

Midea Group Co., Ltd.
Interim Report for the Third Quarter 2020



October 2020

Section I Important Reminders

- 1. The Board of Directors, the Supervisory Committee as well as all the directors, supervisors and senior management staff of Midea Group Co., Ltd. (hereinafter referred to as the “Company”) have warranted that this Report contains no false record, misleading statement or material omission. And they shall be jointly and severally liable for the factuality, accuracy and completeness of the information given in this Report.**
- 2. All the directors have attended the Q3 report review board meeting.**
- 3. Mr. Fang Hongbo, Chairman of the Board and CEO of the Company and Ms. Zhong Zheng, Director of Finance of the Company, have represented and warranted that the financial statements in this Report are true, accurate and complete.**

Section II Company Profile

1. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years?

Yes No

| | 30 September 2020 | 31 December 2019 | Change (%) | |
|--|---------------------|------------------|------------------------|----------------|
| Total assets (RMB'000) | 350,443,450 | 301,955,419 | 16.06% | |
| Net assets attributable to shareholders of the Company (RMB'000) | 112,878,436 | 101,669,163 | 11.03% | |
| | July-September 2020 | YoY Change (%) | January-September 2020 | YoY Change (%) |
| Operating revenue (RMB'000) | 77,693,764 | 15.71% | 216,760,786 | -1.88% |
| Net profit attributable to shareholders of the Company (RMB'000) | 8,090,006 | 32.00% | 22,018,301 | 3.29% |
| Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000) | 7,158,544 | 18.47% | 20,615,588 | 0.09% |
| Net cash flows from operating activities (RMB'000) | 6,609,144 | -17.41% | 25,014,635 | -16.03% |
| Basic earnings per share (RMB/share) | 1.16 | 30.34% | 3.18 | -0.63% |
| Diluted earnings per share (RMB/share) | 1.16 | 30.34% | 3.17 | -0.31% |
| Weighted average ROE (%) | 7.39% | 0.95% | 20.35% | -3.11% |

Non-recurring gains and losses

Applicable N/A

Unit: RMB'000

| Item | January- September 2020 | Note |
|---|-------------------------|------|
| Gains and losses on disposal of non-current assets | -36,917 | |
| Except for effectively hedging business related to normal business operations of the Company, gains and losses arising from the | 1,134,876 | |

| | | |
|--|-----------|----|
| change in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other non-current financial assets, as well as investment gains and losses produced from the disposal of the aforesaid financial assets and liabilities | | |
| Other | 827,804 | |
| | | |
| Less: Corporate income tax | 416,736 | |
| Minority interests (after tax) | 106,314 | |
| Total | 1,402,713 | -- |

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gains and Losses>, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement as a recurring gain/loss item

Applicable N/A

No such cases for the Reporting Period.

2. Total number of shareholders and shareholdings of the top ten shareholders at the period-end

2.1 Total number of ordinary shareholders and preference shareholders with resumed voting rights, as well as shareholdings of the top ten shareholders at the period-end

Unit: share

| Total number of ordinary shareholders at the period-end | | 181,433 | Total number of preference shareholders with resumed voting rights at the period-end (if any) | | 0 | |
|---|--------------------------------------|-----------------------------|---|----------------------------------|--------------------------|------------------|
| Top ten shareholders | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding percentage (%) | Number of shares held | Number of restricted shares held | Pledged or frozen shares | |
| | | | | | Status of shares | Number of shares |
| Midea Holding Co., Ltd. | Domestic non-state-owned corporation | 31.10 | 2,185,224,013 | 0 | Pledged | 215,000,000 |
| Hong Kong Securities Clearing Company Limited | Foreign corporation | 15.96 | 1,121,008,535 | 0 | - | - |

| China Securities Finance Co., Ltd. | State-owned corporation | 2.82 | 198,145,134 | 0 | - | - |
|---|---|--------------------------------|---------------|-------------|---|---|
| Canada Pension Plan Investment Board – own funds (stock exchange) | Foreign corporation | 1.71 | 120,379,067 | 0 | - | - |
| Fang Hongbo | Domestic individual | 1.67 | 116,990,492 | 102,742,869 | - | - |
| Central Huijin Asset Management Ltd. | State-owned corporation | 1.28 | 90,169,354 | 0 | - | - |
| Huang Jian | Domestic individual | 1.25 | 88,030,000 | 0 | - | - |
| UBS AG | Foreign corporation | 0.89 | 62,795,147 | 0 | - | - |
| Merrill Lynch International | Foreign corporation | 0.73 | 51,226,840 | 0 | - | - |
| Li Jianwei | Foreign individual | 0.72 | 50,300,000 | 0 | - | - |
| Top ten non-restricted ordinary shareholders | | | | | | |
| Name of shareholder | Number of non-restricted ordinary shares held at the period-end | Type of shares | | | | |
| | | Type | Number | | | |
| Midea Holding Co., Ltd. | 2,185,224,013 | RMB-denominated ordinary share | 2,185,224,013 | | | |
| Hong Kong Securities Clearing Company Limited | 1,121,008,535 | RMB-denominated ordinary share | 1,121,008,535 | | | |
| China Securities Finance Co., Ltd. | 198,145,134 | RMB-denominated ordinary share | 198,145,134 | | | |
| Canada Pension Plan Investment Board – own funds (stock exchange) | 120,379,067 | RMB-denominated ordinary share | 120,379,067 | | | |
| Central Huijin Asset Management Ltd. | 90,169,354 | RMB-denominated ordinary share | 90,169,354 | | | |
| Huang Jian | 88,030,000 | RMB-denominated ordinary share | 88,030,000 | | | |
| UBS AG | 62,795,147 | RMB-denominated ordinary share | 62,795,147 | | | |
| Merrill Lynch International | 51,226,840 | RMB-denominated ordinary share | 51,226,840 | | | |
| Li Jianwei | 50,300,000 | RMB-denominated ordinary share | 50,300,000 | | | |
| GIC Private Limited | 45,659,205 | RMB-denominated | 45,659,205 | | | |

| | | | |
|---|-----|----------------|--|
| | | ordinary share | |
| Explanation of related relationship or/and acting-in-concert parties among the above-mentioned shareholders | N/A | | |
| Top ten non-restricted ordinary shareholders taking part in securities margin trading (if any) | N/A | | |

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory repurchase during the Reporting Period

Yes No

No such cases in the Reporting Period.

2.2 Total number of preference shareholders and shareholdings of the top ten preference shareholders at the period-end

Applicable N/A

Section III Significant Events

1. Major changes of main items in financial statements and financial indicators within the Reporting Period, as well as the reasons for the changes

√ Applicable □ N/A

Unit: RMB'000

| Financial statement items (consolidated) | 30 September 2020/January- September 2020 | 31 December 2019/January- September 2019 | Change (%) | Reasons for the changes |
|---|--|---|---------------|--|
| Financial assets held for trading | 2,354,788 | 1,087,351 | 116.56% | Mainly due to the changes in the fair value of financial assets held for trading |
| Notes receivable | 7,227,524 | 4,768,520 | 51.57% | Mainly due to the decreased discounted notes |
| Receivables financing | 11,312,987 | 7,565,776 | 49.53% | Mainly due to the decreased discounted notes |
| Loans and advances | 16,792,528 | 11,659,497 | 44.02% | Mainly due to the changes in the business operations of Midea Group Finance |
| Other current assets | 86,567,797 | 65,011,027 | 33.16% | Mainly due to the increased monetary investment products |
| Other non-current financial assets | 2,990,546 | 1,750,107 | 70.88% | Mainly due to the increased equity investments |
| Construction in progress | 1,811,813 | 1,194,650 | 51.66% | Mainly due to the increased construction in progress |
| Other non-current assets | 513,514 | 4,947,603 | -89.62% | Mainly due to the decreased structural deposit exceeding one year |
| Short-term borrowings | 11,626,189 | 5,701,838 | 103.90% | Mainly due to the increased borrowings |
| Derivative financial liabilities | 100,286 | 27,100 | 270.06% | Mainly due to the changes in the fair value of derivative financial instruments |
| Advances from customers | 0 | 16,231,854 | -100.00% | Mainly due to the reclassification to contract liabilities |
| Current portion of non-current liabilities | 7,727,739 | 1,460,117 | 429.25% | Mainly due to the increased current portion of long-term borrowings |
| Other current liabilities | 54,038,605 | 39,074,777 | 38.30% | Mainly due to the increased commercial papers |

| | | | | |
|---|-------------|-------------|----------|---|
| Long-term payables | 15,080 | 33,646 | -55.18% | Mainly due to the repayment of long-term payables |
| Treasury stock | 5,238,916 | 3,759,732 | 39.34% | Mainly due to increased share repurchase |
| Other comprehensive income | -1,190,415 | -711,554 | -67.30% | Mainly due to the changes in relation to exchange differences on translation of foreign currency financial statements |
| Financial expenses | -1,462,390 | -2,114,090 | 30.83% | Mainly due to the decreased interest income |
| Investment income | 1,646,879 | 183,139 | 799.25% | Mainly due to the changes in income from monetary investments |
| Gains on changes in fair value | 1,123,644 | 299,107 | 275.67% | Mainly due to the changes in the fair value of financial assets held for trading |
| Asset impairment losses | 162,323 | 59,162 | 174.37% | Mainly due to the increased consolidated entities |
| Credit impairment losses | 615,091 | 176,647 | 248.20% | Mainly due to the increased consolidated entities and a bigger increase in accounts receivable in the current period compared to the same period of last year |
| Non-operating income | 223,576 | 343,075 | -34.83% | Mainly due to the decreased other income |
| Non-operating expenses | 151,595 | 97,432 | 55.59% | Mainly due to the increased donation expenses |
| Minority interests | 175,702 | 1,044,257 | -83.17% | Mainly due to the purchase of minority interest in Little Swan |
| Net cash flows from investing activities | -32,098,571 | -15,750,319 | -103.80% | Mainly due to the increased cash paid to acquire investments |
| Net cash flows from financing activities | 8,101,376 | -7,546,097 | 207.36% | Mainly due to the increased cash received from issuance of short-term financing bonds |
| Net increase in cash and cash equivalents | 870,074 | 6,840,248 | -87.28% | Mainly due to the decreased net cash flows from investing activities |

2. Progress, influence and solutions of significant events

√ Applicable □ N/A

| Summary of the significant event | Date of disclosure | Index to disclosure |
|---|--------------------|---|
| The Proposal on Authorizing the Management to Make Preparations for | 28 July 2020 | Announcement No. 2020-085 of Midea Group Co., Ltd. on the Resolutions of the 23rd Meeting |

| | | |
|--|-------------------|--|
| the Spin-off Listing of Subsidiary Midea Intelligent Lighting & Controls Technology Co., Ltd. on the ChiNext Board was approved at the 23rd Meeting of the 3rd Board of Directors on 24 July 2020. | | of the 3rd Board of Directors; Reminder (Announcement No. 2020-086) of Midea Group Co., Ltd. on Authorizing the Management to Make Preparations for the Spin-off Listing of Subsidiary Midea Intelligent Lighting & Controls Technology Co., Ltd. on the ChiNext Board |
| A series of proposals on the spin-off listing of subsidiary Midea Intelligent Lighting & Controls Technology Co., Ltd. on the ChiNext Board were approved at the 26th Meeting of the 3rd Board of Directors on 25 September 2020. | 26 September 2020 | Announcement No. 2020-097 of Midea Group Co., Ltd. on the Resolutions of the 26th Meeting of the 3rd Board of Directors; Preplan (Announcement No. 2020-100) of Midea Group Co., Ltd. on the Spin-off Listing of Subsidiary Midea Intelligent Lighting & Controls Technology Co., Ltd. on the ChiNext Board |
| A series of proposals on the spin-off listing of subsidiary Midea Intelligent Lighting & Controls Technology Co., Ltd. on the ChiNext Board were approved at the 3rd Extraordinary General Meeting of Shareholders of 2020 on 16 October 2020. | 17 October 2020 | Announcement No. 2020-107 of Midea Group Co., Ltd. on the Resolutions of the 3rd Extraordinary General Meeting of Shareholders of 2020 |

Progress of any share repurchase

Applicable N/A

The Proposal on the Plan for the Repurchase of Some Public Shares was approved at the 18th Meeting of the 3rd Board of Directors on 21 February 2020. As such, the Company was agreed to repurchase, with its own funds, no less than 40,000,000 shares and no more than 80,000,000 shares by way of centralized bidding at a price not exceeding RMB65/share (adjusted to a price not exceeding RMB63.41/share upon the implementation of the 2019 Annual Profit Distribution Plan). The Report on the Repurchase of Some Public Shares was disclosed on 25 February 2020. On 14 September 2020, the Proposal on the Adjustment to the Upper Limit of the Share Repurchase Price was approved at the 25th Meeting of the 3rd Board of Directors. As such, it was agreed to adjust the upper limit of the share repurchase price from RMB63.41/share to RMB75.00/share.

As of 22 October 2020, the Company had repurchased 41,826,050 shares (0.5953% of the Company's total share capital as of 21 October 2020). With the highest trading price being RMB74.99/share and the lowest being RMB46.30/share, the total payment amounted to RMB2,697,409,655.33 (exclusive of

trading fees). Therefore, the Company has repurchased over 40,000,000 shares (the lower limit for this share repurchase) in this share repurchase, and the fact that the Company's share price has been consistently higher than the upper limit of the repurchase price has made continued repurchase unlikely. Therefore, the implementation of this share repurchase plan has been completed.

Progress of any repurchased share reduction through centralized price bidding

Applicable N/A

3. Overdue commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers in the Report Period or ongoing at the period-end

Applicable N/A

No such cases in the Reporting Period.

4. Financial investments

4.1 Securities investments

Applicable N/A

Unit: RMB'000

| Type of securities | Code of securities | Abbreviation of securities | Initial investment cost | Measurement method | Opening carrying amount | Profit or loss from change in fair value during the period | Cumulative fair value change charged to equity | Purchased in the period | Sold in the period | Profit or loss in the period | Closing carrying amount | Accounting title | Funding source |
|------------------------------------|--------------------|----------------------------|-------------------------|--------------------|-------------------------|--|--|-------------------------|--------------------|------------------------------|-------------------------|-----------------------------------|----------------|
| Domestically/overseas listed stock | 1810 | XIAOMI-W | 1,272,584 | Fair value method | 936,358 | 869,552 | -16,961 | - | -186,652 | - | 1,602,297 | Financial assets held for trading | Own funds |
| Domestically/overseas listed stock | 688165 | EFORT-U | 178,534 | Fair value method | - | 131,720 | - | 416,520 | - | - | 548,240 | Financial assets held for trading | Own funds |

| | | | | | | | | | | | | | |
|--------------------------------|--------|-------------------|-----------|-------------------|-----------|----------|---------|---------|----------|---|-----------|-----------------------------------|-----------|
| Domestic/overseas listed stock | 688018 | Espressif Systems | 14,625 | Fair value method | 150,993 | 8,495 | - | - | -7,018 | - | 152,470 | Financial assets held for trading | Own funds |
| Domestic/overseas listed stock | DNK | Danke | 172,190 | Fair value method | - | -121,413 | 1,004 | 172,190 | - | - | 51,781 | Financial assets held for trading | Own funds |
| Total | | | 1,637,933 | -- | 1,087,351 | 888,354 | -15,957 | 588,710 | -193,670 | - | 2,354,788 | -- | -- |

4.2 Derivatives investments

✓ Applicable □ N/A

Unit: RMB'000

| Operating party | Relationship with the Company | Related transaction | Type of derivative | Initial investment amount | Starting date | Ending date | Opening investment amount | Purchased in Reporting Period | Sold in Reporting Period | Amount provided for impairment (if any) | Closing investment amount | Closing investment amount as a percentage of the Company's closing net assets | Actual gain/loss in Reporting Period |
|-----------------------|-------------------------------|---------------------|-------------------------|----------------------------------|---------------|-------------|---------------------------|-------------------------------|--------------------------|---|---------------------------|---|--------------------------------------|
| Futures company | No | No | Futures contracts | 1,377 | 01/01/2020 | 31/12/2020 | 1,377 | - | - | - | 119,866 | 0.11% | 215,202 |
| Bank | No | No | Forward forex contracts | 267,475 | 01/01/2020 | 31/12/2020 | 267,475 | - | - | - | 650,220 | 0.58% | 860,671 |
| Total | | | | 268,852 | -- | -- | 268,852 | - | - | - | 770,086 | 0.69% | 1,075,873 |
| Source of derivatives | | | | All from the Company's own funds | | | | | | | | | |

| | |
|--|---|
| investment funds | |
| Litigation involved (if applicable) | N/A |
| Disclosure date of the announcement about the board's consent for the derivative investment (if any) | 30/04/2020 |
| Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any) | 23/05/2020 |
| Risk analysis of positions held in derivatives during the Reporting Period and explanation of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) | <p>For the sake of eliminating the cost risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose of avoiding the risks of exchange and interest rate fluctuation, realizing the preservation and appreciation of forex assets, reducing forex liabilities, as well as achieving locked-in costs. The Company has performed sufficient evaluation and control against derivatives investment and position risks, details of which are described as follows:</p> <p>1. Legal risk: The Company's futures business and forex funds businesses shall be conducted in compliance with laws and regulations, with clearly covenanted responsibility and obligation relationship between the Company and the agencies.</p> <p>Control measures: The Company has designated relevant responsible departments to enhance learning of laws and regulations and market rules, conducted strict examination and verification of contracts, defined responsibility and obligation well, and strengthened compliance check, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. Operational risk: Imperfect internal process, staff, systems and external issues may cause the Company to suffer from loss during the course of its futures business and forex funds business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly defined the assignment of responsibility and approval process for the futures business and forex funds business, but also established a comparatively well-developed monitoring mechanism, aiming to effectively reduce operational risk by strengthening risk control over the business, decision-making and trading processes.</p> <p>3. Market risk: Uncertainties caused by changes in the prices of bulk commodity and exchange rate fluctuations in foreign exchange market could lead to greater market risk in the futures business and forex funds business. Meanwhile, inability to timely raise sufficient funds to</p> |

| | |
|---|---|
| | <p>establish and maintain hedging positions in futures operations, or the forex funds required for performance in forex funds operations being unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company shall always be conducted by adhering to prudent operation principles. For futures business, the futures transaction volume and application have been determined strictly according to the requirements of production & operations, and the stop-loss mechanism has been implemented. Besides, to determine the prepared margin amount which may be required to be supplemented, the futures risk measuring system has been established to measure and calculate the margin amount occupied, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted application for funds business should conduct risk analysis on the conditions and environment affecting operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update operating status of the funds business on a timely basis to ensure proper funds arrangement before the expiry dates.</p> |
| <p>Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives</p> | <ol style="list-style-type: none"> 1. Gain from futures contracts during the Reporting Period was RMB215.202 million. 2. Gain from forward forex contracts during the Reporting Period was RMB860.671 million. 3. Public quotations in futures market or forward forex quotations announced by the Bank of China are used in the analysis of derivatives fair value. |
| <p>Explanation of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the previous Reporting Period</p> | <p>No change</p> |
| <p>Special opinions expressed by independent directors concerning the</p> | <p>The Company's independent directors are of the view that the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal control, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further</p> |

| | |
|---|--|
| Company's derivatives investment and risk control | improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets and the abovementioned investment in derivatives can help the Company to fully bring out its competitive advantages. Therefore, it is practicable for the Company to carry out derivatives investment business, and the risks are controllable. |
|---|--|

5. Progress on projects financed with raised funds

Applicable N/A

6. Forecast of 2020 annual business performance

Warning about an estimated major change in the aggregate net profit from the beginning of the year to the end of the next reporting period compared with the same period in the previous year and explanation for the change:

Applicable N/A

7. Significant contracts arising from the Company's ordinary course of business

Applicable N/A

8. Wealth management entrustment

Applicable N/A

No such cases in the Reporting Period.

9. Irregular provision of guarantees

Applicable N/A

No such cases in the Reporting Period.

10. Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

Applicable N/A

No such cases in the Reporting Period.

11. Visits received during the Reporting Period

√ Applicable □ N/A

| Date | Place | Type of visit | Type of visitor | Visitor | Discussions | Index |
|-------------------|-----------------|---------------|-----------------|--|--|---|
| 9 July 2020 | Conference call | By phone | Institution | GW&K Investment Management LLC, Teng Yue Partners LP, Matthews International Capital, Ivy Investment Management Company, Wells Capital Management, TIAACREF Investment Management LLC, etc. | <ol style="list-style-type: none"> 1. Introduced the mid-to-long term planning and profitability of the KUKA business; 2. Introduced how Midea effectively managed its overseas operations and applied its efficient systems to those operations for better outcomes; 3. Introduced the development of Annto; and 4. Introduced the Company's governance and incentive mechanisms. | Please refer to <i>Investor Relations Activities on 9 July 2020</i> on the website of www.cninfo.com.cn |
| 30 July 2020 | Conference call | By phone | Institution | Oriental Alpha Fund, Ping An Fund, Yinhua Fund, Bank of China Investment Management, Sinolink Securities, BOCOM Schroders, Morgan Stanley China, Nan Shan Life Insurance, Harvest Fund, China Asset Management, etc. | <ol style="list-style-type: none"> 1. Introduced the strategic objective of the IoT Division newly established this year; 2. Introduced the Company's views about core competitiveness in the development of the Industrial Internet and new development trends in the future; 3. Introduced the latest progress on the Company's channel development; and 4. Introduced innovations in relation to commercial air conditioners. | Please refer to <i>Investor Relations Activities on 30 July 2020</i> on the website of www.cninfo.com.cn |
| 16 September 2020 | Conference call | By phone | Institution | APS Asset Management, Calamos Advisors, Dymon Asia Capital, Fidelity Management & Research, Hardman Johnston Gbl Adv Llc, Janus Henderson Investors, Lazard Asset | <ol style="list-style-type: none"> 1. Introduced the development of the Company's e-commerce business in the first half of the year; 2. Introduced the latest development of the | Please refer to <i>Investor Relations Activities on 16 September 2020</i> on the website of |

| | | | | | | |
|--|--|--|--|--|--|-------------------|
| | | | | Management, Lone Pine Capital Management, etc. | Company's BUGU brand; 3. Introduced the development of the Company's IoT business; and 4. Introduced innovations in relation to patented technologies. | www.cninfo.com.cn |
|--|--|--|--|--|--|-------------------|

Midea Group Co., Ltd.

Legal Representative: Fang Hongbo

31 October 2020

Section IV Financial Statements

1. Financial statements

Consolidated and Company Balance Sheets

Prepared by Midea Group Co., Ltd.

30 September 2020

Unit: RMB'000

| Assets | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
|---|--------------------|--------------------|--------------------|--------------------|
| | Consolidated | Consolidated | Company | Company |
| Current assets: | | | | |
| Cash at bank and on hand | 66,489,543 | 70,916,841 | 50,439,476 | 52,291,056 |
| Financial assets held for trading | 2,354,788 | 1,087,351 | 548,240 | - |
| Derivative financial assets | 181,086 | 197,412 | - | - |
| Notes receivable | 7,227,524 | 4,768,520 | - | - |
| Accounts receivable | 23,076,561 | 18,663,819 | - | - |
| Receivables financing | 11,312,987 | 7,565,776 | - | - |
| Advances to suppliers | 2,529,733 | 2,246,177 | 70,987 | 36,877 |
| Contract assets | 3,699,399 | - | - | - |
| Loans and advances | 15,472,512 | 10,869,396 | - | - |
| Other receivables | 2,432,965 | 2,712,974 | 23,021,327 | 18,369,865 |
| Inventories | 24,130,752 | 32,443,399 | - | - |
| Current portion of non-current assets | 5,341 | - | - | - |
| Other current assets | 86,567,797 | 65,011,027 | 66,595,036 | 42,665,884 |
| Total current assets | 245,480,988 | 216,482,692 | 140,675,066 | 113,363,682 |
| Non-current assets: | | | | |
| Other debt investments | 20,247,849 | - | 20,055,698 | - |
| Long-term receivables | 1,019,613 | 1,208,079 | - | - |
| Loans and advances | 1,320,016 | 790,101 | - | - |
| Long-term equity investments | 3,026,788 | 2,790,806 | 53,660,805 | 52,605,859 |
| Other investments in equity instruments | 48,020 | - | - | - |
| Other non-current financial assets | 2,990,546 | 1,750,107 | 80,937 | 487,564 |
| Investment properties | 417,141 | 399,335 | 486,806 | 518,828 |
| Fixed assets | 21,887,841 | 21,664,682 | 750,136 | 878,239 |
| Construction in progress | 1,811,813 | 1,194,650 | 253,031 | 155,681 |
| Intangible assets | 15,324,192 | 15,484,179 | 688,893 | 700,836 |
| Development costs | 25,094 | - | - | - |
| Goodwill | 28,938,227 | 28,207,065 | - | - |
| Long-term prepaid expenses | 1,260,471 | 1,267,127 | 99,661 | 123,548 |
| Deferred tax assets | 6,131,337 | 5,768,993 | 162,256 | 189,888 |
| Other non-current assets | 513,514 | 4,947,603 | 5,621 | 4,359,507 |
| Total non-current assets | 104,962,462 | 85,472,727 | 76,243,844 | 60,019,950 |
| TOTAL ASSETS | 350,443,450 | 301,955,419 | 216,918,910 | 173,383,632 |

Legal representative: Fang Hongbo

Director of Finance: Zhong Zheng

Prepared by: Chen Lihong

Consolidated and Company Balance Sheets (Continued)

Prepared by Midea Group Co., Ltd.

30 September 2020

Unit: RMB'000

| LIABILITIES AND SHAREHOLDERS' EQUITY | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
|--|--------------------|--------------------|--------------------|--------------------|
| | Consolidated | Consolidated | Company | Company |
| Current liabilities: | | | | |
| Short-term borrowings | 11,626,189 | 5,701,838 | 4,999,314 | 4,550,064 |
| Customer deposits and deposits from banks and other financial institutions | 56,053 | 62,477 | - | - |
| Derivative financial liabilities | 100,286 | 27,100 | - | - |
| Notes payable | 27,876,988 | 23,891,600 | - | - |
| Accounts payable | 53,530,970 | 42,535,777 | - | - |
| Advances from customers | - | 16,231,854 | - | - |
| Contract liabilities | 15,079,947 | | - | |
| Employee benefits payable | 5,555,602 | 6,436,109 | 558,105 | 566,861 |
| Taxes payable | 4,472,648 | 5,096,267 | 798,853 | 1,059,246 |
| Other payables | 4,270,717 | 3,800,568 | 130,924,729 | 103,624,998 |
| Current portion of non-current liabilities | 7,727,739 | 1,460,117 | 4,000,000 | - |
| Other current liabilities | 54,038,605 | 39,074,777 | 13,045,311 | 19,539 |
| Total current liabilities | 184,335,744 | 144,318,484 | 154,326,312 | 109,820,708 |
| Non-current liabilities: | | | | |
| Long-term borrowings | 37,060,978 | 41,298,377 | - | 4,000,000 |
| Long-term payables | 15,080 | 33,646 | - | - |
| Provisions | 300,527 | 353,269 | - | - |
| Deferred income | 720,830 | 617,155 | - | - |
| Long-term employee benefits payable | 2,346,829 | 2,418,563 | - | - |
| Deferred tax liabilities | 4,695,788 | 4,556,002 | 94,702 | 59,032 |
| Other non-current liabilities | 838,682 | 863,826 | - | - |
| Total non-current liabilities | 45,978,714 | 50,140,838 | 94,702 | 4,059,032 |
| Total liabilities | 230,314,458 | 194,459,322 | 154,421,014 | 113,879,740 |
| Shareholders' equity: | | | | |
| Share capital | 7,025,746 | 6,971,900 | 7,025,746 | 6,971,900 |
| Capital surplus | 21,863,790 | 19,640,313 | 28,845,617 | 26,592,959 |
| Less: Treasury stock | (5,238,916) | (3,759,732) | (5,238,916) | (3,759,732) |
| Other comprehensive income | (1,190,415) | (711,554) | (6,230) | 1,735 |
| General risk reserve | 366,947 | 366,947 | - | - |
| Surplus reserve | 6,447,658 | 6,447,658 | 6,447,658 | 6,447,658 |
| Undistributed profits | 83,603,626 | 72,713,631 | 25,424,021 | 23,249,372 |
| Total equity attributable to shareholders of the Company | 112,878,436 | 101,669,163 | 62,497,896 | 59,503,892 |
| Minority interests | 7,250,556 | 5,826,934 | - | - |
| Total shareholders' equity | 120,128,992 | 107,496,097 | 62,497,896 | 59,503,892 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 350,443,450 | 301,955,419 | 216,918,910 | 173,383,632 |

Legal representative: Fang Hongbo

Director of Finance: Zhong Zheng

Prepared by: Chen Lihong

Consolidated and Company Income Statements

Prepared by Midea Group Co., Ltd.

July-September 2020

Unit: RMB'000

| Item | July-September 2020 | July-September 2019 | July-September 2020 | July-September 2019 |
|---|------------------------|------------------------|------------------------|------------------------|
| | Consolidated | Consolidated | Company | Company |
| 1. Total revenue | 78,033,872 | 67,441,421 | 437,528 | 430,828 |
| Including: Operating revenue | 77,693,764 | 67,147,862 | 437,528 | 430,828 |
| Interest income | 340,059 | 293,244 | - | - |
| Fee and commission income | 49 | 315 | - | - |
| 2. Total operating cost | (70,277,836) | (60,633,135) | 234,925 | 398,909 |
| Including: Cost of sales | (58,419,804) | (48,211,456) | (18,597) | (11,247) |
| Interest expenses | (17,004) | (10,052) | - | - |
| Fee and commission expenses | (3,911) | (1,672) | - | - |
| Taxes and surcharges | (397,761) | (363,402) | (5,908) | (7,733) |
| Selling and distribution expenses | (7,548,852) | (8,148,056) | - | - |
| General and administrative expenses | (2,195,898) | (2,117,322) | (140,098) | (188,845) |
| Research and development expenses | (2,305,069) | (2,459,620) | - | - |
| Financial income | 610,463 | 678,445 | 399,528 | 606,734 |
| Including: Interest expenses | (317,014) | (139,821) | (499,583) | (420,920) |
| Interest income | 990,214 | 1,240,082 | 911,858 | 1,017,880 |
| Add: Other income | 518,085 | 311,572 | 1,219 | 107,985 |
| Investment income | 558,332 | 170,499 | 4,729,854 | 2,421,409 |
| Including: Investment income from associates and joint ventures | 129,536 | 130,349 | 50,825 | 59,881 |
| Gains on changes in fair value | 875,944 | (48,755) | 225,250 | - |
| Asset impairment losses | (28,904) | 85,494 | - | - |
| Credit impairment losses | (153,093) | 2,400 | 1,018 | 1,044 |
| Gains on disposal of assets | (25,847) | (20,711) | (97) | 12 |
| 3. Operating profit | 9,500,553 | 7,308,785 | 5,629,697 | 3,360,187 |
| Add: Non-operating income | 114,884 | 192,712 | 706 | 2,371 |
| Less: Non-operating expenses | (63,563) | (37,053) | (19,779) | (451) |
| 4. Total profit | 9,551,874 | 7,464,444 | 5,610,624 | 3,362,107 |
| Less: Income tax expenses | (1,424,881) | (1,164,143) | 57,449 | (41,229) |
| 5. Net profit | 8,126,993 | 6,300,301 | 5,668,073 | 3,320,878 |
| (1) Classified by continuity of operations | | | | |
| Net profit from continuing operations | 8,126,993 | 6,300,301 | 5,668,073 | 3,320,878 |
| Net profit from discontinued operations | - | - | - | - |
| (2) Classified by ownership of the equity | | | | |
| Attributable to shareholders of the Company | 8,090,006 | 6,128,898 | 5,668,073 | 3,320,878 |
| Minority interests | 36,987 | 171,403 | - | - |
| 6. Other comprehensive income, net of tax | (291,962) | (36,582) | (555) | (1,853) |
| Other comprehensive income attributable to shareholders of the | (196,701) | 6,956 | (555) | (1,853) |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Company, net of tax | | | | |
| (1) Other comprehensive income items which will not be reclassified subsequently to profit or loss | (34,784) | (45,952) | - | - |
| 1) Changes arising from remeasurement of defined benefit plan | (34,784) | (45,952) | - | - |
| (2) Other comprehensive income items which will be reclassified subsequently to profit or loss | (161,917) | 52,908 | (555) | (1,853) |
| 1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method | (3,774) | (1,332) | (555) | (1,853) |
| 2) Cash flow hedging reserve | 331,884 | (90,476) | - | - |
| 3) Exchange differences on translation of foreign currency financial statements | (490,027) | 144,716 | - | - |
| Other comprehensive income attributable to minority shareholders, net of tax | (95,261) | (43,538) | - | - |
| 7. Total comprehensive income | 7,835,031 | 6,263,719 | 5,667,518 | 3,319,025 |
| Attributable to shareholders of the Company | 7,893,305 | 6,135,854 | 5,667,518 | 3,319,025 |
| Minority interests | (58,274) | 127,865 | - | - |
| 8. Earnings per share | | | | |
| (1) Basic earnings per share | 1.16 | 0.89 | N/A | N/A |
| (2) Diluted earnings per share | 1.16 | 0.89 | N/A | N/A |

Legal representative: Fang Hongbo

Director of Finance: Zhong Zheng

Prepared by: Chen Lihong

Consolidated and Company Income Statements

Prepared by Midea Group Co., Ltd.

January-September 2020

Unit: RMB'000

| Item | January-September 2020 | January-September 2019 | January-September 2020 | January-September 2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| | Consolidated | Consolidated | Company | Company |
| 1. Total revenue | 217,753,150 | 221,774,064 | 1,336,559 | 1,307,278 |
| Including: Operating revenue | 216,760,786 | 220,918,162 | 1,336,559 | 1,307,278 |
| Interest income | 992,158 | 854,941 | - | - |
| Fee and commission income | 206 | 961 | - | - |
| 2. Total operating cost | (194,931,822) | (196,851,290) | 620,765 | 1,107,772 |
| Including: Cost of sales | (161,943,461) | (156,652,745) | (39,989) | (35,306) |
| Interest expenses | (95,096) | (115,595) | - | - |
| Fee and commission expenses | (9,243) | (5,343) | - | - |
| Taxes and surcharges | (1,152,606) | (1,291,992) | (27,730) | (18,736) |
| Selling and distribution expenses | (20,179,953) | (27,677,878) | - | - |
| General and administrative expenses | (6,298,047) | (6,227,447) | (384,608) | (400,985) |
| Research and development expenses | (6,715,806) | (6,994,380) | - | - |
| Financial income | 1,462,390 | 2,114,090 | 1,073,092 | 1,562,799 |
| Including: Interest expenses | (954,362) | (540,950) | (1,378,594) | (1,064,704) |
| Interest income | 2,664,883 | 3,328,798 | 2,467,387 | 2,612,130 |
| Add: Other income | 1,098,444 | 973,521 | 124,619 | 251,288 |
| Investment income | 1,646,879 | 183,139 | 10,941,133 | 9,168,806 |
| Including: Investment income from associates and joint ventures | 390,672 | 362,945 | 185,464 | 204,334 |
| Including: Profit or loss arising from derecognition of financial assets measured at amortised costs | - | (709) | - | - |
| Gains on changes in fair value | 1,123,644 | 299,107 | 424,720 | - |
| Asset impairment losses | (162,323) | (59,162) | - | - |
| Credit impairment losses | (615,091) | (176,647) | (5,790) | (11) |
| Gains on disposal of assets | (36,917) | (34,416) | 43 | 12 |
| 3. Operating profit | 25,875,964 | 26,108,316 | 13,442,049 | 11,835,145 |
| Add: Non-operating income | 223,576 | 343,075 | 10,196 | 32,559 |
| Less: Non-operating expenses | (151,595) | (97,432) | (91,306) | (740) |
| 4. Total profit | 25,947,945 | 26,353,959 | 13,360,939 | 11,866,964 |
| Less: Income tax expenses | (3,753,942) | (3,993,735) | (57,984) | (211,303) |
| 5. Net profit | 22,194,003 | 22,360,224 | 13,302,955 | 11,655,661 |
| (1) Classified by continuity of operations | | | | |
| Net profit from continuing operations | 22,194,003 | 22,360,224 | 13,302,955 | 11,655,661 |
| Net profit from discontinued operations | - | - | - | - |
| (2) Classified by ownership of the equity | | | | |
| Attributable to shareholders of the Company | 22,018,301 | 21,315,967 | 13,302,955 | 11,655,661 |

| | | | | |
|---|------------|------------|------------|------------|
| Minority interests | 175,702 | 1,044,257 | - | - |
| 6. Other comprehensive income, net of tax | (802,684) | 135,571 | (7,965) | 4,902 |
| Other comprehensive income attributable to shareholders of the Company, net of tax | (492,675) | 141,924 | (7,965) | 4,902 |
| (1) Other comprehensive income items which will not be reclassified subsequently to profit or loss | (90,143) | (124,704) | - | - |
| 1) Changes arising from remeasurement of defined benefit plan | (90,143) | (124,704) | - | - |
| (2) Other comprehensive income items which will be reclassified subsequently to profit or loss | (402,532) | 266,628 | (7,965) | 4,902 |
| 1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method | (12,495) | (1,583) | (7,965) | 4,902 |
| 2) Cash flow hedging reserve | 411,163 | (56,352) | - | - |
| 3) Exchange differences on translation of foreign currency financial statements | (801,200) | 324,563 | - | - |
| Other comprehensive income attributable to minority shareholders, net of tax | (310,009) | (6,353) | - | - |
| 7. Total comprehensive income | 21,391,319 | 22,495,795 | 13,294,990 | 11,660,563 |
| Attributable to shareholders of the Company | 21,525,626 | 21,457,891 | 13,294,990 | 11,660,563 |
| Minority interests | (134,307) | 1,037,904 | - | - |
| 8. Earnings per share | | | | |
| (1) Basic earnings per share | 3.18 | 3.20 | N/A | N/A |
| (2) Diluted earnings per share | 3.17 | 3.18 | N/A | N/A |

Legal representative: Fang Hongbo

Director of Finance: Zhong Zheng

Prepared by: Chen Lihong

Consolidated and Company Cash Flow Statements

Prepared by Midea Group Co., Ltd. January-September 2020 Unit: RMB'000

| Item | January-September 2020 | January-September 2019 | January-September 2020 | January-September 2019 |
|---|------------------------|------------------------|------------------------|------------------------|
| | Consolidated | Consolidated | Company | Company |
| 1. Cash flows from operating activities: | | | | |
| Cash received from sales of goods or rendering of services | 182,997,506 | 187,113,896 | - | - |
| Net increase in customer deposits and deposits from banks and other financial institutions | - | 33,732 | - | - |
| Net decrease in deposits with the Central Bank, banks and other financial institutions | 61,267 | 648,514 | - | - |
| Cash received from interest, fee and commission | 1,011,706 | 902,622 | - | - |
| Refund of taxes and surcharges | 4,574,603 | 5,917,442 | - | - |
| Cash received relating to other operating activities | 4,047,145 | 3,744,879 | 28,363,419 | 30,468,856 |
| Sub-total of cash inflows | 192,692,227 | 198,361,085 | 28,363,419 | 30,468,856 |
| Cash paid for goods and services | (105,250,492) | (105,994,827) | - | - |
| Net increase in loans and advances | (5,257,382) | (2,092,334) | - | - |
| Net decrease in customer deposits and deposits from banks and other financial institutions | (6,424) | - | - | - |
| Net decrease in borrowings from the Central Bank | - | (99,754) | - | - |
| Cash paid for interest, fee and commission | (105,503) | (128,590) | - | - |
| Cash paid to and on behalf of employees | (21,507,371) | (20,676,547) | (19,492) | (47,774) |
| Payments of taxes and surcharges | (10,611,998) | (12,283,945) | (322,104) | (105,868) |
| Cash paid relating to other operating activities | (24,938,422) | (27,294,809) | (5,651,559) | (2,242,060) |
| Sub-total of cash outflows | (167,677,592) | (168,570,806) | (5,993,155) | (2,395,702) |
| Net cash flows from operating activities | 25,014,635 | 29,790,279 | 22,370,264 | 28,073,154 |
| 2. Cash flows from investing activities: | | | | |
| Cash received from disposal of investments | 82,922,131 | 40,816,042 | 66,110,300 | 22,834,164 |
| Cash received from returns on investments | 3,554,642 | 1,863,837 | 12,156,396 | 10,545,206 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 47,157 | 99,908 | 255 | - |
| Net cash received from disposal of subsidiaries and other business units | 43,344 | - | - | - |
| Sub-total of cash inflows | 86,567,274 | 42,779,787 | 78,266,951 | 33,379,370 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | (3,206,463) | (2,882,478) | (166,141) | (114,621) |
| Cash paid to acquire investments | (114,914,856) | (55,452,534) | (89,827,000) | (49,346,463) |
| Net cash paid to acquire subsidiaries and other business units | (544,536) | (195,094) | - | - |
| Sub-total of cash outflows | (118,665,855) | (58,530,106) | (89,993,141) | (49,461,084) |
| Net cash flows from investing activities | (32,098,581) | (15,750,319) | (11,726,190) | (16,081,714) |
| 3. Cash flows from financing activities: | | | | |
| Cash received from capital contributions | 2,351,094 | 2,438,759 | 2,351,094 | 2,323,132 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Including: Cash received from capital contributions by minority shareholders of subsidiaries | - | 115,627 | - | - |
| Cash received from borrowings | 12,222,629 | 11,568,424 | 799,314 | 6,509,500 |
| Cash received from issuance of short-term financing bonds | 21,998,500 | - | 21,998,500 | - |
| Cash received relating to other financing activities | 13,276 | - | - | - |
| Sub-total of cash inflows | 36,585,499 | 14,007,183 | 25,148,908 | 8,832,632 |
| Cash repayments of borrowings | (5,068,760) | (7,758,275) | (350,064) | (2,698,750) |
| Cash repayments of short-term financing bonds | (9,000,000) | - | (9,000,000) | - |
| Cash payments for interest expenses and distribution of dividends or profits | (12,277,952) | (10,475,327) | (12,348,759) | (9,660,929) |
| Including: Cash payments for dividends or profit to minority shareholders of subsidiaries | (173,752) | (1,320,885) | - | - |
| Cash payments relating to other financing activities | (2,137,411) | (3,319,678) | (2,024,942) | (3,092,751) |
| Sub-total of cash outflows | (28,484,123) | (21,553,280) | (23,723,765) | (15,452,430) |
| Net cash flows from financing activities | 8,101,376 | (7,546,097) | 1,425,143 | (6,619,798) |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | (147,366) | 346,385 | - | - |
| 5. Net increase in cash and cash equivalents | 870,064 | 6,840,248 | 12,069,217 | 5,371,642 |
| Add: Cash and cash equivalents at beginning of period | 30,441,760 | 17,952,282 | 12,408,650 | 10,181,934 |
| 6. Cash and cash equivalents at end of period | 31,311,834 | 24,792,530 | 24,477,867 | 15,553,576 |

Legal representative: Fang Hongbo

Director of Finance: Zhong Zheng

Prepared by: Chen Lihong

2.1 Adjustments to financial statement items at the beginning of the year of the implementation of the new accounting standards governing revenue or leases which have been implemented since 2020

√ Applicable □ N/A

Whether any balance sheet items at the beginning of the year requires adjustment

√ Yes □ No

Consolidated and Company Balance Sheets

Prepared by Midea Group Co., Ltd.

30 September 2020

Unit: RMB'000

| Assets | Consolidated | | | Company | | |
|------------------------------------|--------------------|--------------------|-------------|--------------------|--------------------|------------|
| | 2019-12-31 | 2020-01-01 | Adjustment | 2019-12-31 | 2020-01-01 | Adjustment |
| Current assets: | | | | | | |
| Cash at bank and on hand | 70,916,841 | 70,916,841 | - | 52,291,056 | 52,291,056 | - |
| Financial assets held for trading | 1,087,351 | 1,087,351 | - | - | - | - |
| Derivative financial assets | 197,412 | 197,412 | - | - | - | - |
| Notes receivable | 4,768,520 | 4,768,520 | - | - | - | - |
| Accounts receivable | 18,663,819 | 18,663,819 | - | - | - | - |
| Receivables financing | 7,565,776 | 7,565,776 | - | - | - | - |
| Advances to suppliers | 2,246,177 | 2,246,177 | - | 36,877 | 36,877 | - |
| Contract assets | - | 4,009,176 | 4,009,176 | - | - | - |
| Loans and advances | 10,869,396 | 10,869,396 | - | - | - | - |
| Other receivables | 2,712,974 | 2,712,974 | - | 18,369,865 | 18,369,865 | - |
| Inventories | 32,443,399 | 28,434,223 | (4,009,176) | - | - | - |
| Other current assets | 65,011,027 | 65,011,027 | - | 42,665,884 | 42,665,884 | - |
| Total current assets | 216,482,692 | 216,482,692 | - | 113,363,682 | 113,363,682 | - |
| Non-current assets: | | | | | | |
| Long-term receivables | 1,208,079 | 1,208,079 | - | - | - | - |
| Loans and advances | 790,101 | 790,101 | - | - | - | - |
| Long-term equity investments | 2,790,806 | 2,790,806 | - | 52,605,859 | 52,605,859.00 | - |
| Other non-current financial assets | 1,750,107 | 1,750,107 | - | 487,564 | 487,564.00 | - |
| Investment properties | 399,335 | 399,335 | - | 518,828 | 518,828.00 | - |
| Fixed assets | 21,664,682 | 21,664,682 | - | 878,239 | 878,239.00 | - |
| Construction in progress | 1,194,650 | 1,194,650 | - | 155,681 | 155,681.00 | - |
| Intangible assets | 15,484,179 | 15,484,179 | - | 700,836 | 700,836.00 | - |
| Goodwill | 28,207,065 | 28,207,065 | - | - | - | - |
| Long-term prepaid expenses | 1,267,127 | 1,267,127 | - | 123,548 | 123,548.00 | - |
| Deferred tax assets | 5,768,993 | 5,768,993 | - | 189,888 | 189,888.00 | - |
| Other non-current assets | 4,947,603 | 4,947,603 | - | 4,359,507 | 4,359,507.00 | - |
| Total non-current assets | 85,472,727 | 85,472,727 | - | 60,019,950 | 60,019,950 | - |
| TOTAL ASSETS | 301,955,419 | 301,955,419 | - | 173,383,632 | 173,383,632 | - |

Consolidated and Company Balance Sheets (Continued)

Prepared by Midea Group Co., Ltd.

30 September 2020

Unit: RMB'000

| LIABILITIES AND SHAREHOLDERS' EQUITY | Consolidated | | | Company | | |
|--|--------------------|--------------------|--------------|--------------------|--------------------|------------|
| | 2019-12-31 | 2020-01-01 | Adjustment | 2019-12-31 | 2020-01-01 | Adjustment |
| Current liabilities: | | | | | | |
| Short-term borrowings | 5,701,838 | 5,701,838 | - | 4,550,064 | 4,550,064 | - |
| Borrowings from the Central Bank | - | - | - | - | - | - |
| Customer deposits and deposits from banks and other financial institutions | 62,477 | 62,477 | - | - | - | - |
| Derivative financial liabilities | 27,100 | 27,100 | - | - | - | - |
| Notes payable | 23,891,600 | 23,891,600 | - | - | - | - |
| Accounts payable | 42,535,777 | 42,535,777 | - | - | - | - |
| Advances from customers | 16,231,854 | - | (16,231,854) | - | - | - |
| Contract liabilities | - | 18,436,559 | 18,436,559 | - | - | - |
| Employee benefits payable | 6,436,109 | 6,436,109 | - | 566,861 | 566,861 | - |
| Taxes payable | 5,096,267 | 5,096,267 | - | 1,059,246 | 1,059,246 | - |
| Other payables | 3,800,568 | 3,800,568 | - | 103,624,998 | 103,624,998 | - |
| Current portion of non-current liabilities | 1,460,117 | 1,460,117 | - | - | - | - |
| Other current liabilities | 39,074,777 | 36,870,072 | (2,204,705) | 19,539 | 19,539 | - |
| Total current liabilities | 144,318,484 | 144,318,484 | - | 109,820,708 | 109,820,708 | - |
| Non-current liabilities: | | | | | | |
| Long-term borrowings | 41,298,377 | 41,298,377 | - | 4,000,000 | 4,000,000 | - |
| Bonds payable | 0 | - | - | - | - | - |
| Long-term payables | 33,646 | 33,646 | - | - | - | - |
| Provisions | 353,269 | 353,269 | - | - | - | - |
| Deferred income | 617,155 | 617,155 | - | - | - | - |
| Long-term employee benefits payable | 2,418,563 | 2,418,563 | - | - | - | - |
| Deferred tax liabilities | 4,556,002 | 4,556,002 | - | 59,032 | 59,032 | - |
| Other non-current liabilities | 863,826 | 863,826 | - | - | - | - |
| Total non-current liabilities | 50,140,838 | 50,140,838 | - | 4,059,032 | 4,059,032 | - |
| Total liabilities | 194,459,322 | 194,459,322 | - | 113,879,740 | 113,879,740 | - |
| Shareholders' equity: | | | | | | |
| Share capital | 6,971,900 | 6,971,900 | - | 6,971,900 | 6,971,900 | - |
| Capital surplus | 19,640,313 | 19,640,313 | - | 26,592,959 | 26,592,959 | - |
| Less: Treasury stock | (3,759,732) | (3,759,732) | - | (3,759,732) | (3,759,732) | - |
| Other comprehensive income | (711,554) | (711,554) | - | 1,735 | 1,735 | - |
| General risk reserve | 366,947 | 366,947 | - | - | - | - |
| Surplus reserve | 6,447,658 | 6,447,658 | - | 6,447,658 | 6,447,658 | - |
| Undistributed profits | 72,713,631 | 72,713,631 | - | 23,249,372 | 23,249,372 | - |
| Total equity attributable to shareholders of the Company | 101,669,163 | 101,669,163 | - | 59,503,892 | 59,503,892 | - |
| Minority interests | 5,826,934 | 5,826,934 | - | - | - | - |

| | | | | | | |
|--|-------------|-------------|---|-------------|-------------|---|
| Total shareholders' equity | 107,496,097 | 107,496,097 | - | 59,503,892 | 59,503,892 | - |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 301,955,419 | 301,955,419 | - | 173,383,632 | 173,383,632 | - |

2. Adjustments to Financial Statements

2.2 Retrospective adjustments to comparative data of the previous period due to the implementation of the new accounting standards governing revenue or leases since 2020

Applicable N/A

3. Auditor's report

Is this Report audited by a CPAs firm?

Yes No

This Report is un-audited by a CPAs firm.

Midea Group Co., Ltd.

Legal Representative: Fang Hongbo

31 October 2020