

Stock code: 000333

Stock name: Midea Group

Announcement No.: 2023-086

Midea Group Co., Ltd.

Interim Report for the Third Quarter 2023

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 CPA 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 2023	YoY Change (%)	January-September 2023	YoY Change (%)
Operating revenue (RMB'000)	94,122,108	7.32%	291,110,510	7.67%
Net profit attributable to shareholders of the Company (RMB'000)	9,485,190	11.93%	27,717,481	13.27%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	9,188,736	9.73%	26,840,589	11.53%
Net cash flows from operating activities (RMB'000)	—	—	44,787,056	51.96%
Basic earnings per share (RMB/share)	1.39	11.20%	4.06	13.09%
Diluted earnings per share (RMB/share)	1.39	12.10%	4.05	13.13%
Weighted average ROE (%)	6.27%	-0.19%	18.41%	0.05%
	30 September 2023		31 December 2022	Change (%)
Total assets (RMB'000)	465,019,979		422,555,267	10.05%
Net assets attributable to shareholders of the Company (RMB'000)	156,226,891		142,935,236	9.30%

The Company recorded revenue of RMB21.3 billion, RMB21.2 billion, and RMB22.9 billion respectively from new energy & industrial technology, intelligent building technologies, and robotics & automation during the nine months ended 30 September 2023, up 25%, 19%, and 17% respectively on a year-on-year basis.

1.2 Non-recurring gains and losses

Applicable N/A

Unit: RMB'000

Item	July-September 2023	January-September 2023	Note
Gain or loss from disposal of non-current assets	-30,510	-21,985	
Except for effectively hedging business related to normal business operations of the Company, gain or loss arising from the change in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and other non-current financial assets, as well as investment income or loss produced from the disposal of the aforesaid financial assets and liabilities	23,652	48,671	
Other non-operating income and expenses except	340,311	979,692	

above-mentioned items			
Less: Corporate income tax	52,836	138,099	
Minority interests (after tax)	-15,837	-8,613	
Total	296,454	876,892	--

Particulars about 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 an item as a recurring gain/loss item, which is enumerated as a non-recurring gain/loss in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gains and Losses>:

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 2023/January-September 2023	31 December 2022/January-September 2022	Change (%)	Reasons for the changes
Financial assets held for trading	10,961,011	3,284,593	233.71%	Mainly due to the increased structured deposits
Other debt investments	6,265,554	11,094,259	-43.52%	Mainly due to the decreased large-denomination negotiable certificates of deposit
Investment properties	1,363,365	809,936	68.33%	Mainly due to the increased business combinations
Construction in progress	6,020,835	3,843,777	56.64%	Mainly due to the increased business combinations
Other non-current assets	67,912,424	42,840,079	58.53%	Mainly due to the increased investments in fixed-income products
Short-term borrowings	12,494,727	5,169,480	141.70%	Mainly due to the increased trade financings
Customer deposits and deposits from banks and other financial institutions	118,328	77,469	52.74%	Mainly due to the changes in the operations of the finance business
Taxes payable	6,587,520	4,955,335	32.94%	Mainly due to the increased income tax payable
Current portion of non-current liabilities	20,454,107	7,240,626	182.49%	Mainly due to the transfer from long-term borrowings

Lease liabilities	1,982,211	1,507,480	31.49%	Mainly due to the new lease contracts
Provisions	670,072	394,977	69.65%	Mainly due to the increased provisions for risk
Other non-current liabilities	30,033	680,482	-95.59%	Mainly due to the payments for equity acquisitions
Other comprehensive income	-372,801	108,289	-444.26%	Mainly due to the changes in cash flow hedging reserve
Minority interests	12,035,366	8,988,566	33.90%	Mainly due to the increased business combinations
Investment income	505,083	862,732	-41.46%	Mainly due to the decreased investment income from the disposal of derivative financial assets and liabilities
Gains/(Losses) on changes in fair value	118,137	-1,042,032	111.34%	Mainly due to the changes in the fair value of investments in equity instruments
Non-operating income	183,740	292,601	-37.20%	Mainly due to the decreased government subsidies
Non-operating expenses	181,097	71,626	152.84%	Mainly due to the increased other expenses
Income tax expenses	5,495,255	4,189,933	31.15%	Mainly due to the increased profit before tax
Net profit attributable to minority interests	569,608	223,805	154.51%	Mainly due to the increased profits of non-wholly-owned subsidiaries
Net cash flows from operating activities	44,787,056	29,472,352	51.96%	Mainly due to the increased cash received from sales of goods or rendering of services
Net cash flows from investing activities	-33,608,113	-18,705,995	-79.66%	Mainly due to the increased cash paid to acquire investments
Net cash flows from financing activities	-13,409,903	-1,171,191	-1044.98%	Mainly due to the decreased cash received from borrowings
Net increase in cash and cash equivalents	-2,060,575	9,944,675	-120.72%	Mainly due to the decreased net cash flows from investing activities

2. Shareholder information

2.1 Total number of common 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 common shareholders at the period-end	325,280	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Shares in pledge or frozen	
					Status	Shares
Midea Holding Co., Ltd.	Domestic non-	30.85	2,169,178,713		In	100,000,000

	state-owned corporation				pledge	
Hong Kong Securities Clearing Company Limited	Foreign corporation	19.97	1,404,332,481		-	-
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	2.82	198,145,134		-	-
Fang Hongbo	Domestic individual	1.66	116,990,492	87,742,869	-	-
Central Huijin Asset Management Ltd.	State-owned corporation	1.26	88,260,460		-	-
Huang Jian	Domestic individual	1.23	86,170,000		-	-
Canada Pension Plan Investment Board – own funds (stock exchange)	Foreign corporation	0.77	54,007,196		-	-
Li Jianwei	Foreign individual	0.65	45,591,545		-	-
UBS AG	Foreign corporation	0.63	44,033,057		-	-
Temasek Fullerton Alpha Pte Ltd	Foreign corporation	0.52	36,841,885		-	-
Top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares				
		Type	Shares			
Midea Holding Co., Ltd.	2,169,178,713	RMB common stock	2,169,178,713			
Hong Kong Securities Clearing Company Limited	1,404,332,481	RMB common stock	1,404,332,481			
China Securities Finance Co., Ltd.	198,145,134	RMB common stock	198,145,134			
Central Huijin Asset Management Ltd.	88,260,460	RMB common stock	88,260,460			
Huang Jian	86,170,000	RMB common stock	86,170,000			
Canada Pension Plan Investment Board – own funds (stock exchange)	54,007,196	RMB common stock	54,007,196			
Li Jianwei	45,591,545	RMB common stock	45,591,545			
UBS AG	44,033,057	RMB common stock	44,033,057			
Temasek Fullerton Alpha Pte Ltd	36,841,885	RMB common stock	36,841,885			
Yuan Liquan	36,337,100	RMB common stock	36,337,100			
Explanation of related relationship or/and acting-in-concert parties among the above-mentioned shareholders	N/A					
Explanation on the top 10 common shareholders participating in securities margin trading	The Company's shareholder Yuan Liquan holds 6,002,100 shares in the Company through her common securities account and 30,335,000 shares in the Company through her account of collateral securities for margin trading, representing a total holding of 36,337,100 shares in the Company.					
Special account for repurchased shares among the top 10 shareholders	118,366,752 shares (or 1.68% 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 10 preference shareholders at the period-end

Applicable N/A

3. Other significant events

Applicable N/A

4. Financial statements

4.1 Financial statements

Consolidated and Company Balance Sheets

Prepared by Midea Group Co. Ltd.

As at 30 September 2023

Unit: RMB'000

ASSETS	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	Consolidated	Consolidated	Company	Company
Current assets:				
Cash at bank and on hand	68,099,578	55,270,099	26,000,601	28,492,401
Financial assets held for trading	10,961,011	3,284,593	7,316,970	274,120
Derivative financial assets	473,550	665,484	-	-
Notes receivable	5,108,524	4,758,129	-	-
Accounts receivable	35,752,203	28,237,973	-	-
Receivables financing	16,935,626	13,526,540	-	-
Advances to suppliers	3,876,761	4,367,211	40,382	34,724
Contract assets	4,838,145	4,498,956	-	-
Loans and advances	13,506,003	14,138,756	-	-
Other receivables	1,942,571	2,211,177	24,639,376	26,175,101
Inventories	33,379,154	46,044,897	-	-
Current portion of non-current assets	39,828,068	37,553,078	34,483,343	33,168,421
Other current assets	38,560,284	46,542,378	26,512,094	33,476,601
Total current assets	273,261,478	261,099,271	118,992,766	121,621,368
Non-current assets:				
Other debt investments	6,265,554	11,094,259	3,306,144	7,215,301
Long-term receivables	641,523	614,598	-	-
Loans and advances	930,113	693,294	-	-
Long-term equity investments	4,991,656	5,188,817	74,697,610	73,103,569
Investments in other equity instruments	41,228	41,359	-	-
Other non-current financial assets	9,189,870	10,625,244	293,453	347,698
Investment properties	1,363,365	809,936	404,262	386,435
Fixed assets	28,676,370	26,082,992	1,318,758	1,223,553
Construction in progress	6,020,835	3,843,777	672,066	504,757
Right-of-use assets	2,844,183	2,339,878	2,945	8,040
Intangible assets	18,378,522	16,908,915	642,871	653,320
Goodwill	29,954,519	28,548,653	-	-
Long-term prepaid expenses	1,620,475	1,579,899	74,746	85,109
Deferred tax assets	12,927,864	10,244,296	285,405	327,251
Other non-current assets	67,912,424	42,840,079	62,512,635	35,423,939
Total non-current assets	191,758,501	161,455,996	144,210,895	119,278,972
TOTAL ASSETS	465,019,979	422,555,267	263,203,661	240,900,340

Consolidated and Company Balance Sheets (Cont'd)

Prepared by Midea Group Co. Ltd.

As at 30 September 2023

Unit: RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	Consolidated	Consolidated	Company	Company
Current liabilities:				
Short-term borrowings	12,494,727	5,169,480	400,000	-
Customer deposits and deposits from banks and other financial institutions	118,328	77,469	-	-
Financial liabilities held for trading	1,321,567	1,580,771	-	-
Derivative financial liabilities	211,314	234,606	-	-
Notes payable	18,635,368	25,572,421	-	-
Accounts payable	71,440,916	64,233,225	-	-
Contract liabilities	29,041,409	27,960,038	-	-
Employee benefits payable	6,998,153	7,152,217	108,554	173,824
Taxes payable	6,587,520	4,955,335	549,747	718,181
Other payables	4,165,077	4,322,025	186,392,250	159,953,351
Current portion of non-current liabilities	20,454,107	7,240,626	12,423,498	5,896,701
Other current liabilities	72,366,510	57,843,528	42,383	77,066
Total current liabilities	243,834,996	206,341,741	199,916,432	166,819,123
Non-current liabilities:				
Long-term borrowings	38,727,279	50,685,948	9,000,000	15,619,900
Bonds payable	3,238,127	3,163,616	-	-
Lease liabilities	1,982,211	1,507,480	-	2,350
Provisions	670,072	394,977	-	-
Deferred income	1,997,774	1,721,092	190,758	152,548
Long-term employee benefits payable	1,289,707	1,488,456	-	-
Deferred tax liabilities	4,987,523	4,647,673	-	-
Other non-current liabilities	30,033	680,482	-	-
Total non-current liabilities	52,922,726	64,289,724	9,190,758	15,774,798
Total liabilities	296,757,722	270,631,465	209,107,190	182,593,921
Shareholders' equity:				
Share capital	7,030,771	6,997,273	7,030,771	6,997,273
Capital surplus	21,368,056	19,693,139	29,556,089	27,826,208
Less: Treasury stock	(13,406,249)	(14,933,944)	(13,406,249)	(14,933,944)
Other comprehensive income	(372,801)	108,289	1,892	(5,679)
General risk reserve	679,682	671,999	-	-
Special reserve	17,120	16,350	-	-
Surplus reserve	10,702,928	10,702,928	10,702,928	10,702,928
Undistributed profits	130,207,384	119,679,202	20,211,040	27,719,633
Total equity attributable to shareholders of the Company	156,226,891	142,935,236	54,096,471	58,306,419
Minority interests	12,035,366	8,988,566	-	-
Total shareholders' equity	168,262,257	151,923,802	54,096,471	58,306,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	465,019,979	422,555,267	263,203,661	240,900,340

Legal representative:
Fang HongboPrincipal in charge of accounting:
Zhong ZhengHead of accounting department:
Chen Lihong

Consolidated and Company Income Statements

Prepared by Midea Group Co. Ltd.

For the nine months ended 30 September 2023

Unit: RMB'000

Item	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
	Consolidated	Consolidated	Company	Company
Total revenue	292,379,658	271,775,057	807,741	1,128,972
Including: Operating revenue	291,110,510	270,366,753	807,741	1,128,972
Interest income	1,268,673	1,407,722	-	-
Fee and commission income	475	582	-	-
Total operating cost	(260,261,351)	(243,771,100)	343,587	618,929
Including: Cost of sales	(215,876,420)	(206,530,717)	(30,606)	(31,123)
Interest costs	(21,818)	(35,457)	-	-
Fee and commission expenses	(2,027)	(1,721)	-	-
Taxes and surcharges	(1,325,457)	(1,155,550)	(25,709)	(11,208)
Selling and distribution expenses	(25,346,676)	(21,196,708)	-	-
General and administrative expenses	(9,337,069)	(8,044,890)	(1,030,915)	(922,674)
Research and development expenses	(10,013,534)	(8,916,512)	-	-
Financial income	1,661,650	2,110,455	1,430,817	1,583,934
Including: Interest expenses	(2,285,139)	(1,269,255)	(2,232,397)	(1,952,684)
Interest income	5,113,637	4,256,895	3,671,077	3,545,017
Add: Other income	1,414,310	1,274,084	30,588	19,594
Investment income	505,083	862,732	8,577,756	5,999,505
Including: Investment income from associates and joint ventures	620,966	478,015	178,044	207,222
Gains/(Losses) on changes in fair value	118,137	(1,042,032)	87,451	(161,751)
Asset impairment losses	(172,481)	(195,425)	-	-
Credit impairment losses	(181,670)	(236,992)	697	1,477
Losses on disposal of assets	(21,985)	(3,640)	(86)	(281)
Operating profit	33,779,701	28,662,684	9,847,734	7,606,445
Add: Non-operating income	183,740	292,601	9,555	33,677
Less: Non-operating expenses	(181,097)	(71,626)	(371)	(10,286)
Total profit	33,782,344	28,883,659	9,856,918	7,629,836
Less: Income tax expenses	(5,495,255)	(4,189,933)	(183,895)	(287,458)
Net profit	28,287,089	24,693,726	9,673,023	7,342,378
(1) Classified by continuity of operations				
Net profit from continuing operations	28,287,089	24,693,726	9,673,023	7,342,378
Net profit from discontinued operations	-	-	-	-
(2) Classified by ownership of the equity				
Attributable to shareholders of the Company	27,717,481	24,469,921	9,673,023	7,342,378
Minority interests	569,608	223,805	-	-
Other comprehensive income, net of tax	(543,238)	2,314,988	7,571	4,838
Other comprehensive income attributable to equity owners of the Company, net of tax	(481,090)	2,332,017	7,571	4,838
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss	(11,761)	236,579	-	-
1) Changes arising from remeasurement of defined benefit plan	(11,761)	233,662	-	-
2) Changes in fair value of investments in other equity instruments	-	2,917	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss	(469,329)	2,095,438	7,571	4,838
1) Other comprehensive income that will be transferred subsequently to profit or loss	17,323	26,369	7,571	4,838

under the equity method				
2) Cash flow hedging reserve	(556,111)	381,971	-	-
3) Differences on translation of foreign currency financial statements	84,630	1,687,098	-	-
4) Other	(15,171)	-	-	-
Other comprehensive income attributable to minority shareholders, net of tax	(62,148)	(17,029)	-	-
Total comprehensive income	27,743,851	27,008,714	9,680,594	7,347,216
Attributable to equity owners of the Company	27,236,391	26,801,938	9,680,594	7,347,216
Attributable to minority interests	507,460	206,776	-	-
Earnings per share:				
(1) Basic earnings per share (RMB Yuan)	4.06	3.59	Not applicable	Not applicable
(2) Diluted earnings per share (RMB Yuan)	4.05	3.58	Not applicable	Not applicable

Legal representative:
Fang Hongbo

Principal in charge of accounting:
Zhong Zheng

Head of accounting department:
Chen Lihong

Consolidated and Company Cash Flow Statements

Prepared by Midea Group Co. Ltd.

For the nine months ended 30 September 2023

Unit: RMB'000

Item	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
	Consolidated	Consolidated	Company	Company
1. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	262,375,345	234,341,478	-	-
Net increase in customer deposits and deposits from banks and other financial institutions	40,860	9,080	-	-
Net decrease in loans and advances	480,148	7,455,670	-	-
Net decrease in deposits with the Central Bank, banks and other financial institutions	152,667	123,170	-	-
Net increase in loans with the Central Bank	-	-	-	-
Cash received from interest, fee and commission	1,283,930	1,405,190	-	-
Refund of taxes and surcharges	6,181,899	8,612,132	-	-
Cash received relating to other operating activities	4,963,743	6,262,601	30,456,009	29,058,041
Sub-total of cash inflows	275,478,592	258,209,321	30,456,009	29,058,041
Cash paid for goods and services	(159,850,989)	(166,690,317)	-	-
Net increase in loans and advances	-	-	-	-
Net decrease in customer deposits and deposits from banks and other financial institutions	-	-	-	-
Net increase in balances with the Central Bank	-	-	-	-
Net decrease in borrowings from the Central Bank	-	(178,878)	-	-
Cash paid for interest, fee and commission	(23,845)	(38,342)	-	-
Cash paid to and on behalf of employees	(29,339,923)	(26,297,099)	(357,445)	(328,470)
Payments of taxes and surcharges	(15,180,128)	(12,996,276)	(335,458)	(358,516)
Cash paid relating to other operating activities	(26,296,651)	(22,536,057)	(1,209,264)	(897,876)
Sub-total of cash outflows	(230,691,536)	(228,736,969)	(1,902,167)	(1,584,862)
Net cash flows from operating activities	44,787,056	29,472,352	28,553,842	27,473,179
2. Cash flows from investing activities				
Cash received from disposal of investments	87,124,789	79,619,731	60,703,000	40,500,000
Cash received from returns on investments	4,232,951	3,712,469	11,477,722	7,107,197
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	119,685	124,672	11	53
Net cash received from disposal of subsidiaries and other business units	6,000	14,829	18,000	6,500
Cash received relating to other investing activities	373,816	335,082	-	-
Sub-total of cash inflows	91,857,241	83,806,783	72,198,733	47,613,750
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(4,143,771)	(4,318,974)	(767,476)	(375,100)
Cash paid to acquire investments	(121,236,767)	(97,817,524)	(86,102,212)	(62,696,223)
Net cash paid to acquire subsidiaries and other business units	-	(376,280)	-	-
Cash paid relating to other investing activities	(84,816)	-	-	-
Sub-total of cash outflow	(125,465,354)	(102,512,778)	(86,869,688)	(63,071,323)
Net cash flows from investing activities	(33,608,113)	(18,705,995)	(14,670,955)	(15,457,573)
3. Cash flows from financing activities				
Cash received from capital contributions	2,196,750	1,256,885	2,155,838	1,255,885
Including: Cash received from capital contributions by minority shareholders of subsidiaries	40,912	1,000	-	-
Cash received from borrowings	22,764,632	43,047,859	400,000	9,000,000

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Cash received from issuance of medium-term debentures	-	2,841,690	-	-
Cash received from issuance of short-term financing bonds	-	3,999,500	-	3,999,500
Cash received relating to other financing activities	303,154	90,498	-	-
Sub-total of cash inflows	25,264,536	51,236,432	2,555,838	14,255,385
Cash repayments of borrowings	(18,192,653)	(34,310,771)	(89,900)	(89,900)
Cash paid for repayment of short-term financing bonds	-	-	-	-
Cash payments for interest expenses and distribution of dividends or profits	(18,993,135)	(13,090,540)	(19,504,858)	(14,154,406)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(193,050)	(158,110)	-	-
Cash payments relating to other financing activities	(1,488,651)	(5,006,312)	(262,011)	(2,581,074)
Sub-total of cash outflows	(38,674,439)	(52,407,623)	(19,856,769)	(16,825,380)
Net cash flows from financing activities	(13,409,903)	(1,171,191)	(17,300,931)	(2,569,995)
4. Effect of foreign exchange rate changes on cash and cash equivalents	170,385	349,509	-	-
5. Net increase in cash and cash equivalents	(2,060,575)	9,944,675	(3,418,044)	9,445,611
Add: Cash and cash equivalents at the beginning of the period	51,131,968	40,550,039	27,904,229	21,957,042
6. Cash and cash equivalents at the end of the period	49,071,393	50,494,714	24,486,185	31,402,653

Legal representative:
Fang Hongbo

Principal in charge of accounting:
Zhong Zheng

Head of accounting department
Chen Lihong

4.2 Adjustments to financial statement items at the beginning of the year of the first implementation of the new accounting standards which have been implemented since 2023

Applicable N/A

4.3 Auditor's report

Is this Report audited by a CPA firm?

Yes No

This Report is unaudited by a CPA firm.

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

31 October 2023