

**Midea Group Co., Ltd.**  
**Interim Report for the First Quarter 2021**



**April 2021**

## **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 Q1 report review board meeting.**
- 3. The financial statements contained in this Report have not been audited by a certified public auditors (CPAs) firm.**
- 4. 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 factual, accurate and complete.**
- 5. This Report has been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.**

## 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

	Jan.-Mar. 2021	Jan.-Mar. 2020	YoY Change (%)
Operating revenue (RMB'000)	82,504,017	58,013,031	42.22%
Net profit attributable to shareholders of the Company (RMB'000)	6,468,588	4,810,977	34.45%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	6,649,368	4,816,912	38.04%
Net cash flows from operating activities (RMB'000)	8,553,861	7,668,597	11.54%
Basic earnings per share (RMB/share)	0.93	0.70	32.86%
Diluted earnings per share (RMB/share)	0.92	0.69	33.33%
Weighted average ROE (%)	5.35%	4.62%	0.73%
	31 Mar. 2021	31 Dec. 2020	Change (%)
Total assets (RMB'000)	369,174,526	360,382,603	2.44%
Net assets attributable to shareholders of the Company (RMB'000)	117,532,628	117,516,260	0.01%

Total share capital of the Company on the last trading session before disclosure:

Total share capital of the Company on the last trading session before disclosure (share)	7,047,686,070
--	---------------

Fully diluted earnings per share based on the latest share capital above:

Dividend paid to preference shareholders	-
Fully diluted earnings per share based on the latest share capital above (RMB/share)	0.92

Non-recurring gains and losses

Applicable  N/A

Unit: RMB'000

Item	Jan.-Mar. 2021	Note
------	----------------	------

Gain or loss from disposal of non-current assets	1,579	
Except for effectively hedging business related to normal business operations of the Company, gain or loss arising from the 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 gain or loss produced from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other non-current financial assets	-566,661	
Other	366,439	
Less: Corporate income tax	-26,239	
Minority interests (after tax)	8,376	
Total	-180,780	--

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

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

Unit: share

Total number of common shareholders at the period-end	404,034	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	30.78	2,169,178,713		Pledged	100,000,000
Hong Kong Securities Clearing Company Limited	Foreign corporation	14.91	1,050,938,349			

China Securities Finance Co., Ltd.	State-owned corporation	2.81	198,145,134			
Fang Hongbo	Domestic individual	1.66	116,990,492	87,742,869		
The securities account of Midea Group Co., Ltd. for share repurchase	Domestic non-state-owned corporation	1.64	115,686,277			
Canada Pension Plan Investment Board – own funds (stock exchange)	Foreign corporation	1.47	103,913,897			
Central Huijin Asset Management Ltd.	State-owned corporation	1.28	90,169,354			
Huang Jian	Domestic individual	1.22	86,140,000			
Li Jianwei	Foreign individual	0.71	50,160,000			
Yuan Liquan	Domestic individual	0.57	40,343,895			
Top 10 non-restricted common shareholders						
Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares		Type	Shares	
		Type	Shares			
Midea Holding Co., Ltd.	2,212,046,613	RMB common stock	2,212,046,613			
Hong Kong Securities Clearing Company Limited	1,050,938,349	RMB common stock	1,050,938,349			
China Securities Finance Co., Ltd.	198,145,134	RMB common stock	198,145,134			
The securities account of Midea Group Co., Ltd. for share repurchase	115,686,277	RMB common stock	115,686,277			
Canada Pension Plan Investment Board – own funds (stock exchange)	103,913,897	RMB common stock	103,913,897			
Central Huijin Asset Management Ltd.	90,169,354	RMB common stock	90,169,354			
Huang Jian	86,140,000	RMB common stock	86,140,000			
Li Jianwei	50,160,000	RMB common stock	50,160,000			
Yuan Liquan	40,343,895	RMB common stock	40,343,895			
Merrill Lynch International	39,798,754	RMB common stock	39,798,754			
Explanation of related relationship or/and acting-in-concert parties among the above-mentioned shareholders	N/A					
Top ten non-restricted common shareholders taking part in securities margin trading (if any)	1. The Company's shareholder Yuan Liquan holds 4,227,400 shares in the Company through her common securities account and 36,116,495 shares in the Company through her account of collateral					

	securities for margin trading, representing a total holding of 40,343,895 shares in the Company.
--	--

Did any of the top 10 common shareholders or the top 10 non-restricted common 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 Report Period, as well as the reasons for the changes

√ Applicable □ N/A

Unit: RMB'000

Financial statement items (consolidated)	31 March 2021/January-March 2021	31 December 2020/January-March 2020	Change (%)	Reasons for the changes
Financial assets held for trading	17,847,023	28,239,601	-36.80%	Mainly due to the decreased structured deposits
Derivative financial liabilities	212,889	161,225	32.04%	Mainly due to the changes in the fair value of derivative financial instruments
Current portion of non-current liabilities	3,416,313	6,310,181	-45.86%	Mainly due to the repayment of borrowings
Long-term payables	-	13,260	-100.00%	Mainly due to the reclassification to contract liabilities
Treasury stock	13,396,198	6,094,347	119.81%	Mainly due to the increased share repurchase
Operating revenue	82,504,017	58,013,031	42.22%	Mainly due to the increased sales revenue
Interest income	513,036	342,786	49.67%	Mainly due to the changes in the finance business
Cost of sales	63,526,113	43,428,300	46.28%	Mainly due to the increased sales revenue
Interest costs	15,059	53,023	-71.60%	Mainly due to the changes in the finance business
Taxes and surcharges	390,356	281,138	38.85%	Mainly due to the increased sales revenue
Selling and distribution expenses	7,456,925	5,656,993	31.82%	Mainly due to the increased sales revenue
Financial expense	-960,112	-267,397	-259.06%	Mainly due to the increased interest income
Other income	345,651	81,818	322.46%	Mainly due to the increased subsidies received
Gains on changes in fair value	-830,632	20,570	-4,138.07%	Mainly due to the changes in the

				fair value of financial assets held for trading
Credit impairment losses	180,953	131,813	37.28%	Mainly due to the changes in the finance business
Asset impairment losses	115,967	-1,430	8,209.58%	Mainly due to the increased inventory valuation allowances
Gains/(Losses) on disposal of assets	1,400	3,841	-63.55%	Mainly due to the increased losses on disposal of non-current assets
Non-operating income	72,204	46,134	56.51%	Mainly due to the increased subsidies received
Non-operating expenses	25,720	16,726	53.77%	Mainly due to the increased other expenses
Minority interests	100,849	-587	17,280.41%	Mainly due to the increased profits of joint ventures
Net cash flows from investing activities	-932,059	-5,485,574	83.01%	Mainly due to the increased cash received from disposal of investments
Net cash flows from financing activities	-3,537,964	300,610	-1,276.93%	Mainly due to the increased cash payments relating to other financing activities
Net increase in cash and cash equivalents	4,033,640	2,540,236	58.79%	Mainly due to the increased net cash flows from investing activities

## 2. Progress, influence and solutions of significant events

Applicable  N/A

Progress of any share repurchase

Applicable  N/A

The Proposal on the Plan for the Repurchase of Some Public Shares was approved at the 29th Meeting of the 3rd Board of Directors on 23 February 2021. As such, the Company was agreed to repurchase, with its own funds, no less than 50,000,000 shares and no more than 100,000,000 shares by way of centralized bidding at a price not exceeding RMB140/share. The share repurchase plan would be implemented within 12 months starting from the date it was approved by the Board of Directors. And the repurchased shares would be used for the Company's equity incentive schemes and/or employee stock



ownership schemes.

The Announcement on the Completion of the Implementation of the Share Repurchase Plan was disclosed on 3 April 2021. As of 2 April 2021, the Company has cumulatively repurchased 99,999,931 shares (1.4189% of the Company's total share capital as of 31 March 2021). With the highest trading price being RMB95.68/share and the lowest being RMB80.29/share, the total payment amounted to RMB8,664,107,576.69 (exclusive of trading fees). With the repurchased shares close to the upper limit of the share repurchase plan of 100,000,000 shares, 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
Overseas listed stock	1810	XIAOMI-W	769,972	Fair value method	1,676,547	-374,629	3,885	-	-	-374,629	1,305,803	Financial assets held for	Own funds

				d									trading	
Overseas listed stock	DNK	Danke	172,190	Fair value method	35,126	-6,534	183	-	-	-6,534	28,775	Financial asset held for trading	Own funds	
Domestically listed stock	688018	Espressif Systems	13,998	Fair value method	128,032	-40,625	-	-	-	-40,625	87,407	Financial asset held for trading	Own funds	
Domestically listed stock	688165	EFORT	178,534	Fair value method	475,260	-119,260	-	-	-	-119,260	356,000	Financial asset held for trading	Own funds	
<b>Total</b>			<b>1,134,694</b>	<b>--</b>	<b>2,314,965</b>	<b>-541,048</b>	<b>4,068</b>	<b>-</b>	<b>-</b>	<b>-541,048</b>	<b>1,777,985</b>	<b>-</b>	<b>--</b>	

## 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	105	01/01/2021	31/12/2021	105	-	-	-	18,905	0.0161%	39,921
Bank	No	No	FX derivatives	1,007,587	01/01/2021	31/12/2021	1,007,587	6,674.9	4,468.1	-	564,255	0.4801%	264,788
<b>Total</b>				<b>1,007,692</b>	<b>--</b>	<b>--</b>	<b>1,007,692</b>	<b>6,674.9</b>	<b>4,468.1</b>	<b>-</b>	<b>583,160</b>	<b>0.4962%</b>	<b>304,709</b>
Source of derivatives investment funds				All from the Company's own funds									
Litigation involved (if any)				N/A									

applicable)	
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	30/04/2021
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	-
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 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</p>

	<p>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 &amp; 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"> <li>1. Gain from futures contracts during the Reporting Period was RMB39.921 million.</li> <li>2. Gain from FX derivatives during the Reporting Period was RMB264.788 million.</li> <li>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.</li> </ol>
<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 Company's derivatives investment and risk</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 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</p>

control	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. Operating result forecast for January-June 2021

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-start until the end of the next Reporting Period according to predictions as well as any explanations for these reasons:

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	Type of	Visitor	Discussions	Index to main
------	-------	---------	---------	---------	-------------	---------------

		visit	visitor			inquiry information
18 March 2021	Midea Group HQ	By phone	Institution	BOCIM, New China Fund, Taiping Asset Management, Ping An Annuity Insurance, SWS MU Fund Management, Kaiyuan Securities, Fullgoal Fund, CICC Securities, Industrial Securities, Essence Fund, Huamei Investment, Fullgoal Fund, UBS SDIC, Huitong Fund, Focusbridge Fund, BOC Wealth Management, Minsheng Royal, Maxwealth Fund, Huashang Fund, Guotai Junan Securities Asset Management, Ping An Fund Management, Xueshi Investment, Western Leadbank FMC, AXA SPDB Investment Managers, PICC Pension, Xinyuan Asset Management, and BOCIM	<ol style="list-style-type: none"> <li>1. Midea's new business structure and strategic focus?</li> <li>2. Midea's planning and strategy for overseas sales in the near future?</li> <li>3. KUKA's latest condition and future development?</li> <li>4. What are the positions for WINONE Elevator and WDM, which were acquired in the past year, in Midea's business landscape in the future?</li> </ol>	Log Sheet of Investor Relations Activities for 18 March 2021 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

## Section IV Financial Statements

### 1. Financial statements

### Balance Sheet

Prepared by Midea Group Co., Ltd.

31 March 2021

Unit: RMB'000

ASSETS	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	Consolidated	Consolidated	Company	Company
<b>Current assets:</b>				
Cash at bank and on hand	86,223,870	81,210,482	62,926,571	49,240,180
Financial assets held for trading	17,847,023	28,239,601	8,875,145	16,614,658
Derivative financial assets	329,867	420,494	-	-
Notes receivable	4,609,220	5,304,510	-	-
Accounts receivable	26,388,315	22,978,363	-	-
Receivables financing	12,868,889	13,901,856	-	-
Advances to suppliers	3,208,993	2,763,710	77,952	45,306
Contract assets	3,875,902	3,236,848	-	-
Loans and advances	19,728,893	16,469,069	-	-
Other receivables	2,757,223	2,973,945	33,832,202	28,318,670
Inventories	31,496,638	31,076,529	-	-
Other current assets	38,238,606	33,079,918	24,805,849	20,533,745
<b>Total current assets</b>	<b>247,573,439</b>	<b>241,655,325</b>	<b>130,517,719</b>	<b>114,752,559</b>
<b>Non-current assets:</b>				
Other debt investments	23,256,572	21,456,155	21,864,572	20,064,155
Long-term receivables	937,727	981,623	-	-
Loans and advances	952,561	1,113,501	-	-
Long-term equity investments	2,951,553	2,901,337	56,142,828	54,991,161
Other investments in equity instruments	38,975	46,651	-	-
Other non-current financial assets	3,302,444	3,360,849	79,139	80,937
Investment properties	366,254	405,559	466,099	476,839

Fixed assets	21,955,436	22,239,214	708,433	749,835
Construction in progress	1,508,141	1,477,302	260,637	204,304
Right-of-use assets	2,050,852		8,402	
Intangible assets	16,588,979	15,422,393	681,037	684,997
Goodwill	28,365,224	29,557,218	-	-
Long-term prepaid expenses	1,321,140	1,300,962	94,750	97,078
Deferred tax assets	7,435,518	7,208,635	286,871	287,360
Other non-current assets	10,569,711	11,255,879	10,040,163	10,141,031
<b>Total non-current assets</b>	<b>121,601,087</b>	<b>118,727,278</b>	<b>90,632,931</b>	<b>87,777,697</b>
<b>TOTAL ASSETS</b>	<b>369,174,526</b>	<b>360,382,603</b>	<b>221,150,650</b>	<b>202,530,256</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong



## Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

31 March 2021

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS'	31 March 2021	31 December 2020	31 March 2021	31 December 2020
EQUITY	Consolidated	Consolidated	Company	Company
<b>Current liabilities:</b>				
Short-term borrowings	11,589,187	9,943,929	490,570	799,314
Customer deposits and deposits from banks and other financial institutions	98,785	87,535	-	-
Derivative financial liabilities	212,889	161,225	-	-
Notes payable	29,015,231	28,249,939	-	-
Accounts payable	58,403,164	53,930,261	-	-
Contract liabilities	20,148,760	18,400,922	-	-
Employee benefits payable	4,956,559	6,954,822	558,134	562,954
Taxes payable	4,667,549	5,758,058	984,212	1,326,219
Other payables	4,278,661	4,501,391	145,857,360	123,120,354
Current portion of non-current liabilities	3,416,313	6,310,181	7,786	4,000,000
Other current liabilities	51,057,776	49,852,239	3,004,427	3,048,794
<b>Total current liabilities</b>	<b>187,844,874</b>	<b>184,150,502</b>	<b>150,902,489</b>	<b>132,857,635</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	46,909,801	42,827,287	12,000,000	5,800,000
Lease liabilities	1,422,561		684	
Long-term payables	-	13,260	-	-
Provisions	299,147	298,110	-	-
Deferred income	823,607	779,729	-	-
Long-term employee benefits payable	1,838,312	2,159,675	-	-
Deferred tax liabilities	4,975,914	5,223,954	46,647	67,792
Other non-current liabilities	691,182	692,986	-	-
<b>Total non-current liabilities</b>	<b>56,960,524</b>	<b>51,995,001</b>	<b>12,047,331</b>	<b>5,867,792</b>
<b>Total liabilities</b>	<b>244,805,398</b>	<b>236,145,503</b>	<b>162,949,820</b>	<b>138,725,427</b>
<b>Shareholders' equity:</b>				
Share capital	7,047,686	7,029,976	7,047,686	7,029,976

Capital surplus	23,340,345	22,488,105	29,956,567	29,123,547
Less: Treasury stock	(13,396,198)	(6,094,347)	(13,396,198)	(6,094,347)
Other comprehensive income	(1,574,746)	(1,549,003)	(4,529)	(16,009)
General risk reserve	587,984	587,984	-	-
Specific reserve	13,441	12,730		
Surplus reserve	7,966,362	7,966,362	7,966,362	7,966,362
Undistributed profits	93,547,753	87,074,453	26,630,942	25,795,300
Total equity attributable to shareholders of the Company	117,532,627	117,516,260	58,200,830	63,804,829
Minority interests	6,836,501	6,720,840	-	-
<b>Total shareholders' equity</b>	<b>124,369,128</b>	<b>124,237,100</b>	<b>58,200,830</b>	<b>63,804,829</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>369,174,526</b>	<b>360,382,603</b>	<b>221,150,650</b>	<b>202,530,256</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## Income Statement

Prepared by Midea Group Co., Ltd.

January-March 2021

Unit: RMB'000

Item	January-March	January-March	January-March	January-March
	2021	2020	2021	2020
	Consolidated	Consolidated	Company	Company
1. Total revenue	83,017,120	58,355,915	442,664	382,710
Including: Operating revenue	82,504,017	58,013,031	442,664	382,710
Interest income	513,036	342,786	-	-
Fee and commission income	67	98	-	-
2. Total operating cost	(75,354,650)	(53,240,225)	257,173	166,944
Including: Cost of sales	(63,526,113)	(43,428,300)	(11,610)	(10,696)
Interest expenses	(15,059)	(53,023)	-	-
Fee and commission expenses	(1,776)	(1,976)	-	-
Taxes and surcharges	(390,356)	(281,138)	(18,648)	(14,860)
Selling and distribution expenses	(7,456,925)	(5,656,993)	-	-
General and administrative expenses	(2,404,839)	(2,008,521)	(233,265)	(129,126)
Research and development expenses	(2,519,694)	(2,077,671)	-	-
Financial income	960,112	267,397	520,696	321,626
Including: Interest expenses	(317,428)	(272,142)	(504,197)	(397,286)
Interest income	1,158,995	778,923	1,024,813	718,942
Add: Other income	345,651	81,818	152,367	1,687
Investment income	531,167	409,709	254,440	222,065
Including: Investment income from associates and joint ventures	136,353	137,588	70,473	74,300
Gains/(Losses) on changes in fair value	(830,632)	20,570	(249,001)	86,529
Credit impairment losses	(180,953)	(131,813)	(664)	(6,179)
Asset impairment losses	(115,967)	1,430	-	-
Gains/(Losses) on disposal of assets	1,400	3,841	(964)	-
3. Operating profit	7,413,136	5,501,245	856,015	853,756
Add: Non-operating income	72,204	46,134	448	842
Less: Non-operating expenses	(25,720)	(16,726)	-	(12,629)
4. Total profit	7,459,620	5,530,653	856,463	841,969

Less: Income tax expenses	(890,183)	(720,263)	(25,533)	(52,467)
5. Net profit	6,569,437	4,810,390	830,930	789,502
(1) Classified by continuity of operations				
Net profit from continuing operations	6,569,437	4,810,390	830,930	789,502
Net profit from discontinued operations	-	-	-	-
(2) Classified by ownership of the equity				
Attributable to shareholders of the Company	6,468,588	4,810,977	830,930	789,502
Minority interests	100,849	(587)	-	-
6. Other comprehensive income, net of tax	(42,607)	(834,341)	11,480	-
Other comprehensive income attributable to shareholders of the Company, net of tax	(25,743)	(583,429)	11,480	-
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	94,651	(34,092)	-	-
1) Changes arising from remeasurement of defined benefit plan	94,607	(34,092)	-	-
2) Changes in fair value of other investments in equity instruments	44	-	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	(120,394)	(549,337)	11,480	-
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	12,308	1,606	11,480	-
2) Cash flow hedging reserve	(197,769)	(326,367)	-	-
3) Exchange differences on translation of foreign currency financial statements	65,067	(224,576)	-	-
Other comprehensive income attributable to minority shareholders, net of tax	(16,864)	(250,912)	-	-
7. Total comprehensive income	6,526,830	3,976,049	842,410	789,502
Attributable to shareholders of the Company	6,442,845	4,227,548	842,410	789,502
Minority interests	83,985	(251,499)	-	-
8. Earnings per share				
(1) Basic earnings per share (RMB Yuan)	0.93	0.70	N/A	N/A
(2) Diluted earnings per share (RMB Yuan)	0.92	0.69	N/A	N/A

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## Cash Flow Statement

Prepared by Midea Group Co., Ltd.

January-March 2021

Unit: RMB'000

Item	January-March	January-March	January-March	January-March
	2021	2020	2021	2020
	Consolidated	Consolidated	Company	Company
1. Cash flows from operating activities:				
Cash received from sales of goods or rendering of services	70,624,192	54,493,549	-	-
Net increase in customer deposits and deposits from banks and other financial institutions	11,250	9,220	-	-
Net decrease in deposits with the Central Bank	823,134	26,198	-	-
Cash received from interest, fee and commission	449,113	356,968	-	-
Refund of taxes and surcharges	2,185,291	1,481,374	-	-
Cash received relating to other operating activities	1,612,552	771,562	23,394,410	13,336,223
Sub-total of cash inflows	75,705,532	57,138,871	23,394,410	13,336,223
Cash paid for goods and services	(43,141,773)	(29,986,705)	-	-
Net increase in loans and advances	(3,182,455)	(420,707)	-	-
Cash paid for interest, fee and commission	(17,033)	(55,731)	-	-
Cash paid to and on behalf of employees	(10,119,594)	(8,895,742)	(5,245)	(9,783)
Payments of taxes and surcharges	(3,252,112)	(2,621,587)	(14,624)	(2,964)
Cash paid relating to other operating activities	(7,438,704)	(7,489,802)	(7,745,089)	(2,828,386)
Sub-total of cash outflows	(67,151,671)	(49,470,274)	(7,764,958)	(2,841,133)
Net cash flows from operating activities	8,553,861	7,668,597	15,629,452	10,495,090
2. Cash flows from investing activities:				
Cash received from disposal of investments	27,124,590	22,580,275	17,800,000	20,960,000
Cash received from returns on investments	942,913	1,005,097	987,658	980,079
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,233	8,683	255	-
Net cash received from disposal of subsidiaries and other business units	2,479	-	-	-
Sub-total of cash inflows	28,086,215	23,594,055	18,787,913	21,940,079
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(2,145,202)	(884,830)	(78,204)	(47,168)
Cash paid to acquire investments	(26,718,699)	(28,183,538)	(25,870,441)	(27,760,000)

Net cash paid to acquire subsidiaries and other business units	(146,982)	(11,261)	-	-
Cash paid relating to other investing activities	(7,391)	-	-	-
Sub-total of cash outflows	(29,018,274)	(29,079,629)	(25,948,645)	(27,807,168)
Net cash flows from investing activities	(932,059)	(5,485,574)	(7,160,732)	(5,867,089)
3. Cash flows from financing activities:				
Cash received from capital contributions	358,749	361,920	358,749	361,920
Including: Cash received from capital contributions by minority shareholders of subsidiaries	-	-	-	-
Cash received from borrowings	9,152,583	1,403,478	6,200,000	308,744
Cash received from issuance of short-term financing bonds	2,999,629	-	2,999,629	-
Cash received relating to other financing activities	16,742	-	-	-
Sub-total of cash inflows	12,527,703	1,765,398	9,558,378	670,664
Cash repayments of borrowings	(5,081,076)	(260,351)	(4,308,744)	-
Cash repayments of short-term financing bonds	(3,000,000)	-	(3,000,000)	-
Cash payments for interest expenses and distribution of dividends or profits	(426,488)	(383,344)	(461,849)	(400,222)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(81,772)	(62,631)	-	-
Cash payments relating to other financing activities	(7,558,103)	(821,093)	(7,394,100)	(802,059)
Sub-total of cash outflows	(16,065,667)	(1,464,788)	(15,164,693)	(1,202,281)
Net cash flows from financing activities	(3,537,964)	300,610	(5,606,315)	(531,617)
4. Effect of foreign exchange rate changes on cash and cash equivalents	(50,198)	56,603	-	-
5. Net increase in cash and cash equivalents	4,033,640	2,540,236	2,862,405	4,096,384
Add: Cash and cash equivalents at beginning of period	23,548,509	30,441,760	16,595,063	12,408,650
6. Cash and cash equivalents at end of period	27,582,149	32,981,996	19,457,468	16,505,034

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## 2. Adjustments to the Financial Statements

### 2.1 Adjustments to financial statement items at the beginning of the year of the first implementation of the new accounting standards governing leases which have been implemented since 2021

√ Applicable  N/A

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

√ Yes  No

## Balance Sheet

Prepared by Midea Group Co., Ltd.

31 March 2021

Unit: RMB'000

ASSETS	Consolidated			Company		
	31 December 2020	1 January 2021	Adjustment	31 December 2020	1 January 2021	Adjustment
<b>Current assets:</b>						
Cash at bank and on hand	81,210,482	81,210,482	-	49,240,180	49,240,180	-
Financial assets held for trading	28,239,601	28,239,601	-	16,614,658	16,614,658	-
Derivative financial assets	420,494	420,494	-	-	-	-
Notes receivable	5,304,510	5,304,510	-	-	-	-
Accounts receivable	22,978,363	22,978,363	-	-	-	-
Receivables financing	13,901,856	13,901,856	-	-	-	-
Advances to suppliers	2,763,710	2,763,710	-	45,306	45,306	-
Contract assets	3,236,848	3,236,848	-	-	-	-
Loans and advances	16,469,069	16,469,069	-	-	-	-
Other receivables	2,973,945	2,973,945	-	28,318,670	28,318,670	-
Inventories	31,076,529	31,076,529	-	-	-	-
Other current assets	33,079,918	33,079,918	-	20,533,745	20,533,745	-
<b>Total current assets</b>	<b>241,655,325</b>	<b>241,655,325</b>	-	<b>114,752,559</b>	<b>114,752,559</b>	-
<b>Non-current assets:</b>						
Other debt investments	21,456,155	21,456,155	-	20,064,155	20,064,155	-
Long-term receivables	981,623	981,623	-	-	-	-
Loans and advances	1,113,501	1,113,501	-	-	-	-

Long-term equity investments	2,901,337	2,901,337	-	54,991,161	54,991,161	-
Other investments in equity instruments	46,651	46,651	-	-	-	-
Other non-current financial assets	3,360,849	3,360,849	-	80,937	80,937	-
Investment properties	405,559	405,559	-	476,839	476,839	-
Fixed assets	22,239,214	22,212,866	(26,348)	749,835	749,835	-
Construction in progress	1,477,302	1,477,302	-	204,304	204,304	-
Right-of-use assets	-	2,155,516	2,155,516	-	10,340	10,340
Intangible assets	15,422,393	15,422,393	-	684,997	684,997	-
Goodwill	29,557,218	29,557,218	-	-	-	-
Long-term prepaid expenses	1,300,962	1,300,962	-	97,078	97,078	-
Deferred tax assets	7,208,635	7,208,635	-	287,360	287,360	-
Other non-current assets	11,255,879	11,255,879	-	10,141,031	10,141,031	-
<b>Total non-current assets</b>	<b>118,727,278</b>	<b>120,856,446</b>	<b>2,129,168</b>	<b>87,777,697</b>	<b>87,788,037</b>	<b>10,340</b>
<b>TOTAL ASSETS</b>	<b>360,382,603</b>	<b>362,511,771</b>	<b>2,129,168</b>	<b>202,530,256</b>	<b>202,540,596</b>	<b>10,340</b>



## Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

31 March 2021

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated			Company		
	31 December 2020	1 January 2021	Adjustment	31 December 2020	1 January 2021	Adjustment
<b>Current liabilities:</b>						
Short-term borrowings	9,943,929	9,943,929	-	799,314	799,314	-
Customer deposits and deposits from banks and other financial institutions	87,535	87,535	-	-	-	-
Derivative financial liabilities	161,225	161,225	-	-	-	-
Notes payable	28,249,939	28,249,939	-	-	-	-
Accounts payable	53,930,261	53,930,261	-	-	-	-
Contract liabilities	18,400,922	18,400,922	-	-	-	-
Employee benefits payable	6,954,822	6,954,822	-	562,954	562,954	-
Taxes payable	5,758,058	5,758,058	-	1,326,219	1,326,219	-
Other payables	4,501,391	4,501,391	-	123,120,354	123,120,354	-
Current portion of non-current liabilities	6,310,181	6,939,183	629,002	4,000,000	4,007,693	7,693
Other current liabilities	49,852,239	49,852,239	-	3,048,794	3,048,794	-
<b>Total current liabilities</b>	<b>184,150,502</b>	<b>184,779,504</b>	<b>629,002</b>	<b>132,857,635</b>	<b>132,865,328</b>	<b>7,693</b>
<b>Non-current liabilities:</b>						
Long-term borrowings	42,827,287	42,827,287	-	5,800,000	5,800,000	-
Lease liabilities		1,513,426	1,513,426	-	2,647	2,647
Long-term payables	13,260	-	(13,260)	-	-	-
Provisions	298,110	298,110	-	-	-	-
Deferred income	779,729	779,729	-	-	-	-
Long-term employee benefits payable	2,159,675	2,159,675	-	-	-	-
Deferred tax liabilities	5,223,954	5,223,954	-	67,792	67,792	-
Other non-current liabilities	692,986	692,986	-	-	-	-
<b>Total non-current liabilities</b>	<b>51,995,001</b>	<b>53,495,167</b>	<b>1,500,166</b>	<b>5,867,792</b>	<b>5,870,439</b>	<b>2,647</b>
<b>Total liabilities</b>	<b>236,145,503</b>	<b>238,274,671</b>	<b>2,129,168</b>	<b>138,725,427</b>	<b>138,735,767</b>	<b>10,340</b>
<b>Shareholders' equity:</b>						
Share capital	7,029,976	7,029,976	-	7,029,976	7,029,976	-

Capital surplus	22,488,105	22,488,105	-	29,123,547	29,123,547	-
Less: Treasury stock	(6,094,347)	(6,094,347)	-	(6,094,347)	(6,094,347)	-
Other comprehensive income	(1,549,003)	(1,549,003)	-	(16,009)	(16,009)	-
General risk reserve	587,984	587,984	-	-	-	-
Specific reserve	12,730	12,730	-	-	-	-
Surplus reserve	7,966,362	7,966,362	-	7,966,362	7,966,362	-
Undistributed profits	87,074,453	87,074,453	-	25,795,300	25,795,300	-
Total equity attributable to shareholders of the Company	117,516,260	117,516,260	-	63,804,829	63,804,829	-
Minority interests	6,720,840	6,720,840	-	-	-	-
<b>Total shareholders' equity</b>	<b>124,237,100</b>	<b>124,237,100</b>	-	<b>63,804,829</b>	<b>63,804,829</b>	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>360,382,603</b>	<b>362,511,771</b>	<b>2,129,168</b>	<b>202,530,256</b>	<b>202,540,596</b>	<b>10,340</b>

#### Notes to the adjustments

Pursuant to the Notice of Revising and Issuing the Accounting Standard No. 21 for Business Enterprises—Leases (CK [2018] No. 35) issued by the Ministry of Finance on 7 December 2018, the Company has adopted, starting from 1 January 2021, the revised Accounting Standard No. 21 for Business Enterprises—Leases (hereinafter referred to as the “New Lease Standard”). According to the New Lease Standard, the Company chooses to adjust the amounts of retained earnings and other relevant financial statement items at the beginning of the year of the first implementation of the New Lease Standard based on the cumulative effects arising from the first implementation of the New Lease Standard, with no adjustments to comparable data. For finance leases before the first implementation date, the Company recognizes right-of-use assets and lease liabilities based on the original carrying amounts of the assets held under the finance leases and the finance lease payables respectively on the first implementation date. For operating leases other than short-term leases and leases of low-value assets before the first implementation date, the Company recognizes lease liabilities on the first implementation date based on the present value of the balances of lease payables discounted using the interest rate of the Company’s incremental borrowings on the first implementation date, and recognizes right-of-use assets by making necessary adjustments to prepaid rents based on amounts equivalent to lease liabilities.

**2.2 Retrospective adjustments to comparative data of the previous period due to the first implementation of the new accounting standards leases since 2021**

Applicable  N/A

**3. Auditor's report**

Is this Report audited by a CPAs firm?

Yes  No

Midea Group Co., Ltd.

Legal Representative: Fang Hongbo

30 April 2021