Smart Construction Sites offered the foundation of the information-based platform for pandemic prevention, making it possible to safely resume work and production.



● **Integrated Intelligent Electricity and Water Utilisation Systems**

The electricity and water utilisation of our construction sites is monitored during construction in real-time. Abnormal data are promptly mapped and repair and maintenance are carried out to prevent wastage of resources;

● **Integrated Cooling and Dust Reduction Systems**

Dust monitoring and automatic spraying devices are installed on the construction site and connected to the Smart Construction Site platform. In case of an excessively high concentration of dust or PM2.5 on the construction site, the automatic spraying system will be automatically triggered to reduce spread of atmospheric particulates;

● **Intelligent Weather Forecasting**

Our intelligent information platform can forecast the weather in a real-time manner to promptly remind the construction workers of any potential weather and climatic risks. In case of excessively high concentrations of PM2.5 on the day of construction, the system will automatically issue reminders to wear facemasks; when it's too humid, the system will automatically remind the construction workers to prevent slips and other safety cautions.

02. Discharge Management

Midea Real Estate has stringently required its construction workers to follow the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other national laws and regulations, combined with local standards, to control dust, construction waste, wastewater, construction noise and other pollutants produced during construction.

We have made relevant emission reduction requirements on dust, waste water and other waste disposal by the construction party in the contract of Civil Engineering General Contracting Bidding technical requirements. For the construction waste generated in the construction process, we will classify and place it, and entrust a third party with professional qualification to recycle it.

In 2020, we took active steps to promote new construction techniques to further improve the safe construction, project efficiency, labour cost and environmental protection. Meanwhile, we advocated using green and eco-friendly materials when selecting building materials, and further require construction workers to use energy-efficient and eco-friendly pre-mixed mortar and pre-mixed concrete, and encourage them to adopt zero-formaldehyde products to control pollutant emissions from the source and perform safe, eco-friendly and energy-efficient construction.

Implementing Eco-friendly Operations

- Eco-friendly Property Management
- Low-carbon Commercial Operations
- Eco-friendly Office Operations

Adhering to the green and low-carbon operation concept and aims of protecting the environment and lowering carbon emissions, Midea Real Estate proactively seeks the ways of energy conservation and emission reduction in its property management, commercial operations, and day-to-day office operations, and cooperates with employees and merchants to implement energy conservation and emission reduction measures during the operation in order to attain low-carbon operations.

01. Eco-friendly Property Management

Property operation is the most important part for maintaining the high quality of community and pushing toward the sustainable development of community. We implant green and eco-friendly concept into subordinate property projects, strongly support environmental management of all projects, assist in boosting energy-efficient and eco-friendly measures as well as construct low-energy and low-carbon communities of sustainable development with concentrated attention.

● **Greening Management**

Green plants adaptable to local conditions are grown in public areas of communities and water-saving and efficient sprinkling irrigation systems and regular fertilisation and pest control are carried out to maintain the plants, simultaneously beautifying communities and purifying the air.

● **Resource Management**

We advocate the use of renewable energy systems for electricity and heat supply in our communities' public buildings, such as solar water heating systems, contributing to low-carbon operations.

● **Waste Management**

For the hazardous solid waste generated in the process of property operation, such as waste lamps and batteries, etc., we strictly comply with the relevant national and local treatment regulations, implement separate collection, clear labeling and classified storage for the relevant solid waste, and entrust a qualified third party organization to recycle the hazardous waste.

The harmless waste generated in property operation is mainly domestic waste. We set up functional areas furnished with sorted and recycled garbage cans in the communities, and arranged full-time managers to perform sorted garbage education and collection, as well as garbage collection and road cleaning on a daily basis.

CASE

Committed to environmental protection, multiple projects were honoured as demonstration communities of garbage classification

In 2020, in response to the requirements of the local government, Foshan Midea Yue Mansion Project made efforts to advocate the homeowners to sort garbage, and the project was appraised as the demonstration site of garbage classification in Beijiao Town, Foshan City;

Xuzhou Midea Times City and Midea Ivyleague Projects carried out garbage classification activities together with their communities and were awarded the title of "Demonstration Communities of Garbage Classification"; Xuzhou Midea City launched the construction of "Non-waste Community" and was awarded the title of "Non-waste Community".

02. Low-carbon Commercial Operations

In order to effectively lower the energy consumption of commercial projects and improve the utilisation of resources, Midea Real Estate strictly practices the low-carbon concept and formulates relevant specific regulations on energy consumption control, covering stages from the construction to the operation of projects and extending from internal control to the assessment of commercial tenants. Combined with the application of the digital system, Midea Real Estate strives to conduct the energy-saving and low-carbon management of commercial projects throughout the period and opens eco-friendly business models thoroughly.

Ingenious Reduction	<ul style="list-style-type: none">• Energy planning control is implemented based on the actual business conditions of commercial management projects, and rigorous management of opening/closing times is conducted on local equipment and facilities including lighting systems and air conditioners;• Opening and closing time of outdoor lighting is adjusted according to the season, including building external wall and street lamps. Meanwhile, time-control switches are installed for the lighting inside the stairwells to reduce unnecessary energy consumption;• Energy-saving lights are systematically installed in public areas and tenants' stores to specifically lower energy consumption during business operations;• Intelligent energy-saving elevators have been installed which automatically turn off their lights and enter into sleep mode under no-load conditions. A centralised control model is adopted to control multiple elevators in parallel to realise intelligent operations;• Power supply transformers are partly halted and the tie cabinets are used for power supply via the connected transformers. 7 transformers are halted to reduce load loss.
Water Conservation	<ul style="list-style-type: none">• The cisterns in the public areas and flush valves of toilets and pumping tanks are downsized to reduce water utilisation;• Pressure washers are adopted as cleaning instruments in underground garages to reduce water utilisation for floor cleaning;• Inspections and maintenance are conducted on pipeline damage and leakage to avoid wasting water resources;• Inspections are conducted and ditching and drainage are used to address the problem of the floor getting damp, thus effectively decreasing the daily engineering expenses.
Garbage Classification	<ul style="list-style-type: none">• Sorted garbage cans are provided in commercial areas with signs to motivate consumers to sort garbage;• All garbage in the commercial projects is separated into wet and dry garbage. Garbage classification and disposal rooms are set up in certain commercial areas, and garbage collection routes and times are specified:<ul style="list-style-type: none">▶ Dry and wet garbage rooms are established for the storage of construction waste and domestic waste, wet garbage room is renovated to provide recycling points for kitchen waste, and the collection frequency is determined based on the amount of waste;▶ Qualified third-party environmental protection enterprises are used for the uniform disposal of kitchen waste and recycling kitchen waste in line with the requirements of local government, and kitchen waste storage points are kept clean to prevent mosquito breeding and secondary pollution.
Improvement by Management	<ul style="list-style-type: none">• Energy consumption of each project is analysed every month on a year-on-year and a month-on-month basis, and the projects with large monthly energy consumption deviation are analysed to find the way of energy conservation;• To realise energy conservation by all staff, energy-saving awareness and habit are inculcated and fostered in employees, starting from themselves and from around, so that they can turn off lights, air conditioners and computers when leaving the place, etc.;• For the measures of energy conservation and emission reduction proposed by departments and individuals, an incentive system is implemented to positively motivate the employees for energy conservation and emission reduction;• In addition, according to the scale and positioning of commercial projects, requirements and assessment of environmental protection and social responsibility are made for shop tenants when attracting merchants. Those who fail to meet the assessment requirements are subject to a corresponding penalty mechanism and are ordered to make rectifications:<ul style="list-style-type: none">▶ Conduct of commercial tenants' decoration is standardised and decoration drawings and quality are supervised, reviewed and accepted, to ensure that the decoration materials and decoration effect are consistent with the effect approved, and the materials conform to the fire protection requirements as well as guaranteeing safety on construction sites;▶ Catering tenants are required to install range hoods and connect them to the fume pipeline in public area, to discharge oil fume through the fume purifier; the three-stage filtration system is required in the sewage system and fixed filter screen installed at the end of sewers.

CASE

Energy-saving Measures of Projects in Zhenjiang, Jiangsu

In 2020, the project in Zhenjiang, Jiangsu set up sub-circuits for electricity use in public areas, refined the control of lighting in different scenes, and adjusted operation strategies of different lighting equipment including adjusting the time of switch on floodlighting to coincide with sunset time, and postponing turning on the lights in areas exposed to the sun to reduce energy consumption; the parking lot lighting was turned on differently on weekdays and weekends, only lane lighting was turned on due to lower traffic on weekdays and parking space lighting was turned on dependent on the actual traffic on weekends; the brightness of LED information screen in shopping malls was turned down and so on. Since its opening in August 2020, a total of approximately 96,000 kWh of electricity has been saved.

For public water use, monthly energy consumption data was analysed, abnormal water use was timely identified, and leakage and running water was rectified; water consumption for cleaning the floor was controlled to avoid waste.

CASE

Energy Conservation Renovation Plan of the Project in Zhuzhou, Hunan

In 2020, the project in Zhuzhou, Hunan continuously renovated the radar-based induction lamps for basement lighting to save energy consumption of basement lighting; cleaned cooling tower of air conditioner regularly with water quality treatment of pipes to improve the comfort provided by air conditioners in the shopping mall; meanwhile, carry out vacuum discharge and damper size adjustment on the boiler system of the shopping mall, to control the gas consumption at 200m³ per hour for the company to save energy expenses.

Besides, during the pandemic period from January to March in 2020, the Zhuzhou Project solved the problem of the floor getting damp in the basement through ditching and draining for 170 meters. While addressing the long-unsolved problem, the project saved about RMB35,700 of engineering costs for the company.

03. Eco-friendly Office Operations

We encourage our employees to make rational use of natural resources in their daily work to avoid unnecessary waste. Through each employee's own effort, we work together to create an eco-friendly and low-carbon workplace.

Eco-friendly office operation measures that we invite office employees to undertake include:

- Conserving paper to reduce unnecessary printing and recycling used paper as much as possible;
- Setting the air conditioner temperature at 26 degrees Celsius to conserve energy;
- Advocating turning off the power before leaving the office to conserve power;
- Encouraging employees to hold online video conferences to reduce unnecessary business trips;
- Advocating eco-friendly commuting and encouraging employees to take public transportation to reduce exhaust gas emissions from private cars;
- Posting water and electricity conservation signs to constantly remind employees of eco-friendly office operation principles.

Advocating Eco-friendly Concepts

Midea Real Estate actively popularises eco-friendly concepts and establishes cooperation channels with external universities and social public welfare organisations. By establishing a research centre and developing rural teaching and other activities, we promote R&D of eco-friendly and low-carbon technology and encourages stakeholders to participate in environmental protection, so as to implement environmental awareness and low-carbon concepts in daily life.

University Cooperation

On 6 January 2020, Midea Real Estate and Tsinghua University Architectural Design and Research Institute CO. LTD. jointly founded the "Low-carbon Healthy Habitat Environment Research Centre", and further signed a Third-party Strategic Framework Agreement on Strategic Cooperation of Technology Research and Development in Eco-friendly and Low-carbon Industries with the South China University of Technology State Key Laboratory of Subtropical Construction Science. These efforts will provide in-depth technical support to Midea Real Estate in the construction of eco-friendly prefabricated construction, passive construction, and intelligent health support services.

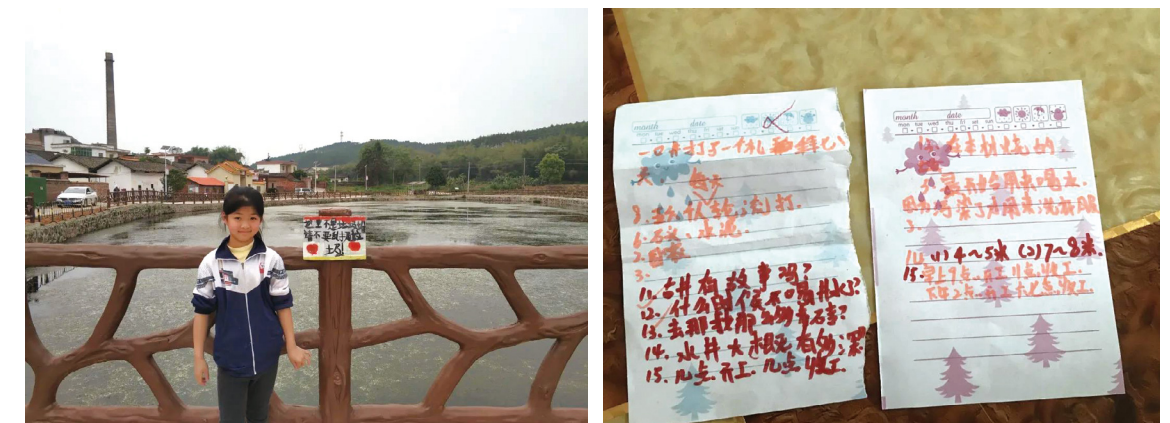
Rural Teaching

Practising eco-friendly and low-carbon living is a long-term process, and implementing the eco-friendly and low-carbon concepts requires the full participation of the whole society. Midea Real Estate positively advocates eco-friendly concepts and promotes activities for the protection of the ecological environment through the Shaoguan Foundation.

CASE

Child Volunteer Activity of "Treasure Water and Care for Water"

In April 2020, we organised a team of child volunteers in the exploration of constructing Huangzitang Ecological Village in Pinggang Village of Shaoguan City carried out by Shaoguan Foundation. The volunteers collected and summarised environmental problems by visiting rural communities several times as well as interviewing villagers, made the corresponding signboards and hung them in the corresponding positions to remind villagers and put forward their suggestion on village reconstruction. At the same time, these child volunteers conducted oral interviews with related villagers and reviewed the water history of the village.



▲ Environmental Signboards Made by Child Volunteers

▲ Oral Interview Records of History by Child Volunteers

08

Adhering to the "People-oriented" concept, Midea Real Estate is committed to creating a healthy and safe work environment, widens the career development path for its employees and build a diversified development platform and training system, with constant concerns about the legal rights and interests of its employees. Meanwhile, we keep improving our human resources management system, drive the corporate sustainable development of the company with the growth of talents, and work with employees and all parties to build a harmonious society.

Partnership Prosper Industry

- Marching towards Our Dream with Peers
- Going Hand in Hand with Our Partners

Key Actions in 2020

- We kept pushing forward the training plans such as the "Rock Plan", the "Cornerstone Plan" and the "Jadestone Plan", and added the "Burr Plan" and "Rookie Plan" to develop a team of well-qualified talents
- For our female employees or the employees in special conditions, we set the special stations or "work from home" policy to provide them with flexible working schedules
- We persistently conducted the "face-to-face talk with the general manager" and "face-to-face talk with front-line employees", and held the "roundtable conference with graduates" according to each unit's demand to promote the exchanges and communications between the management and the front-line employees
- We launched a digitalised bidding and procurement platform of Midea Real Estate for information management of the whole processes of bidding and procurement

Key Results in 2020

- Number of employees: 15,252
- Employee training hours per capita: 59.84 hours
- Number of partnering suppliers: 8,849

Key Issues

- Guaranteed the rights and interests and the diversification of employees | Employee health and safety | Talent attraction and retention | Employee development and training | Promotion of responsible supply chain | Employees' compensation and benefits

Marching towards Our Dream with Peers

- Strengthening the Guarantee of Rights and Interests
- Encouraging Talents to Grow
- Guarantee of Safety and Health
- Creating a Happy Work Environment

As an advocator of a "strong peer" culture, Midea Real Estate emphasises "meeting challenges together as peers" and regards employees as our most valuable assets. We are committed to providing opportunities to our employees to realise their values. By building diversified teams, training compound talents, establishing multi-level career development paths and offering diversified workplace care, we can achieve a win-win situation for the growth of us and our employees.

01. Strengthening the Guarantee of Rights and Interests

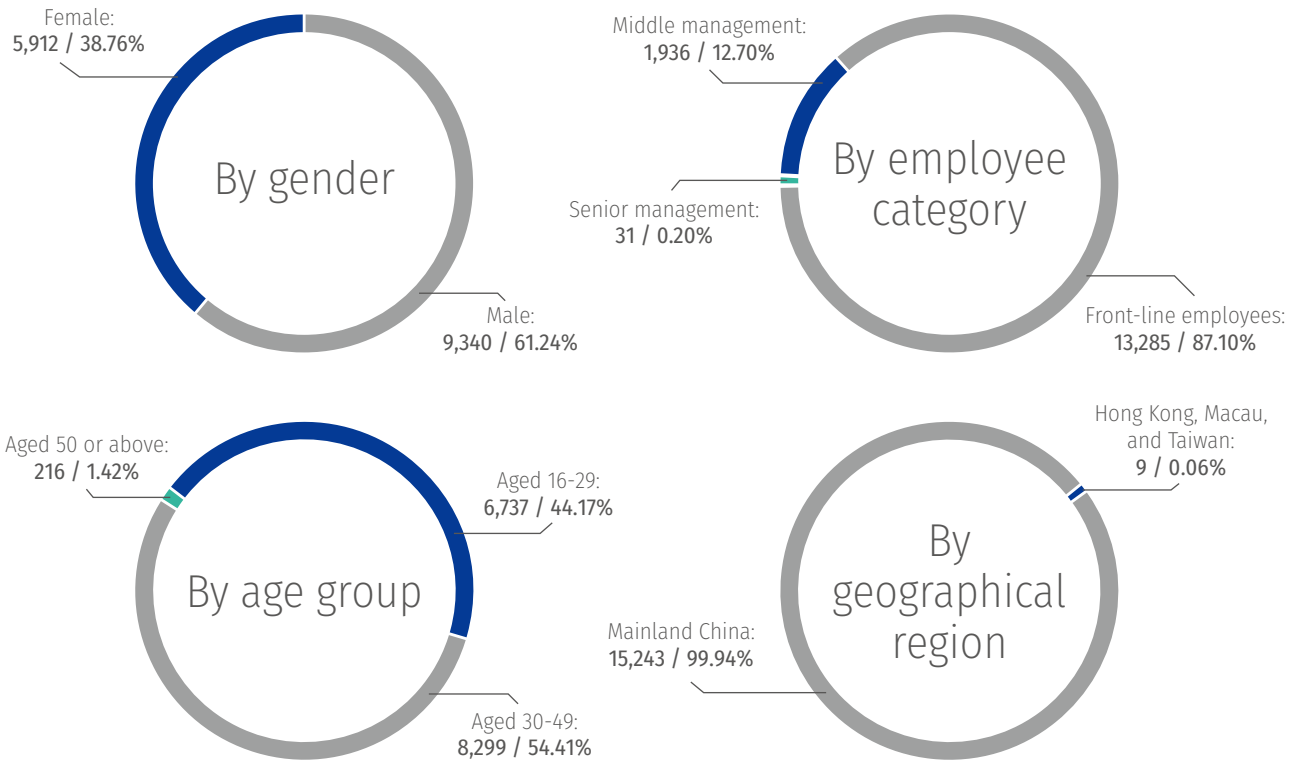
Since we always take our employees' rights and interests as the core, we resolutely implement basic principles of equal employment and anti-discrimination, respect the opinions and feedback from every employee, proactively seek diverse benefits for our employees, to practically improve their sense of belonging.

Equal Employment

We strictly follow the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and other laws and regulations, formulate and implement the Measures for Recruitment Management, the Measures for Personnel Management, and other internal systems of human resources management, to define the principle of relative avoidance during the recruitment process and ensure the compliance and fairness of the recruitment process. Meanwhile, we formulate the competition system to encourage our employees at different levels to recommend themselves or others for new posts or job vacancies, in order to create a good atmosphere of fair selection, impartial appraisal and selective acceptance and to guarantee fair employment across-the-board.

In addition, for our commitment to creating an inclusive diversified work environment, we formulate the Policies on Diversification of Members of Board of Directors applicable to the management, and keep optimising the structure of our employees to drive the reasonable distribution of our employees by gender, age group, and geographical region.

Overview of employees in 2020



Grievance Mechanism

With a view to protecting the legal rights and interests of our employees, we set multiple accesses to grievance to ensure an effective response to the opinions from our employees. We formulate and implement the Measures for Performance Management and the relevant mechanisms for the daily feedback. Our employees may make complaints and feedback by directly communicating with their superiors on a regular basis, filling in the Performance Grievance Form, so that we can understand different demands of our employees in a timely manner.

Anti-discrimination

We resolutely oppose to discrimination in any form, internally define the rights and interests of our employees and partners. During our recruitment and employment processes, we never discriminate any candidate or employee due to his or her gender, age, ethnicity, race, nationality, native place, religion, sexual orientation, political faction, marital status, or other different social identities,. We are committed to creating an inclusive work environment.

Respect Human Rights

We value the protection of our employees' human rights, proactively fulfil the basic principle of the United Nations Global Compact, fully respect individual employee's right to peacefully and freely assemble or form an association according to the laws and regulations of the place where our business is operated, and guarantee our employees' rights to proactively make discussion and express their viewpoints. In 2020, we set up a labour union at the headquarters of the Group to coordinate the management of regional branches, further guaranteed our employees' freedom to make comments, form associations and conduct collective bargaining, promoted the publicity, the implementation, and the collection of feedback on the core policies on employees, and organised regular and holiday employee care activities and condolence activities, for the purpose of guaranteeing the basic rights and interests of our employees.

Labour Protection

We always upholds the principles of legality, fairness, and trustworthiness, and signs labour contracts with employees after performing consultation on the basis of equality. The contracts specify the rights and obligations of both parties, information about remuneration and dismissal, recruitment, and promotion, working hours, and holiday arrangements. We also establish new systems such as the Measures for Management of Graduates, the Measures for Management of Interns to further standardise the management of various employees and comprehensively guarantee the legal rights and interests of employees. Besides, the Group strictly abides by the Provisions on the Prohibition of Child Labour to avoid the employment of any child labour or otherwise any forced labour in any form. In 2020, Midea Real Estate had no cases of child labour, labour discrimination, or forced labour. All labour despatches complied with the national regulations regarding the terms of despatching "temporary, supporting, and alternative" personnel and maintaining them within percentages of 10%.

Remuneration and Welfare

From the perspective of employees' interests, Midea Real Estate adheres to seeking diverse welfares for its employees. In 2020, we kept optimising our internal system of compensation and benefits for commitment to providing our employees with a good environment and professional training, perfect internal promotion mechanism, favourable career development planning, and welfare support.

- **Remuneration Incentives:** Taking market remuneration levels into full consideration, we have formulated a remuneration system directed by both employee capability and performance. In 2020, Midea Real Estate continuously optimised its remuneration standard and incentive forms and implemented a personnel incentive plan reform, further enhanced floating remuneration incentives, and encouraged employees to get more pay for more work, and to create more value.
- **Employee Welfares:** We respect employees' hard work and provide them with a wide range of benefits. In addition to employee pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident funds, as well as statutory holidays, we also provide employees with commercial insurance, education support for employees' children, professional job title allowances, physical examinations, and holiday gifts. For employees in Guangdong, we provided paternity leave that exceeds the legal requirements. In addition, for our female employees or the employees in special conditions, we set the special stations or "work from home" policy to provide them with flexible working schedules. During the pandemic, our employees worked in the nearest places available or otherwise from home as arranged according to the requirements of the State or local government, under the safe and flexible working conditions we provided for them.

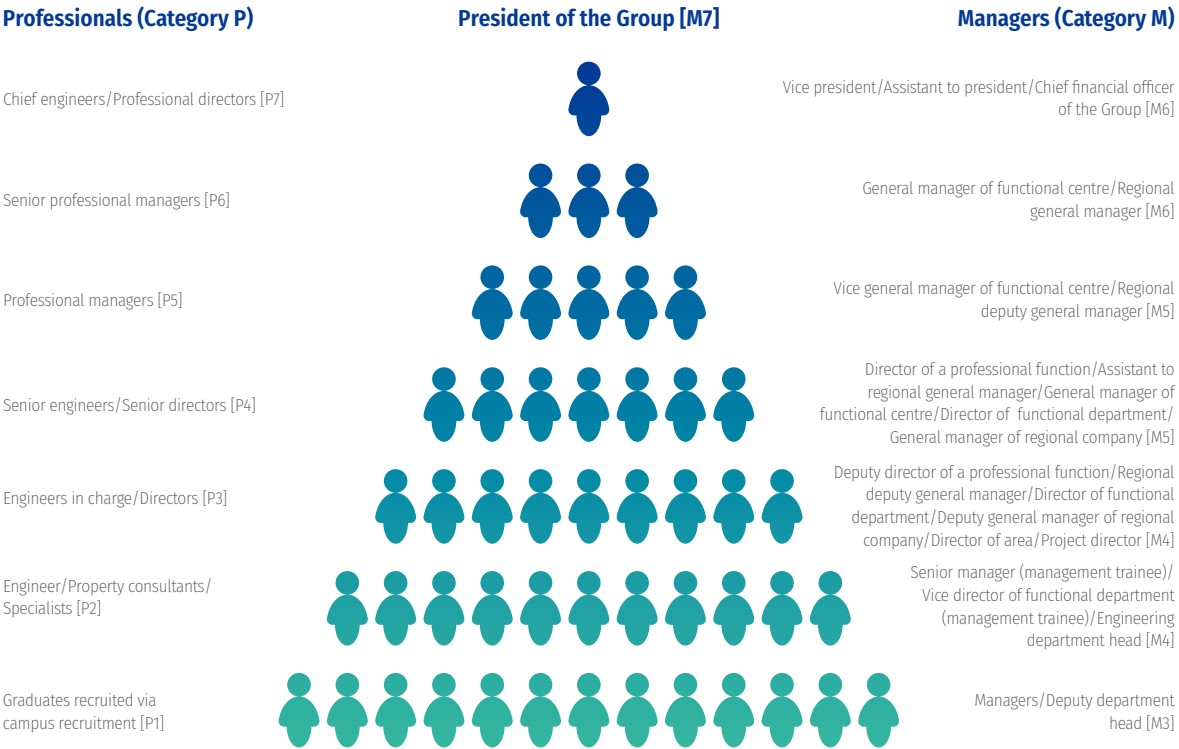
02. Encouraging Talents to Grow

Talents cannot be cultivated without high-quality education. We develop diverse career development paths for our employees to help them grow fast and realise their values. Furthermore, we keep improving the talents cultivation system of "Midea College", and design personalised training courses and modes for our employees at different levels of growth, in a bid to cultivate talents effectively.

Diversified Career Development

Upholding the concept of "Achieve Success with Talents, Accomplish Talents with Careers", Midea Real Estate has provided diversified career development paths to its employees, and keeps promoting the dual parallel paths of career development for professionals (Category P) and managers (Category M) to fully meet the career development needs of different employees. In 2020, we sorted the model of cadre's core competencies and qualities, defined the standards for talents, and adopted the talent evaluation mechanism of the trinity of performance, ability and values, coupled with our internal competition mechanism, to select highly potential talents. We also invigorated our internal talents by means of talent counting, internal transfer, short-term despatching, promotion and development, etc.; we optimised the "four-stone + rookie plan" to comprehensively improve the competencies of talents and to support the attainment of our strategic goals with well-qualified talents.

Dual career development pathways



Rational Training of Talents

- Midea Real Estate adheres to the internal talent invigoration strategy in accordance with the Measures for Training Management. In 2019, we set up "Midea Real Estate College" to build a diversified and personalised training system for our employees in different growth stages, for the purpose of improving the competencies and qualities of all our employees, encouraging our employees to proactively study and to achieve self-growth, and energising the company's long-term development.
- In terms of core echelon talent training, we focused on core talents such as the first echelon cadres, highly potential middle cadremen, graduates and other core talents, and implemented the "Rock Plan", the "Cornerstone Plan" and the "Jadestone Plan", and added the "Burr Plan" and "Rookie Plan" in 2020, aiming at training a team of well-qualified talents who understand the operation and are good decision-makers, skilled managers and excellent professionals.
- For deepening of professional competencies, a series of our training focused on the "five core competencies", namely the investment and financing ability, operation ability, production ability, marketing ability, and service ability, with a view to training professionals for the whole value chain.
- For the purpose of improving the internal sharing access to learning resources, we integrated the internal and external trainers and course resources, and built a learning platform based on on-line learning, provided tools to support the training, and eased learning and resource sharing.

In 2020, we provided
912,712
hours of training covering
26,135
individuals

"Core Talent Training System" of Midea Real Estate

	Trainees	Training Orientation	Training Course/Form
Rock Plan	Middle and High-Level Talent	Expanding the horizons, vision, and awareness of trainees, and growing future leading talent for the Group and the industry	• Advanced Studies Program for City Managers • Reserved cadre training camp: Mock negotiation, industry benchmarking, online reading club, bi-monthly report and topic research
Cornerstone Plan	Frontline High-Potential Talent	Improving the management and professional skills of trainees and grooming high-performing reserved department heads for the Group	• Cornerstone training camp: Face-to-face lectures and interaction, workshops, sand table simulation, action learning, site visits, task challenges, themed live streaming debates
Jadestone Plan	Outstanding Fresh Graduates	Enhancing the adaptability of new recruits and developing crucial "future core" resources of the Group	• Jadestone training camp: Face-to-face lectures and interactions
Burr Plan	Marketing graduates	Cultivating front-line marketing elite to qualify for the marketing force of the Group	• "Burr" welcoming training camp • "Burr" remelting training camp
Rookie Plan	New employees	Communicating our core values and cultural orientation with new employees, so that they can keep their thoughts and actions in line with our development direction, with a view to training and offering excellent managers and professionals for the Company	• Rookie training camp: Course study, informal discussion with excellent employees, visit to the brand museum, icebreaker, etc.

CASE

Burr Plan

In July 2020, we mobilised 167 fresh graduates to participate in the Burr Welcoming Training Camp of Midea Real Estate to help them in their transition to sales elites from students. By means of "Question answering for passing", "city mission", and other projects, Burr Welcoming Training Camp helped participants to accumulate extensive knowledge in real estates, experience the skills of interpersonal communication, and achieve breakthroughs in the recognition of sales activities, for the sake of laying a solid foundation for the front-line marketing elites of the Group.



▲ Distant courses of Burr Orientation Training Camp



CASE

Rock Plan

In 2020, three phases of learning camps lasting 8 months were organised under the Rock Plan, and more than 160 employees participated in our online learning camp to strengthen their "big operation" thinking through the online learning of six special topics including operation, product, marketing, engineering, customer service, and management; and 94 employees were selected to join the offline training camp to improve their comprehensive abilities across-the-board, in forms of face-to-face lectures, sharing by senior management tutors, group research, etc.



▲ Graduates from the Rock Plan in 2020

03. Guarantee of Safety and Health

Midea Real Estate attaches great importance to its employees' occupational health and safety. We strictly observe the Production Safety Law of the People's Republic of China and other laws and regulations, keep improving our internal safety management rules and regulations and occupational health security system, and practically implement the occupational health and safety management for our employees. Moreover, we encourage our employees to take an active part in recreational and sports activities to balance their work and lives.

Build Safe Workplaces

We are devoted to creating safe and reliable work environments for our employees. For different workplaces, we cooperate with the administrative department and the property department to conduct the emergency exercise fire drill, etc., to strengthen our employees' safety awareness. While ensuring the safety of our employees, we are also concerned about the safety guarantee for employees of our partners and constructors. During the COVID-19 pandemic in 2020, Midea Real Estate kept an eye on the pandemic developments, strictly follow the notices released by local governments on the delay of work resumption, adjusted the scheduling of our employees' vacation, and made statistics of our migrant employees as well as the preparation for flexible working schedules to reduce the gathering of employees in our offices. We pushed ahead with "6S" standards for our daily office environment to keep it clean and in good order, meanwhile disinfected our offices for pandemic prevention, and disinfected and killed "the Four Pests", etc., We also formulated guidelines on employees' return to work to standardise the pandemic prevention and control by our employees in terms of pandemic prevention, commuting, environment, hygiene, dining, office work, etc., strengthen our employees' awareness of pandemic prevention, and create a safe and healthy office environment together.

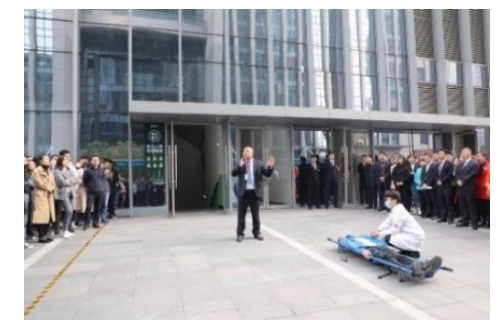
Reduction of Occupational Hazards

We keep improving our occupational safety guarantee mechanism, formulate and implement the Measures for the Prevention, Control, and Management of Occupational Diseases in accordance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the relevant laws and regulations, specify the measures to guarantee our employees' occupational safety and health in our labour contracts, standardise the management of occupational disease prevention and control for our production plants, prevent, control, and reduce the hazards of occupational diseases, and prevent occupational diseases at the source. Besides, while strictly complying with the national management of labour safety, we proactively perfect our internal work safety management system, normalise the standards of employee conduct, and conduct safety education training to strengthen our employees' awareness of safety and reduce the risks of accidents and occupational injuries.

CASE

Guarantee of health of all our employees during the pandemic

During the pandemic in 2020, Midea Real Estate initiated the management and control of employee health information, quarantine for diagnosis and treatment, publicity and education of pandemic prevention and control, reservation of anti-pandemic facilities and supplies, cleaning and disinfection for production and living areas, donations for fighting against the pandemic, etc. We also worked with our partners, suppliers, and affiliated business partners to deploy the joint defence and joint control, make preparation for work resumption across-the-board, provide directions and training on the code for office work and production safety to secure the health of our customers, employees, partners, and the employees of our constructors.



▲ Emergency drill

Promotion of Physical and Mental Health

We insist on our "people-oriented" philosophy, care about our employees' physical and mental health and take actions to care for our employees. In addition to purchasing commercial insurance and social insurance for our employees, we provide our employees with health examinations every year to enable them to know their health conditions. Besides, we proactively implement our plan for the sports club, setting up badminton, basketball, football, swimming, yoga, fitness and other sports clubs. Our regional companies implement the enjoying running for records plan for a long term, set up sports platforms for their employees, and provide psychological counselling services to encourage employees to do exercises and relieve stresses from work and life in a healthy manner.



▲ Basketball game



▲ Round-the-lake race



▲ Employee sports meet

04. Creating a Happy Work Environment

We are committed to creating a real pleasant workplace for our "strong peers". We love our employees, attentively listen to their thoughts, and proactively provide them with services to practically increase their happiness.

Attentive Listening

Midea Real Estate regards employee communication as part of it management encourages them to voice their opinions and propose constructive comments and suggestions. We work with more "peers" to perfect our democratic management and assist the company to prosper by industriously extending the communication channels with our employees. According to the survey of organisational atmosphere in which all entities of the Group participated in 2020, the satisfaction was 99%.

Intending to listen to comments from our employees in a better way, we improved our communication platform for in-depth exchange and regular communication. In 2020, the manners in which we communicated with our employees and the communication details were:

- Building an MHR information platform to show the latest management systems and the daily working guidance;
- Building an intelligent robot platform to answer questions our employees frequently ask;
- Setting up the special telephone line starting with 400 to answer questions about the business and giving feedback on complaints;
- Providing direct access to the corresponding employee relationship specialists for following up and handling the special questions about the human resources from employees;
- For audit issues, receiving questions and complaints via a special telephone line for audit risks;
- For communications about business management, line leaders and cross-functionary leaders reporting work progress;
- Organisational culture surveys to comprehensively learn about employee issues, opinions, and suggestions on corporate regulations.

Moreover, Midea Real Estate persistently conducts the "Face-to-face with the General Manager", the "Face-to-face with Front-line Employees", and activities such as the "Round Table Conference for Graduates" according to each unit's requirements, for better care about the growth of our employees and cohesiveness and efficient synergy of our teams. The regular exchanges between the senior management and employees and among front-line employees are conducted to learn the actual needs of our employees.



▲ Face-to-face with front-line employees



▲ Face-to-face with the General Manager



▲ Round table conference for graduates

Happy Living

Midea Real Estate never forgets the hard work of every employee and always care for our "peers" who are struggling with us. In 2020, we conducted diverse activities to care for our employees, including greetings on festivals and youngster social parties, launched our customised gifts and festive meals and take other actions to care for our employees and strengthen employees' sense of belonging. Furthermore, we are concerned about our employees in difficulties and their families and help them out of difficulties by means of family consolation, provision of green channels to medical treatment, etc.



▲ Consolation gifts for "8 March" Women's Day

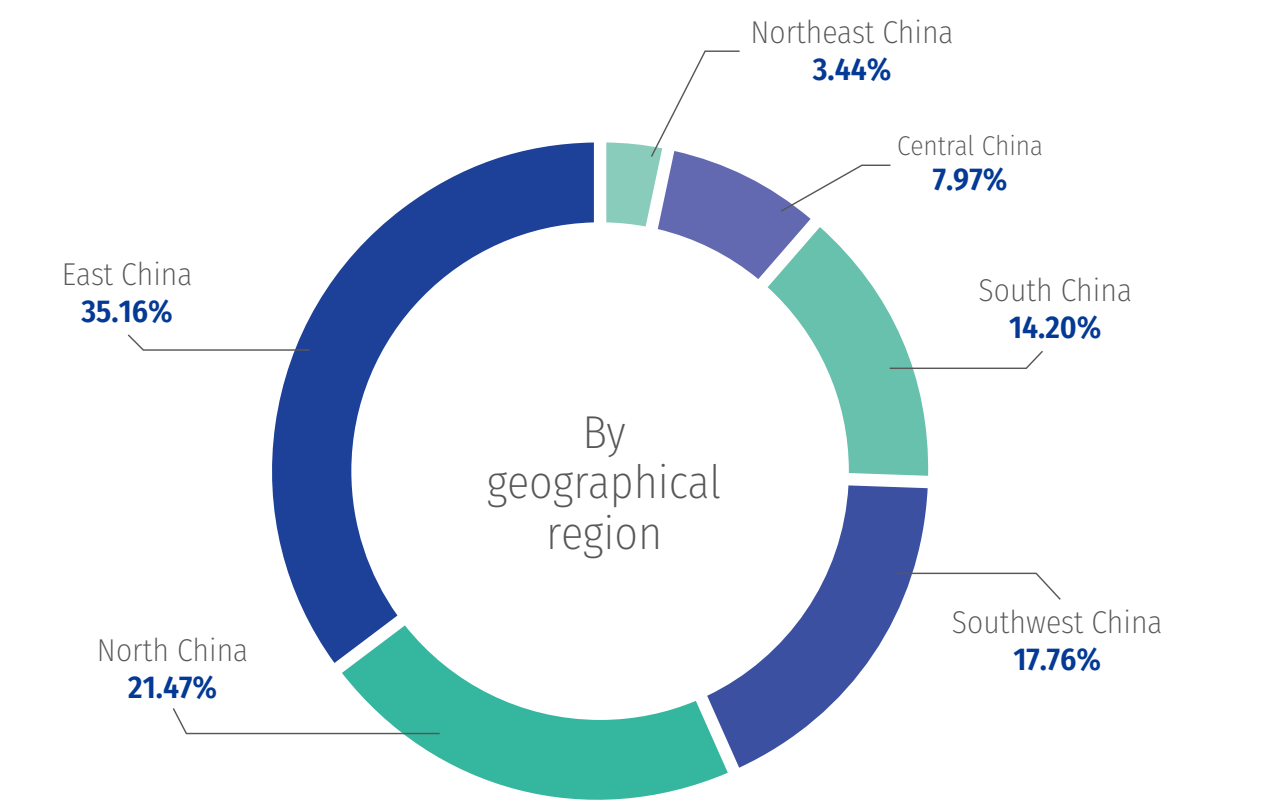
Going Hand in Hand with Our Partners

- Responsible Supply Chain
- Strategic Cooperation

01. Responsible Supply Chain

Midea Real Estate undertakes the responsibility for supply chain management and is committed to promoting sustainable development guidelines together with its suppliers. We keep improving our supply chain management system, guarantee the rights and interests of our suppliers and build a cooperative relationship with our suppliers for mutual benefit and a win-win situation.

Number of suppliers by geographical region



Improving Supply Chain Management

Midea Real Estate keeps improving the supply chain management, follows the Measures for Supplier Management, the Guidelines for Supplier Investigation, and the Guidelines for Archives Administration of Suppliers, optimised the Measures for Blacklist Management, the Integrity Agreement (for Suppliers) and other internal systems refine control over the development, investigation, access, appraisal, and classified management of our suppliers, and to improve their quality.

In 2020, we added and released new administrative rules for four categories (civil engineering, mass refined decorations, gardening and landscape, and important subcontracting) of our suppliers respectively to manage different categories of suppliers in a better way. Furthermore, we vigorously promoted the building of the digitalised supplier management platform, and launched Midea Real Estate's digital bidding and procurement platform to control the whole process including invitation for bids, issue of bidding documents, drawings, etc., and raised the criteria for evaluating a supplier's abilities to undertake work and to perform contracts for more rational and efficient management of suppliers.

- **Development and investigation:** A specialised investigation team is built to check the business qualifications of partners and conduct field visits to office venues and production bases, and form an investigation report as a basis for the inclusion of suppliers into the supplier list;
- **Approval:** A supplier approval standard has been established, all suppliers must be subject to investigations before they can be included into the supplier list in principle; suppliers included into the supplier list are required to establish a service team to guarantee cooperation quality;
- **Evaluation and management:** We evaluate the contract performance, project delivery performance, warranty quality and other performances of the four categories (civil engineering, mass refined decorations, gardening and landscape and important subcontracting) of our suppliers on a monthly basis. They are under our classified management according to the evaluation results, and the cooperation will be stopped in time if it's found out that any supplier is ineligible, in order to guarantee the quality of supply.

Protecting Supplier Rights and Interests

We strictly follow the laws and regulations such as the Law of the People's Republic of China on Tenders and Bids and the Regulations on the Implementation of the Tendering and Bidding Law, and optimise our internal systems such as the Measures for Bidding Management, to regulate the management of platform suppliers and protect the legitimate interests of platform suppliers.

- **Standardisation of tendering:** full implementation of digital control of tendering and promotion of online tendering for a fairer and more transparent tendering process; standardisation of tendering forms in accordance with the Group standards to achieve standardisation and institutionalisation of the tendering process;
- **Restricted by whistleblowing:** The contact information of our audit and supervision department is provided in the Anti-Corruption Agreement, so that suppliers may promptly file complaints upon notices of any malpractice;
- **Employee behaviour:** Signing the Anti-Corruption Agreement with suppliers, issuing "Anti-Corruption Tips" on holidays and publicising reports on internal integrity through WeChat official account to raise awareness of anti-fraud and anti-corruption among suppliers' staff.

Building Sustainable Relationships

The solid relationship between Midea Real Estate and its suppliers is based on good communication between the parties. In addition to daily communication, we organise annual supplier meetings to recognise outstanding suppliers and build an ecological atmosphere of mutual trust and cooperation. At the same time, we provide regular training to fresh suppliers on health and safety and product quality, in order to achieve mutual growth and development with our suppliers.

- At the stage of the inclusion of suppliers into the supplier list, we will introduce the overall model of Midea Real Estate to the suppliers, including engineering management model, bidding and procurement management model, cost control model, and financial payment model, and at the same time export the basic requirements of Midea Real Estate to the suppliers' product and service quality;

- During the bidding and procurement stage, we will provide suppliers with clear bidding requirements, including quality requirements, production safety requirements, construction progress requirements, etc.
- During the entry stage after the tender is awarded, the engineering department of the Company will conduct training for suppliers to clarify engineering management requirements, quality requirements, and the relevant management systems of Midea standards, etc.

In addition, we actively propose that our suppliers take environmental protection measures, joint us to build a green supply chain and contribute to a sustainable future. We focus on the eco-friendliness and efficiency characteristics of the products of the suppliers to be included in the list and those already on the list. For example, in the case of centralised procurement of wooden flooring, we have already specified the environmental protection requirements for the shortlisted products when we invite for bidding.

02. Strategic Cooperation

Midea Real Estate has been actively establishing strategic partnerships with like-minded upstream and downstream partners, government departments, enterprises, and schools, expanding its cooperation in the fields of Smart Community, Smart Home, Prefabricated Construction, City-Industry Integration, and green development, to realise effective application and implementation of technologies and products, and promote the common development of the industry.

Strategic Cooperation Projects in 2020

Partner	Cooperation Contents
The Fifth Institute of Electronics, Ministry of Industry and Information Technology	Established a joint laboratory for cutting-edge technologies in cyberspace security to conduct R&D of the smart home
Tsinghua University Architectural Design and Research Institute CO. LTD. South China University of Technology State Key Laboratory of Subtropical Construction Science	Established the "Low-carbon and Healthy Habitat Environment Research Centre" to realise strong collaboration between leaders in manufacturing and academia to help create a smarter, healthier and low carbon habitat
YiDaYunTu (Shenzhen) Technology Co., Ltd.	Signed a strategic cooperation agreement by which the parties will promote the construction of the IOT platform in the park
Tianjin Nankai Poling Education Management CO. LTD.	Established the first cooperative school - Nankai Experimental School in Nan'an City to promote education development
China Mobile Communications Group Co., Ltd.	Joined hands to build a 5G smart park and accelerate the creation of the Shanghai Smart Industrial Park

As a builder advocating a better life, Midea Real Estate insists on practising public benefit programs, and is committed to giving back to society by practical actions. In active response to the state's call, we conducted "rural revitalisation" activities to consolidate the achievements in poverty alleviation by educational and industrial development, joined hands with all sectors of society to participate in public welfare activities and care for vulnerable groups and contributors, thereby creating a better society in good faith.

Embracing a Better Society in Good Faith

- Supporting Rural Revitalisation through Shaoguan Foundation
- "Black Eyes" Public Welfare Initiative—Caring for Vulnerable Groups
- Making Charity Efforts for a Better Life

Key Actions in 2020

- Be concerned about education assistance and promote the popularisation of rural education
- Conducted industry support to boost the development of the rural economy
- Promoted the repair of dilapidated houses and improve the living environment
- Invested in the construction of rural water conservancy projects to guarantee the safety of drinking water for villagers
- Promoted the renovation of rural public space to address the shortage of space resources
- Conducted employee volunteering services, give support to educational development, encourage the popularisation of sports to make a contribution to a beautiful city

Key Results in 2020

- Invested RMB4.1739 million in charity in the year
- Supported the infrastructure construction of 8 villages, and comprehensively improved the rural living environment
- Incubated and cultivated rural economic organisations, promoted the rural industrial and tourism development to create sustainable value for the villages
- Renovated 2 schools and donated over 6,000 books to promote the development of rural education
- Rebuilt 22 large-scale public buildings such as rural drinking water to effectively guarantee the basic physical demands of villagers

Key Issues

- Community development and care | Social welfare

Supporting Rural Revitalisation through Shaoguan Foundation

- Lofty Ambition Supported by Wisdom and Learning
- Ecological Living—Housing Security
- Hydraulic Engineering—Water Security
- Comfortable Living—Building Homes Together
- Capitalizing on Wisdom to Build a Bright Future

Midea Real Estate proactively responds to the national "rural revitalisation" strategy and constantly innovates poverty alleviation models. In 2018, the Midea Real Estate invested to found Shaoguan Foundation the first public foundation with "rural revitalisation" as its core theme in China, to support the development of rural revitalisation of service through the mechanism and in an innovative form of the charitable trust + foundation. Through their constant actions, the foundation has helped local farmers carry out the construction of a new village and find a precise, effective and distinctive road to rural revitalisation.

In 2020, aside from Shaoguan, the foundation also carried out a variety of projects in Liangshan Prefecture in Sichuan Province and Gaoming District in Foshan City, and was also active in Beijing, Shanghai, Chongqing, and other regions. The foundation continues to promote projects related to three major areas—rural construction, charity foundation, and community/ industrial development. Through the construction of rural infrastructure, it comprehensively improved the rural environment; through incubating and cultivating rural economic organisations, it promoted the development of industries; through large-scale basic public construction projects such as rebuilding schools and solving rural drinking water problems, it responded to the needs of Shaoguan and Liangshan prefectures in education and basic livelihood services.

01. Lofty Ambition Supported by Wisdom and Learning

Education is a national priority, and poverty alleviation through education is the foundation of rural revitalisation and sustainable development. Midea Real Estate is committed to improving the education resources in poverty-stricken areas to promote and support education development for the nation's bright future.

CASE

Reconstruction and aid to Shaoguan Taiyuan Primary School

In October 2019, in order to improve the teaching environment of Taiyuan Village and solve the problem of schooling for school-age children in the village, together with Shaoguan Foundation, Midea Real Estate communicated and coordinated with the Agriculture Office of Nanxiong Municipal Party Committee, the Government of Zhuji Town, the Taiyuan Villagers Committee and Tianyuan Design Institute, etc. in various ways, and launched the renovation project of Taiyuan Primary School. The original doors, windows, lighting, walls and stairs were repaired and renovated. In August 2020, after 10 months, the reinforcement project of Taiyuan Primary School was completed and passed the acceptance inspection, which comprehensively guaranteed the safety of the school building as well as teachers and students.



▲ Exterior walls before renovation



▲ Exterior walls after renovation



▲ Classroom before renovation

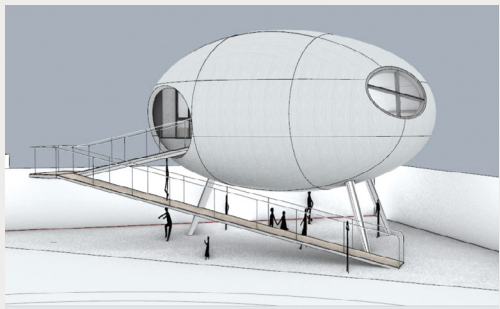


▲ Classroom after renovation



▲ The opening of the Lighthouse Project Summer Camp

In addition, in August 2020, with the support of Taiyuan Villagers Committee, Shaoguan Foundation and Guangzhou Lighthouse Project Youth Development Promotion Association (referred to as "Lighthouse Project") held an 18-day summer camp in Taiyuan Primary School. Volunteers from 11 colleges and universities came to Taiyuan Village with abundant curriculums to more than 70 children. Moreover, when the school year started in September, our Black Eyes Public Welfare Initiative also helped children start the new school year by donating 1,080 books to Taiyuan Primary School, helping local education development in a sustainable way.



▲ Library construction project of Meisa Township Central School of Butuo County

Under the Shaoguan Foundation project, a library was proposed for Meisa Township Central School of Butuo County to supplement the local educational resources. In November 2020, Butuo County Education Bureau approved the construction of the library of Meisa Township Central School.



▲ Training project of the teacher education system in Liangshan Prefecture

In 2020, under the Shaoguan Foundation project, the development of the teacher education system in Liangshan Prefecture was further improved through remote education and training, on-site guidance and other methods.

02. Ecological Living—Housing Security

In order to actively respond to the goal of "Ecological Living" in the national rural revitalisation strategy, Midea Real Estate continues to promote the renovation of the rural living environment, and constantly builds ecological and liveable beautiful villages to enable rural residents to live a happier life. In 2020, Shaoguan Foundation promoted the improvement of the living environment in villages including Zhongzhan, Jiaowan, Taiyuan and Meiling, helping poor households who could not afford to repair their houses to rebuild or repair their old and dilapidated houses.

In 2020, Shaoguan Foundation completed the "Hemei Home Plan" by renovating the houses of poor households in Zhongzhan Village, Jiaowan Village, Taiyuan Village and Meiling Village. The houses of 6 households were rebuilt and 13 were repaired. By then, the "Hemei Home Plan" for house renovation of poor households had been completed. The living conditions of 42 poor households in 8 villages in Renhua County and Nanxiong City had been improved.



▲ The house renovation of poor households

In November 2020, Jiluo Village started the renovation and upgrading project of the old residential houses in Jiluo Village, Jinyang County, which is expected to be completed in May 2021.



▲ Renovation of old dwellings in Jiluo Village



▲ Courtyard Renovation in Xinlong Village

In December 2020, the courtyards of 41 households in Xinlong Village, 13 households in Dajing Village and 2 households in Pinggang Village were renovated, and another four households were under construction.

03. Hydraulic Engineering—Water Security

Water safety in rural areas concerns the development of agriculture, the stability of rural areas and the life of farmers, and is the basic guarantee for the implementation of rural revitalisation strategy. In order to implement the strategy of rural revitalisation and optimise the basic public services in rural areas, Midea Real Estate has teamed up with Shaoguan Foundation to actively respond to people's livelihood needs and continuously invest in the construction of infrastructure and supporting facilities. In addition, the water supply capacity of rural water conservancy projects has been improved, ensuring the safety of villagers' drinking water and providing them with good, safe and healthy water.

CASE

The connection project of alternative water sources in Zhuji Town

In June 2020, the alternation water source connection project from Lidong to Souliyuan in Zhuji Town was completed and accepted. Shaoguan Foundation donated RMB1.3 million to the government of Zhuji Town, which constructed the project by inviting constructors for bidding. After the completion of the project, the water quantity and quality in 14 administrative villages in Zhuji Town and Hukou Town of Nanxiong City can be effectively guaranteed during the dry season, benefiting nearly 40,000 people.



▲ Connected pipe

CASE

The drinking water project in Nanxiong City

In 2019, Shaoguan Foundation invested about RMB18.8 million to support the construction of drinking water projects in Lidong Village, Taiyuan Village and Jiaowan Village in Zhuji Town, which benefited 18,500 people in eight administrative villages and 81 natural villages. The project mainly included the construction of new dams, sedimentation ponds, reservoirs, management rooms, pump rooms, replacement and renewal of the pipe network, filtration and disinfection integrated water purification equipment and supercharging equipment and the laying of main pipe network. In August 2020, the drinking water project in designated poverty-stricken villages in Zhuji Town, Nanxiong City passed the acceptance inspection, effectively improving the quality and quantity of rural drinking water, and effectively ensuring the water safety for the rural people.



▲ Reservoir, management room and integrated water purification equipment in Taiyuan



▲ Pre-sedimentation tank and pump room in Lidong

04. Comfortable Living—Building Homes Together

Based on rural infrastructure construction, Midea Real Estate and Shaoguan Foundation jointly promote the construction or renovation of the rural public space taking into account the future development of public services in the village. In 2020, Midea Real Estate and Shaoguan Foundation built two rural culture rooms and two basketball courts in 16 administrative villages in three counties; and renovated 3 ancestral temples and 5 village squares in 3 whole villages, benefiting 33,986 people, and continuously addressed the shortage of rural public space.

Before construction

After construction



▲ Memorial Archway in Jiaowan



▲ Pond view in Zhongzhan



▲ Yuanyanglin Square in Dajing



Before construction

After construction



▲ Parking Lot in Dajing



▲ Riverway in Dajing



05. Capitalising on Wisdom to Build a Bright Future

Poverty alleviation by industrial development is the fundamental path to the stable and sustainable process of poverty alleviation. Midea Real Estate takes advantages of its resources and makes contributions to rural economic development by focusing on industrial poverty alleviation methods such as homestay base construction and assistance related to agricultural products.



▲ Homestay rendering

In April 2020, the foundation stone was laid for the "Love Tree · Danxia Mountain Garden", a homestay planned with 23 boutique rooms, and a swimming pool, a children's playground and a leisure lawn. The homestay will be officially open for business in 2021 to boost the village's collective economy.

In June 2020, Shaoguan Foundation and LVYA Technology launched the Renhua Beixinlong Microbial High-tech Agricultural Demonstration Base Project, and began piglet breeding in December to help the local economy.



▲ Film mulching phase in the base



▲ Conducted research in Butuo County

In December 2020, we launched a poverty alleviation project through industrial development in Guaile Village, Butuo County, Liangshan Prefecture, and helped Meigu County complete photovoltaic power generation and street lamp brightening projects.

"Black Eyes" Public Welfare Initiative—Caring for Vulnerable Groups

- Benevolent Attention - Book Donation
- Cultivating Resources - Continuing Speciality

The "Black Eyes Initiative" which was commenced in 2013 is an ongoing theme public welfare activity of Midea Real Estate. Over the 8 years, 11 regions of the Group carried out various public welfare activities around this theme, helping vulnerable groups in remote mountainous areas in Yunnan, Guangdong, Guizhou and other provinces. In 2020, Midea Real Estate's "Black Eyes Initiative" worked with "He Foundation", "Rural-Urban Framework" and other platforms and organisations to implement "Literary" and "Speciality" projects, in an attempt to extend industrial advantages to the area of social responsibility.

01. Benevolent Attention—Book Donation

"Extensive reading improves temperament, and the enjoyment of reading can defeat the smell of meals." The "Black Eyes Initiative" of Midea Real Estate advocates that all walks of life pay benevolent attention to the education and children in poor areas, and actively assist with the construction of multi-functional public spaces centred on libraries, and continuously calls for book donation to encourage reading. In 2020, The employees and homeowners in 11 regions of Midea Real Estate successfully collected more than 6,000 donated books for children in Liangshan Prefecture in Sichuan Province and Shaoguan City in Guangdong Province within 28 days, with a view to open the door to a better world for children in mountain areas with books as the key.



▲ 2020 Midea Real Estate's "Black Eyes Initiative"

CASE

"Online Marathon for Charity" of Midea Real Estate Southwest China

Midea Real Estate Southwest China wrote a new chapter of "Black Eyes Public Welfare Action". Taking the new model of health + public welfare, Midea Real Estate Southwest China mobilised community members from all over the country to participate in public welfare activities, and showed love to children in mountainous areas in different ways. In October 2020, Midea Real Estate Southwest China teamed up with Dongfeng Citroen, public welfare organisations in Guizhou, running club, Sina Weibo and other organisations to launch the public health campaign "Online Marathon for Charity". By completing the offline 42-km marathon and donating the number of running steps and collecting badges via the mini-program of the event, participants could donate a caring winter gift package to children in mountainous areas through Midea Real Estate. In November, Midea Real Estate Southwest China held a donation ceremony in Jiekui Primary School, Huaxi Town, Qianxi County. 300 gift bags containing new desks, chairs, bags, stationery, cups, and gloves were given to the children in Jiekui Primary School and Fengping Primary School, which improved the teaching environment for the children.



▲ Posters of Online Marathon of Midea Real Estate Southwest China



▲ Donated desks, chairs, clothes and school supplies

CASE

Midea Real Estate North Anhui and North Jiangsu – Charity book donation, love sharing

As an active response to the "Black Eyes Initiative", Midea Real Estate Anhui and North Jiangsu promote this activity in all large communities in North Jiangsu. We set up donation boxes in each project marketing centre and called on all homeowners and prospective homeowners to donate books to children in poor mountainous areas. Through this event, more than 300 books were donated, including fairy tales, novels, poetry collection and other extracurricular books, which built a foundation of knowledge for the children in the mountainous area.

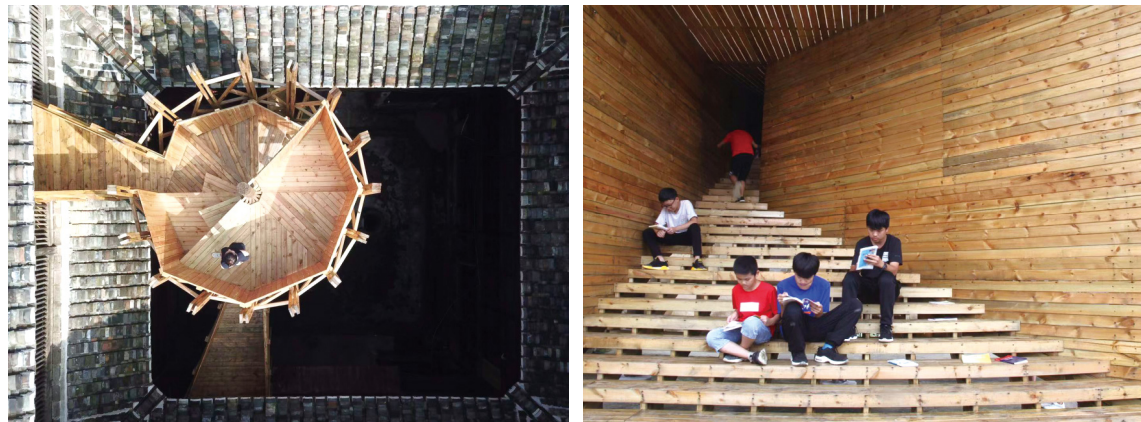


▲ Charity book donation

CASE

Construction of educational spaces to ignite hope

In 2020, Midea Real Estate cooperated with "Rural-Urban Framework", a design agency focusing on rural revitalisation, to give full play to its industrial advantages of building industrialisation and assist with the construction of multifunctional public spaces centred on libraries. The construction of libraries was oriented to the local culture, brought in the space function of collective cultural life through the green building, making libraries became new centres of collective living.



▲ Multifunctional public space (previous works of "Rural-Urban Framework")

02. Cultivating Resources—Continuing Speciality

Poverty alleviation through industrial development is the most direct and effective way to overcome poverty. Through the "Black Eyes Initiative", Midea Real Estate advocates wise use of resources, and arouses the initiative of independent industrial development. While respecting the different resource endowments of different regions, Midea Real Estate fully leverages its own industrial resources to actively build the "road to speciality" in remote mountains. Midea Real Estate actively implements an "online + offline" extension model. Online, Midea Real Estate shares a series of articles to tell the stories behind local agricultural products; offline, it builds speciality stalls at its project marketing venues to promote special agricultural products from poor villages to the national market. At the same time, Midea Real Estate also actively invites homeowners in all communities to engage in charity sales, making wise use of good resources to support poverty alleviation through industrial development.

Making Charity Efforts for a Better Life

- Supporting Educational Development
- Running towards a Healthy Life
- Sharing Acts of Compassion

Midea Real Estate actively fulfils the social responsibility and public welfare responsibility of a Chinese brand real estate enterprise, constantly practices public welfare actions, and makes contributions to social welfare and a better life in the city. As of the time of the report, Midea Real Estate has invested more than RMB4 million in environmental protection, education support, health advocacy, charity donation, community care, knowledge popularisation and other public welfare areas.

01. Supporting Educational Development

Midea Real Estate pays high attention to education, and we are dedicated to building a better development platform for children and teenagers, expanding their growth space and helping them grow up healthily. In 2020, on the basis of our previous educational activities, we carried out a series of activities, such as charity donation, book donation for green plants, reading marathon, college entrance examination assistance, etc., to support the development of the education industry in an all-round way.

CASE

"The Drifting of One Book" project of Midea Real Estate Shanghai and Jiangsu Regional Company



▲ The site of the event

In March 2020, Midea Real Estate Shanghai Jiangsu Regional Company launched the "The Drifting of One Book" project. Participants were encouraged to show care by donating their books to the Changshu Embalming Care in Mind Charity Association. On the one hand, this activity makes the unused old books play their role again, and on the other hand, they could be exchanged for the plants carefully prepared by the Company. While true feelings were conveyed through the books, a touch of green was added to our lives.

CASE

"Live up to the Great Ambition · Intellectual Education for a Bright Future" —— Educational Charity Donation of Midea Xinli Park Mansion

In August 2020, the educational charity donation titled "Live up to the Great Ambition · Intellectual Education for a Bright Future" of Midea Xinli Park Mansion was held in Badashanren Meihu Lake Scenic Spot in Qingyunpu District. Midea Xinli Park Mansion donated a public welfare fund to Nanchang Youth Development Foundation to support the development of education, aiming to build a better educational platform and introduce better educational resources for Qingyunpu District, and create a stage to a better future for students.



▲ Charity donation site

CASE

Urban "Reading Marathon" Competition held by Midea Real Estate Sichuan and Chongqing

In May 2020, Midea Real Estate Sichuan and Chongqing Regional Company joined hands with the Publicity Department of Chongqing Municipal Party Committee, the working committee directly under the authority of Chongqing Municipality, the Education Commission of Chongqing Municipality, Jinke Midea Yuanshang, Himalaya and other entities organised the 2020 Chongqing "Reading Marathon" competition to extend comprehensive reading activities. It also promotes the integrated development of the audio reading industry and creates a good space for audio reading education.



▲ Poster for the competition



▲ Contestants

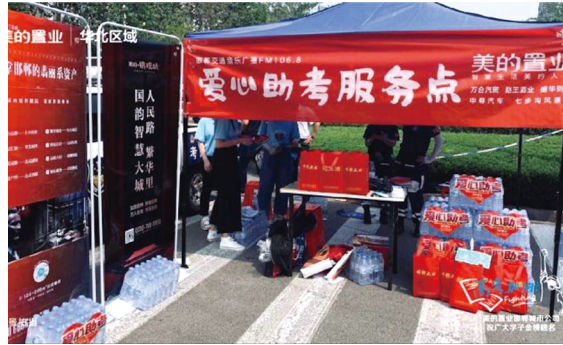
CASE

Test support activity in 2020 by Midea Real Estate Handan City

In July 2020, Midea Real Estate Handan City Company, as the naming public welfare company of the activity "sending students to take the exam with love" in the whole process, gathered the efforts from all walks of life, integrated various social resources to help the students who had been working hard for the college entrance examination. On the one hand, the Company gathered more than one hundred caring drivers to open up a green channel for the examinees, helping the examinees to arrive at the examination room safely, quickly and on time in good physical and mental conditions; on the other hand, the Company set up service stations to deliver water to thousands of examinees and their parents in summer.



▲ Vehicles sending examinees to the exam



▲ Service station supporting examinees

02. Running towards a Healthy Life

To respond to the call of the State for "Healthy China Strategy", Midea Real Estate keeps building environmentally friendly and healthy "5M Smart Health Community". Combining the public welfare concept and a variety of sports events, we mobilise community members to participate for living a healthy life as well as providing public service. In 2020, Midea Real Estate organised multiple city trips including "Running Together" – the 8KM city trip, and Midea Luhu 10KM Round-the-Lake Race, contributing to the building of health communities.

CASE

8KM City Trip of Midea Real Estate 2020 - Foshan

In November 2020, Midea Real Estate launched a Midea Real Estate 8KM City Trip named "Running Together" in Beijiao, Foshan, which attracted over 1,000 participants from the city. While appreciating the great changes in the urban construction of Beijiao along the way, the participants exchanged their steps for charity fund and donated it to the public service organisations Beijiao Charity and Blue Vest to show their care for those in need. The awarding ceremony of "Harmonious and Happy Family Festival" in Pearl River Delta was also held at the venue. The activity communicated the concept of "5M Smart Health Community" integrated with public welfare, environmental protection, sports and health to the city and further promoted the building of a beautiful smart community.



▲ 8KM City Trip 2020



CASE

Midea Luhu 10KM Round-the-Lake Race

In December 2020, Midea Real Estate organised the "Midea Luhu 10KM Round-the-Lake Race" at Luhu Lake, Foshan, which attracted nearly 1,000 racers from the Pearl River Delta. We also joined hands with Nanshan Race Group Volunteer Service Team of Zhongnanshan Medical Foundation of Guangdong Province to donate part of the racers' registration fee for the public service purposes like promoting health and national fitness, and advocated the concepts of health, public welfare and sustainability to the public.



▲ Midea Luhu 10KM Round-the-Lake Race

03. Sharing Acts of Compassion

Holding on to the service concept of "care is everywhere", Midea Real Estate brings into play its advantageous resources and dedicates itself to spread care everywhere in society. In 2020, Midea Real Estate brought more people into the care for and service of those in need. From greeting students in special education schools to organising family reading party for caring for autistic children, and to visiting empty nesters of the "chatting group", Midea Real Estate continuously makes efforts to give back and extend gratitude to society.



▲ Midea Real Estate Zhejiang Regional Company caring for autistic children through "Twinkling Star Plan"



▲ Midea Real Estate Anhui and Jiangsu Regional Company's Public Service Trip in Xuzhou Special Education School



▲ Midea Real Estate Anhui and Jiangsu Regional Company's 520 Caring Trunk Market



▲ Midea Real Estate Jinhua Regional Company carried out Warm Winter Charity Activity in Special Education School



▲ Midea Real Estate zhuzhou branch care for lonely old people



▲ Midea Real Estate Wuxi City Company conveyed greetings to retired teachers on Teachers' Day through the charity activity themed by "Saying Nothing but Thanks to You"



▲ Midea Real Estate Zhenyang City Company Paid Respect to Veterans together with the government bodies

10

Outlook

Outlook

In 2021, at the beginning of China's 14th Five-Year Period, China' s real estate industry will enter an era of "management dividend", with features of new cycles, new strategies, new tracks, and new competitive landscapes. On the one hand, we will seize the structural opportunities in the industry development, reshape our value chain, build four strategic channels of "residential property development, big service, industrial development and commercial operations", to enhance the competitiveness of our strategy; on the other hand, we will continue to focus on deep urban cultivation, innovative product R&D and upgrading, deepen industrial empowerment and enhance our competitiveness, and thus supporting high-quality lifestyles and creating more value for society.

Building a Responsible Enterprise	Governance Responsibilities	We will perfect an ESG work team's management mechanism, form ESG management system, set up rational ESG goals, and identify ESG risks to gradually enhance our ESG control ability.
Quality Helps Create a Better Life	Product Responsibilities	We will focus on lean management, carry out forward-looking technology research, profoundly empower the industry; maintain the core competitiveness of our products in the 5M Smart Health Community, continuously create new product advantages and development opportunities, and advance lean products and services.
	Customer Responsibilities	With a continuous focus on customers in terms of professionalism, perspective and process in a holistic manner, we will promote the industry's first integrated property service and customer service model, attach importance to community operations and building customer relationship, and achieve the objective of continuously offering value to customers.
Promoting Carbon Neutrality with Eco-friendly Models	Environmental Responsibilities	In light of the trend toward eco-friendliness in the construction industry, we will deepen building industrialisation, accelerate the technical development and ecological layout of prefabricated interior decoration, optimise eco-friendly construction management, implement the concept of eco-friendly operation in a more profound manner, and ultimately grow into an eco-friendly real estate enterprise.
Partnership Prospers Industry	Employee Responsibilities	We will continuously improve our competitive remuneration system and intelligent human resources service platform, focus on employee training at all stages, comprehensively tap employee potential, and lay a solid human resources foundation for the Group's development.
	Partner Responsibilities	We will continuously improve supply chain management, strengthen supplier training, advance supply chain development, advocate eco-friendly and transparent procurement, and establish a responsible supply chain.
Embracing a Better Society in Good Faith	Social Responsibilities	We will continuously roll out rural revitalisation programs to support revitalisation through poverty alleviation, make full use of resources and technical strengths to care for vulnerable groups, practice corporate social responsibility, boost harmonious development of the society, and build a better life for the public.



Appendix

- ESG Index
- List of ESG Policies, Laws, and Regulations
- ESG KPIs Table

ESG Index

Environmental, Social and Governance Aspects, General Disclosure and KPIs

Chapter

Environmental

A1 Emissions	General Disclosure	Promoting Carbon Neutrality with Eco-friendly Models
	A1.1 The types of emissions and respective emissions data	Emissions don' t constitute an important aspect for the operation of the Group
	A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	ESG KPIs Table
	A1.3 Total hazardous waste produced and, where appropriate, intensity	ESG KPIs Table
	A1.4 Total non-hazardous waste produced and, where appropriate, intensity	ESG KPIs Table
	A1.5 Description of measures to mitigate emissions and results achieved	Promoting Carbon Neutrality with Eco-friendly Models
A2 Use of resources	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Promoting Carbon Neutrality with Eco-friendly Models
	General Disclosure	Promoting Carbon Neutrality with Eco-friendly Models
	A2.1 Direct and/or indirect energy consumption by type in total and intensity	ESG KPIs Table
	A2.2 Water consumption in total and intensity	ESG KPIs Table
	A2.3 Description of energy use efficiency initiatives and results achieved	Promoting Carbon Neutrality with Eco-friendly Models
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	The Group's daily business will not encounter any problems in obtaining or using water, so it is not an important category for the operation of the Group
A3 The Environment and Natural Resources	A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable. The use of packaging materials does not constitute an important aspect for the operation of the Group
	General Disclosure	Promoting Carbon Neutrality with Eco-friendly Models
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Promoting Carbon Neutrality with Eco-friendly Models

Social

B1 Employment	General Disclosure	Partnership Prospers Industry
	B1.1 Total workforce by gender, employment type, age group and geographical region	Partnership Prospers Industry ESG KPIs Table
	B1.2 Employee turnover rate by gender, age group and geographical region	/

Environmental, Social and Governance Aspects, General Disclosure and KPIs

Chapter

B2 Health and Safety	General Disclosure	Partnership Prospers Industry
	B2.1 Number and rate of work-related fatalities	Quality Helps Create a Better Life ESG KPIs Table
	B2.2 Lost days due to work injury	/
B3 Development and Training	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Quality Helps Create a Better Life Partnership Prospers Industry
	General Disclosure	Partnership Prospers Industry
	B3.1 The percentage of employees trained by gender and employee category	ESG KPIs Table
B4 Labour Standards	B3.2 The average training hours completed per employee by gender and employee category	Partnership Prospers Industry ESG KPIs Table
	General Disclosure	Partnership Prospers Industry
	B4.1 Description of measures to review employment practices to avoid child and forced labour	Partnership Prospers Industry
B5 Supply Chain Management	B4.2 Description of steps taken to eliminate such practices when discovered	Partnership Prospers Industry
	General Disclosure	Partnership Prospers Industry
	B5.1 Number of suppliers by geographical region	Partnership Prospers Industry ESG KPIs Table
B6 Product Responsibility	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Quality Helps Create a Better Life Partnership Prospers Industry
	General Disclosure	Quality Helps Create a Better Life
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable. Product recycling is not an important aspect of the Group operations
B7 Anti-Corruption	B6.2 Number of products and service related complaints received and how they are dealt with	Quality Helps Create a Better Life ESG KPIs Table
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Building a Responsible Enterprise
	B6.4 Description of quality assurance process and recall procedures	Quality Helps Create a Better Life
B8 Community Investment	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Helps Create a Better Life
	General Disclosure	Embracing a Better Society in Good Faith
	B8.1 Focus areas of contribution	Embracing a Better Society in Good Faith
	B8.2 Resources contributed to the focus area	Embracing a Better Society in Good Faith ESG KPIs Table

List of ESG Policies, Laws, and Regulations

ESG Index	Applicable Laws and Regulations	Internal Policies of 2020
A1 Emissions	Law of the People' s Republic of China on Environmental Protection	Measures for Waste Management
A2 Use of Resources	Law of the People' s Republic of China on the Prevention and Control of Ambient Noise Pollution	Measures for Energy Management
A3 The Environment and Natural Resources	Law of the People' s Republic of China on the Prevention and Control of Atmospheric Pollution Law of the People' s Republic of China on the Prevention and Control of Water Pollution Law of the People' s Republic of China on the Prevention and Control of Solid Waste Pollution Law of the People' s Republic of China on Energy Conservation	
B1 Employment	Labour Law of the People' s Republic of China Labour Contract Law of the People' s Republic of China Employment Promotion Law of the People' s Republic of China Social Insurance Law of the People' s Republic of China Provisions on Minimum Wages	Measures for Personnel Management Measures for Recruitment Management Notice on Standardising the Open Competitive Selection of Employees of Midea Real Estate Policies on Diversification of Members of Board of Shareholders Measures for Management of Interns Measures for Management of Graduates
B2 Health and Safety	Labour Law of the People' s Republic of China Law of the People' s Republic of China on the Prevention and Control of Occupational Diseases Production Safety Law of the People' s Republic of China Fire Prevention Law of the People' s Republic of China Law of the People' s Republic of China on Response to Emergencies Regulations on the Control over Safety of Dangerous Chemicals Report on Production Safety Accident and Regulations of Investigation and Treatment Interim Provisions on the Investigation and Control of Safety Accidents Regulation on Work-Related Injury Insurance of the People' s Republic of China Provisions on the Supervision and Administration of Occupational Health at Work Sites Occupational Disease Classification and Catalogue	Measures for Safety System Establishment and Implementation (Trial) Measures for Safety Production Responsibility System Management (Trial) Measures for Production Risk Classification Control Measures for Hidden Danger Identification and Control Unified Standard Practices of Safety Civilisation Measures for Work Safety Accident and Work-related Injury Management (Trial) Measures for Electricity Safety Management (Trial) Measures for Hazardous Operation Management (Trial) Measures for Finite Work Space Management (Trial) Measures for Special Operation Personnel Management (Trial) Measures for the Control over Safety of Dangerous Chemicals (Trial) Measures for Fire Safety Management Measures for Security Management (Trial) Measures for the Prevention, Control, and Management of Occupational Diseases
B3 Development and Training	—	Measures for Training Management
B4 Labour Standards	Labour Law of the People' s Republic of China Provisions on Prohibition of Child Labour Law of the People' s Republic of China on the Protection of the Minors	Measures for Recruitment Management Anti-Corruption Practices

ESG Index	Applicable Laws and Regulations	Internal Policies of 2020
B5 Supply Chain Management	Construction Law of the People' s Republic of China (Amended in 2019) Law of the People' s Republic of China on Tenders and Bids Regulation on the Implementation of the Tendering and Bidding Law of the People' s Republic of China (Amended in 2019) Government Purchase Law of the People' s Republic of China Civil Code of the People' s Republic of China	Measures for Bidding Management Measures for Supplier Management Guidelines for Supplier Investigation Guidelines for Development of Suppliers in New Areas Guidelines for Archives Administration of Suppliers Measures for Blacklist Management Integrity Agreement (for Suppliers) Measures for Material Supplier Management Measures for Management of Centralised Procurement of Engineering, Materials and Equipment and Engineering Services Management Rules on Civil Engineering General Contracting Cooperation Management Rules on Decoration Suppliers
B6 Product Responsibility	Product Quality Law of the People's Republic of China Measures for Pre-sales Management of Urban Commodity Houses Measures for Sales Management of Commodity Houses Law of the People's Republic of China on the Administration of Urban Real Estate Regulations on Quality Control of Construction Projects Regulations on the Administration of Urban Real Estate Development and Operation Regulations on Property Management Advertisement Law of the People's Republic of China Patent Law of People's Republic of China Copyright Law of People's Republic of China Trademark Law of the People's Republic of China Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers	Guideline System of Standardised Management Management System of Quality Control on Design Management System of Quality Control on Products Management System of Quality Control on Engineering Construction Measures for Management of Key Processes Guidelines for Fine Decoration Engineering Management Guidelines for New Technology Measurement Manual for Prevention of Control of Common Construction Engineering Quality Problems Guidelines for Delivery and Assessment Measures for Civil Engineering Assessment and Management (2018) Guidelines for Engineering Quality Enhancement Guidelines for Acceptance Inspection of Construction Procedures Guidelines for Post-assessment of Engineering Quality Midea Real Estate Guidelines for Green Building Design Midea Real Estate Manual for Managing Energy Conservation Design of Residential Buildings Remac Intelligent Measures for Managing Project Standard Actions Remac Intelligent Standards for Smart Community Construction Technology Remac Intelligent Standards for Smart Home Construction Technology Midea Real Estate Manual for Batch Construction of Smart Homes Meijia Smart Home Construction Process and Installation Standard Measures for Sales Risk Inspection and Quality Assessment and Management in the Display Area Measures for Management of First-inquiry Responsibility System of Customer Services Notice on Issuing the Measures for Management of Service Quality Enhancement Notice on Implementing the Reward and Punishment Measures for Engineering and Customer Service Management Midea Property Group Guidelines for Service Operations Operations Management Manual Work Instructions on Customer Complaint Handling Measures for Patent Management Rules for Implementation Measures for Patent Management Measures for Copyright Management Privacy Policy Overall Policy for Information Safety Management Reward and Punishment Measures for Information Safety
B7 Anti-Corruption	Company Law of the People' s Republic of China Law of the People' s Republic of China on Anti-Money Laundering Law of the People' s Republic of China on Anti-Unfair Competition (Amended in 2019) Interim Provisions on Banning Commercial Bribery Anti-Monopoly Law of the People' s Republic of China Law of the People' s Republic of China on Tenders and Bids Civil Code of the People' s Republic of China	Anti-Corruption Practices Integrity Agreement (for Suppliers) Integrity Agreement (for Employees) Measures for Tip-off and Complaint Management Measures for Accountability Management Basic Regulations on Audit Risk Control Measures for Supervision Management Supervision Work Procedure and Guidelines
B8 Community Investment	Charity Law of the People' s Republic of China	Guidelines for Responsible Brand Construction Volunteer Management Manual

ESG KPIs Table

ESG Index	Unit	2020
A. Environmental		
A1. Emissions		
A1.2 Greenhouse gas emissions in total and, where appropriate, intensity ^{1) 2)}		
Total carbon dioxide emissions	Tons	5,149.42
Intensity of carbon dioxide emissions	Tons/ RMB million of revenue	0.10
Scope 1: Direct carbon dioxide emissions ^{1) a)}	Tons	227.99
Scope 2: Indirect carbon dioxide emissions ^{2) b)}	Tons	4,921.43
A1.3 Total hazardous waste produced and, where appropriate, intensity ^{c)}		
Total hazardous waste produced	kg	599.19
Intensity of hazardous waste	Kg/ RMB million of revenue	0.01
A1.4 Total non-hazardous waste produced and, where appropriate, intensity ^{d)}		
Total non-hazardous waste produced	Tons	847.71
Intensity of non-hazardous waste	Tons/ RMB million of revenue	0.016
Office and domestic waste	Tons	847.71
A2. Use of Resources		
A2.1 Direct and/or indirect energy consumption by type in total and intensity ^{3) e)}		
Energy consumption in total ^{e)}	MWh	6,736.43
Direct consumption	MWh	1,041.84
Indirect consumption	MWh	5,694.59
Intensity of energy consumption	MWh/ RMB million of revenue	0.13
Natural gas	m³	105,445
Purchased electricity	kWh	5,694,587.30

ESG Index		Unit	2020
A2.2 Water consumption in total and intensity			
Water consumption in total		m ³	49,117
Density of water consumption		m ³ /RMB million of revenue	0.94
Other Paper resource consumption			
Paper use		kg	34.97
B. Social			
B1. Employment			
B1.1 Total workforce by gender, employee type, age group and geographical region			
Gender	Total number of employees	Headcount	15,252
	Number of male employees	Headcount	9,340
	Number of female employees	Headcount	5,912
Employee type	Number of senior managers	Headcount	31
	Number of middle-level managers	Headcount	1,936
	Number of grassroots employees	Headcount	13,285
Age group	Aged 16-29	Headcount	6,737
	Aged 30-49	Headcount	8,299
	Aged 50 and above	Headcount	216
Geographical region	Mainland China	Headcount	15,243
	Hong Kong, Macao, and Taiwan	Headcount	9
B2. Health and Safety			
B2.1 Number of work-related fatalities			
Number of work-related fatalities		Headcount	0
B3. Development and Training			
B3.1 The percentage of employees trained by gender and employee category			
Gender	Male	Percentage	63.05
	Female	Percentage	36.95
Employee type	Senior manager	Percentage	0.08
	Middle-level manager	Percentage	7.96
	Grassroots employee	Percentage	91.96

ESG Index		Unit	2020
B3.2 The average training hours completed per employee by gender and employee category			
Gender	All employees	Hour	59.84
	Male	Hour	66.53
	Female	Hour	49.28
Employee type	Senior manager	Hour	22.48
	Middle-level manager	Hour	64.14
	Grassroots employee	Hour	59.30

B5. Supplier Management

B5.1 Number of suppliers by geographical region			
Geographical region	Total number of suppliers	Supplier	8,849
	South China	Supplier	1,257
	East China	Supplier	3,111
	North China	Supplier	1,900
	Central China	Supplier	705
	Northeast China	Supplier	304
	Southwest China	Supplier	1,572

B6. Product Responsibility

B6.2 Number of products and service related complaints received			
Property management		Case	16,401
Sales management		Case	6,019

B7. Anti-Corruption

B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or employees during the reporting period			
Number of brought or concluded legal cases regarding corrupt practices		Case	3

ESG Index		Unit	2020
B8. Community Investment			
B8.2 Focus areas of contribution			
Total public welfare investment		RMB 10 thousand	417.39
Targeted poverty alleviation		RMB 10 thousand	260.24
Community		RMB 10 thousand	33.85
Environmental protection		RMB 10 thousand	2.30
Other volunteer activities		RMB 10 thousand	121.00
Number of employees participating in public welfare/volunteer activities		Person-time	237

Notes

Unless otherwise specified, the scope of the data and statistics of this report is consistent with that of the Annual Report 2020 of Midea Real Estate Holding Limited. Among them, for environmental data, we further clarified the statistical indicators to ensure the accuracy and comparability of the data. In 2020, we expanded the scope of environmental data statistics covering the data from Midea Real Estate Headquarters and 11 regions, Midea Property Management Headquarters and 2 branches, industrial development business unit of Midea Real Estate, and commercial management headquarters of Midea Real Estate and 6 branches.

a) A1.2 Scope 1 The direct carbon dioxide emissions mainly include direct carbon dioxide emissions generated by natural gas;

b) A1.2 Scope 2 The indirect carbon dioxide emissions mainly include indirect carbon dioxide emissions generated by purchased electricity;

c) A1.3 Total hazardous waste produced includes the total waste of mercury-containing fluorescent lamps, power-saving lamps, toner cartridges, ink cartridges, and electronic wastes;

d) A1.4 Total non-hazardous waste produced mainly includes office and domestic waste;

e) A2.1 The total energy consumption includes the total energy consumption generated by natural gas and purchased electricity.

Data Calculation Standards

1) Direct carbon dioxide emissions generated by natural gas were calculated in reference to the Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Operating Units (Enterprises) of Public Buildings (Trial) released by the General Office of the National Development and Reform Commission;

2) Indirect carbon dioxide emissions generated by purchased electricity were calculated based on the Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Operating Units (Enterprises) of Public Buildings (Trial) released by the General Office of the National Development and Reform Commission, and the carbon emission factors of electricity in Mainland China were calculated with reference to the Standard of China Regional Grid Baseline Emission Factor in Emission Reduction Projects of 2017;

3) The conversion of standard coal for the total energy consumption was made with reference to the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)



美的置业

Stock Code: 3990

美的置業控股有限公司

Midea Real Estate Holding Limited

(Incorporated in the Cayman Islands with limited liability)