

**Midea Group Co., Ltd.**  
**Interim Report for the First Quarter 2019**



**April 2019**

## **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 President 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. 2019	Jan.-Mar. 2018	YoY Change (%)
Operating revenues (RMB'000)	75,205,780	69,737,528	7.84%
Net profits attributable to shareholders of the Company (RMB'000)	6,129,026	5,256,231	16.60%
Net profits attributable to shareholders of the Company before non-recurring profits and losses (RMB'000)	6,084,881	5,077,715	19.84%
Net cash flows from operating activities (RMB'000)	11,842,782	4,429,092	167.39%
Basic earnings per share (RMB/share)	0.94	0.80	17.50%
Diluted earnings per share (RMB/share)	0.93	0.79	17.72%
Weighted average ROE (%)	7.08%	6.87%	0.21%
	31 Mar. 2019	31 Dec. 2018	Change (%)
Total assets (RMB'000)	278,910,215	263,701,148	5.77%
Net assets attributable to shareholders of the Company (RMB'000)	89,610,201	83,072,116	7.87%

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

Total share capital of the Company on the last trading session before disclosure (share)	6,585,838,349
Fully diluted earnings per share based on the latest share capital above (RMB/share)	0.93

Note: On the last trading session before the disclosure of this report, the Company's total share capital was 6,603,422,687 shares. Subtracting the repurchased 17,584,338 shares in 2019, the number was 6,585,838,349 shares.

Non-recurring profits and losses

Applicable  N/A

Unit: RMB'000

Item	Jan.-Mar. 2019	Note
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Profit or loss from disposal of non-current assets	-6,368	
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 held-for-trading financial assets and liabilities, as well as investment profit or loss produced from the disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets	-62,512	
Other	140,386	
Less: Corporate income tax	22,714	
Minority interests (after tax)	4,647	
Total	44,145	--

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	162,344	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	33.48	2,212,046,613		Pledg	551,000,000

	non-state-owned corporation				ed
Hong Kong Exchanges and Clearing Limited	Foreign corporation	16.18	1,069,044,139		
China Securities Finance Co., Ltd.	State-owned corporation	3.00	198,145,134		
Fang Hongbo	Domestic individual	2.07	136,990,492	102,742,869	
Canada Pension Plan Investment Board — own funds (stock exchange)	Foreign corporation	1.82	120,379,067		
Huang Jian	Domestic individual	1.33	88,023,300		
Central Huijin Asset Management Ltd.	State-owned corporation	1.19	78,474,900		
Hillhouse Capital Management Limited — HCM China Fund	Foreign corporation	0.94	61,831,900		
GIC Private Limited	Foreign corporation	0.84	55,535,104		
Xiaomi Technology Co., Ltd.	Domestic non-state-owned corporation	0.81	53,500,000		

## Top ten non-restricted common shareholders

Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares	
		Type	Number
Midea Holding Co., Ltd.	2,212,046,613	RMB common stock	2,212,046,613
Hong Kong Exchanges and Clearing Limited	1,069,044,139	RMB common stock	1,069,044,139
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
Huang Jian	88,023,300	RMB common stock	88,023,300
Central Huijin Asset Management Ltd.	78,474,900	RMB common stock	78,474,900
Hillhouse Capital Management Limited — HCM China Fund	61,831,900	RMB common stock	61,831,900

GIC Private Limited	55,535,104	RMB common stock	55,535,104
Xiaomi Technology Co., Ltd.	53,500,000	RMB common stock	53,500,000
Yuan Liqun	51,994,300	RMB common stock	51,994,300
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)	N/A		

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 2019/January-March 2019	31 December 2018/January-March 2018	Change (%)	Reasons for the changes
Derivative financial assets	87,975	220,197	-60.05%	Mainly due to the changes in the fair value of derivative financial instruments
Long-term receivables	16,280	34,815	-53.24%	Mainly due to the reclassification to current assets as a result of business changes
Short-term borrowings	1,270,263	870,390	45.94%	Mainly due to the increased borrowings
Borrowings from the Central Bank	50,996	99,754	-48.88%	Mainly due to the repayment of borrowings to the Central Bank
Customer deposits and deposits from banks and other financial institutions	91,638	44,386	106.46%	Mainly due to the changes in the operation of Midea Group Finance
Derivative financial liabilities	275,822	756,299	-63.53%	Mainly due to the changes in the fair value of derivative financial instruments
Employee benefits payable	3,979,688	5,788,004	-31.24%	Mainly due to the payment of salaries to employees
Treasury stock	1,473,697	4,918,427	-70.04%	Mainly due to the retirement of treasury stock
Interest income	294,332	549,959	-46.48%	Mainly due to the changes in the operation of Midea Group Finance
Interest expenses	75,120	150,518	-50.09%	Mainly due to the changes in the operation of Midea Group Finance
Finance expenses	-481,058	95,978	-601.22%	Mainly due to the increased interest income on deposits
Other income	66,516	224,233	-70.34%	Mainly due to the decreased governmental subsidies

Investment income	-146,977	317,938	-146.23%	Mainly due to the decreased gains on delivered derivative financial instruments
Profit/loss on changes in fair value	230,915	-118,467	294.92%	Mainly due to the changes in the fair value of derivative financial instruments
Profit/loss on disposal of assets	-6,369	-13,053	51.21%	Mainly due to the decreased losses on disposal of non-current assets
Net cash flows from operating activities	11,842,782	4,429,092	167.39%	Mainly due to the increased cash received from sales of goods or rendering of services
Net cash flows from investing activities	-16,811,399	-7,250,092	-131.88%	Mainly due to the increased cash paid to acquire investments
Net cash flows from financing activities	4,139,282	-2,254,205	283.62%	Mainly due to the increased cash received from borrowings

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

√ Applicable □ N/A

On 23 October 2018, the Proposal on the Plan of Midea Group Co., Ltd. to Merge with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering and other relevant proposals were considered and approved at the 2nd Meeting of the 3rd Board. On 21 November 2018, the Proposal on the Review of the Report of Midea Group Co., Ltd. on Merging with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering and the Related Transaction (Draft) and Its Summary, together with other relevant proposals, were considered and approved at the 4th Meeting of the 3rd Board. On 21 December 2018, the Proposal on the Plan of Midea Group Co., Ltd. to Merge with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering, together with other relevant proposals, were considered and approved at the 3rd Special Meeting of Shareholders of 2018. On 12 March 2019, the Company received the CSRC Reply on the Approval of the Merger of Midea Group Co., Ltd. with Wuxi Little Swan Company Limited (ZJXK [2019] No. 352). On 24 April 2019, the Company received the Reply of the Foshan Central Sub-Branch of the State Administration of Foreign Exchange on the Foreign Exchange Affairs in Midea Group Co., Ltd.'s Merger with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering. On 26 April 2019, the Company disclosed the Indicative Announcement on the Distribution and Implementation of Appraisal Right for the Merger with Wuxi Little Swan Company

Limited in a Share Swap via A-share Offering, setting the record date for the appraisal right on 7 May 2019. And trading in the Company's stock will be suspended from 8 May 2019 for the distribution and declaration of appraisal right, etc.

Summary of the significant event	Disclosure date	Index to the related announcement
<i>The Proposal on the Plan of Midea Group Co., Ltd. to Merge with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering</i> and other relevant proposals were considered and approved at the 2nd Meeting of the 3rd Board.	24 October 2018	Announcement No. 2018-087 on www.cninfo.com.cn
<i>The Proposal on the Review of the Report of Midea Group Co., Ltd. on Merging with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering and the Related Transaction (Draft) and Its Summary</i> , together with other relevant proposals, were considered and approved at the 4th Meeting of the 3rd Board.	22 November 2018	Announcement No. 2018-095 on www.cninfo.com.cn
<i>The Proposal on the Plan of Midea Group Co., Ltd. to Merge with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering</i> , together with other relevant proposals, were considered and approved at the 3rd Special Meeting of Shareholders of 2018.	22 December 2018	Announcement No. 2018-105 on www.cninfo.com.cn
The Company received the CSRC Reply on <i>the Approval of the Merger of Midea Group Co., Ltd. with Wuxi Little Swan Company Limited</i> (ZJXK [2019] No. 352).	13 March 2019	Announcement No. 2019-032 on www.cninfo.com.cn
The Company received <i>the Reply of the Foshan Central Sub-Branch of the State Administration of Foreign Exchange on the Foreign Exchange Affairs in Midea Group Co., Ltd.'s Merger with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering</i> (FHF [2019] No. 1).	24 April 2019	Announcement No. 2019-049 on www.cninfo.com.cn
The Company disclosed <i>the Indicative Announcement on the Distribution and Implementation of Appraisal Right for the Merger with Wuxi Little Swan Company Limited in a Share Swap via A-share Offering</i> , setting the record date for the appraisal right on 7 May 2019. And trading in the Company's stock will be suspended from 8 May 2019 for the distribution and declaration of appraisal right, etc.	26 April 2019	Announcement No. 2019-052 on www.cninfo.com.cn

Progress of any share repurchase

Applicable  N/A

*The Proposal on the Plan for the Repurchase of Some Public Shares* was approved at the 7th Meeting of the 3rd Board of Directors on 22 February 2019. As such, the Company was agreed to repurchase, with its own funds, no less than 60,000,000 shares and no more than 120,000,000 shares through bidding at the stock exchange at a price not exceeding RMB55/share. *The Report on the Repurchase of Some Public Shares* was disclosed on 28 February 2019.

As per *the Measures on the Administration of Listed Companies' Buying back Shares Held by the Public (Trial)*, *the Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Centralized Bidding*, *the Specific Implementation Rules of the Shenzhen Stock Exchange for the Share Repurchase by Listed Companies*, and other applicable rules, the Company shall disclose the share repurchase progress in its periodic reports. Therefore, the Company hereby discloses its share repurchase progress up to the end of April 2019 as follows:

Up to 29 April 2019, the Company has repurchased a total of 17,584,338 shares (0.2663% of the Company's total share capital) in its securities account for repurchase through bidding at the stock exchange, with a total payment of RMB855,786,862.34 (exclusive of transaction charges). The highest repurchase price was RMB54.90/share and the lowest was RMB45.62/share. The repurchase is in compliance with the applicable laws and regulations, as well as the Company's repurchase plan.

Progress of any repurchased share reduction through bidding at the stock exchange

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 2019**

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	1810	XIAOMI-W	1,272,584	Fair value method	1,122,609	-130,555	-24,030	-	-	-	968,024	Financial assets available for sale	Own Funds
Total			1,272,584	--	1,122,609	-130,555	-24,030	-	-	-	968,024	-	--

**6. 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	276	1 January 2019	31 December 2019	276	-	-	-	659	0.001%	2,893

Bank	No	No	Forward forex contra cts	-644,052	1 January 2019	31 Decem ber 2019	-644,052	-	-	-	-48,933	-0.055%	246,936
Total				-643,776	--	--	-643,776	-	-	-	-48,274	-0.054%	249,829
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)				18 April 2019									
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</p>									

	<p>business, decision-making and trading processes.</p> <p>3. Market risk: Uncertainties caused by changes in the prices of bulk commodity and exchange rate fluctuations in foreign exchange market could lead to greater market risk in the futures business and forex funds business. Meanwhile, inability to timely raise sufficient funds to establish and maintain hedging positions in futures operations, or the forex funds required for performance in forex funds operations being unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company shall always be conducted by adhering to prudent operation principles. For futures business, the futures transaction volume and application have been determined strictly according to the requirements of production &amp; operations, and the stop-loss mechanism has been implemented. Besides, to determine the prepared margin amount which may be required to be supplemented, the futures risk measuring system has been established to measure and calculate the margin amount occupied, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted application for funds business should conduct risk analysis on the conditions and environment affecting operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update operating status of the funds business on a timely basis to ensure proper funds arrangement before the expiry dates.</p>
<p>Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives</p>	<ol style="list-style-type: none"> <li>1. Profit/loss from futures contracts during the Reporting Period was RMB2,893,000.</li> <li>2. Profit/loss from forward forex contracts during the Reporting Period was RMB246,936,000.</li> <li>3. Public quotations in futures market or forward forex quotations announced by the Bank of China are used in the analysis of derivatives fair value.</li> </ol>
<p>Explanation of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the previous Reporting Period</p>	<p>No change</p>

Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control	The Company's independent directors are of the view that the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal control, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets and the abovementioned investment in derivatives can help the Company to 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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## 7. Visits received during the Reporting Period

Applicable  N/A

Date	Type of visit	Type of visitor	Discussions
14-15 January 2019	Field research	Institution	Please refer to Investor Relations Activities from 14 January 2019 to 15 January 2019 on the website of www.cninfo.com.cn
17 January 2019	Field research	Institution	Please refer to Investor Relations Activities on 17 January 2019 on the website of www.cninfo.com.cn
21-22 February 2019	Field research	Institution	Please refer to Investor Relations Activities from 21 February 2019 to 22 February 2019 on the website of www.cninfo.com.cn

## 8. Irregular provision of guarantees

Applicable  N/A

No such cases in the Reporting Period.

## 9. 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.

31 March 2019

Unit: RMB'000

ASSETS	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	Consolidated	Consolidated	Company	Company
<b>Current assets:</b>				
Cash at bank and on hand	29,004,072	27,888,280	15,384,459	15,361,626
Trading financial assets	5,170,374		4,189,001	
Derivative financial assets	87,975	220,197	-	-
Notes and accounts receivable	38,877,726	31,946,468	-	-
Advances to suppliers	2,456,293	2,215,888	33,871	55,069
Loans and advances	12,786,217	11,328,392	-	-
Other receivables	3,063,118	2,971,368	11,845,517	11,593,020
Inventories	24,090,062	29,645,018	-	-
Other current assets	85,126,533	76,473,827	68,060,974	55,052,256
<b>Total current assets</b>	<b>200,662,370</b>	<b>182,689,438</b>	<b>99,513,822</b>	<b>82,061,971</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets		1,906,878		56,579
Long-term receivables	16,280	34,815	-	-
Long-term equity investments	2,723,743	2,713,316	28,271,761	28,236,295
Other non-current financial assets	861,403		56,579	
Investment properties	387,008	391,765	551,306	560,954
Fixed assets	21,974,050	22,437,212	1,018,460	1,056,790
Construction in progress	2,033,026	2,077,621	62,237	51,872
Intangible assets	15,657,203	16,186,675	712,715	712,454
Goodwill	28,178,411	29,100,390	-	-
Long-term prepaid expenses	1,167,629	1,191,373	166,648	174,684
Deferred tax assets	4,742,976	4,421,313	162,094	202,703
Other non-current assets	506,116	550,352	1,355	4,576
<b>Total non-current assets</b>	<b>78,247,845</b>	<b>81,011,710</b>	<b>31,003,155</b>	<b>31,056,907</b>
<b>TOTAL ASSETS</b>	<b>278,910,215</b>	<b>263,701,148</b>	<b>130,516,977</b>	<b>113,118,878</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

31 March 2019

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	Consolidated	Consolidated	Company	Company
<b>Current liabilities:</b>				
Short-term borrowings	1,270,263	870,390	1,309,000	575,000
Borrowings from the Central Bank	50,996	99,754	-	-
Customer deposits and deposits from banks and other financial institutions	91,638	44,386	-	-
Derivative financial liabilities	275,822	756,299	-	-
Notes and accounts payable	65,882,696	60,226,741	-	-
Advances from customers	13,144,610	16,781,666	-	-
Employee benefits payable	3,979,688	5,788,004	559,160	573,632
Taxes payable	3,694,302	3,875,298	188,579	280,499
Other payables	2,933,143	3,346,129	86,359,825	74,714,012
Current portion of non-current liabilities	6,808,447	7,122,712	-	-
Other current liabilities	37,552,173	31,319,709	33,248	44,414
<b>Total current liabilities</b>	<b>135,683,778</b>	<b>130,231,088</b>	<b>88,449,812</b>	<b>76,187,557</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	34,913,366	32,091,439	4,000,000	-
Long-term payables	103,240	88,890	-	-
Provisions	276,291	268,887	-	-
Deferred income	682,961	647,583	-	-
Long-term employee benefits payable	2,351,078	2,480,318	-	-
Deferred tax liabilities	4,420,366	4,422,074	-	-
Other non-current liabilities	1,011,153	1,016,352	-	-
<b>Total non-current liabilities</b>	<b>43,758,455</b>	<b>41,015,543</b>	<b>4,000,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>179,442,233</b>	<b>171,246,631</b>	<b>92,449,812</b>	<b>76,187,557</b>
<b>Shareholders' equity:</b>				
Share capital	6,603,423	6,663,031	6,603,423	6,663,031
Capital surplus	15,432,472	18,451,307	7,606,037	10,615,389
Less: Treasury stock	(1,473,697)	(4,918,427)	(1,473,697)	(4,918,427)
Other comprehensive income	(1,291,512)	(1,332,153)	10,010	6,020
General risk reserve	366,947	366,947	-	-
Surplus reserve	5,079,096	5,079,096	5,079,096	5,079,096
Undistributed profits	64,893,472	58,762,315	20,242,296	19,486,212

Total equity attributable to shareholders of the Company	89,610,201	83,072,116	38,067,165	36,931,321
Minority interests	9,857,781	9,382,401	-	-
<b>Total shareholders' equity</b>	<b>99,467,982</b>	<b>92,454,517</b>	<b>38,067,165</b>	<b>36,931,321</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>278,910,215</b>	<b>263,701,148</b>	<b>130,516,977</b>	<b>113,118,878</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## Income Statement

Prepared by Midea Group Co., Ltd.

January-March 2019

Unit: RMB'000

Item	January-March 2019	January-March 2018	January-March 2019	January-March 2018
	Consolidated	Consolidated	Company	Company
<b>1. Total revenue</b>	<b>75,500,426</b>	<b>70,287,509</b>	<b>467,215</b>	<b>414,674</b>
Including: Operating revenue	75,205,780	69,737,528	467,215	414,674
Interest income	294,332	549,959	-	-
Fee and commission income	314	22	-	-
<b>2. Total Cost</b>	<b>(67,960,739)</b>	<b>(63,943,697)</b>	<b>305,333</b>	<b>(55,101)</b>
Including: Cost of sales	(53,877,858)	(51,869,174)	(13,345)	(14,077)
Interest expenses	(75,120)	(150,518)	-	-
Fee and commission expenses	(2,456)	(808)	-	-
Taxes and surcharges	(489,405)	(403,126)	(7,116)	(13,485)
Selling and distribution expenses	(9,513,634)	(7,468,456)	-	-
General and administrative expenses	(1,977,121)	(1,818,424)	(109,198)	(103,980)
Research and development expenses	(2,205,598)	(1,938,818)	-	-
Finance expenses	481,058	(95,978)	435,139	76,092
Including: Interest expenses	(224,786)	(190,329)	(297,552)	(125,483)
Interest income	953,378	299,045	736,263	201,028
Asset impairment losses	(12,317)	(198,395)	-	349
Credit impairment losses	(288,288)		(147)	
Add: Other income	66,516	224,233	-	-
Investment income	(146,977)	317,938	71,992	117,752

Including: Investment income from associates and joint ventures	105,865	75,515	66,507	58,704
Profit/(loss) on changes in fair value	230,915	(118,467)	33,665	-
Profit/(loss) on disposal of assets	(6,369)	(13,053)	-	263
<b>3. Operating profit</b>	<b>7,683,772</b>	<b>6,754,463</b>	<b>878,205</b>	<b>477,588</b>
Add: Non-operating income	57,022	60,554	4,372	1,769
Less: Non-operating expenses	(21,839)	(25,846)	(85)	(4,003)
<b>4. Total profit</b>	<b>7,718,955</b>	<b>6,789,171</b>	<b>882,492</b>	<b>475,354</b>
Less: Income tax expenses	(1,177,710)	(1,143,376)	(128,539)	24,669
<b>5. Net profit</b>	<b>6,541,245</b>	<b>5,645,795</b>	<b>753,953</b>	<b>500,023</b>
(1) Classified by continuity of operations				
Net profit from continuing operations	6,541,245	5,645,795	753,953	500,023
Net profit from discontinued operations	-	-	-	-
(2) Classified by ownership of the equity				
Attributable to equity owners of the Company	6,129,026	5,256,231	753,953	500,023
Minority interests	412,219	389,564	-	-
<b>6. Other comprehensive income, net of tax</b>	<b>2,436</b>	<b>137,056</b>	<b>3,990</b>	<b>71,838</b>
Other comprehensive income attributable to shareholders of the Company, net of tax	40,641	213,386	3,990	71,838
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	(38,094)	8,985	-	-
1) Changes arising from remeasurement of defined benefit plan	(38,094)	8,985	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	78,735	204,401	3,990	71,838
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	(1,994)	22,831	3,990	17,101
2) Changes in fair value of available-for-sale financial assets	-	45,797	-	54,737
3) Reserve for cash flow hedges	90,207	33,437	-	-
4) Translation of foreign currency	(9,478)	102,336	-	-

financial statements				
Other comprehensive income attributable to minority shareholders, net of tax	(38,205)	(76,330)	-	-
<b>7. Total comprehensive income</b>	<b>6,543,681</b>	<b>5,782,851</b>	<b>757,943</b>	<b>571,861</b>
Attributable to shareholders of the Company	6,169,667	5,469,617	757,943	571,861
Minority interests	374,014	313,234	-	-
<b>8. Earnings per share:</b>				
Basic earnings per share (RMB Yuan)	0.94	0.80	N/A	N/A
Diluted earnings per share (RMB Yuan)	0.93	0.79	N/A	N/A

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## Cash Flow Statement

Prepared by Midea Group Co., Ltd.

January-March 2019

Unit: RMB'000

Item	January-March 2019	January-March 2018	January-March 2019	January-March 2018
	Consolidated	Consolidated	Company	Company
<b>1. Cash flows from operating activities:</b>				
Cash received from sales of goods or rendering of services	61,230,159	55,069,088	-	-
Net increase in customer deposits and deposits from banks and other financial institutions	47,252	-	-	-
Net decrease in loans and advances	-	6,203	-	-
Net decrease in deposits with the Central Bank	228,122	-	-	-
Cash received for interest, fee and commission	433,884	465,657	-	-
Refund of taxes and surcharges	2,255,964	1,855,685	-	-
Cash received relating to other operating activities	675,619	1,555,171	12,053,410	6,054,301
<b>Sub-total of cash inflows</b>	<b>64,871,000</b>	<b>58,951,804</b>	<b>12,053,410</b>	<b>6,054,301</b>
Cash paid for goods and services	(32,531,577)	(35,207,473)	-	-
Net increase in loans and advances	(1,486,229)	-	-	-
Net decrease in customer deposits and	-	(27,278)	-	-

deposits from banks and other financial institutions				
Net increase in deposits with the Central Bank	-	(1,422,269)	-	-
Net decrease in borrowings from the Central Bank	(48,758)	-	-	-
Cash paid for interest, fee and commission	(79,055)	(151,332)	-	-
Cash paid to and on behalf of employees	(8,147,054)	(7,569,431)	(11,503)	(43,024)
Payments of taxes and surcharges	(3,835,224)	(2,826,238)	(49,908)	(13,485)
Cash paid relating to other operating activities	(6,900,321)	(7,318,691)	(322,665)	(43,781)
<b>Sub-total of cash outflows</b>	<b>(53,028,218)</b>	<b>(54,522,712)</b>	<b>(384,076)</b>	<b>(100,290)</b>
<b>Net cash flows from operating activities</b>	<b>11,842,782</b>	<b>4,429,092</b>	<b>11,669,334</b>	<b>5,954,011</b>
<b>2. Cash flows from investing activities:</b>				
Cash received from disposal of investments	10,793,208	11,755,659	3,406,557	6,507,371
Cash received from returns on investments	233,728	470,848	198,723	834,942
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	64,509	23,595	-	-
Net cash received from disposal of subsidiaries and other business units	-	-	-	-
Cash received relating to other investing activities	-	-	-	-
<b>Sub-total of cash inflows</b>	<b>11,091,445</b>	<b>12,250,102</b>	<b>3,605,280</b>	<b>7,342,313</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,143,943)	(927,703)	(40,220)	(112,978)
Cash paid to acquire investments	(26,581,092)	(18,424,204)	(25,408,375)	(2,302,699)
Net cash paid to acquire subsidiaries and other business units	(177,809)	(148,287)	-	-
Cash paid relating to other investing activities	-	-	-	-
<b>Sub-total of cash outflows</b>	<b>(27,902,844)</b>	<b>(19,500,194)</b>	<b>(25,448,595)</b>	<b>(2,415,677)</b>
<b>Net cash flows from investing activities</b>	<b>(16,811,399)</b>	<b>(7,250,092)</b>	<b>(21,843,315)</b>	<b>4,926,636</b>
<b>3. Cash flows from financing activities:</b>				
Cash received from capital contributions	777,348	1,013,304	698,761	491,953
Including: Cash received from capital contributions by minority shareholders of subsidiaries	78,587	521,351	-	-
Cash received from borrowings	5,122,321	978,979	5,727,000	-

Cash received from issuing short-term financing bonds	-	-	-	-
Cash received relating to other financing activities	-	-	-	-
<b>Sub-total of cash inflows</b>	<b>5,899,669</b>	<b>1,992,283</b>	<b>6,425,761</b>	<b>491,953</b>
Cash repayments of borrowings	(663,249)	(2,138,653)	(993,000)	-
Cash payments for short-term financing bonds	-	-	-	-
Cash payments for interest expenses and distribution of dividends or profits	(262,635)	(325,629)	(195,585)	(74,404)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	-	(80,657)	-	-
Cash payments relating to other financing activities	(834,503)	(1,782,206)	(691,717)	-
<b>Sub-total of cash outflows</b>	<b>(1,760,387)</b>	<b>(4,246,488)</b>	<b>(1,880,302)</b>	<b>(74,404)</b>
<b>Net cash flows from financing activities</b>	<b>4,139,282</b>	<b>(2,254,205)</b>	<b>4,545,459</b>	<b>417,549</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	(160,965)	(357,924)	-	-
<b>5. Net increase in cash and cash equivalents</b>	<b>(990,300)</b>	<b>(5,433,129)</b>	<b>(5,628,522)</b>	<b>11,298,196</b>
Add: Cash and cash equivalents at the beginning of the period	17,952,282	21,831,653	10,181,934	25,978,543
<b>6. Cash and cash equivalents at the end of the period</b>	<b>16,961,982</b>	<b>16,398,524</b>	<b>4,553,412</b>	<b>37,276,739</b>

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## 2. Adjustments to the Financial Statements

### 2.1 Adjustments to the financial statements at the beginning of the first execution year of any new standards governing financial instruments, revenue or leases

✓ Applicable  N/A

## Balance Sheet

Prepared by Midea Group Co., Ltd.

31 March 2019

Unit: RMB'000

ASSETS	Consolidated			Company		
	31 December 2018	1 January 2019	Adjustment	31 December 2018	1 January 2019	Adjustment
<b>Current assets:</b>						
Cash at bank and on hand	27,888,280	27,888,280	-	15,361,626	15,361,626	-
Trading financial assets	N/A	2,654,045	2,654,045	N/A	1,521,007	1,521,007
Derivative financial assets	220,197	220,197	-	-	-	-
Notes and accounts receivable	31,946,468	31,946,468	-	-	-	-
Advances to suppliers	2,215,888	2,215,888	-	55,069	55,069	-
Loans and advances	11,328,392	11,328,392	-	-	-	-
Other receivables	2,971,368	2,960,939	(10,429)	11,593,020	11,593,020	-
Inventories	29,645,018	29,645,018	-	-	-	-
Other current assets	76,473,827	74,952,820	(1,521,007)	55,052,256	53,531,249	(1,521,007)
<b>Total current assets</b>	<b>182,689,438</b>	<b>183,812,047</b>	<b>1,122,609</b>	<b>82,061,971</b>	<b>82,061,971</b>	<b>-</b>
<b>Non-current assets:</b>						
Available-for-sale financial assets	1,906,878	N/A	(1,906,878)	56,579	N/A	(56,579)
Long-term receivables	34,815	34,815	-	-	-	-
Long-term equity investments	2,713,316	2,713,316	-	28,236,295	28,236,295	-
Other non-current financial assets	N/A	784,269	784,269	N/A	56,579	56,579
Investment properties	391,765	391,765	-	560,954	560,954	-
Fixed assets	22,437,212	22,437,212	-	1,056,790	1,056,790	-
Construction in progress	2,077,621	2,077,621	-	51,872	51,872	-
Intangible assets	16,186,675	16,186,675	-	712,454	712,454	-
Goodwill	29,100,390	29,100,390	-	-	-	-
Long-term prepaid	1,191,373	1,191,373	-	174,684	174,684	-

expenses						
Deferred tax assets	4,421,313	4,421,313	-	202,703	202,703	-
Other non-current assets	550,352	550,352	-	4,576	4,576	-
<b>Total non-current assets</b>	<b>81,011,710</b>	<b>79,889,101</b>	<b>(1,122,609)</b>	<b>31,056,907</b>	<b>31,056,907</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>263,701,148</b>	<b>263,701,148</b>	<b>-</b>	<b>113,118,878</b>	<b>113,118,878</b>	<b>-</b>

## Balance Sheet (Continued)

Prepared by Midea Group Co., Ltd.

31 March 2019

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Consolidated			Company		
	31 December 2018	1 January 2019	Adjustment	31 December 2018	1 January 2019	Adjustment
<b>Current liabilities:</b>						
Short-term borrowings	870,390	870,390	-	575,000	575,000	-
Borrowings from the Central Bank	99,754.00	99,754	-	-	-	-
Customer deposits and deposits from banks and other financial institutions	44,386	44,386	-	-	-	-
Derivative financial liabilities	756,299	756,299	-	-	-	-
Notes and accounts payable	60,226,741	60,226,741	-	-	-	-
Advances from customers	16,781,666	16,781,666	-	-	-	-
Employee benefits payable	5,788,004	5,788,004	-	573,632	573,632	-
Taxes payable	3,875,298	3,875,298	-	280,499	280,499	-
Other payables	3,346,129	3,346,129	-	74,714,012	74,714,012	-
Current portion of non-current liabilities	7,122,712	7,122,712	-	-	-	-
Other current liabilities	31,319,709	31,319,709	-	44,414	44,414	-
<b>Total current liabilities</b>	<b>130,231,088</b>	<b>130,231,088</b>	<b>-</b>	<b>76,187,557</b>	<b>76,187,557</b>	<b>-</b>
<b>Non-current liabilities:</b>						

Long-term borrowings	32,091,439	32,091,439	-	-	-	-
Long-term payables	88,890	88,890	-	-	-	-
Provisions	268,887	268,887	-	-	-	-
Deferred income	647,583	647,583	-	-	-	-
Long-term employee benefits payable	2,480,318	2,480,318	-	-	-	-
Deferred tax liabilities	4,422,074	4,422,074	-	-	-	-
Other non-current liabilities	1,016,352	1,016,352	-	-	-	-
<b>Total non-current liabilities</b>	<b>41,015,543</b>	<b>41,015,543</b>	-	-	-	-
<b>Total liabilities</b>	<b>171,246,631</b>	<b>171,246,631</b>	-	<b>76,187,557</b>	<b>76,187,557</b>	-
<b>Shareholders' equity:</b>						
Share capital	6,663,031	6,663,031	-	6,663,031	6,663,031	-
Capital surplus	18,451,307	18,451,307	-	10,615,389	10,615,389	-
Less: Treasury stock	(4,918,427)	(4,918,427)	-	(4,918,427)	(4,918,427)	-
Other comprehensive income	(1,332,153)	-1,332,153	-	6,020	6,020	-
General risk reserve	366,947	366,947	-	-	-	-
Surplus reserve	5,079,096	5,079,096	-	5,079,096	5,079,096	-
Undistributed profits	58,762,315	58,762,315	-	19,486,212	19,486,212	-
Total equity attributable to shareholders of the Company	83,072,116	83,072,116	-	36,931,321	36,931,321	-
Minority interests	9,382,401	9,382,401	-	-	-	-
<b>Total shareholders' equity</b>	<b>92,454,517</b>	<b>92,454,517</b>	-	<b>36,931,321</b>	<b>36,931,321</b>	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>263,701,148</b>	<b>263,701,148</b>	-	<b>113,118,878</b>	<b>113,118,878</b>	-

## 2.2 Retrospective Restatement of Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases

Applicable  N/A

The Company adopts the new accounting standard governing financial instruments starting from 1 January 2019 and adjusts the format of its financial statements according to *the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises 2018*. And the affected financial statement items and amounts are shown in the two financial statements above.

## 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

30 April 2019