

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



April 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 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. 2020	Jan.-Mar. 2019	YoY Change (%)
Operating revenue (RMB'000)	58,013,031	75,205,780	-22.86%
Net profit attributable to shareholders of the Company (RMB'000)	4,810,977	6,129,026	-21.51%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	4,816,912	6,084,881	-20.84%
Net cash flows from operating activities (RMB'000)	7,668,597	11,842,782	-35.25%
Basic earnings per share (RMB/share)	0.70	0.94	-25.53%
Diluted earnings per share (RMB/share)	0.69	0.93	-25.81%
Weighted average ROE (%)	4.62%	7.08%	-2.46%
	31 Mar. 2020	31 Dec. 2019	Change (%)
Total assets (RMB'000)	301,668,584	301,955,419	-0.09%
Net assets attributable to shareholders of the Company (RMB'000)	106,004,841	101,669,163	4.26%

Non-recurring profits and losses

Applicable N/A

Unit: RMB'000

Item	Jan.-Mar. 2020	Note
Profit or loss from disposal of non-current assets	3,841	
Except for effectively hedging business related to normal business operations of the Company, profit 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 profit or loss produced from the disposal of financial assets held-for-	-59,056	

trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investments in other debt obligations		
Other	143,555	
Less: Corporate income tax	35,798	
Minority interests (after tax)	58,477	
Total	-5,935	--

Explain the reasons if the Company classifies an item as a non-recurring profit/loss according to the definition in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Profits and Losses>, or classifies any non-recurring profit/loss item mentioned in the said explanatory announcement as a recurring profit/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 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	246,617	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	31.60	2,212,046,613		Pledged	215,000,000
Hong Kong Securities Clearing Company Limited	Foreign corporation	15.38	1,076,367,324			

China Securities Finance Co., Ltd.	State-owned corporation	2.83	198,145,134			
Fang Hongbo	Domestic individual	1.96	136,990,492	102,742,869		
Canada Pension Plan Investment Board— own funds (stock exchange)	Foreign corporation	1.72	120,379,067			
Central Huijin Asset Management Ltd.	State-owned corporation	1.29	90,169,354			
Huang Jian	Domestic individual	1.26	88,032,200			
UBS AG	Foreign corporation	1.07	74,946,069			
Yuan Liqun	Domestic individual	0.82	57,722,992		Pledged	15,884,900
Li Jianwei	Foreign individual	0.74	51,700,000			

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
Midea Holding Co., Ltd.	2,212,046,613	RMB common stock	2,212,046,613
Hong Kong Securities Clearing Company Limited	1,076,367,324	RMB common stock	1,076,367,324
China Securities Finance Co., Ltd.	198,145,134	RMB common stock	198,145,134
Canada Pension Plan Investment Board— own funds (stock exchange)	120,379,067	RMB common stock	120,379,067
Central Huijin Asset Management Ltd.	90,169,354	RMB common stock	90,169,354
Huang Jian	88,032,200	RMB common stock	88,032,200
UBS AG	74,946,069	RMB common stock	74,946,069
Yuan Liqun	57,722,992	RMB common stock	57,722,992
Li Jianwei	51,700,000	RMB common stock	51,700,000
Merrill Lynch International	46,957,200	RMB common	46,957,200

		stock	
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)	<p>1. The Company's shareholder Huang Jian holds 88,022,200 shares in the Company through his common securities account and 10,000 shares in the Company through his account of collateral securities for margin trading, representing a total holding of 88,032,200 shares in the Company.</p> <p>2. The Company's shareholder Yuan Liqun holds 31,330,890 shares in the Company through her common securities account and 26,392,102 shares in the Company through her account of collateral securities for margin trading, representing a total holding of 57,722,992 shares in the Company.</p>		

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 2020/January-March 2020	31 December 2019/January-March 2019	Change (%)	Reasons for the changes
Notes receivable	1,821,324	4,768,520	-61.81%	Mainly due to the decreased sales revenue
Receivables financing	3,101,119	7,565,776	-59.01%	Mainly due to the decreased sales revenue
Derivative financial liabilities	113,084	27,100	317.28%	Mainly due to the changes in the fair value of derivative financial instruments
Employee benefits payable	4,280,740	6,436,109	-33.49%	Mainly due to the payment of employee benefits
Long-term payables	20,967	33,646	-37.68%	Mainly due to the repayment of long-term payables
Other comprehensive income	-1,294,983	-711,554	-81.99%	Mainly due to the changes in the fair value of hedging instruments
Taxes and surcharges	281,138	489,405	-42.56%	Mainly due to the decreased sales revenue
Selling and distribution expenses	5,656,993	9,513,634	-40.54%	Mainly due to the decreased sales revenue
Financial expenses	-267,397	-481,058	44.41%	Mainly due to the decreased interest income
Investment income	409,709	-146,977	378.76%	Mainly due to the changes in the fair value of derivative financial instruments
Gains on changes in fair value	20,570	230,915	-91.09%	Mainly due to the changes in the fair value of derivative financial instruments
Credit impairment losses	-131,813	-288,288	54.28%	Mainly due to the YoY decrease in the increment in accounts receivable at the end of Q1 2020

Income tax expenses	720,263	1,177,710	-38.84%	Mainly due to the decreased profit before tax
Minority interests	-587	412,219	-100.14%	Mainly due to the decreased minority interests in Little Swan
Net cash flows from operating activities	7,668,597	11,842,782	-35.25%	Mainly due to the decreased cash received from sales of goods or rendering of services on the year-on-year basis
Net cash flows from investing activities	-5,485,574	-16,811,399	67.37%	Mainly due to the increased cash received from disposal of investments on the year-on-year basis
Net cash flows from financing activities	300,610	4,139,282	-92.74%	Mainly due to the decreased cash received from borrowings on the year-on-year basis
Net increase in cash and cash equivalents	2,540,236	-990,300	356.51%	Mainly due to the increased net cash flows from investing activities on the year-on-year basis

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 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 RMB 65/share. The Report on the Repurchase of Some Public Shares was disclosed on 25 February 2020.

As of 29 April 2020, the Company has cumulatively repurchased 14,265,055 shares (0.2038% of the Company's total share capital as of that date) by way of centralized bidding in its securities account for repurchase. With the highest trading price being RMB 54.18/share and the lowest being RMB 46.30/share, the total payment amounted to RMB 701,292,302.13 (exclusive of trading fees). The repurchase was in line with the requirements of applicable laws and regulations, as well as the repurchase plan of the Company.

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. Operating result forecast for January-June 2020

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

Applicable N/A

5. Securities investment

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	SEHK: 01810	XIAOMI -W	1,272,584	Fair valu e met hod	936,358	-30,326	39,915	-	-	-	945,947	Financial asset held for trading	Own fund s
Domestically/ Overse	NYSE: DNK	Danke	172,190	Fair valu e	-	-63,326	3,991	172,190	-	-	112,855	Financial asset held for	Own fund s

as listed stock				method								trading	
Domestically/ Overseas as listed stock	SH:688018	Espressif Systems	14,625	Fair value method	150,993	21,177	-	-	-	-	172,170	Financial asset held for trading	Own funds
Total			1,459,399	--	1,087,351	-72,475	43,906	172,190	-	-	1,230,972		

6. Entrusted asset management

Applicable N/A

No such cases in the Reporting Period.

7. Investments in financial derivatives

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	1 January 2020	31 December 2020	1,377	-	-	-	-300,023	-0.2830%	-309,733
Bank	No	No	FX derivatives	267,475	1 January 2020	31 December 2020	267,475	-	-	-	-105,052	-0.0991%	-233,348

Total	268,852	--	--	268,852	-	-	-	-405,075	-0.3821%	-543,081
Source of derivatives investment funds	All from the Company's own funds									
Litigation involved (if applicable)	N/A									
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	30 April 2020									
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</p>									

	<p>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 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>
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	<ol style="list-style-type: none"> 1. Loss from futures contracts during the Reporting Period was RMB-309,733,000. 2. Loss from FX derivatives during the Reporting Period was RMB-233,348,000. 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.
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	No change
Special opinions expressed by independent directors	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

concerning the Company's derivatives investment and risk control	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 fully bring out its competitive advantages. Therefore, it is practicable for the Company to carry out derivatives investment business, and the risks are controllable.
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8. Visits received during the Reporting Period

Applicable N/A

Date	Type of visit	Type of visitor	Discussions
14 January 2020	Field research	Institution	Please refer to Investor Relations Activities on 14 January 2020 on the website of www.cninfo.com.cn
14 March 2020	Field research	Institution	Please refer to Investor Relations Activities on 14 March 2020 on the website of www.cninfo.com.cn
24 March 2020	Field research	Institution	Please refer to Investor Relations Activities on 24 March 2020 on the website of www.cninfo.com.cn

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.

Section IV Financial Statements

1. Financial statements

Balance Sheet

Prepared by Midea Group Co., Ltd.
RMB'000

31 March 2020

Unit:

ASSETS	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Consolidated	Consolidated	Company	Company
Current assets:				
Cash at bank and on hand	78,514,856	70,916,841	61,538,598	52,291,056
Financial assets held for trading	1,230,972	1,087,351	-	-
Derivative financial assets	168,109	197,412	-	-
Notes receivable	1,821,324	4,768,520	-	-
Accounts receivable	20,652,085	18,663,819	-	-
Receivables financing	3,101,119	7,565,776	-	-
Advances to suppliers	2,784,413	2,246,177	96,179	36,877
Contractual assets	4,261,155			
Loans and advances	11,380,290	10,869,396	-	-
Other receivables	3,069,722	2,712,974	20,750,436	18,369,865
Inventories	24,358,547	32,443,399	-	-
Other current assets	64,501,344	65,011,027	44,356,921	42,665,884
Total current assets	215,843,936	216,482,692	126,742,134	113,363,682
Non-current assets:				
Long-term receivables	1,176,115	1,208,079	-	-
Loans and advances	663,800	790,101	-	-
Long-term equity investments	2,847,066	2,790,806	52,781,313	52,605,859
Other non-current financial assets	2,158,084	1,750,107	487,564	487,564

Investment properties	391,134	399,335	508,153	518,828
Fixed assets	21,394,653	21,664,682	834,063	878,239
Construction in progress	1,329,405	1,194,650	177,936	155,681
Intangible assets	15,358,682	15,484,179	696,855	700,836
Goodwill	28,151,704	28,207,065	-	-
Long-term prepaid expenses	1,237,807	1,267,127	104,127	123,548
Deferred tax assets	5,851,789	5,768,993	208,723	189,888
Other non-current assets	5,264,409	4,947,603	4,407,745	4,359,507
Total non-current assets	85,824,648	85,472,727	60,206,479	60,019,950
TOTAL ASSETS	301,668,584	301,955,419	186,948,613	173,383,632

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 2020

Unit:
RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Consolidated	Consolidated	Company	Company
Current liabilities:				
Short-term borrowings	6,998,003	5,701,838	4,858,808	4,550,064
Customer deposits and deposits from banks and other financial institutions	71,697	62,477	-	-
Derivative financial liabilities	113,084	27,100	-	-
Notes payable	23,112,674	23,891,600	-	-
Accounts payable	44,659,962	42,535,777	-	-
Advances from customers		16,231,854		-
Contractual liabilities	13,547,238	-	-	
Employee benefits payable	4,280,740	6,436,109	558,524	566,861
Taxes payable	4,195,244	5,096,267	682,284	1,059,246
Other payables	3,554,730	3,800,568	116,401,888	103,624,998
Current portion of non-current liabilities	1,454,745	1,460,117	-	-
Other current liabilities	38,254,705	39,074,777	5,763	19,539
Total current liabilities	140,242,822	144,318,484	122,507,267	109,820,708
Non-current liabilities:				
Long-term borrowings	41,368,988	41,298,377	4,000,000	4,000,000
Long-term payables	20,967	33,646	-	-
Provisions	348,857	353,269	-	-
Deferred income	623,746	617,155	-	-
Long-term employee benefits payable	2,368,378	2,418,563	-	-
Deferred tax liabilities	4,291,992	4,556,002	59,032.00	59,032

Other non-current liabilities	821,272	863,826	-	-
Total non-current liabilities	49,844,200	50,140,838	4,059,032	4,059,032
Total liabilities	190,087,022	194,459,322	126,566,299	113,879,740
Shareholders' equity:				
Share capital	6,999,467	6,971,900	6,999,467	6,971,900
Capital surplus	20,399,899	19,640,313	27,333,335	26,592,959
Less: Treasury stock	(4,442,515)	(3,759,732)	(4,442,515)	(3,759,732)
Other comprehensive income	(1,294,983)	(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	77,528,368	72,713,631	24,042,634	23,249,372
Total equity attributable to shareholders of the Company	106,004,841	101,669,163	60,382,314	59,503,892
Minority interests	5,576,721	5,826,934	-	-
Total shareholders' equity	111,581,562	107,496,097	60,382,314	59,503,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	301,668,584	301,955,419	186,948,613	173,383,632

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 2020

Unit:

RMB'000

Item	January-March 2020	January-March 2019	January-March 2020	January- March 2019
	Consolidated	Consolidated	Company	Company
1. Total revenue	58,355,915	75,500,426	382,710	467,215
Including: Operating revenue	58,013,031	75,205,780	382,710	467,215
Interest income	342,786	294,332	-	-
Fee and commission income	98	314	-	-
2. Total cost	(53,240,225)	(67,660,134)	166,944	305,480
Including: Cost of sales	(43,428,300)	(53,877,858)	(10,696)	(13,345)
Interest costs	(53,023)	(75,120)	-	-
Fee and commission expenses	(1,976)	(2,456)	-	-
Taxes and surcharges	(281,138)	(489,405)	(14,860)	(7,116)
Selling and distribution expenses	(5,656,993)	(9,513,634)	-	-
General and administrative expenses	(2,008,521)	(1,977,121)	(129,126)	(109,198)
Research and development expenses	(2,077,671)	(2,205,598)	-	-
Financial expenses	267,397	481,058	321,626	435,139
Including: Interest expenses	(272,142)	(224,786)	(397,286)	(297,552)
Interest income	778,923	953,378	718,942	736,263
Add: Other income	81,818	66,516	1,687	-
Investment income	409,709	(146,977)	222,065	71,992
Including: Investment income from associates and joint ventures	137,588	105,865	74,300	66,507
Gains on changes in fair value	20,570	230,915	86,529	33,665

Asset impairment losses	1,430	(12,317)	-	-
Credit impairment losses	(131,813)	(288,288)	(6,179)	(147)
Gains on disposal of assets	3,841	(6,369)	-	-
3. Operating profit	5,501,245	7,683,772	853,756	878,205
Add: Non-operating income	46,134	57,022	842	4,372
Less: Non-operating expenses	(16,726)	(21,839)	(12,629)	(85)
4. Total profit	5,530,653	7,718,955	841,969	882,492
Less: Income tax expenses	(720,263)	(1,177,710)	(52,467)	(128,539)
5. Net profit	4,810,390	6,541,245	789,502	753,953
(1) Classified by continuity of operations				
Net profit from continuing operations	4,810,390	6,541,245	789,502	753,953
Net profit from discontinued operations	-	-	-	-
(2) Classified by ownership of the equity				
Attributable to shareholders of the Company	4,810,977	6,129,026	789,502	753,953
Minority interests	(587)	412,219	-	-
6. Other comprehensive income, net of tax	(834,341)	2,436	-	3,990
Other comprehensive income attributable to shareholders of the Company, net of tax	(583,429)	40,641	-	3,990
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	(34,092)	(38,094)	-	-
1) Changes arising from remeasurement of defined benefit plan	(34,092)	(38,094)	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	(549,337)	78,735	-	3,990
1) Other comprehensive income that will be transferred	1,606	(1,994)	-	3,990

subsequently to profit or loss under the equity method				
2) Cash flow hedging reserve	(326,367)	90,207	-	-
3) Translation of foreign currency financial statements	(224,576)	(9,478)	-	-
Other comprehensive income attributable to minority shareholders, net of tax	(250,912)	(38,205)	-	-
7. Total comprehensive income	3,976,049	6,543,681	789,502	757,943
Attributable to shareholders of the Company	4,227,548	6,169,667	789,502	757,943
Minority interests	(251,499)	374,014	-	-
8. Earnings per share				
(1) Basic earnings per share	0.70	0.94	N/A	N/A
(2) Diluted earnings per share	0.69	0.93	N/A	N/A

Legal representative:

Fang Hongbo

Principal in charge of accounting:
department:

Zhong Zheng

Head of accounting

Chen Lihong

Cash Flow Statement

Prepared by Midea Group Co., Ltd.

January-March 2020

Unit:
RMB'000

Item	January-March 2020	January-March 2019	January-March 2020	January- March 2019
	Consolidated	Consolidated	Company	Company
1. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	54,493,549	61,230,159	-	-
Net increase in customer deposits and deposits from banks and other financial institutions	9,220	47,252	-	-
Net decrease in deposits with the Central Bank	26,198	228,122	-	-
Cash received from interest, fee and commission	356,968	433,884	-	-
Refund of taxes and surcharges	1,481,374	2,255,964	-	-
Cash received relating to other operating activities	771,562	675,619	13,336,223	12,053,410
Sub-total of cash inflows	57,138,871	64,871,000	13,336,223	12,053,410
Cash paid for goods and services	(29,986,705)	(32,531,577)	-	-
Net increase in loans and advances	(420,707)	(1,486,229)	-	-
Net decrease in borrowings from the Central Bank	-	(48,758)	-	-
Cash paid for interest, fee and commission	(55,731)	(79,055)	-	-
Cash paid to and on behalf of employees	(8,895,742)	(8,147,054)	(9,783)	(11,503)
Payments of taxes and surcharges	(2,621,587)	(3,835,224)	(2,964)	(49,908)
Cash paid relating to other operating activities	(7,489,802)	(6,900,321)	(2,828,386)	(322,665)
Sub-total of cash outflows	(49,470,274)	(53,028,218)	(2,841,133)	(384,076)
Net cash flows from operating activities	7,668,597	11,842,782	10,495,090	11,669,334
2. Cash flows from investing activities				
Cash received from disposal of investments	22,580,275	10,793,208	20,960,000	3,406,557
Cash received from returns on investments	1,005,097	233,728	980,079	198,723
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,683	64,509	-	-

Sub-total of cash inflows	23,594,055	11,091,445	21,940,079	3,605,280
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(884,830)	(1,143,943)	(47,168)	(40,220)
Cash paid to acquire investments	(28,183,538)	(26,581,092)	(27,760,000)	(25,408,375)
Net cash paid to acquire subsidiaries and other business units	(11,261)	(177,809)	-	-
Sub-total of cash outflows	(29,079,629)	(27,902,844)	(27,807,168)	(25,448,595)
Net cash flows from investing activities	(5,485,574)	(16,811,399)	(5,867,089)	(21,843,315)
3. Cash flows from financing activities				
Cash received from capital contributions	361,920	777,348	361,920	698,761
Including: Cash received from capital contributions by minority shareholders of subsidiaries	-	78,587	-	-
Cash received from borrowings	1,403,478	5,122,321	308,744	5,727,000
Sub-total of cash inflows	1,765,398	5,899,669	670,664	6,425,761
Cash repayments of borrowings	(260,351)	(663,249)	-	(993,000)
Cash payments for interest expenses and distribution of dividends or profits	(383,344)	(262,635)	(400,222)	(195,585)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(62,631)	-	-	-
Cash paid relating to other financing activities	(821,093)	(834,503)	(802,059)	(691,717)
Sub-total of cash outflows	(1,464,788)	(1,760,387)	(1,202,281)	(1,880,302)
Net cash flows from financing activities	300,610	4,139,282	(531,617)	4,545,459
4. Effect of foreign exchange rate changes on cash and cash equivalents	56,603	(160,965)	-	-
5. Net increase in cash and cash equivalents	2,540,236	(990,300)	4,096,384	(5,628,522)
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	32,981,996	16,961,982	16,505,034	4,553,412

Legal representative:
department:

Fang Hongbo

Principal in charge of accounting:

Zhong Zheng

Head of accounting

Chen Lihong

2. Adjustments to the Financial Statements

2.1 Adjustments to the financial statements at the beginning of the first execution year of any new standards governing revenue or leases which have been implemented since 2020

√ Applicable □ N/A

Balance Sheet

Prepared by Midea Group Co., Ltd.

31 March 2020

Unit:
RMB'000

ASSETS	Consolidated			Company		
	31 December 2019	1 January 2020	Adjustment	31 December 2019	1 January 2020	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	-
Contractual 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	-
Other non-current financial assets	1,750,107	1,750,107	-	487,564	487,564	-
Investment properties	399,335	399,335	-	518,828	518,828	-
Fixed assets	21,664,682	21,664,682	-	878,239	878,239	-

Construction in progress	1,194,650	1,194,650	-	155,681	155,681	-
Intangible assets	15,484,179	15,484,179	-	700,836	700,836	-
Goodwill	28,207,065	28,207,065	-	-	-	-
Long-term prepaid expenses	1,267,127	1,267,127	-	123,548	123,548	-
Deferred tax assets	5,768,993	5,768,993	-	189,888	189,888	-
Other non-current assets	4,947,603	4,947,603	-	4,359,507	4,359,507	-
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	-

Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

31 March 2020

Unit:
RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated			Company		
	31 December 2019	1 January 2020	Adjustment	31 December 2019	1 January 2020	Adjust ment
Current liabilities:						
Short-term borrowings	5,701,838	5,701,838	-	4,550,064	4,550,064	-
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)	-	-	-
Contractual 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	-
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	-

2.2 Retrospective restatement of comparative data due to the first execution of any new standards governing revenue or leases which have been implemented since 2020

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 2020