

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.
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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
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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