

Stock code: 000333

Stock abbreviation: Midea Group

Announcement No.: 2021-108

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

Midea Group Co., Ltd. (hereinafter referred to as the “Company”) and all the members of the Company’s Board of Directors have warranted that the information given in this Report is true, accurate and complete, as well as free of any false record, misleading statement or material omission.

**Important Reminders:**

1. The Board of Directors, the Supervisory Committee as well as all the directors, supervisors and senior management staff of 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 truthfulness, accuracy and completeness of the information given in this Report.
2. The legal representative, principal in charge of accounting and head of the accounting department of the Company have represented and warranted that the financial information in this Report is true, accurate and complete.
3. Is this Report audited by a CPAs firm?

Yes  No

This report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

**1. Key financial information****1.1 Major accounting data and financial indicators**

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

Yes  No

	July-September 2021	YoY Change (%)	January- September 2021	YoY Change (%)
Operating revenue (RMB'000)	87,532,404	12.66%	261,341,969	20.57%
Net profit attributable to shareholders of the Company (RMB'000)	8,446,204	4.40%	23,455,250	6.53%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	7,928,026	10.75%	22,564,537	9.45%

Net cash flows from operating activities (RMB'000)	—	—	27,896,744	11.52%
Basic earnings per share (RMB/share)	1.24	6.90%	3.41	7.23%
Diluted earnings per share (RMB/share)	1.23	6.03%	3.39	6.94%
Weighted average ROE (%)	7.30%	-0.09%	19.51%	-0.84%
	30 September 2021	31 December 2020	Change (%)	
Total assets (RMB'000)	376,333,770	360,382,603	4.43%	
Total equity attributable to shareholders of the Company (RMB'000)	118,530,537	117,516,260	0.86%	

## 1.2 Non-recurring gains and losses

Applicable  N/A

Unit: RMB'000

Item	July-September 2021	January-September 2021	Note
Gains and losses on disposal of non-current assets	77,247	60,162	
Except for effectively hedging business related to normal business operations of the Company, gains and losses 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 gains and losses produced from the disposal of the aforesaid financial assets and liabilities	-21,422	-123,141	
Other	693,800	1,238,713	
Less: Corporate income tax	219,783	284,055	
Minority interests (after tax)	11,664	966	
Total	518,178	890,713	--

Other items that meet the definition of non-recurring gain/loss:

Applicable  N/A

No such cases for the Reporting Period.

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

Applicable  N/A

No such cases for the Reporting Period.

## 1.3 Major changes of main items in financial statements and financial indicators, as well as the reasons for the changes

Applicable  N/A

Unit: RMB'000

Financial statement items (consolidated)	30 September 2021/January- September 2021	31 December 2020/January- September 2020	Change (%)	Reasons for the changes
Cash at bank and on hand	55,870,709	81,210,482	-31.20%	Mainly due to the decreased term deposits
Financial assets held for trading	11,219,571	28,239,601	-60.27%	Mainly due to the decreased structured deposits
Derivative financial assets	183,340	420,494	-56.40%	Mainly due to the changes in the fair value of derivative financial instruments
Advances to suppliers	3,621,966	2,763,710	31.05%	Mainly due to the increased advances to material suppliers
Other current assets	65,891,409	33,079,918	99.19%	Mainly due to the increased monetary investment products
Other debt investments	11,511,716	21,456,155	-46.35%	Mainly due to the transfer to the current portion of non-current assets
Other non-current financial assets	5,325,750	3,360,849	58.46%	Mainly due to the increased equity investments
Investment properties	887,837	405,559	118.92%	Mainly due to the increased business combinations
Construction in progress	2,148,934	1,477,302	45.46%	Mainly due to the increased construction in progress
Customer deposits and deposits from banks and other financial institutions	26,783	87,535	-69.40%	Mainly due to the changes in the business operations of Midea Group Finance
Derivative financial liabilities	82,478	161,225	-48.84%	Mainly due to the changes in the fair value of derivative financial instruments
Current portion of non-current liabilities	2,017,084	6,310,181	-68.03%	Mainly due to the repayment of borrowings
Deferred income	1,103,615	779,729	41.54%	Mainly due to the increased government subsidies received
Treasury stock	14,188,847	6,094,347	132.82%	Mainly due to the increased share repurchase
Minority interests	9,774,931	6,720,840	45.44%	Mainly due to the acquisition of Beijing Wandong Medical Technology Co., Ltd.
Interest income	1,600,306	992,158	61.30%	Mainly due to the changes in the business operations of Midea Group Finance
Research and development expenses	8,764,926	6,715,806	30.51%	Mainly due to the increased research and development investments
Financial expenses	-3,349,461	-1,462,390	-129.04%	Mainly due to the increased interest income
Gains/(losses) on changes in fair value	-924,798	1,123,644	-182.30%	Mainly due to the changes in the fair value of financial assets
Credit impairment losses	-204,276	-615,091	66.79%	Mainly due to the decreased losses on bad debts of accounts receivable
Losses on disposal of assets	57,969	-36,917	257.03%	Mainly due to the increased gains on disposal of non-current assets
Non-operating income	406,215	223,576	81.69%	Mainly due to the increased other income
Net profit attributable to minority interests	237,578	175,702	35.22%	Mainly due to the increased profits of non-wholly-owned subsidiaries
Net cash flows from investing activities	6,680,656	-32,098,571	120.81%	Mainly due to the increased cash received from disposal of investments
Net cash flows from financing	-27,666,525	8,101,376	-441.50%	Mainly due to the decreased cash received from issuance of short-term

activities				financing bonds
Net increase in cash and cash equivalents	6,662,307	870,074	665.72%	Mainly due to the increased net cash flows from investing activities

## 2. Shareholder information

### 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	455,639		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	31.06	2,169,178,713		Pledged	100,000,000
Hong Kong Securities Clearing Company Limited	Foreign corporation	18.61	1,299,563,430		-	-
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	2.84	198,145,134		-	-
Fang Hongbo	Domestic individual	1.68	116,990,492	87,742,869	-	-
Canada Pension Plan Investment Board— own funds (stock exchange)	Foreign corporation	1.49	103,913,897		-	-
Central Huijin Asset Management Ltd.	State-owned corporation	1.29	90,169,354		-	-
Huang Jian	Domestic individual	1.23	86,140,000		-	-
Li Jianwei	Foreign individual	0.72	50,100,000		-	-
Huang Xiaoxiang	Domestic individual	0.56	39,257,832		Pledged	14,779,556
Yuan Liqun	Domestic individual	0.54	37,888,882		-	-
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.	2,169,178,713	RMB-denominated ordinary share	2,169,178,713			
Hong Kong Securities Clearing Company Limited	1,299,563,430	RMB-denominated ordinary share	1,299,563,430			
China Securities Finance Co., Ltd.	198,145,134	RMB-denominated ordinary share	198,145,134			
Canada Pension Plan Investment Board— own funds (stock exchange)	103,913,897	RMB-denominated ordinary share	103,913,897			
Central Huijin Asset Management Ltd.	90,169,354	RMB-denominated ordinary share	90,169,354			

Huang Jian	86,140,000	RMB-denominated ordinary share	86,140,000
Li Jianwei	50,100,000	RMB-denominated ordinary share	50,100,000
Huang Xiaoxiang	39,257,832	RMB-denominated ordinary share	39,257,832
Yuan Liqun	37,888,882	RMB-denominated ordinary share	37,888,882
Merrill Lynch International	37,191,573	RMB-denominated ordinary share	37,191,573
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	<p>The Company's shareholder Huang Xiaoxiang holds 28,679,832 shares in the Company through his common securities account and 10,578,000 shares in the Company through his account of collateral securities for margin trading, representing a total holding of 39,257,832 shares in the Company.</p> <p>The Company's shareholder Yuan Liqun holds 705,000 shares in the Company through her common securities account and 37,183,882 shares in the Company through her account of collateral securities for margin trading, representing a total holding of 37,888,882 shares in the Company.</p>		

Note: 116,828,832 ordinary shares (or 1.67% of the Company's total share capital) were held in the special account for repurchased shares of Midea Group Co., Ltd. at the end of 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

## 3. Other significant events

Applicable  N/A

## 4. Financial statements

### 4.1 Financial statements

#### 4.1.1 Consolidated and Company balance sheets

#### Consolidated and Company Balance Sheets

Prepared by Midea Group Co., Ltd.

As at 30 September 2021

Unit: RMB'000

ASSETS	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Consolidated	Consolidated	Company	Company
<b>Current assets</b>				
Cash at bank and on hand	55,870,709	81,210,482	42,060,082	49,240,180
Financial assets held for trading	11,219,571	28,239,601	6,405,484	16,614,658
Derivative financial assets	183,340	420,494	-	-
Notes receivable	6,044,674	5,304,510	-	-
Accounts receivable	25,984,593	22,978,363	-	-
Receivables financing	15,622,773	13,901,856	-	-

Advances to suppliers	3,621,966	2,763,710	76,720	45,306
Contract assets	4,098,681	3,236,848	-	-
Loans and advances	20,228,082	16,469,069	-	-
Other receivables	2,968,794	2,973,945	32,579,418	28,318,670
Inventories	33,198,146	31,076,529	-	-
Current portion of non-current assets	14,204,709	-	13,524,924	-
Other current assets	65,891,409	33,079,918	57,116,390	20,533,745
<b>Total current assets</b>	<b>259,137,447</b>	<b>241,655,325</b>	<b>151,763,018</b>	<b>114,752,559</b>
<b>Non-current assets</b>				
Other debt investments	11,511,716	21,456,155	9,769,859	20,064,155
Long-term receivables	1,102,818	981,623	-	-
Loans and advances	942,420	1,113,501	-	-
Long-term equity investments	3,762,188	2,901,337	63,318,896	54,991,161
Investments in other equity instruments	43,866	46,651	-	-
Other non-current financial assets	5,325,750	3,360,849	695,688	80,937
Investment properties	887,837	405,559	450,200	476,839
Fixed assets	22,415,206	22,239,214	659,683	749,835
Construction in progress	2,148,934	1,477,302	679,537	204,304
Right-of-use assets	2,129,219		12,964	
Intangible assets	17,651,834	15,422,393	672,592	684,997
Goodwill	28,857,740	29,557,218	-	-
Long-term prepaid expenses	1,288,533	1,300,962	77,418	97,078
Deferred tax assets	7,680,751	7,208,635	286,823	287,360
Other non-current assets	11,447,511	11,255,879	10,535,554	10,141,031
<b>Total non-current assets</b>	<b>117,196,323</b>	<b>118,727,278</b>	<b>87,159,214</b>	<b>87,777,697</b>
<b>TOTAL ASSETS</b>	<b>376,333,770</b>	<b>360,382,603</b>	<b>238,922,232</b>	<b>202,530,256</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

### Consolidated and Company Balance Sheets (Cont'd)

Prepared by Midea Group Co., Ltd. As at 30 September 2021 Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Consolidated	Consolidated	Company	Company
<b>Current liabilities</b>				
Short-term borrowings	8,179,959	9,943,929	-	799,314
Borrowings from the Central Bank	19,841	-	-	-
Customer deposits and deposits from banks and other financial institutions	26,783	87,535	-	-
Derivative financial liabilities	82,478	161,225	-	-
Notes payable	32,082,602	28,249,939	-	-
Accounts payable	61,601,702	53,930,261	-	-
Contract liabilities	20,326,814	18,400,922	-	-
Employee benefits payable	6,323,912	6,954,822	557,932	562,954
Taxes payable	4,333,343	5,758,058	874,220	1,326,219
Other payables	4,553,324	4,501,391	172,317,366	123,120,354
Current portion of non-current liabilities	2,017,084	6,310,181	8,127	4,000,000
Other current liabilities	49,188,675	49,852,239	2,172	3,048,794

<b>Total current liabilities</b>	188,736,517	184,150,502	173,759,817	132,857,635
<b>Non-current liabilities</b>				
Long-term borrowings	48,636,926	42,827,287	12,600,000	5,800,000
Lease liabilities	1,417,967		4,912	
Long-term payables	1,115	13,260	-	-
Provisions	353,284	298,110	-	-
Deferred income	1,103,615	779,729	-	-
Long-term employee benefits payable	1,716,207	2,159,675	-	-
Deferred tax liabilities	5,373,260	5,223,954	70,527	67,792
Other non-current liabilities	689,411	692,986	-	-
<b>Total non-current liabilities</b>	59,291,785	51,995,001	12,675,439	5,867,792
<b>Total liabilities</b>	248,028,302	236,145,503	186,435,256	138,725,427
<b>Shareholders' equity</b>				
Share capital	6,984,237	7,029,976	6,984,237	7,029,976
Capital surplus	19,386,312	22,488,105	26,220,162	29,123,547
Less: Treasury stock	(14,188,847)	(6,094,347)	(14,188,847)	(6,094,347)
Other comprehensive income	(1,691,296)	(1,549,003)	2,917	(16,009)
General risk reserve	587,984	587,984	-	-
Special reserve	14,842	12,730	-	-
Surplus reserve	7,966,362	7,966,362	7,966,362	7,966,362
Undistributed profits	99,470,943	87,074,453	25,502,145	25,795,300
Total equity attributable to shareholders of the Company	118,530,537	117,516,260	52,486,976	63,804,829
Minority interests	9,774,931	6,720,840	-	-
<b>Total shareholders' equity</b>	128,305,468	124,237,100	52,486,976	63,804,829
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	376,333,770	360,382,603	238,922,232	202,530,256

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

#### 4.1.2 Consolidated and Company income statements for the nine months ended 30 September 2021

##### Consolidated and Company Income Statements

Prepared by Midea Group Co., Ltd.

For the nine months ended 30 September 2021

Unit: RMB'000

Item	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
	Consolidated	Consolidated	Company	Company
<b>Total revenue</b>	262,942,589	217,753,150	1,381,918	1,336,559
Including: Operating revenue	261,341,969	216,760,786	1,381,918	1,336,559
Interest income	1,600,306	992,158	-	-
Fee and commission income	314	206	-	-
<b>Total operating cost</b>	(237,666,842)	(194,931,822)	865,983	620,765
Including: Cost of sales	(199,138,296)	(161,943,461)	(26,639)	(39,989)
Interest costs	(76,088)	(95,096)	-	-
Fee and commission expenses	(5,209)	(9,243)	-	-
Taxes and surcharges	(1,172,144)	(1,152,606)	(31,835)	(27,730)

Selling and distribution expenses	(24,405,142)	(20,179,953)	-	-
General and administrative expenses	(7,454,498)	(6,298,047)	(701,472)	(384,608)
Research and development expenses	(8,764,926)	(6,715,806)	-	-
Financial income	3,349,461	1,462,390	1,625,929	1,073,092
Including: Interest expenses	(989,334)	(954,362)	(1,671,992)	(1,378,594)
Interest income	3,842,498	2,664,883	3,318,208	2,467,387
Add:	1,043,294	1,098,444	102,686	124,619
Investment income	1,999,228	1,646,879	8,764,498	10,941,133
Including: Investment income from associates and joint ventures	410,522	390,672	195,952	185,464
Gains/(Losses) on changes in fair value	(924,798)	1,123,644	(239,518)	424,720
Asset impairment losses	(171,668)	(162,323)	-	-
Credit impairment losses	(204,276)	(615,091)	(492)	(5,790)
Losses on disposal of assets	57,969	(36,917)	(891)	43
<b>Operating profit</b>	<b>27,075,496</b>	<b>25,875,964</b>	<b>10,874,184</b>	<b>13,442,049</b>
Add:	406,215	223,576	31,299	10,196
Less: Non-operating expenses	(139,501)	(151,595)	(48,782)	(91,306)
<b>Total profit</b>	<b>27,342,210</b>	<b>25,947,945</b>	<b>10,856,701</b>	<b>13,360,939</b>
Less: Income tax expenses	(3,649,382)	(3,753,942)	(88,176)	(57,984)
<b>Net profit</b>	<b>23,692,828</b>	<b>22,194,003</b>	<b>10,768,525</b>	<b>13,302,955</b>
(1) Classified by continuity of operations				
Net profit from continuing operations	23,692,828	22,194,003	10,768,525	13,302,955
Net profit from discontinued operations	-	-	-	-
(2) Classified by ownership of the equity				
Attributable to shareholders of the Company	23,455,250	22,018,301	10,768,525	13,302,955
Minority interests	237,578	175,702	-	-
<b>Other comprehensive income, net of tax</b>	<b>(180,401)</b>	<b>(802,684)</b>	<b>18,926</b>	<b>(7,965)</b>
Other comprehensive income attributable to equity owners of the Company, net of tax	(139,373)	(492,675)	18,926	(7,965)
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	131,437	(90,143)	-	-
1) Changes arising from remeasurement of defined benefit plan	129,967	(90,143)	-	-
2) Changes in fair value of investments in other equity instruments	1,470	-	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	(270,810)	(402,532)	18,926	(7,965)
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	15,944	(12,495)	18,926	(7,965)
2) Cash flow hedging reserve	(199,762)	411,163	-	-
3) Differences on translation of foreign currency financial statements	(86,992)	(801,200)	-	-
Other comprehensive income attributable to minority shareholders, net of tax	(41,028)	(310,009)	-	-
<b>Total comprehensive income</b>	<b>23,512,427</b>	<b>21,391,319</b>	<b>10,787,451</b>	<b>13,294,990</b>
Attributable to equity owners of the Company	23,315,877	21,525,626	10,787,451	13,294,990
Attributable to minority interests	196,550	(134,307)	-	-
<b>Earnings per share:</b>				
(1) Basic earnings per share	3.41	3.18	Not applicable	Not applicable
(2) Diluted earnings per share	3.39	3.17	Not applicable	Not applicable

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong



### 4.1.3 Consolidated and Company cash flow statements for the nine months ended 30 September 2021

#### Consolidated and Company Cash Flow Statements

Item	For the nine months ended 30 September 2021			
	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
	Consolidated	Consolidated	Company	Company
Prepared by Midea Group Co., Ltd. Unit: RMB'000				
<b>1. Cash flows from operating activities</b>				
Cash received from sales of goods or rendering of services	227,937,641	182,997,506	-	-
Net decrease in deposits with the Central Bank, banks and other financial institutions	1,347,924	61,267	-	-
Net increase in borrowings from the Central Bank	19,841	-	-	-
Cash received from interest, fee and commission	1,536,829	1,011,706	-	-
Refund of taxes and surcharges	6,789,422	4,574,603	-	-
Cash received relating to other operating activities	4,897,712	4,047,145	51,113,226	28,363,419
<b>Sub-total of cash inflows</b>	<b>242,529,369</b>	<b>192,692,227</b>	<b>51,113,226</b>	<b>28,363,419</b>
Cash paid for goods and services	(149,209,825)	(105,250,492)	-	-
Net increase in loans and advances	(3,676,530)	(5,257,382)	-	-
Net decrease in customer deposits and deposits from banks and other financial institutions	(60,752)	(6,424)	-	-
Cash paid for interest, fee and commission	(82,085)	(105,503)	-	-
Cash paid to and on behalf of employees	(24,558,796)	(21,507,371)	(12,798)	(19,492)
Payments of taxes and surcharges	(11,392,788)	(10,611,998)	(437,678)	(322,104)
Cash paid relating to other operating activities	(25,651,849)	(24,938,422)	(6,070,874)	(5,651,559)
<b>Sub-total of cash outflows</b>	<b>(214,632,625)</b>	<b>(167,677,592)</b>	<b>(6,521,350)</b>	<b>(5,993,155)</b>
<b>Net cash flows from operating activities</b>	<b>27,896,744</b>	<b>25,014,635</b>	<b>44,591,876</b>	<b>22,370,264</b>
<b>2. Cash flows from investing activities</b>				
Cash received from disposal of investments	104,890,385	82,922,131	43,296,962	66,110,300
Cash received from returns on investments	4,360,871	3,554,642	11,345,718	12,156,396
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	236,010	47,157	86	255
Net cash received from disposal of subsidiaries and other business units	182,133	43,344	-	-
Cash received relating to other investing activities	10,251	-	-	-
<b>Sub-total of cash inflows</b>	<b>109,679,650</b>	<b>86,567,274</b>	<b>54,642,766</b>	<b>78,266,951</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(5,875,219)	(3,206,463)	(573,214)	(166,141)
Cash paid to acquire investments	(95,094,863)	(114,914,846)	(60,960,461)	(89,827,000)
Net cash paid to acquire subsidiaries and other business units	(2,028,912)	(544,536)	-	-
<b>Sub-total of cash outflows</b>	<b>(102,998,997)</b>	<b>(118,665,845)</b>	<b>(61,533,675)</b>	<b>(89,993,141)</b>
<b>Net cash flows from investing activities</b>	<b>6,680,656</b>	<b>(32,098,571)</b>	<b>(6,890,909)</b>	<b>(11,726,190)</b>
<b>3. Cash flows from financing activities</b>				
Cash received from capital contributions	1,474,377	2,351,094	1,431,805	2,351,094
Including: Cash received from capital contributions by minority shareholders of subsidiaries	42,572	-	-	-
Cash received from borrowings	13,864,476	12,222,629	6,800,000	799,314
Cash received from issuance of short-term financing bonds	2,999,629	21,998,500	2,999,629	21,998,500

Cash received relating to other financing activities	51,159	13,276	-	-
<b>Sub-total of cash inflows</b>	18,389,641	36,585,499	11,231,434	25,148,908
Cash repayments of borrowings	(12,723,723)	(5,068,760)	(4,799,314)	(350,064)
Cash paid for repayment of short-term financing bonds	(6,000,000)	(9,000,000)	(6,000,000)	(9,000,000)
Cash payments for interest expenses and distribution of dividends or profits	(12,415,831)	(12,277,952)	(12,871,936)	(12,348,759)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(289,414)	(173,752)	-	-
Cash payments relating to other financing activities	(14,916,612)	(2,137,411)	(13,807,786)	(2,024,942)
<b>Sub-total of cash outflows</b>	(46,056,166)	(28,484,123)	(37,479,036)	(23,723,765)
<b>Net cash flows from financing activities</b>	(27,666,525)	8,101,376	(26,247,602)	1,425,143
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	(248,568)	(147,366)	-	-
<b>5. Net increase in cash and cash equivalents</b>	6,662,307	870,074	11,453,365	12,069,217
Add: Cash and cash equivalents at the beginning of the period	23,548,508	30,441,760	16,595,063	12,408,650
<b>6. Cash and cash equivalents at the end of the period</b>	30,210,815	31,311,834	28,048,428	24,477,867

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## 4.2 Adjustments to the financial statements

### 4.2.1 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

## Consolidated and Company Balance Sheets

Prepared by Midea Group Co., Ltd.

Unit: RMB'000

ASSETS	Consolidated			Company		
	2020-12-31	2021-01-01	Adjustment	2020-12-31	2021-01-01	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	-
Investments in other 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>

## Consolidated and Company Balance Sheets (Cont'd)

Prepared by Midea Group Co., Ltd.

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated			Company		
	2020-12-31	2021-01-01	Adjustment	2020-12-31	2021-01-01	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	-	-	-	-
Special 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>-</b>	<b>63,804,829</b>	<b>63,804,829</b>	<b>-</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.

**4.2.2 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

**4.3 Auditor's report**

Is this Report audited by a CPAs firm?

Yes  No

This Report is not audited by a CPAs firm.

The Board of Directors of Midea Group Co., Ltd.

30 October 2021