MIDEA REAL ESTATE HOLDING LIMITED
美的置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3990)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- During the Reporting Period, the Group's revenue, gross profit, profit and total comprehensive income amounted to RMB36,334.59 million, RMB4,792.27 million and RMB1,665.50 million respectively.
- During the Reporting Period, core net profit* amounted to RMB1,750.41 million and core net profit attributable to owners of the Company** amounted to RMB855.74 million.
- During the Reporting Period, basic and diluted earnings per share attributable to owners of the Company amounted to RMB0.58.
- As at 30 June 2023, the Group's asset-liability ratio (after deducting advances) was 67.9%, net gearing ratio was 39.8%, and cash to short-term debt ratio was 1.49.
- During the Reporting Period, the weighted average effective interest rate of the Group's total borrowings was 4.68%.
- During the Reporting Period, contracted sales of the Group and its joint ventures and associates amounted to approximately RMB40.56 billion.
- As at 30 June 2023, the total GFA of the Group's land reserves*** reached approximately 34.26 million sq.m., comprising 331 property development projects, 98 of which were participated through joint ventures and associates.

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

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

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

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the corresponding period of 2022: Nil).

The board of directors (the "**Board**" or the "**Director(s)**") of Midea Real Estate Holding Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**"), with the comparative figures for the corresponding period of 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**36,334,586**	31,662,904
Cost of sales	*4*	**(31,542,320)**	(25,994,289)
Gross profit		**4,792,266**	5,668,615
Other income and (losses)/gains — net	*5*	**(110,808)**	252,338
Selling and marketing expenses	*4*	**(1,170,621)**	(973,126)
Administrative expenses	*4*	**(767,194)**	(953,223)
Net impairment losses on financial assets		**(133,718)**	(97,086)
Operating profit		**2,609,925**	3,897,518
Finance income	*6*	**158,234**	438,460
Finance costs	*6*	**(160,090)**	(272,199)
Finance (costs)/income — net	*6*	**(1,856)**	166,261
Share of results of joint ventures and associates		**142,764**	(37,512)
Profit before income tax		**2,750,833**	4,026,267
Income tax expenses	*7*	**(1,085,337)**	(1,417,896)
Profit for the period		**1,665,496**	2,608,371

		Unaudited	
		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**782,097**	1,538,081
Non-controlling interests		**883,399**	1,070,290
Total comprehensive income for the period		**1,665,496**	2,608,371
Total comprehensive income attributable to:			
Owners of the Company		**782,097**	1,538,081
Non-controlling interests		**883,399**	1,070,290
		1,665,496	2,608,371
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic	*8*	**0.58**	1.25
Diluted	*8*	**0.58**	1.25

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2023** *RMB'000*	Audited 31 December 2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,186,705**	1,233,587
Investment properties		**4,915,488**	4,978,645
Right-of-use assets		**307,551**	335,009
Intangible assets		**258,604**	291,027
Properties under development		**498,126**	487,405
Investments in joint ventures		**12,907,475**	13,285,687
Investments in associates		**11,613,954**	11,576,554
Finance lease receivables		**34,759**	40,825
Deferred income tax assets		**5,796,673**	5,038,658
Financial assets at fair value through profit or loss	*11*	**409,341**	388,062
		37,928,676	37,655,459
Current assets			
Inventories		**178,414**	164,749
Contract assets and contract acquisition costs	*3(a)*	**2,455,514**	2,646,947
Properties under development		**99,649,847**	120,636,988
Completed properties held for sale		**19,655,376**	18,290,098
Trade and other receivables	*10*	**38,227,047**	36,653,229
Prepaid taxes		**9,322,765**	9,477,341
Financial assets at fair value through profit or loss	*11*	**232,370**	23,075
Restricted cash		**5,329,996**	4,530,269
Term deposits with initial terms over three months		**50,000**	50,000
Cash and cash equivalents		**18,436,816**	21,810,599
		193,538,145	214,283,295
Total assets		**231,466,821**	251,938,754

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	12	**4,655,150**	5,627,767
Other reserves		**3,340,791**	3,360,760
Retained earnings		**16,663,298**	15,876,293
		24,659,239	24,864,820
Non-controlling interests		**25,426,963**	25,449,029
Total equity		**50,086,202**	50,313,849
LIABILITIES			
Non-current liabilities			
Corporate bonds		**6,434,556**	8,232,320
Bank and other borrowings		**24,957,897**	26,541,041
Lease liabilities		**59,544**	90,207
Deferred income tax liabilities		**418,419**	497,635
		31,870,416	35,361,203
Current liabilities			
Contract liabilities	3(b)	**69,243,743**	86,139,528
Corporate bonds		**5,937,475**	5,142,229
Bank and other borrowings		**6,438,689**	8,538,962
Lease liabilities		**61,555**	64,932
Trade and other payables	13	**59,411,539**	58,359,483
Current income tax liabilities		**8,417,202**	8,018,568
		149,510,203	166,263,702
Total liabilities		**181,380,619**	201,624,905
Total equity and liabilities		**231,466,821**	251,938,754

NOTES

1 BASIS OF PRESENTATION AND PREPARATION

The Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim financial reporting'. The Interim Financial Information does not include all the notes normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2022 (the "**2022 Financial Statements**"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance, and any public announcements made by the Company during the interim reporting period.

2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2022 Financial Statements and corresponding interim reporting period.

(a) New and amended standard adopted by the Group

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning or after 1 January 2023:

HKFRS 17	Insurance contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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

(b) New standards, amendments and interpretations to existing standards have been issued but not yet effective and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sales and lease back	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
HK Interpretation 5 (2020)	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

3 REVENUE AND SEGMENT INFORMATION

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

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

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

For the six months ended 30 June 2023 and 2022, the aggregate revenues, profits or losses or total assets of the business segments other than property development and sales accounted for less than 5% of the total revenues, profits or assets of the Group, therefore, the directors of the Company consider these business segments not reportable and the executive directors assess the Group's performance as a whole. Thus operating segment information is not presented.

Revenue of the Group for the six months ended 30 June 2023 and 2022 is analysed as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property development and sales	**35,466,736**	30,971,210
Property management services	**724,887**	557,575
Investment and operation of commercial properties		
— Property lease	**87,945**	94,050
— Hotel operations	**3,721**	4,060
— Cultural-tourism project	**51,297**	36,009
	36,334,586	31,662,904

Represented by:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from property development and sales:		
— Recognised at a point in time	**33,480,019**	28,492,572
— Recognised over time	**1,986,717**	2,478,638
	35,466,736	30,971,210
Revenue from rendering of services:		
— Recognised over time	**779,905**	597,644
Revenue from other sources:		
— Property lease income	**87,945**	94,050
	36,334,586	31,662,904

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

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

(a) Details of contract assets and contract acquisition costs

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Contract assets related to property development and sales (i)	**894,750**	1,148,069
Contract acquisition costs (ii)	**1,560,764**	1,498,878
Total contract assets and contract acquisition costs	**2,455,514**	2,646,947

(i) Contract assets related to property development and sales consist of unbilled amount resulting from sale of properties when revenue recognised over time exceeds the amount billed to the property purchasers.

(ii) Management expects the contract acquisition costs, primarily sale commissions and stamp duty paid/payable, as a result of obtaining the property sales contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amount of amortisation was RMB696,558,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB400,691,000). There was no impairment loss in relation to the costs capitalised.

(b) Contract liabilities

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

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Contract liabilities	**69,243,743**	86,139,528

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

As at 30 June 2023, RMB6,218,108,000 (31 December 2022: RMB7,706,783,000) of value-added-taxes on advances from property buyers relating to contracted sales were recognised in other taxes payable.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Property development and sales	**29,944,116**	25,937,984

(c) Unsatisfied contracts related to property development and sales

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Expected to be recognised within one year	**60,726,343**	69,894,983
Expected to be recognised after one year	**12,798,551**	21,653,403
	73,524,894	91,548,386

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

4 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	**29,105,275**	24,989,490
Employee benefit expenses	**941,711**	1,017,372
Marketing and advertising expenses	**238,320**	247,458
Write-downs of properties under development and completed properties held for sale	**1,740,050**	380,561
Amortisation of contract acquisition costs	**696,558**	400,691
Taxes and surcharges	**166,260**	163,137
Travelling and entertainment expenses	**32,052**	44,503
Office expenses	**16,503**	25,320
Depreciation and amortisation	**79,300**	73,731
Auditor's remuneration		
— Interim review services	**1,400**	1,400
Others	**462,706**	576,975
Total	**33,480,135**	27,920,638

5 OTHER INCOME AND (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Management and consulting service income	**59,001**	174,121
Government subsidy income	**63,124**	10,667
Compensation income	**16,365**	25,399
	138,490	210,187
Other (losses)/gains — net		
Realised and unrealised gains on financial assets at fair value through profit or loss	**32,011**	6,476
Losses arising from changes in fair value of investment properties	**(86,612)**	(136,797)
Losses on disposal of subsidiaries	**(128,400)**	(21,550)
Losses on disposal of joint ventures and associates	**(63,214)**	(13,571)
Losses on disposal of property, plant and equipment and investment properties	**(277)**	(2,057)
Net foreign exchange (losses)/gains	**(6,521)**	38,614
Gain on acquisition of an asset at a discounted price	**–**	165,230
Others	**3,715**	5,806
	(249,298)	42,151
Other income and (losses)/gains — net	**(110,808)**	252,338

6 FINANCE (COSTS)/INCOME — NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
— Interest expenses		
— Bank and other borrowings	**(821,681)**	(1,119,904)
— Corporate bonds	**(261,168)**	(242,278)
— Lease liabilities	**(2,300)**	(4,580)
	(1,085,149)	(1,366,762)
Less:		
— Capitalised interest	**1,085,149**	1,366,762
	–	–
— Net foreign exchange losses on financing activities	**(160,090)**	(272,199)
	(160,090)	(272,199)
Finance income		
— Interest income	**158,234**	438,460
Finance (costs)/income — net	**(1,856)**	166,261

7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
— Corporate income tax	**1,482,395**	1,167,354
— PRC land appreciation tax	**454,878**	422,284
	1,937,273	1,589,638
Deferred income tax		
— Corporate income tax	**(851,936)**	(171,742)
	1,085,337	1,417,896

Note:

(a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

(b) The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either supported by Western Development Strategy or qualified as "High and New Technology Enterprise" and thus subject to a preferential income tax rate of 15%.

(c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales property development and sales less deductible expenditures including cost of land use rights and all property development expenditures.

(d) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The overseas holding company had successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax had been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

As at 30 June 2023, the retained earnings of the Group's PRC subsidiaries not yet remitted to their holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB17,545,751,000 (31 December 2022: RMB16,496,683,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimations of demand for overseas funding.

8 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**782,097**	1,538,081
Weighted average number of ordinary shares in issue *(thousands)*	**1,348,260**	1,232,312
Earnings per share — Basic *(RMB per share)*	**0.58**	1.25

(b) Diluted

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

The Group has two categories of potential ordinary shares for the six months ended 30 June 2023, which were the restricted shares and the share options.

The restricted shares granted are subject to certain performance conditions. Such performance conditions had not been met as of 30 June 2023, therefore, for the six months ended 30 June 2023, no dilutive shares arising from the restricted shares were included in the calculation of the diluted earnings per share.

A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The effect of share options was anti-dilutive because the exercise price of the share options was higher than the market price of the Company's shares as at 30 June 2023.

Hence the diluted earnings per share was equal to the basic earnings per share.

9 DIVIDENDS

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Included in current assets:		
Trade receivables — net *(note (a))*	**1,751,134**	1,263,313
Other receivables — net *(note (b))*	**35,036,874**	33,642,887
Prepayments for land use rights *(note (c))*	**678,850**	1,160,639
Other prepayments	**760,189**	586,390
	38,227,047	36,653,229

(a) Details of trade receivables are as follows:

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables — related parties	**233,198**	250,704
Trade receivables — third parties	**1,724,310**	1,159,873
Less: allowance for impairment	**(206,374)**	(147,264)
Trade receivables — net	**1,751,134**	1,263,313

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

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Within 90 days	**1,054,323**	561,136
Over 90 days and within 180 days	**153,714**	186,579
Over 180 days and within 365 days	**308,543**	236,488
Over 365 days	**440,928**	426,374
	1,957,508	1,410,577

The Group's trade receivables are denominated in RMB.

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the six months ended 30 June 2023, a provision of RMB59,110,000 (six months ended 30 June 2022: provision of RMB41,022,000) was made against the gross amounts of trade receivables.

(b) Details of other receivables are as follows:

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Amounts due from related parties *(note (i))*	**12,512,209**	10,598,427
Amounts due from non-controlling interests *(note (ii))*	**18,059,729**	17,651,497
Deposits and others from third parties *(note (iii))*	**5,160,531**	6,050,002
	35,732,469	34,299,926
Less: allowance for impairment	**(695,595)**	(657,039)
Other receivables — net	**35,036,874**	33,642,887

(i) Amounts due from related parties mainly represented funds provided to certain of the Group's associates and joint ventures in the ordinary course of business for their property development. They are unsecured, interest-free, and repayable on demand.

(ii) Subject to consent of all shareholders of certain property development companies of the Group, idle funds of the property development companies may be transferred to their shareholders in proportion to their respective equity interests in the property development companies for treasury management purpose. Such funds transferred to non-controlling interests of the Group are recognised as amounts due from non-controlling interests. They are interest-free, unsecured and repayable on demand.

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

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

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Investments in wealth management products	**232,370**	23,075
Equity investments in unlisted companies	**390,142**	351,959
Others	**19,199**	36,103
	641,711	411,137
Non-current	**409,341**	388,062
Current	**232,370**	23,075
	641,711	411,137

12 SHARE CAPITAL AND PREMIUM

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares** *HKD'000*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
Authorised						
Ordinary share of HKD1.00 each upon incorporation		1,000,000,000	1,000,000	–	–	–
Increase in authorised share capital		1,000,000,000	1,000,000	–	–	–
		2,000,000,000	2,000,000	–	–	–
Issued and fully paid						
At 31 December 2021 and 1 January 2022		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594
Issue of new shares for the purpose of restricted share award scheme		4,887,000	4,887	4,227	–	4,227
Dividends payable to shareholders		–	–	–	(1,684,552)	(1,684,552)
At 30 June 2022 (unaudited)		1,239,249,000	1,239,249	1,048,670	3,297,599	4,346,269
At 31 December 2022 and 1 January 2023		1,355,411,993	1,355,412	1,147,475	4,480,292	5,627,767
Issue of new shares for the purpose of restricted share award scheme	*(a)*	538,500	539	478	–	478
Dividends payable to shareholders	*(b)*	–	–	–	(973,095)	(973,095)
At 30 June 2023 (unaudited)		1,355,950,493	1,355,951	1,147,953	3,507,197	4,655,150

(a) According to the restricted share award scheme of the Company, 538,500 ordinary shares of the Company were issued and allotted to MRE T Limited, a trustee entrusted by the Company, on 16 May 2023 for the purpose of the restricted share award scheme.

(b) On 24 March 2023, the Board recommended the payment of a final dividend of HK$0.80 per share for the year ended 31 December 2022 (2021: HK$1.60 per share) out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on 22 May 2023, with the eligible shareholders being given an option to elect to receive the final dividend all in cash, or all in new shares, or partly in new shares and partly in cash (the "**Scrip Dividend Scheme**"). The election of the shareholders to receive final dividend all or partly in new shares was determined subsequently in July 2023.

13 TRADE AND OTHER PAYABLES

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade payables *(note (a))*	**28,345,190**	31,485,536
— related parties	**2,398,703**	2,974,662
— third parties	**25,946,487**	28,510,874
Amounts due to related parties	**19,046,347**	15,715,676
Amounts due to non-controlling interests *(note (b))*	**3,325,300**	3,173,151
Outstanding acquisition considerations payable	**912,537**	952,564
Deposit payables	**693,238**	663,394
Accrued expenses	**824,380**	800,273
Salaries payable	**571,144**	733,080
Interests payable	**363,965**	524,095
Other taxes payable	**1,992,748**	2,299,388
Dividends payable to shareholders	**973,095**	–
Other payables *(note (c))*	**2,363,595**	2,012,326
	59,411,539	58,359,483

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

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Within 90 days	**10,340,315**	11,309,811
Over 90 days and within 365 days	**12,404,865**	15,669,673
Over 365 days	**5,600,010**	4,506,052
	28,345,190	31,485,536

The Group's trade payables as at 30 June 2023 and 31 December 2022 are denominated in RMB.

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

(c) Other payables mainly represented miscellaneous payments received from property purchasers for various purposes such as obtaining approvals/certificates from government authorities.

BUSINESS REVIEW AND OUTLOOK

I. INDUSTRY OVERVIEW

In recent years, the real estate industry has gone through the hurdles to improve the pattern, and bid farewell to the era of high spirits in the midst of restlessness and clamor. Both the general trend of the industry and the enterprises themselves have realised that the real estate industry must take a new path of high-quality development in the future, and there must be a new model for development.

Currently, the real estate market is gradually shifting from scaled development towards refinement of quality, with its "consumption" attribute becoming more and more prominent, where the desire for a better life and the pursuit of better quality of life drive the continuous development of the real estate market.

It has been proven that the trend is pushing everyone forward, the attitude of "laissez faire" or "sit and wait" cannot really "stay out of it", and the only way is to adapt to the general trend and face up to the challenges with unremitting efforts, so as to achieve fruitful result in the test of time.

II. BUSINESS REVIEW

The real estate market has gradually shifted from solving the problem of "availability" to providing solutions of "quality". Refined operation and seeking efficiency from the management may become the new normal for the development of real estate enterprises. During the Reporting Period, the Group still believes in long-termism and adhered to the value of credit, insisted on quality development, and was determined to strive for a better future. The Group was able to pinpoint the opportunity in crisis, enhance quality and efficiency and move forward steadily.

1. Adhere to Credit Value: Continuously Optimising Debt Structure to Safeguard Financial Stability

Leveraging on our excellent corporate qualities and high credit value, the Group has won firm recognition from many mainstream institutions and investors. During the Reporting Period, the Group continued to optimise our debt structure and strengthen our financial base while maintaining sufficient liquidity to safeguard high margin of security.

As at the end of the Reporting Period, the Group's net gearing ratio was 39.8%, cash to short-term debt ratio was 1.49, asset-liability ratio after deducting advances was 67.9%, and the "Three Red Lines" remained in the green. RMB4.304 billion out of RMB5.144 billion of 6 public debts due in 2023 had been settled as at the date of this announcement. The Group has low pressure on repayment of debts, and our overall risk-resistant ability continued to improve.

Meanwhile, as at 30 June 2023, the Group held total cash of approximately RMB23.8 billion, and unutilised bank credit facilities had increased to RMB111.8 billion. While holding sufficient cash on hand, the Group maintained our competitive edge in terms of financing cost, with a weighted average financing cost of 4.68% during the Reporting Period, which outperformed fellow private enterprises.

It is worth mentioning that, as the industry continues to change, the Group, as a model private real estate enterprise, has been recognised by regulators, the stock exchange and credit enhancement institutions for our long-term stable operation and safe and sound creditworthiness. The Group successfully issued RMB1.2 billion of medium-term notes in April 2023, making us the first private real estate enterprise in the year to obtain the Credit Risk Mitigation Warrant (CRMW) jointly created by the three authoritative institutions, namely, China Bond Insurance Corporation, Bank of Communications and CITIC Securities.

2. Adherence to Strategic Focus: Accelerate Adjustment of Asset Structure and Seize Opportunities in Penetrating Core Cities

Guided by the policy of "intensive development in focused areas and strategy upgrading", the Group continued to optimise our land reserve structure to enhance our ability to resist cyclical risks. During the Reporting Period, the Group focused on high-potential areas in first- and second-tier cities, further increased our presence in national strategic city clusters, mainly invested in core economic zones such as the Yangtze River Delta and the Greater Bay Area, focused on high-tier cities, and concentrated our resources on upgrading and building first- and second-tier bases. As at the end of the Reporting Period, the Group had participated in a total of 331 property development projects and owned land reserves with a total GFA of approximately 34.26 million sq.m..

During the Reporting Period, the Group's attributable inventory value had an increase of approximately RMB3.61 billion through newly acquired lands and equity acquisition of existing projects, mainly in first-tier and strong second-tier cities, while withdrawing from certain weaker third-tier and fourth-tier cities, resulting in a decrease in attributable inventory value of RMB0.38 billion. Since 2021 up till now, the Group has completed the restructuring of equity interests in a total of 40 projects, of which 17 projects were acquired and 23 projects were disposed, resulting in a cumulative net increase in attributable inventory value of approximately RMB6.6 billion and an increase in the equity ratio of the land reserves in terms of area to over 70%. Overall, the Group's land reserve structure is tilted towards high-tier core cities and metropolitan areas, and the fundamentals of cities covered have been improving.

Against the backdrop of the general market conditions, there were obvious differentiation among cities on the sales side. Thanks to the Group's strategies of "city upgrading" and "city penetration" implemented since 2019, the overall sales remained resilient during the Reporting Period. The Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB40.56 billion, with a corresponding GFA sold of approximately 3,206 thousand sq.m., and an increase in average selling price by 3.4% year-on-year to RMB12,653 per sq.m.. At the same time, the Group emphasised on the progress of cash collection. During the Reporting Period, the cash collection rate excluding receivables at the beginning of the period was 98%, which was at the top level amongst the private real estate enterprises.

3. **Insisting on Realisation of Product Competitiveness: Guarantee Delivery and Emphasise on Services, and Optimise the Quality of Home Ownership**

With the continuous development of the industry, consumers' pursuit of housing has changed from simply "having a home to live in" to "living in a good home", and they have higher expectations for the quality of housing. "Building good houses" has always been the Group's tireless pursuit and the root of our endeavor.

During the Reporting Period, the Group continued to build up our core competencies, and based on the foundation of Community Chassis 1.0 (社區底盤1.0), the Group further upgraded our community products based on the scenario performance of customer insights. While optimising and satisfying the basic needs of customers, the Group has created innovative products and modules such as heat center, all-rounded foyer and Happy Circle 2.0 (悦動環2.0) around the deeper needs of the community, which will provide customers with a brand-new experience of community life.

During the Reporting Period, the Group had achieved delivery of over 40 thousand homes across the country, 64% batches of which were delivered in advance, with best customer satisfaction rate amongst the peers. We always believe that delivery of housing is only the completion of the construction of physical space, while services and operations are the key to its vitality. During the Reporting Period, the Group placed the highest priority on quality, delivery and services, not only ensuring the delivery schedule, but also enhancing the quality of construction, emphasising community clubs and user branding as well as service capability. Since 2021, the Group has launched our user brand "Chengyijia" (橙意家), and has carried out comprehensive and continuous iteration and upgrades since then, focusing on the three major dimensions of user care, namely "sincerity in products", "honesty in quality" and "earnestness in services".

4. New Growth Momentum: Qualitative Growth in Property Management Business and Solid Landing of Remac Industry (睿住產業)

The era of high-speed development in the real estate industry has come to an end. However, for real estate enterprises, they need to possess diversified expansion capabilities, whether to build up safety cushion to cope with the current industry cycle or to establish competitive edge for the future. The Group has been strengthening our ability to build new types of real estate by proactively switching to new momentum through innovation while maintaining our product competitiveness.

The property management business is resilient to cyclicality, has abundant and stable cash returns, and has excellent financial characteristics of "light assets, cash cow and strong defense". During the Reporting Period, the Group's property management business achieved strong cash flow operations by focusing on business strategy, optimising business structure and adhering to the principle of quality operations. As at the end of the Reporting Period, the Group had a contracted area of 91.14 million sq.m. and an area under management of 58.60 million sq.m.. The Group's property management business has always adhered to the principle of services as the core, returning to the fundamental business roots, implementing the four major service product systems of "royalty, enjoyment, joy and pleasure" (尊享怡悦), continuously improving product quality, while building and consolidating the professional service capabilities of new sectors such as industrial parks and hospitals. In terms of project expansion, we are not scale-oriented. However, we prioritise profitability as the core to steadily acquire suitable projects, and closely focus on cities that we have penetrated, so as to increase our presence in these cities and enhance profitability. During the Reporting Period, the Group added 31 new external projects with newly expanded area of approximately 3.00 million sq.m..

With the continuous enhancement of consumption and carbon reduction initiatives as well as building industrialisation, the development of new construction methods represented by greening, digitisation and industrialisation will robustly contribute to the synergistic development of the construction of Digital China and the goals of the "Dual Carbon Strategy". The Group actively responds to the nation's call with our subsidiary, Remac Building Technology, focusing on "green construction", integrating design technology and the advantageous green assembly capabilities of the whole industry chain, and carrying through the entire life cycle of green construction to create resource-saving and environmentally friendly green living. During the Reporting Period, the Group has strengthened our strategic business while consolidating fundamental businesses, realising a contract amount of approximately RMB0.4 billion, and achieved the first breakthrough in Hong Kong and Macao business

— the official signing of the Hong Kong Modular Integrated Construction (MIC) project, with a contract amount of over HKD30 million. Remac Smart Technology is committed to becoming a provider of spatial intelligent solution, has completed the whole-house intelligent digital intelligence platform, and completed the initial hardware layout of seven categories of whole-house intelligent system, and further perfected the ecological capability. During the Reporting Period, we have delivered 92 projects and 39 thousand households, ranking the top in the industry in terms of market share.

III. PROSPECTS

"People's happiness and well-being" is the ultimate goal of high-quality development. It is a general trend to return to the residential nature of housing. Real estate enterprises should move with the times and act in accordance with the trend. While keeping the basics and safety cushion, they should also focus more on enhancing the living experience, so as to benefit the people's well-being and fulfill their social responsibility.

Going ahead, the Group will continue to maintain a solid financial position, continue to optimise our investment layout, focus on high-quality and high-potential cities, and enhance our resistance to cyclical risks. The Group will adhere to the original spirit of the products, carry forward the spirit of craftsmanship, and carefully build the brand's premium capacity. We value the diversified business related to the real estate industry, and will continue to cultivate our core competitiveness, so as to enable the new growth curve to gradually move towards positive growth.

While enterprises go through cycles and have several ups and downs, only their culture remains uninterrupted. Corporate culture is the soil for sustainable development of an enterprise and determines its values and behavioral standards. The Group will maintain the mentality of an entrepreneur, pay attention to the long-term perspective and strategic pattern, reshape the efficient and flat organisational structure, improve the incentive mechanism, stimulate the vitality of the organisation, and at the same time continuously develop the talents to strategically build up our team.

We have crossed the halfway through 2023, but still have a long journey to go, and we must rise to the challenge. All parties from within and outside of the industry are aware of challenges and difficulties of the real estate industry, where it is facing the unavoidable and inevitable trend. In the future, the Group will continue to practice long-termism and make every effort to deliver good work pragmatically. Time is on the side of those who strive for success. Only by believing in each and every breakthrough that we make on a down-to-earth basis will we be able to make progress on the road of transformation.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the Reporting Period, the Group recorded revenue of RMB36,334.59 million (the corresponding period of 2022: RMB31,662.90 million), representing an increase of 14.8% as compared to the corresponding period of last year. Operating profit amounted to RMB2,609.93 million (the corresponding period of 2022: RMB3,897.52 million), representing a decrease of 33.0% as compared to the corresponding period of last year. Profit for the Reporting Period amounted to RMB1,665.50 million (the corresponding period of 2022: RMB2,608.37 million), representing a decrease of 36.1% as compared to the corresponding period of last year. Core net profit for the Reporting Period decreased by 36.0% to RMB1,750.41 million (the corresponding period of 2022: RMB2,735.50 million), and core net profit attributable to owners of the Company decreased by 48.3% to RMB855.74 million. Profit attributable to owners of the Company reached RMB782.10 million (the corresponding period of 2022: RMB1,538.08 million), representing a decrease of 49.2% as compared to the corresponding period of last year. Basic and diluted earnings per share reached RMB0.58 (the corresponding period of 2022: RMB1.25).

CONTRACTED SALES

During the Reporting Period, the Group and its joint ventures and associates recorded contracted sales of approximately RMB40.56 billion with a total contracted sales GFA of approximately 3,206 thousand sq.m.. Under the pressure of prevailing market adjustment, sales amount and average selling price increased slightly as compared to the corresponding period of last year, reflecting customers' recognition and trust in the Group's products and reputation.

LAND RESERVES

Newly-added Land Reserves

During the Reporting Period, the Group restarted our efforts in land acquisition and made gains in cities like Foshan and Changsha, with newly added land reserves of approximately 470 thousand sq.m..

Land Reserves

As at 30 June 2023, the total GFA of the Group's land reserves* amounted to approximately 34.26 million sq.m., comprising 331 property development projects located in five major regions, namely, the Greater Bay Area, the Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region.

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

FINANCIAL REVIEW

Revenue

Property Development and Sales

During the Reporting Period, the Group's recognised revenue from property development and sales increased by 14.5% to RMB35,466.74 million from RMB30,971.21 million in the corresponding period of 2022, primarily due to the increase in average selling price recognised. Total GFA recognised amounted to 3.391 million sq.m., remaining flat with the 3.400 million sq.m. in the corresponding period of 2022.

Property Management Services

During the Reporting Period, the Group's revenue derived from property management services increased by 30.0% to RMB724.89 million from RMB557.58 million in the corresponding period of 2022, primarily due to an increase in the GFA of the property under contract management.

Investment and Operation of Commercial Properties

During the Reporting Period, the Group's revenue from investment and operation of commercial properties increased by 6.6% to RMB142.96 million from RMB134.12 million in the corresponding period of 2022, mainly due to the steady recovery and further development of the property rental business with the easing of pandemic control measures in China.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from property development activities, provision of property management services and other business activities. During the Reporting Period, the Group's cost of sales increased by 21.3% to RMB31,542.32 million from RMB25,994.29 million in the corresponding period of 2022, mainly due to the increase in unit costs of certain projects, and increase in provision for impairment of property development projects with indicators of impairment due to downturn in sales in real estate industry.

Gross Profit

During the Reporting Period, the Group's gross profit decreased by 15.5% to RMB4,792.27 million from RMB5,668.62 million in the corresponding period of 2022. The decrease in gross profit was mainly due to the higher unit costs recognised and more provision for impairment of property development projects with indicators of impairment.

Other Income and (Losses)/Gains — Net

During the Reporting Period, the Group's other income and (losses)/gains — net recorded a net loss of RMB110.81 million, which was a net gain of RMB252.34 million in the corresponding period of 2022. The Group's other income and (losses)/gains — net primarily consist of management and consulting service income, government subsidy income, losses on disposal of subsidiaries, losses on disposal of joint ventures and associates, realised and unrealised gains on financial assets at fair value through profit or loss, losses arising from changes in fair value of investment properties and gain on acquisition of an asset at a discounted price. The decrease was mainly due to the decrease in gain on acquisition of an asset at a discounted price, the decrease in management and consulting service income and the increase in losses on disposal of subsidiaries.

Selling and Marketing Expenses

During the Reporting Period, the Group's selling and marketing expenses increased by 20.3% to RMB1,170.62 million from RMB973.13 million in the corresponding period of 2022, primarily due to the increase in amortisation of contract acquisition costs which is in line with the increase in the Group's recognised revenue.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses decreased by 19.5% to RMB767.19 million from RMB953.22 million in the corresponding period of 2022, primarily due to the combined effects of the Group's implementation of strict cost control and enhancement of per capita efficiency, resulting in decrease in administrative expenses.

Finance (Cost)/Income — Net

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

During the Reporting Period, the Group's finance (cost)/income — net recorded a net cost of RMB1.86 million (the corresponding period of 2022: net income of RMB166.26 million), primarily due to decrease in interest income during the Reporting Period.

Profit Attributable to Owners of the Company

During the Reporting Period, profit attributable to owners of the Company decreased by 49.2% to RMB782.10 million from RMB1,538.08 million in the corresponding period of 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB23,816.81 million as at 30 June 2023 (31 December 2022: RMB26,390.87 million), including RMB18,436.81 million in cash and cash equivalents (31 December 2022: RMB21,810.60 million), RMB50.00 million in term deposits with initial terms over three months (31 December 2022: RMB50.00 million), and RMB5,330.00 million in restricted cash (31 December 2022: RMB4,530.27 million) in which pre-sale fund under supervision was RMB4,634.75 million. Property development companies of the Group are required to deposit certain amounts of pre-sale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 30 June 2023, the Group's unused credit facilities from banks were RMB111,784.32 million.

Borrowings and Net Gearing Ratio

As at 30 June 2023, the Group's total borrowings amounted to RMB43,768.62 million. Bank and other borrowings, and corporate bonds were RMB31,396.59 million and RMB12,372.03 million, respectively. As at 30 June 2023, the net gearing ratio was 39.8% (31 December 2022: 43.9%). The net gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings were calculated as total amount of borrowings less cash and cash equivalents, term deposits with initial terms over three months and restricted cash.

Borrowing Cost

During the Reporting Period, the total borrowing costs of the Group amounted to RMB1,085.15 million, representing a decrease of RMB281.61 million from RMB1,366.76 million for the corresponding period of 2022, mainly because the Group further reduced total borrowing amount during the Reporting Period. During the Reporting Period, the weighted average effective interest rate of the Group's total borrowings was 4.68%.

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificates which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 30 June 2023, the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB71,971.17 million (31 December 2022: RMB84,719.42 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 30 June 2023, the Group's guarantee for the loans of joint ventures and associates amounted to RMB8,893.05 million (31 December 2022: RMB10,104.99 million).

Interest Rate Risk

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

Currency Risk

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

Legal Contingencies

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

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

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

On 29 March 2023, Nanjing Midea Property Development Company Limited (南京美的房地產發展有限公司) (as the "**Purchaser**"), Zhenjiang Midea Property Development Company Limited (鎮江美的房地產發展有限公司) (as the existing shareholder) and Midea Real Estate Group Limited (美的置業集團有限公司) (as the guarantor), all of which are indirectly wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Pingan Real Estate Capital Limited (平安不動產資本有限公司) (as the "**Vendor**"), Shenzhen Chuanglang Enterprise Management Company Limited (深圳市創朗企業管理有限公司) (as the "**Vendor Related Entity**") and Wuxi Meiting Property Development Company Limited (無錫美亭房地產發展有限公司) (as the "**Target Company**"), pursuant to which: (i) the Vendor agreed to sell, and the Purchaser agreed to acquire 38% of the equity interests in the Target Company (the "**Target Equity Interests**"); and (ii) the Vendor Related Entity agreed to novate, and the Purchaser agreed to accept the novation of, the liability in the principal amount of RMB204,766,210. The consideration was the sum of (i) RMB632,126,717; (ii) the adjustment amount of internal rate of return of the Vendor's relevant investments in the Target Equity Interests; and (iii) the adjustment amount of foreign exchange gains or losses. The Target Company is engaged in the property development business in Wuxi City, Jiangsu Province of the PRC. Upon completion of the acquisition, the Target Company became a wholly-owned subsidiary of the Purchaser. For details, please refer to the Company's announcement dated 29 March 2023.

CHANGES SINCE 31 DECEMBER 2022

Save as disclosed in this announcement, there were no other significant changes in the Group's financial position or from the information disclosed under the section headed "Management Discussion and Analysis" in the Group's annual report for the year ended 31 December 2022.

SUBSEQUENT EVENTS

Scrip Dividend Scheme

On 8 August 2023, the Company allotted and issued 79,460,990 ordinary shares pursuant to the exercise of the scrip dividend option by the eligible shareholders under the Company's scrip dividend scheme in relation to its final dividend for the year ended 31 December 2022 (the "**Scrip Dividend Scheme**"). For details of the Scrip Dividend Scheme, please refer to the circular of the Company dated 7 July 2023.

Ms. Lu Deyan, a controlling shareholder of the Company, through three wholly-owned entities, namely Midea Development Holding (BVI) Limited, Midea Ever Company Limited and Midea Field Company Limited, had exercised the scrip dividend option in part and thus received 78,646,558 new shares and HKD321,702,453.60 in cash in total. As at the date of this announcement, Ms. Lu Deyan holds the entire equity interest in three of the above-mentioned wholly-owned entities, which in turn hold 1,097,029,727, 30,000,000 and 37,576,736 shares of the Company, respectively (representing approximately 81.13% of the issued share capital of the Company in total).

Issuance of Medium-Term Notes

In August 2023, Midea Real Estate Group Limited, an indirect wholly-owned subsidiary of the Company (the "**Domestic Issuer**"), publicly issued in the PRC (i) two-year medium-term notes with an aggregate principal amount of RMB500 million at a coupon rate of 4.70%, with the option to adjust the coupon rate by the Domestic Issuer and the option to sell back by the investors at the end of the first year; and (ii) two-year green medium-term notes with an aggregate principal amount of RMB420 million at a coupon rate of 4.90%.

HUMAN RESOURCES

Employee's remuneration includes salaries, bonuses and other cash subsidies. The remuneration and bonuses of the employees are determined based on the Group's remuneration and welfare policies, the performance of the employees, the profitability of the Group and market level. The Group will also provide employees with comprehensive welfare plans and career development opportunities, including social insurances, housing provident funds, commercial insurance as well as internal and external training opportunities.

In addition, the Group had granted certain share options and award shares for the purpose of providing incentives to eligible participants of the Group. For details, please refer to the sections headed "Share Option Scheme" and "Restricted Share Award Scheme" below.

SHARE OPTION SCHEME

A share option scheme was approved and adopted by the shareholders of the Company at the Company's annual general meeting held on 29 May 2020 (the "**2020 AGM**"), which is valid and effective for a period of 10 years commencing on the date of the 2020 AGM and ending 28 May 2030 (the "**2020 Share Option Scheme**"). Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time (the "**Listing Rules**") and the terms and conditions of the 2020 Share Option Scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when making such an offer to an eligible participant. The exercise period shall not be more than 10 years from the date upon which any particular share options are granted in any event.

As the 2020 Share Option Scheme was approved and adopted by the shareholders of the Company at the 2020 AGM which is before the effective date of the new Chapter 17 of the Listing Rules, any share options to be granted under the 2020 Share Option Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

The number of share options available for grant under the 2020 Share Option Scheme as at 1 January 2023 and 30 June 2023 was 95,336,700 share options and 97,107,700 share options, respectively.

As at 30 June 2023, a total of 25,949,000 share options remain outstanding and exercisable in three tranches subject to the vesting conditions of the 2020 Share Option Scheme. The Company had not granted any share options during the six months ended 30 June 2023.

RESTRICTED SHARE AWARD SCHEME

A restricted share award scheme managed by the independent trustee(s) was approved and adopted by the Board on 22 April 2021 (the "**Adoption Date**"), which is valid and effective for a period of 10 years commencing on the Adoption Date and ending 21 April 2031 (the "**2021 Share Award Scheme**"). Subject to the Listing Rules and the terms and conditions of the 2021 Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any selected participants to participate in the 2021 Share Award Scheme and set a minimum vesting period for the award shares granted.

As the 2021 Share Award Scheme was approved and adopted by the Board on the Adoption Date which is before the effective date of the new Chapter 17 of the Listing Rules, any award shares to be granted under the 2021 Share Award Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

The number of award shares available for grant under the 2021 Share Award Scheme as at 1 January 2023 and 30 June 2023 was 111,236,700 award shares and 109,758,200 award shares, respectively.

During the six months ended 30 June 2023, the Company had granted a total of 4,770,000 award shares to be vested subject to the achievement of performance targets determined by the Board, among which, MRE D Limited, the trustee purchased 940,000 existing shares on the market out of cash contributed by the Group to be held on trust for the Directors until such award shares are vested with such Directors; in relation to the award shares granted to the employees of the Group, a total of 538,500 new shares were allotted and issued by the Board on 16 May 2023 to MRE T Limited, another trustee (which holds the same on behalf of the employees of the Group in anticipation of their vesting in the future) pursuant to the general mandate granted by the shareholders of the Company at the Company's annual general meeting held on 26 May 2022. While the remaining award shares shall be satisfied by the award shares which are not vested and/or are forfeited in accordance with the terms of the 2021 Share Award Scheme. The fair value of award shares as at the date of grant (i.e. 12 May 2023) was HKD8.59 per share, which was determined by taking the closing price of the Company's shares on that date.

For details, please refer to the Company's announcements dated 12 May 2023 and 15 May 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the Model Code during the six months ended 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company had complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

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

According to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2023, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision C.2.1 of the CG Code. Given Mr. Hao has considerable experience in the PRC real estate industry and the business operations of the Group, and is familiar with Midea's operations and management core values, the Board believes that vesting both roles of chairman and president in Mr. Hao facilitates the execution of the Group's long-term strategic aims and achieving its operations and business objectives, thereby maximising the effectiveness of the Group's operations.

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

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

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

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

The Company established its audit committee ("**Audit Committee**") on 12 September 2018 with the responsibility to assist the Board in providing an independent review of the financial statements, risk management and internal control systems. The Audit Committee comprises two independent non-executive Directors, Mr. Tan Jinsong (chairman of the Audit Committee) and Mr. O'Yang Wiley, and one non-executive Director, Mr. Zhao Jun. Mr. Tan Jinsong is the independent non-executive Director possessing the appropriate professional accounting and related financial management expertise.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023, including the accounting principles and practices adopted by the Group. In addition, PricewaterhouseCoopers, the Company's auditor, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the corresponding period of 2022: Nil).

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at http://www.mideadc.com and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2023 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 29 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Hao Hengle, Mr. Wang Quanhui, Mr. Lin Ge and Mr. Zhang Ziliang; the non-executive directors of the Company are Mr. He Jianfeng and Mr. Zhao Jun; and the independent non-executive directors of the Company are Mr. Tan Jinsong, Mr. O'Yang Wiley and Mr. Lu Qi.