

Stock Code: 600690

Short Name: Qingdao Haier

First Quarter Report of 2018 Qingdao Haier Co., Ltd.



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I. Important Notice

1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Qingdao Haier Co., Ltd. (“the **Company**”) hereby assure that the content set out in the quarterly report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.

1.2 Information on absent director from meeting

Position of director absent from meeting	Name of director absent from meeting	Reason for the absence of director from meeting	Name of proxy
Independent Director	Dai Deming	Personal affair	Shi Tiantao

1.3 Liang Haishan (legal representative of the Company), Gong Wei (chief financial officer of the Company) and Ying Ke (the person in charge of accounting department) hereby certify that the financial statement set out in the quarterly report is true, accurate and complete.

1.4 This First Quarter Report of the Company has not been audited.

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

II. Company Profile

2.1 Key financial information

Unit and Currency: RMB

	As of March 31 2018	As of December 31 2017		Change (%)
		After adjustment	Before adjustment	
Total assets	154,529,514,068.17	151,463,110,707.63	151,463,110,707.63	2.02
Net assets attributable to shareholders of the Company	33,875,351,365.63	32,215,515,201.45	32,215,515,201.45	5.15
	January-March 2018	January-March 2017		Change (%)
		After adjustment	Before adjustment	

Net cash flows from operating activities	1,990,934,744.45	5,809,584,002.50	5,809,318,531.26	-65.73
	January-March 2018	January-March 2017		Change (%)
		After adjustment	Before adjustment	
Operating revenue	42,655,164,567.37	37,745,829,388.95	37,741,143,448.27	13.01
Net profit attributable to shareholders of the Company	1,979,995,364.53	1,736,546,852.11	1,738,763,572.81	14.02
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the Company	1,761,919,417.70	1,461,794,756.85	1,461,794,756.85	20.53
Weighted average return on net assets (%)	5.99	6.33	6.38	Decreased by 0.34 pct pts
Basic earnings per share (RMB per share)	0.325	0.285	0.285	14.04
Diluted earnings per share (RMB per share)	0.321	0.285	0.285	12.63

Notes:

(1) Summary: ① In the first quarter of 2018, revenue from the Company's original industry (excluding GE Appliances, "GEA") increased by 18.85%, among which the business of domestic white appliances grew by more than 20%; Net profit attributable to shareholders of the Company increased by 14.7%; Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or loss increased by 22.7%. ② In the first quarter of 2018, revenue from GEA as measured in US dollars increased by 5.9%, which translates into RMB10.8 billion, representing a year-on-year decrease of 1.95%. The decrease was partly due to the significant appreciation of renminbi in the first quarter of 2018 as compared with the corresponding period of last year. Benefiting from the improvement of operation efficiency and the release of synergies, GEA delivered improved profitability, with both net profit attributable to shareholders of the Company and net profit after deduction of non-recurring profit or loss attributable to shareholders of the Company increasing by more than 10%.

(2) Domestic market: ① In 2018, revenue of domestic home appliance business increased by 21.9%, representing the sixth consecutive quarter in which a growth of more than 20% was recorded. ② Revenue from Casarte increased by 50%; Refrigerators and washing machines under the Casarte brand captured a market share of 36.5% and 70.5% in the price range of over RMB10,000, representing an increase of 6.3 and 4.3 pct. pts, respectively. ③ The market share continued to rise across the whole

product portfolio. According to CMM, retail sales of refrigerators, washing machines, air conditioners, water heaters, hoods and stoves rose by 4.05, 3.80, 0.87, 1.47, 0.87 and 0.93 pct. pts, respectively, as compared with the corresponding period of last year. Refrigerators and washing machines maintained its top position in the industry and continued to expand the lead. The market share in term of retail sales for refrigerators and washing machines reached 34.56% and 32.20%, respectively, representing 3.08 and 1.76 times of that of the runner-up brand, respectively. ④ The air-conditioning business has been delivering remarkable results in terms of technological and product innovation over the years. According to CMM, the average retail price of air-conditioners of the Company in the first quarter of 2018 was RMB4,486, an increase of 9.70% as compared with the corresponding period of last year, ranking No.1 among domestic brands in terms of average price. According to ChinaIOL.com, the air-conditioners export volume of the Company increased by 48.08% in the first quarter of 2018, higher than the industry growth of 4.39%.

(3) Overseas markets: ① In the first quarter of 2018, GEA achieved a growth of 5.9% in revenue as measured in US dollar, far exceeding the industry growth of 2.6% in the North American market (Source: Stevenson); GEA's overall market share increased by 1.5 pct. pts as compared with the corresponding period of last year. ② The business was focused on high-end brand in each region, enhanced product and marketing competitiveness, and promoted healthy business development. For example, revenue from the South Asian market grew by more than 40%, while revenue from the European market grew by more than 30%.

(4) During the reporting period, the Company was committed to building a smart home community in the era of the Internet of Things to create an ecological platform in a collaborative way. Haier Smart Home is comprised of seven ecological circles, including smart kitchen, smart bathroom, smart living room, smart bedroom, smart washing and care, smart air, and smart security, providing users with more than 200 kinds of full-scene smart living experiences. Building on the Dashunguang community interaction cloud platform, the SmartLife cloud platform and the COSMO Plat industrial cloud platform, we are dedicated to meeting the personalized needs of users for customized better life and exploring the business model in the era of the Internet of Things.

① **Formation of touchpoint network for the integration of three kinds of stores:** Leveraging on the Dashunguang community interaction cloud platform, we have achieved the organic integration of

“experience stores, online stores and micro-stores”, established the community interaction integrity system, and built the distribution of the touchpoint network comprising 1.13 million touchpoints, including 20,000 offline O+O experience stores, 443 online stores, 160,000 smart cloud stores from communities to villages, 800,000 million micro-stores, and 150,000 million urban and rural housekeepers. The network builds linkage among hundreds of millions of user resources, tens of millions of lifetime users, bringing continuous iteration of products and resources through continuous interaction between the network of touchpoints with users. For example, the Yunxi (云熙) series washing machines achieved three rounds of rapid iterations and growth for each launch through the interaction with users on Dashunguang platform. In the first quarter of 2018, the platform achieved a turnover of RMB2.87 billion, representing an increase of 109%.

② Continued iteration of user interaction experience, formation of the common interest group and realization of a win-win situation: Realization of large-scale customized value added for users based on the COSMOPlat platform; promoted cross-industry, cross-regional replication, and enabled transformation and upgrading of Small and Medium Enterprises. Currently the platform serves 11 regions and 12 major industries. For example, taking advantage of its large-scale customization model, the Recreation Vehicle (“RV”) platform business based on the COSMOPlat platform services empowered RV companies to transform and change from RV manufacturing companies to the “smart ecological platform for mobile homes”, by integrating with the Haier smart home ecosystem platform. In March 2018, the platform revenue of COSMOPlat amounted to RMB566 million (there was no such business in the corresponding period of last year).

③ Based on the smart home core, seven ecosystems were created involving clothing, food, living and entertainment, which realized the value of the ecosystem with the formation of experience scenes through user interaction: Smart active service was delivered based on the combination of big data of smart home appliances (internet appliances) and small data of users, and the scene-based business model was expanded through the upgrade of operational experience and control of smart home appliances, construction of an IOT + AI basic technology platform, while building channels for third-party ecological resources. For example, through the creation of a college laundry platform across the country, the “smart micro-washing” within smart washing and care ecological circle has linked 1,265 premises, such as higher education institutions, apartments and hotels, over 9.65 million

college students, and brought in ecological revenue through collaborative creation in the ecosystems. Meanwhile, the community washing model also achieved rapid growth in various communities across Japan. In 2017, a total of 1,776 stores participated in the program and over 6.35 million community users were served. The community laundry model has been copied to Southeast Asia and has begun to replicate in overseas regions such as the United States. In the first quarter of 2018, revenue of the smart home platform amounted RMB54 million, representing an increase of 140% as compared with the corresponding period of last year.

Non-recurring Profit or Loss Items and Amount

√Applicable □ Not Applicable

Unit and Currency: RMB

Items	Amount of current period
Losses and profits from disposal of non-current assets	476,430.28
Government grants included in current profit or loss, except that closely related to the normal operating business, complied with requirements of the national policies, continued to be granted with the amount and quantity determined under certain standards	59,855,085.10
In addition to the effective hedging business related to the normal operations of the Company, profit or loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	97,539,123.27
Other non-operating income and expenses except the aforementioned items	103,250,405.83
Minority interests (after tax)	-32,456,045.44
Income tax	-10,589,052.21
Total	218,075,946.83

2.2 Table of top ten shareholders, top ten common shareholders (or the shareholders without selling restrictions) by the end of the reporting period

Unit: Share

Total number of shareholders		202,628				
Shareholdings of top ten shareholders						
Name of Shareholder (full name)	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restriction	Status of shares pledged or frozen		Nature of shareholder
				Status of shares	Number	

Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.64		Nil		Domestic non-state-owned legal entity
Haier Group Corporation	1,072,610,764	17.59		Nil		Domestic non-state-owned legal entity
Hong Kong Securities Clearing Co., Ltd.	450,907,644	7.40		Nil		Unknown
KKR HOME INVESTMENT S.A R.L.	362,089,988	5.94		Nil		Foreign legal entity
GIC PRIVATE LIMITED	285,971,753	4.69		Nil		Foreign legal entity
China Securities Finance Corporation Limited	248,679,560	4.08		Nil		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司)	172,252,560	2.83		Nil		Domestic non-state-owned legal entity
National social security fund, Portfolio 104	101,888,830	1.67		Nil		Unknown
Central Huijin Asset Management Ltd.	69,539,900	1.14		Nil		Unknown
National social security fund, Portfolio 103	48,000,449	0.79		Nil		Unknown
Shareholdings of top ten shareholders not subject to selling restrictions						
Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares				
		Class	Number			
Haier Electric Appliances International Co., Ltd.	1,258,684,824	RMB ordinary	1,258,684,824			
Haier Group Corporation	1,072,610,764	RMB ordinary	1,072,610,764			
Hong Kong Securities Clearing Co., Ltd.	450,907,644	RMB ordinary	450,907,644			
KKR HOME INVESTMENT S.A R.L.	362,089,988	RMB ordinary	362,089,988			
GIC PRIVATE LIMITED	285,971,753	RMB ordinary	285,971,753			
China Securities Finance Corporation Limited	248,679,560	RMB ordinary	248,679,560			
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司)	172,252,560	RMB ordinary	172,252,560			
National social security fund, Portfolio 104	101,888,830	RMB ordinary	101,888,830			

Central Huijin Asset Management Ltd.	69,539,900	RMB ordinary	69,539,900
National social security fund, Portfolio 103	48,000,449	RMB ordinary	48,000,449
Related-parties or parties acting in concert among the aforesaid shareholders	(1) Haier Electric Appliances International Co., Ltd. is a holding subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司) is a party acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		
Description of preferential shareholders with restoration of voting rights and their shareholdings	N/A		

2.3 Total number of preferential shareholders, top ten preferential shareholders and top ten holders of preference shares without selling restriction by the end of the reporting period

Applicable Not Applicable

III. Significant Events

3.1 The changes in the key financial results of this reporting period and the reasons for such changes

Applicable Not Applicable

1) Financial assets measured at fair value and its changes of which included in current profit or loss decreased by 63.90% from the beginning of the year, which was mainly attributable to the influence of change in fair value of derivative financial instruments such as foreign exchange contracts;

2) Other non-current assets increased by 48.27% from the beginning of the year, which was mainly attributable to the change in fair value of forward foreign exchange contracts held by the Company as at the end of the period with a maturity date of more than one year;

3) Financial liabilities measured at fair value through profit or loss for the period increased by 798.60% from the beginning of the year, which was mainly attributable to changes in fair value of derivative financial instruments such as foreign exchange contracts for the period;

4) Taxes payable increased by 34.95% from the beginning of the year, which was mainly due to the increase in taxes that have been accrued by the Company;

5) Interest payable increased by 148.43% from the beginning of the year, which was mainly due to the increase in accrued unpaid interest;

6) Deferred income tax liabilities decreased by 32.71% from the beginning of the year, which was mainly due to the decrease in the reserve of income tax of foreign companies due to the actual dividends distributed by the subsidiaries of the Company.

7) Other comprehensive income decreased by 675.00% from the beginning of the year, which was mainly due to the decrease in the share of other comprehensive income that will be reclassified into profit or loss and the change in foreign currency translation differences;

8) Financial expenses increased by 108.15% as compared with the corresponding period of last year, which was mainly due to the increase in exchange losses for the period as compared with the corresponding period of last year;

9) Revenue from changes in fair value increased by 30.81% as compared with the corresponding period of last year, which was mainly due to changes in fair value of derivative financial instruments such as forward foreign exchange;

10) Gain on disposal of assets increased by 121.30% as compared with the corresponding period of last year, which was mainly due to the decrease in expenses related to the disposal of recurrent assets for the period;

11) Other income increased by 36.97% as compared with the corresponding period of last year, which was mainly due to the increase in government grants related to daily operations and included in current profit or loss;

12) Non-operating expenses decreased by 84.55% as compared with the corresponding period of last year, which was mainly due to the scrapping of some fixed assets in the corresponding period of last year and fewer occurrences for the period;

13) Net cash flows from operating activities decreased by 65.73% as compared with the corresponding period of last year, which was mainly due to the higher net cash flows from operating activities during the corresponding period of last year, which resulted in a higher base; net cash flows from operating activities for the period is in line with the profitability and the target has been achieved;

14) Net cash flows from investing activities decreased by 33.94% as compared with the corresponding period of last year, which was mainly due to the increase in expenditures for the construction of plants and warehouses for the period;

15) Net cash flows from financing activities decreased by 76.17% from the same period of last year, which was mainly due to the increase in expenses in respect of repayment of borrowings for the period.

3.2 Note and analysis on the progress of significant events and their impact and solution

Applicable Not Applicable

(1) As of the end of the reporting period, the external guarantees of the Company and its subsidiaries are all guarantees among the Company and its subsidiaries, and the period-end balance of the external guarantees amounted to RMB28.38 billion, representing 88.3% of net assets and 18.7% of the total assets of the Company for the latest period.

(2) As of the end of the reporting period, the balance of the Company's transactions of derivative foreign exchange products amounted to approximately US\$3.58 billion.

(3) As of the end of the reporting period, the amount of entrusted wealth management of the Company was approximately RMB1.98 billion.

3.3 Overdue commitments in the reporting period or ongoing at the period-end.

Applicable Not applicable

During the reporting period, the Company has no undertakings that have past due but not performed.

The undertakings made by the actual controlling shareholders, shareholders, related parties, purchasers and the Company and others during or up to the reporting period are as follows:

Background	Type	Covenanter	Content	Time and term	Whether it has a deadline for performance	Whether it is performed in a timely and strict way
Undertaking related to significant assets reorganization	Eliminate the property right defects in land and etc.	Haier Group Corporation	During the period from September 2006 to May 2007, the Company issued shares to Haier Group Corporation (“Haier Group”) to purchase the controlling equity in its four subsidiaries, namely Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青岛海尔空调电子有限公司), Hefei Haier Air-conditioning Co., Limited (合肥海尔空调器有限公司), Wuhan Haier Electronics Co., Ltd. (武汉海尔电器股份有限公司), Guizhou Haier Electronics Co., Ltd. (贵州海尔电器有限公司). With regard to the land and property required in the operation of Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青岛海尔空调电子有限公司), Hefei Haier Air-conditioning Co., Limited (合肥海尔空调器有限公司), Wuhan Haier Electronics Co., Ltd. (武汉海尔电器股份有限公司) (the “Covenantees”), Haier Group made an undertaking (the “2006 Undertaking”).	27 September 2006, long term	YES	YES

			According to the content of 2006 Undertaking and current condition of each Covenantee, Haier Group will constantly assure that Covenantees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenantees suffer loss due to the unavailability of such land and property.			
Undertaking related to refinancing	Eliminate the property right defects in land and etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Qingdao Haier and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Qingdao Haier or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation to impaired party in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Qingdao Haier and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Qingdao Haier and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Qingdao Haier or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support Qingdao Haier or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on	24 December 2013, long term	YES	YES

			Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L 2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.			
	Eliminate the property right defects in land and etc.	Qingdao Haier Co., Ltd.	The Company undertakes that it will eliminate the property defects of the Company and main subsidiaries within five years with reasonable business effort since 24 December 2013, so as to achieve the legality and compliance of the Company and main subsidiaries in terms of land and property. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L 2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013, five years	YES	YES
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Fisher&Paykel to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2020. For more details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment of Haier Group Corporation (L 2015-015) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 26 May 2015.	May 2015-June 2020	YES	YES
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2020. For more details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment of Haier Group Corporation (L 2015-063) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015.	December 2015-June 2020	YES	YES
Other undertakings	Profit forecast	Haier Group	In December 2015 and January 2016, the meeting of the Board of Directors and general meeting of the shareholders considered and approved the matters in	December 2015-	YES	YES

s	and compensat ion	Corpor ation	relation to the acquisition of minority equity interest of Mitsubishi Heavy Industries Haier and Carrier Refrigeration Equipment held by Haier Group. The Company signed the Profit Compensation Agreement with Haier Group to forecast the profits achieved by the aforementioned two companies in 2015 - 2018. If the profits are not reached during the commitment period, the difference part will be made up to the Company by Haier Group in cash. For more details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Acquisition of Equity in Sino-foreign Joint Venture Held by Haier Group Corporation and Related-party Transaction (L 2015-062) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015.	December 2018		
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3.4 Warning and explanation on reasons for accumulated net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material change as compared to those of the same period of last year.

Applicable Not Applicable

Name of Company	Qingdao Haier Co., Ltd.
Legal representatives	Liang Haishan
Date	24 April 2018

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Cash	34,072,725,366.99	35,177,276,903.91
Clearing settlement funds		
Placements with banks		
Financial assets measured at fair value and changes of which included in current profit and loss	33,897,429.51	20,681,695.50
Derivative financial assets		
Notes receivables	12,420,131,506.45	13,033,083,520.99
Accounts receivables	15,833,303,930.11	12,448,004,833.06
Prepayments	603,350,177.16	590,693,658.21
Premiums receivable		
Reinsurance accounts receivables		
Reinsurance contract reserves receivable		
Interests receivables	255,716,384.55	203,637,543.83
Dividends receivables	4,524,472.84	4,524,472.84
Other receivables	901,313,953.98	961,263,981.87
Financial assets purchased under resale agreements		
Inventories	22,850,509,586.29	21,503,524,800.18
Held for sale assets		
Non-current assets due within one year		
Other current assets	4,519,926,995.06	4,389,760,018.83
Total current assets	91,495,399,802.94	88,332,451,429.22
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	1,378,724,861.35	1,415,354,307.82

Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	13,247,491,506.51	12,992,767,394.28
Investment properties	30,313,843.60	31,214,015.99
Fixed assets	15,588,932,136.22	16,017,523,376.11
Construction in progress	1,885,717,211.24	1,530,390,130.25
Construction materials		
Disposals of fixed assets	55,808,808.81	55,808,808.81
Biological assets for production		
Fuel assets		
Intangible assets	6,759,264,347.28	7,005,186,296.28
Development expenses	1,007,296,297.14	966,051,333.81
Goodwill	19,110,949,048.42	19,843,317,357.30
Long-term amortization expenditures	152,728,496.68	123,768,671.33
Deferred income tax assets	1,957,535,076.97	1,895,213,404.67
Other non-current assets	1,859,352,631.01	1,254,064,181.76
Total non-current assets	63,034,114,265.23	63,130,659,278.41
Total assets	154,529,514,068.17	151,463,110,707.63
Current liabilities:		
Short-term borrowings	11,114,536,392.33	10,878,580,275.18
Borrowings from central bank		
Absorbing deposit and deposit in inter-bank market		
Placements from banks		
Financial liabilities measured at fair value and changes of which included in current profit and loss	22,685,707.54	2,524,569.45
Derivative financial liabilities		
Notes payable	18,404,685,210.58	16,378,699,659.77
Accounts payables	29,341,571,372.43	25,654,013,649.96
Payments received in advance	4,457,946,217.94	5,833,552,815.05
Disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	1,841,561,578.16	2,349,189,122.90
Taxes payable	2,576,569,157.76	1,909,260,527.42
Interests payable	143,235,601.79	57,656,458.79
Dividends payable	158,965,235.09	153,756,315.64
Other payables	9,970,601,666.79	10,805,162,943.62
Reinsurance accounts payable		

Deposits for insurance contracts		
Customer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Held for sale liabilities		
Non-current liabilities due within one year	2,330,383,347.39	2,850,325,000.00
Other current liabilities	27,313,282.12	21,729,198.70
Total current liabilities	80,390,054,769.92	76,894,450,536.48
Non-current liabilities:		
Long-term borrowings	13,613,417,306.10	16,036,492,809.81
Debentures payable	5,995,671,346.64	6,211,088,362.68
Including: preference shares		
perpetual bonds		
Long-term payable	102,833,569.29	106,020,029.74
Long-term payables for staff's remuneration	884,278,301.73	898,160,742.53
Special payable		
Estimated liabilities	2,631,779,719.51	2,619,699,551.41
Deferred income	525,458,976.51	497,141,088.72
Deferred income tax liabilities	187,823,829.18	279,114,620.35
Other non-current liabilities	1,344,958,187.97	1,170,936,828.55
Total non-current liabilities	25,286,221,236.93	27,818,654,033.79
Total liabilities	105,676,276,006.85	104,713,104,570.27
Owners' equity		
Share capital	6,097,402,727.00	6,097,402,727.00
Other equity instruments	431,424,524.07	431,424,524.07
Including: preference shares		
perpetual bonds		
Capital reserve	827,598,495.52	826,883,093.84
Less: Treasury stock		
Other comprehensive income	-281,820,717.97	-36,363,809.96
Special reserve		
Surplus reserve	2,103,057,782.41	2,103,057,782.41
General risk provisions		
Undistributed profits	24,697,688,554.60	22,793,110,884.09
Total equity attributable to owners of the parent company	33,875,351,365.63	32,215,515,201.45
Minority interests	14,977,886,695.69	14,534,490,935.91
Total owners' equity	48,853,238,061.32	46,750,006,137.36
Total liabilities and owners'	154,529,514,068.17	151,463,110,707.63

equities		
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Legal representative: Liang Haishan Chief accountant: Gong Wei Person in charge of accounting department: Ying Ke

Balance Sheet of the Parent Company

31 March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Cash	3,172,463,996.76	2,070,527,802.97
Financial assets measured at fair value and changes of which included in current profit and loss		
Derivative financial assets		
Notes receivables		
Accounts receivables	334,140,723.95	288,499,726.07
Prepayments	73,048,606.66	20,000,000.00
Interests receivables	248,729,039.22	220,157,282.75
Dividends receivables	958,851,045.94	970,851,045.94
Other receivables	350,096,477.76	15,895,048.43
Inventories	108,306,782.28	89,650,514.91
Held for sale assets		
Non-current assets due within one year		
Other current assets	115,255,086.18	87,165,597.70
Total current assets	5,360,891,758.75	3,762,747,018.77
Non-current assets:		
Available-for-sale financial assets	5,690,636.76	5,818,587.80
Held-to-maturity investments		
Long-term receivables	8,600,000,000.00	8,600,000,000.00
Long-term equity investments	23,626,271,572.17	23,581,254,928.08
Investment properties		
Fixed assets	115,025,129.81	118,553,830.32
Construction in progress	16,078,100.17	13,594,976.50
Construction materials		
Disposals of fixed assets		
Biological assets for production		

Fuel assets		
Intangible assets	14,422,217.09	14,601,582.38
Development expenses		
Goodwill		
Long-term amortization expenditures	5,740,180.74	
Deferred income tax assets	106,347,777.99	106,347,777.99
Other non-current assets	813,804.30	
Total non-current assets	32,490,389,419.03	32,440,171,683.07
Total assets	37,851,281,177.78	36,202,918,701.84
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value and changes of which included in current profit and loss		
Derivative financial liabilities		
Notes payable		
Accounts payables	294,178,194.49	310,387,267.67
Payments received in advance	2,913,185,303.02	2,465,908,721.32
Staff remuneration payable	15,709,604.82	51,533,384.22
Taxes payable	64,085,749.63	62,255,803.87
Interests payable	67,012,725.74	156,447,167.63
Dividends payable		
Other payables	22,400,064,899.25	21,112,143,360.73
Held for sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	14,083,470.32	12,498,265.43
Total current liabilities	25,768,319,947.27	24,171,173,970.87
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
Including: preference shares		
perpetual bonds		
Long-term payable	20,000,000.00	20,000,000.00
Long-term payables for staff's remuneration		
Special payable		
Estimated liabilities		
Deferred income	37,700,000.00	37,700,000.00
Deferred income tax liabilities	36,133,622.68	36,152,815.34
Other non-current liabilities		
Total non-current liabilities	93,833,622.68	93,852,815.34

Total liabilities	25,862,153,569.95	24,265,026,786.21
Owners' equity :		
Share capital	6,097,402,727.00	6,097,402,727.00
Other equity instruments		
Including: preference shares		
perpetual bonds		
Capital reserve	2,317,907,947.71	2,317,907,947.71
Less: Treasury stock		
Other comprehensive income	-20,437,041.80	-43,234,737.77
Special reserve		
Surplus reserve	1,437,313,649.93	1,437,313,649.93
Undistributed profits	2,156,940,324.99	2,128,502,328.76
Total owners' equity	11,989,127,607.83	11,937,891,915.63
Total liabilities and owners' equities	37,851,281,177.78	36,202,918,701.84

Legal representative:

Liang Haishan

Chief accountant:

Gong Wei

Person in charge of accounting department:

Ying Ke

Consolidated Income Statement

January-March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Current amount	Prior amount
I. Total operating revenue	42,655,164,567.37	37,745,829,388.95
Including: Operating revenue	42,655,164,567.37	37,745,829,388.95
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total cost	40,388,152,695.05	35,834,083,962.03
Including: Cost of sales	30,449,298,701.96	26,380,596,377.85
Interest expenses		
Fee and commission expenses		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharge	223,258,372.32	178,393,139.98
Selling expenses	6,254,887,373.85	6,683,104,490.92
Administrative expenses	2,746,972,301.60	2,143,172,877.49

Financial expenses	468,944,062.41	225,289,791.40
Loss in assets impairment	244,791,882.91	223,527,284.39
Add: Income from change in fair value (losses are represented by “-”)	207,293,485.79	158,467,287.04
Investment income (losses are represented by “-”)	242,480,840.14	319,933,556.06
Including: investment income of associates and joint ventures		
Gains on disposal of assets (losses are represented by “-”)	429,548.74	-2,016,573.57
Exchange gain (losses are represented by “-”)		
Other incomes	106,214,641.01	77,545,764.01
III. Operating profit (losses are represented by “-”)	2,823,430,388.00	2,465,675,460.46
Add: Non-operating income	111,793,323.64	144,996,386.52
Less: Non-operating expenses	8,496,036.27	55,000,489.53
IV. Total profit (total losses are represented by “-”)	2,926,727,675.37	2,555,671,357.45
Less: Income tax expense	458,014,171.70	407,958,955.60
V. Net profit (net losses are represented by “-”)	2,468,713,503.67	2,147,712,401.85
(I) Classification by continuous operation		
1. Net profit from continuous operation (net losses are represented by “-”)	2,468,713,503.67	2,147,712,401.85
2. Net profit from discontinuous operation (net losses are represented by “-”)		
(II) Classification by ownership of the equity		
1. Profit or loss of minority shareholders	488,718,139.14	411,165,549.74
2. Net profit attributable to owners of the Company	1,979,995,364.53	1,736,546,852.11
VI. Post tax other comprehensive income	-331,219,394.34	466,905.94
Post tax other comprehensive income attributable to owners of the Company	-285,717,414.13	17,502,928.86
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss	-1,280,674.80	-7,751.33
1. Changes in net liabilities or net assets arising from re-measurement of defined benefit plans	-1,280,674.80	-7,751.33
2. Share of other comprehensive income of investees that cannot be reclassified to profit or loss under equity method		
(II) Other comprehensive income to be reclassified subsequently to profit or loss	-284,436,739.33	17,510,680.19

1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	-42,701,390.85	-40,488,326.71
2. Gain or loss from change in fair value of available-for-sale financial assets	-678,068.23	-499,456.91
3. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets		
4. Gains or losses on effective cash flow hedging	14,114,618.65	-1,795,233.82
5. Exchange differences on translation of financial statements denominated in foreign currencies	-255,171,898.90	60,293,697.63
6. Other		
Other comprehensive income attributable to minority shareholders, net of tax	-45,501,980.21	-17,036,022.92
VII. Total comprehensive income	2,137,494,109.33	2,148,179,307.79
Attributable to owners of the Company	1,694,277,950.40	1,754,049,780.97
Attributable to non-controlling interests	443,216,158.93	394,129,526.82
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.325	0.285
(II) Diluted earnings per share (RMB/share)	0.321	0.285

Legal representative: Liang Haishan Chief accountant: Gong Wei Person in charge of accounting department: Ying Ke

Income Statement of the Parent Company

January-March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Current amount	Prior amount
I. Operating revenue	743,844,065.67	813,013,367.46
Less: Operation cost	533,278,383.46	594,504,109.45
Taxes and surcharge	5,402,608.47	6,561,826.29
Selling expenses	68,121,527.59	52,682,906.16
Administrative expenses	108,216,752.39	127,936,222.24
Financial expenses	25,428,042.84	18,751,061.43
Loss in assets impairment	10,058,187.90	486,242.29
Add: Income from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	50,428,218.53	42,029,840.49

Including: Investment income of associates and joint ventures		
Gains on disposal of assets (losses are represented by “-”)		
Other incomes	5,969,287.05	
II. Operating profit (losses are represented by “-”)	49,736,068.60	54,120,840.09
Add: Non-operating income	8,370,547.68	5,795,459.39
Less: Non-operating expenses	233,919.53	
III. Total Profit (losses are represented by “-”)	57,872,696.75	59,916,299.48
Less: Income tax expense	1,116,671.73	2,669,218.85
IV. Net Profit (net losses are represented by “-”)	56,756,025.02	57,247,080.63
(I) Net profit from continuous operation (net losses are represented by “-”)	56,756,025.02	57,247,080.63
(II) Net profit from discontinuous operation (net losses are represented by “-”)		
V. Post tax other comprehensive income	7,680,578.08	-11,481,154.32
(I) Other comprehensive income will not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or net assets arising from re-measurement of defined benefit plans		
2. Share of other comprehensive income of investees that cannot be reclassified to profit or loss under equity method		
(II) Other comprehensive income to be reclassified subsequently to profit or loss	7,680,578.08	-11,481,154.32
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	7,789,336.46	-11,874,318.49
2. Gain or loss from change in fair value of available-for-sale financial assets	-108,758.38	393,164.17
3. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets		
4. Gains or losses on effective cash flow hedging		
5. Exchange differences on translation of financial statements denominated in foreign currencies		
6. Other		
VI. Total comprehensive income	64,436,603.10	45,765,926.31
VII. Earnings per share:		
(I) Basic earnings per share (RMB/ share)		
(II) Diluted earnings per share (RMB/share)		

Legal representative: Chief accountant: Person in charge of accounting department:
Liang Haishan Gong Wei Ying Ke

Consolidated Cash Flow Statement

January-March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Current amount	Prior amount
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	39,294,461,022.85	42,040,544,736.74
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutes		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance Business		
Net increase in deposits of policy holders and investment		
Net increase from the disposal of financial assets measured at fair value and changes of which included in current profit and loss		
Cash paid for interest, bank charges and Commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	242,113,942.09	305,118,454.78
Cash received from other related operating activities	244,653,473.68	368,100,490.83
Sub-total of cash inflows from operating activities	39,781,228,438.62	42,713,763,682.35
Cash paid on purchase of goods and services	26,876,400,215.94	27,222,452,573.86

Net increase in loans and advances		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	4,552,161,808.21	4,836,611,393.11
Cash paid for all types of taxes	2,146,684,682.86	1,619,809,910.52
Cash paid to other operation related activities	4,215,046,987.16	3,225,305,802.36
Sub-total of cash outflows from operating activities	37,790,293,694.17	36,904,179,679.85
Net cash flows from operating activities	1,990,934,744.45	5,809,584,002.50
II. Cash flows from investing activities:		
Cash received from disposal of investments	12,305,650.00	7,431,782.63
Cash received from return on investments	112,610,536.61	64,142,955.22
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	38,778,216.12	198,536.43
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	67,249,789.10	
Sub-total of cash inflows from investing activities	230,944,191.83	71,773,274.28
Cash paid on purchase of fixed assets, intangible assets and other long term assets	1,391,128,737.25	727,144,871.20
Cash paid for investments	289,116,220.14	349,845,557.45
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	15,000.00	76,823,787.07
Sub-total of cash outflows from investing activities	1,680,259,957.39	1,153,814,215.72
Net cash flows from investing activities	-1,449,315,765.56	-1,082,040,941.44
III. Cash flows from financing activities:		

Cash received from investment	8,278,135.66	22,247,648.00
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	3,589,764,080.03	10,375,831,949.73
Cash received from issuing bonds		
Cash received from other financing related activities	58,950,000.00	
Sub-total of cash inflows from financing activities	3,656,992,215.69	10,398,079,597.73
Cash paid on repayment of borrowings	5,291,464,063.74	11,291,851,345.83
Cash paid on distribution of dividends, profits, or interest expenses	38,225,632.87	74,495,510.24
Including: Dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	62,515,783.81	16,702,520.08
Sub-total of cash outflows from financing activities	5,392,205,480.42	11,383,049,376.15
Net cash flows from financing activities	-1,735,213,264.73	-984,969,778.42
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-396,885,933.47	29,621,430.35
V. Net increase in cash and cash equivalents	-1,590,480,219.31	3,772,194,712.99
Add: Balance of cash and cash equivalents at the beginning of the period	34,340,013,574.22	23,295,157,047.86
VI. Balance of cash and cash equivalents at the end of the period	32,749,533,354.91	27,067,351,760.85

Legal representative: Liang Haishan Chief accountant: Gong Wei Person in charge of accounting department: Ying Ke

Cash Flow Statement of the Parent Company

January-March 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Current amount	Prior amount
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	816,513,664.12	34,265,286.31

Refunds of taxes	2,249,452.13	
Cash received from other related operating activities	21,182,595.59	3,562,034.19
Sub-total of cash inflows from operating activities	839,945,711.84	37,827,320.50
Cash paid on purchase of goods and services	221,179,942.07	605,901,367.09
Cash paid to and on behalf of employees	131,351,975.78	371,066,552.46
Cash paid for all types of taxes	29,006,267.68	47,645,546.40
Cash paid to other operation related activities	116,047,065.74	98,883,185.35
Sub-total of cash outflows from operating activities	497,585,251.27	1,123,496,651.30
Net cash flows from operating activities	342,360,460.57	-1,085,669,330.80
II. Cash flows from investing activities:		
Cash received from disposal of investments	78,325.00	
Cash received from return on investments	12,000,613.55	39,306,692.40
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities		
Sub-total of cash inflows from investing activities	12,078,938.55	39,306,692.40
Cash paid on purchase of fixed assets, intangible assets and other long term assets	11,279,152.65	364,910.00
Cash paid for investments		168,659,237.50
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities		
Sub-total of cash outflows from investing activities	11,279,152.65	169,024,147.50
Net cash flows from investing activities	799,785.90	-129,717,455.10
III. Cash flows from financing activities:		
Cash received from investment		

Cash received from borrowings		
Cash received from other financing related activities	758,777,670.99	
Sub-total of cash inflows from financing activities	758,777,670.99	
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses		
Cash paid on other financing activities		177,527,578.53
Sub-total of cash outflows from financing activities		177,527,578.53
Net cash flows from financing activities	758,777,670.99	-177,527,578.53
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-1,723.67	-263.89
V. Net increase in cash and cash equivalents	1,101,936,193.79	-1,392,914,628.32
Add: Balance of cash and cash equivalents at the beginning of the period	2,070,527,802.97	3,888,623,400.28
VI. Balance of cash and cash equivalents at the end of the period	3,172,463,996.76	2,495,708,771.96

Legal representative:

Liang Haishan

Chief accountant:

Gong Wei

Person in charge of accounting department:

Ying Ke

4.2 Audit Report

Applicable Not Applicable