

Stock Code: 600690

Short Name: Qingdao Haier

First Quarter Report 2016

Qingdao Haier Co., Ltd

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I. Important Notice

1.1 The Board, the supervisory committee and directors, supervisors and senior management of the Company hereby assure that the content set out in the annual report is true, accurate and complete, and free from any false content, misleading statement or material omission, and are individually and collectively responsible for the content set out therein.

1.2 Information of Directors absent from Meeting

Name of director absent from meeting	Position of director absent from meeting	Reason for the absence of director from meeting	Name of proxy
Peng Jianfeng	Director	Personal affair	Wu Changqi
Chen YongZheng	Independent Director	Personal affair	Wu Cheng

1.3. Liang Haishan (legal representative of the Company), Gong Wei (chief accountant) and Yin Wenjun (person in charge of accounting department or director of accounting department) hereby certify that the financial report set out in the annual report is true, accurate and complete.

1.4. First quarterly report of the Company has not been audited.

II. Major financial information and the changes of shareholders

2.1 Major financial information

Unit and Currency: RMB

	As at the end of the reporting period	At the end of last year		Increase/decrease for the period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Total assets	77,048,249,626.71	75,980,622,105.47	75,960,672,801.38	1.41
Net assets attributable to shareholders of listed companies	23,809,053,489.09	22,753,238,438.33	22,693,976,160.95	4.64
	As at the beginning of the year to the end of the reporting	As at the beginning of last year to the end of the reporting period of last year		Increase/decrease for the period compared with
		After adjustment	Before adjustment	

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	period			the corresponding period of last year (%)
Net cash flows from operating activities	1,046,237,078.55	1,846,877,161.44	1,823,030,842.36	-43.35
	As at the beginning of the year to the end of the reporting period	As at the beginning of last year to the end of the reporting period of last year		Increase/decrease for the period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	22,236,608,015.25	24,261,632,769.81	21,870,847,316.55	-8.35
Net profits attributable to shareholders of listed companies	1,596,815,139.24	1,078,049,820.17	979,332,172.50	48.12
Net profits after non-recurring profit or loss attributable to shareholders of listed companies	968,301,679.47	939,292,861.15	939,292,861.15	3.09
Weighted average return on net assets (%)	6.76	4.28	4.36	Increased 2.48%
Basic earnings per share (RMB per share)	0.262	0.177	0.322	48.02
Diluted earnings per share (RMB per share)	0.262	0.177	0.322	48.02

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	166,840,685.70
Other non-operating net income and expenses other than the aforementioned items	106,069,127.94

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Gain from disposal of long-term equity investment	527,933,445.75
Gains and losses of the changes in fair value	-56,543,159.42
Investment income obtained from disposal of derivative instrument at fair value through current profits and losses	-8,504,174.30
Deduction of the effect of minority shareholders	-20,107,198.08
Effects of income tax on non-recurring profit and loss attributable to the parent company	-87,175,267.82
Total	628,513,459.77

2.2 Total number of shareholders, top 10 shareholders and top 10 shareholders holding circulating shares (or shareholders not subject to trading restriction) as at the end of the reporting period.

Unit: share

Total number of shareholders		214,152				
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 subject to selling restrictions	Status of shares pledged or frozen		Nature of shareholder
				Status	Number	
Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.62		Nil		Domestic non-state-owned legal person
Haier Group Corporation	1,072,610,764	17.57		Nil		Domestic non-state-owned legal person
KKR HOME INVESTMENT S.A R.L.	605,985,988	9.93	605,985,988	Nil		Foreign legal person
Hong Kong Securities Clearing Co., Ltd.	304,782,817	4.99		Unknown		Unknown
China Securities Finance Corporation Limited	186,255,701	3.05		Unknown		Unknown

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Qingdao Haier Venture & Investment Information Co., Ltd.	160,597,760	2.63		Nil	Domestic non-state-owned legal person
China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002 Hu	90,025,254	1.47		Unknown	Unknown
Central Huijin Asset Management Ltd.	69,539,900	1.14		Unknown	Unknown
National social security fund, Portfolio 103	39,999,032	0.66		Unknown	Unknown
Industrial & Commercial Bank of China Limited – China Southern Consumption Vitality Flexible Allocation Hybrid Initiated Securities Investment Fund	37,864,701	0.62		Unknown	Unknown
Shareholdings of top ten shareholders not subject to selling restrictions					
Name of shareholder	Number of shares held subject to no 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.	304,782,817	RMB ordinary	304,782,817		
China Securities Finance Corporation Limited	186,255,701	RMB ordinary	186,255,701		
Qingdao Haier Venture & Investment Information Co., Ltd.	160,597,760	RMB ordinary	160,597,760		
China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002 Hu	90,025,254	RMB ordinary	90,025,254		
Central Huijin Asset Management Ltd.	69,539,900	RMB ordinary	69,539,900		
National social security fund, Portfolio 103	39,999,032	RMB ordinary	39,999,032		

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Industrial & Commercial Bank of China Limited – China Southern Consumption Vitality Flexible Allocation Hybrid Initiated Securities Investment Fund	37,864,701	RMB ordinary	37,864,701
China Life Insurance Company Limited – traditional – general insurance products – 005L – CT001 Hu	36,136,934	RMB ordinary	36,136,934
Connections or parties acting in concert among the aforesaid shareholders	<p>(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. is a party acting in concert with Haier Group Corporation;</p> <p>(2) Both the general insurance products and personal dividend of China Life are managed by China Life;</p> <p>(3) The Company is not aware of the existence of any connections of other shareholders.</p>		
Description of preferential shareholders with restoration of voting rights and their shareholdings	Nil		

2.3 Total number of preferential shareholders, top ten preferential shareholders and top ten holders of preference shares not subject to trading moratorium as at the end of the reporting period

Applicable Not Applicable

III. Important Events

3.1 The major changes and reasons for the items of accounting statement and financial indicators

Applicable Not Applicable

(1) Financial assets measured at fair value and changes of which included in current profit and loss decreased by 98.32% as compared with the beginning of the period, which was mainly attributable to the influence of change in fair value of derivative financial instruments such as future exchange;

(2) Prepaid amount increased by 37.16% as compared with the beginning of the period, which was mainly attributable to the increase of prepayment to supplier;

(3) Available-for-sale financial assets decreased by 48.32% as compared with the beginning of the period, which was mainly due to the changes of accounting methods in equity of Bank of Qingdao from

the available-for-sale financial assets to long-term equity investments for the period;

(4) Long-term equity investments increased by 36.31% as compared with the beginning of the period, which was mainly due to the changes of accounting methods in equity of Bank of Qingdao from the available-for-sale financial assets to long-term equity investments for the period;

(5) Investment properties increased by 176.85% as compared with the beginning of the period, which was mainly due to subsidiaries increased investment properties for the period;

(6) Development expenditures increased by 33.76% as compared with the beginning of the period, which was mainly due to the increased development expenditures of U+ Platform for the period;

(7) Financial liability measured at fair value and changes of which included in current profit and loss increased by 559.10% as compared with the beginning of the period, which was mainly due to the influence of change in fair value of derivatives such as future exchange;

(8) Taxes payable increased by 59.82% as compared with the beginning of the period, which was mainly due to the increase of value added tax payable at the end of the period;

(9) Interests payable increased by 91.23% as compared with the beginning of the period, which was mainly due to the increase of unpaid loan interest for the period;

(10) Long-term payable increased by 76.20% as compared with the beginning of the period, which was mainly due to the investment of China Development Bank in subsidiaries;

(11) Treasury stock decreased by 61.07% as compared with the beginning of the period, which was mainly due to the repurchase of stock of the Company from the open market for the period;

(12) Other comprehensive income decreased by 61.65% as compared with the beginning of the period, which was mainly attributable to the changes of accounting methods in equity of Bank of Qingdao for the period and the fair value originally included in the other comprehensive income transferred to the current profits and losses;

(13) Financial expenses increased by 103.94% as compared with the corresponding period of last year, which was mainly attributable to increase of investment expenses of last year, which contributed to the decreases of monetary fund balance and the interest rates of deposits decreased, thus the interest income decreased as compared with the corresponding period of last year;

(14) The income of changes in fair value decreased by 250.39% as compared with the corresponding period of last year, which was mainly attributable to the influence of change in fair value of derivatives such as future exchange;

(15) Investment income increased by 304.78% as compared with the corresponding period of last year, which was mainly attributable to the changes of accounting methods in equity of Bank of Qingdao for

the period, the accumulative changes in fair value of other comprehensive income amounting to RMB 531,765,700 originally included in other comprehensive income transferred to current investment income;

(16) The non-operating income increased by 270.99% as compared with the corresponding period of last year, which was mainly attributable to the changes of accounting methods in equity of Bank of Qingdao for the period, and the difference of RMB166,840,700 between the fair value of the equity and the attributable fair value of net identifiable assets of the Bank of Qingdao as determined according to the proportion of shareholding;

(17) Net of other comprehensive income after tax decreased by 512.87% as compared with the corresponding period of last year, which was mainly due to the changes of accounting methods in equity of Bank of Qingdao for the period, the accumulated changes in fair value originally included in other comprehensive income transferred to current profits and loss;

(18) The net cash flow generated from operating activities decreased by 43.35% as compared with the corresponding period of last year, which was mainly due to the decrease in cash received from sales of goods and services;

(19) Net cash flow generated from investment activities increased by 85.60% as compared with the corresponding period of last year, which was mainly due to the decrease of cash paid for the investment of the period as compared with the corresponding period of last year;

(20) The net cash flow generated from financing activities decreased by 78.68% as compared to the corresponding period of last year, which was mainly due to the decrease in cash received from borrowings as compared to the corresponding period of last year;

(21) The influence of exchange rate change on cash and cash equivalents increased by 198.62% as compared with the corresponding period of last year, which was mainly due to the fluctuation of exchange rate.

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

Applicable Not Applicable

(1) On 16 January 2016, the Company announced the Plan on the Acquisition of Major Assets by Qingdao Haier Co., Ltd. The Company intended to acquire the household appliances business of General Electric and relevant assets for a cash consideration of US\$5.4 billion. As of the end of the reporting

period, the acquisition has been reviewed and approved by the Board and general meeting of the Company, and has passed anti-trust review of United States. For the details, please refer to the documents of the Plan on the Acquisition of Major Assets by Qingdao Haier Co., Ltd., the Report (Draft) on the Acquisition of Major Assets by Qingdao Haier Co., Ltd published on 16 January 2016, 15 March 2016 and other dates, respectively. The transaction is subject to the anti-trust review of Mexico. The Company will make a prompt announcement for any further development.

(1) As of the end of reporting period, the external guarantees of the Company and its subsidiaries were the guarantees between the Company and its subsidiaries, the amount of the external guarantees amounted to RMB988.025 million (among which, the guarantee of investment income was RMB9.14million, the guarantee of repurchase obligation was RMB93 million and the guarantee of foreign exchange hedging was RMB885.885 million), amounting to 4.35% of the audited net assets of the Company as at 31 December 2015.

3.3 Performance of the undertakings of the Company and the shareholders holding more than 5% shares

Applicable Not applicable

Background	Type	Covenanter	Content	Time and term	Whether it has a deadline	Whether it is performed in a timely and strict way
Undertaking related to material asset reorganization	settlement of land & other property defects	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., Hefei Haier Air-conditioning Co., Limited, Wuhan Haier Electronics Co., Ltd., Guizhou Haier Electronics Co., Ltd. With regard to the land and property required in the operation of Qingdao Haier Air-Conditioner Electronics Co., Ltd., Hefei Haier Air-conditioning Co., Limited, Wuhan Haier Electronics Co., Ltd. (the “Covenantees”), Haier Group made an undertaking (the “2006 Undertaking”). 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	27 September 2006, long term	YES	YES

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			Covenantees suffer loss due to the unavailability of such land and property.			
Undertaking related to refinancing	Settlement of land & other property defects	Haier Group Corporation	<p>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, provided that 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 Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L 2014-005) published</p>	24 December 2013, long term	YES	YES

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			by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.			
Undertaking related to refinancing	Eliminate land property defect	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
Undertaking related to the Share Option Incentive Scheme	Other	Qingdao Haier Co., Ltd.	With regard to the Share Option Incentive Scheme launched by the Company, the Company has undertaken not to provide loan or any other kind of financial support to incentive object in exercising option under the Share Option Incentive Scheme or purchase of restricted shares, including providing guarantee for its loan.	11 April 2014, long term	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 which accord with 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 (L 2015-015) published on the four major securities newspapers and the website of Shanghai Stock Exchange on May 26, 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 which accord with 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	December 2015-June 2020	YES	YES

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			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.			
Other undertakings	Profit forecast and compensation	Haier Group Corporation	In December 2015 and January 2016, the meeting of the Board of Directors and general meeting of the Company considered and approved the matters in relation to the acquisition of minority 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 Connected Transaction (L 2015-062) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December, 2015	December 2015-December 2018	YES	YES
Other Undertakings (note)	Asset injection	Haier Group Corporation	In January 2011, the Company received the Letter on Further Supporting Qingdao Haier to Develop and Solve Horizontal Competition Problem and Reduce Connected Transactions from the controlling shareholder Haier Group Corporation (“Haier Group”), whereby Haier Group undertook to make Qingdao Haier as its electronics business integration platform in order to further accelerate Qingdao Haier to constantly and soundly grow to the leading electronics enterprise of the world. Since 2011, Haier Group planned to support Qingdao Haier to solve horizontal competition problem, reduce connected transactions, enlarge and strengthen its business by various methods including assets injection and equity restructuring within five years. For details, please refer to the Announcement of Qingdao Haier	7 January 2011, five years	YES	YES
	Eliminate horizontal competition				YES	YES
	Solve connected transaction problem				YES	YES

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			<p>on the Further Support of Development of Qingdao Haier, Solutions of Horizontal Competition and Decrease of Connected transactions by Controlling Shareholder (L2011-001) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 8 January 2011 and the Announcement of Qingdao Haier Co., Ltd. on the Content of Undertaking in respect of Solving Horizontal Competition Problem, Status of Performed Matters, Performance Plan on Matters Not Yet Completed and Performance Guarantee Measures (L 2014-003), the Announcement of Qingdao Haier Co., Ltd. on Decision-making Procedure and Information Disclosure of Major Connected Transaction in the Reporting Period and Measures on Reducing Connected Transactions (L 2014-004) published on 29 March 2014.</p>			
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Note: The details of performance of undertaking under the Announcement on Qingdao Haier in Relation to Controlling Shareholders' further Support to the Development of Qingdao Haier to solve the Same Trade Competition and Reduce the Connected Transaction, please refer to the description under the section of "Performance of undertakings by the Company and shareholders holding more than 5% shares "s" in the 2015 Annual Report of Qingdao Haier Co., Ltd. disclosed on the same date of this regular report.

3.4 Warning and explanation on reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period or 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	28 April 2016

Appendix

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Monetary Capital	25,498,370,112.73	24,756,574,148.64
Clearing settlement funds		
Placements with banks		
Financial assets measured at fair value and changes of which included in current profit and loss	371,168.45	22,069,897.04
Derivative financial assets		
Bills receivables	12,402,770,611.58	12,673,651,612.86
Trade receivables	6,183,388,260.95	6,072,981,623.49
Prepayments	722,458,824.10	526,722,364.61
Premiums receivable		
Reinsurance accounts receivables		
Reinsurance contract reserves receivable	c	
Interests receivables	185,935,957.66	183,731,216.46
Dividends receivables	60,823,346.52	85,826,158.26
Other receivables	637,187,709.22	544,784,127.95
Financial assets purchased under resale agreements		
Inventories	8,031,406,478.57	8,563,533,478.52
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	1,457,310,133.83	1,451,065,197.30
Total current assets	55,180,022,603.61	54,880,939,825.13
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	1,466,206,302.83	2,837,318,201.20
Held-to-maturity investments		
Long-term receivables		

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Long-term equity investments	6,759,254,595.46	4,958,908,333.93
Investment properties	33,952,119.77	12,263,821.02
Fixed assets	8,525,163,099.54	8,424,171,471.44
Construction in progress	1,505,585,730.49	1,391,471,823.07
Construction materials		
Disposals of fixed assets	69,952,792.81	74,096,355.04
Biological assets for production		
Fuel assets		
Intangible assets	1,467,661,482.10	1,454,295,538.84
Development expenses	104,421,695.82	78,064,195.82
Goodwill	392,484,932.56	392,484,932.55
Long-term amortization expenditures	117,746,406.05	113,053,145.87
Deferred income tax assets	1,053,662,636.86	964,470,370.03
Other non-current assets	372,135,228.81	399,084,091.53
Total non-current assets	21,868,227,023.10	21,099,682,280.34
Total assets	77,048,249,626.71	75,980,622,105.47
Current liabilities:		
Short-term borrowings	2,133,111,068.14	1,873,108,241.50
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	50,799,224.70	7,707,414.12
Derivative financial liabilities		
Bills payable	11,178,014,768.60	11,596,885,346.06
Trade payables	13,578,417,233.63	14,662,615,841.25
Payments received in advance	3,173,821,848.62	3,143,416,387.59
Disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	971,319,443.40	1,233,660,965.57
Taxes payable	1,460,132,179.35	913,622,526.14
Interests payable	28,839,988.65	15,081,416.34
Dividends payable	133,418,355.66	133,382,009.73
Other payables	6,599,791,075.96	6,091,623,233.28
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in		

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securities		
Amounts due to issuer for securities underwriting		
Liabilities classified as held for sale		
Non-current liabilities due within one year	54,377,261.36	72,898,028.33
Other current liabilities		
Total current liabilities	39,362,042,448.07	39,744,001,409.91
Non-current liabilities:		
Long-term borrowings	295,758,199.40	297,241,293.20
Debentures payable	1,108,099,977.55	1,107,734,516.43
Including: preference Shares		
Perpetual bonds		
Long-term payable	105,571,146.89	59,916,852.02
Long-term employee benefits payable	35,440,658.44	33,209,406.02
Special payable		
Estimated liabilities	1,884,753,769.16	1,899,543,637.19
Deferred income	259,592,040.06	264,120,554.33
Deferred income tax liabilities	105,435,131.82	113,330,102.11
Other non-current liabilities		
Total non-current liabilities	3,794,650,923.32	3,775,096,361.30
Total liabilities	43,156,693,371.39	43,519,097,771.21
Owners' equity		
Share capital	6,105,103,927.00	6,123,154,268.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	83,383,194.51	83,383,194.51
Less: Treasury stock	30,207,838.00	77,604,544.70
Other comprehensive income	242,804,274.42	633,183,460.03
Special reserve		
Surplus reserve	2,008,588,574.37	2,026,585,301.23
General risk provisions		
Undistributed profits	15,399,381,356.79	13,964,536,759.26
Total equity attributable to owners of the parent company	23,809,053,489.09	22,753,238,438.33
Minority interests	10,082,502,766.23	9,708,285,895.93
Total owners' equity	33,891,556,255.32	32,461,524,334.26
Total liabilities and owners' equities	77,048,249,626.71	75,980,622,105.47

Legal representative: Liang Haishan

Chief accountant: Gong Wei Person in charge of accounting

department: Yin Wenjun

Balance Sheet of the Parent Company

31 March 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Monetary Capital	437,424,797.91	562,827,007.96
Financial assets measured at fair value and changes of which included in current profit and loss		
Derivative financial assets		
Notes receivables		199,998,373.14
Trade receivables	483,813,043.01	208,603,253.46
Prepayments	11,577,522.53	12,540,384.04
Interests receivables		
Dividends receivables	230,081,082.42	230,081,082.42
Other receivables	67,205,212.64	61,344,421.55
Inventories	36,691,496.76	57,403,412.46
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	1,266,793,155.27	1,332,797,935.03
Non-current assets:		
Available-for-sale financial assets	522,055,335.76	522,942,584.08
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	14,182,553,189.64	14,141,733,112.49
Investment properties		
Fixed assets	125,504,445.88	127,222,054.64
Construction in progress	18,408,671.40	17,551,808.87
Construction materials		
Disposals of fixed assets		
Biological assets for production		

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Qingdao Haier Co., Ltd.

Fuel assets		
Intangible assets	7,510,893.35	7,679,047.68
Development expenses		
Goodwill		
Long-term deferred expenditures		
Deferred income tax assets	9,952,751.78	9,952,751.78
Other non-current assets		
Total non-current assets	14,865,985,287.81	14,827,081,359.54
Total assets	16,132,778,443.08	16,159,879,294.57
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value and changes of which included in current profit and loss		
Derivative financial liabilities		
Bills payable		
Trade payables	825,315,860.34	792,433,118.67
Payments received in advance	1,581,502.15	1,599,348.89
Staff remuneration payable	12,031,754.39	35,094,333.55
Taxes payable	52,078,683.93	29,967,928.75
Interests payable		
Dividends payable		
Other payables	2,614,880,938.46	2,597,200,912.54
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	3,505,888,739.27	3,456,295,642.40
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 employee benefits payable		
Special payables		
Estimated liabilities		
Deferred income	17,700,000.00	17,700,000.00
Deferred income tax liabilities	3,191,975.50	3,325,062.74
Other non-current liabilities		
Total non-current liabilities	40,891,975.50	41,025,062.74
Total liabilities	3,546,780,714.77	3,497,320,705.14

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Qingdao Haier Co., Ltd.

Owners' equity :		
Share capital	6,105,103,927.00	6,123,154,268.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	2,062,686,568.57	2,229,511,649.19
Less: Treasury stock	30,207,838.00	77,604,544.70
Other comprehensive income	18,087,861.17	18,842,022.25
Special reserve		
Surplus reserve	1,332,647,187.44	1,332,647,187.44
Undistributed profits	3,097,680,022.13	3,036,008,007.25
Total owners' equity	12,585,997,728.31	12,662,558,589.43
Total liabilities and owners' equities	16,132,778,443.08	16,159,879,294.57

Legal representative: Liang Haishan Chief accountant: Gong Wei Person in charge of accounting department: Yin Wenjun

Consolidated Income Statement

January-March 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Current amount	Prior amount
I . Total operating revenue	22,236,608,015.25	24,261,632,769.81
Including: operating revenue	22,236,608,015.25	24,261,632,769.81
Interest income		
Insurance premiums earned		
Fee and commission income		
II . Total cost of operations	20,962,096,500.03	22,831,807,027.08
Including: operating cost	15,879,797,406.33	17,591,089,732.26
Interest expenses		
Fee and commission expenses		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

Business taxes and surcharge	79,633,377.77	88,434,850.87
Selling expenses	3,218,647,826.21	3,522,888,422.55
Administrative expenses	1,672,477,973.48	1,622,946,395.14
Financial expenses	4,926,386.49	-125,075,748.44
Loss in assets impairment	106,613,529.75	131,523,374.70
Add: income from change in fair value (losses are represented by “-”)	-56,543,159.42	-16,137,415.06
Investment income (losses are represented by “-”)	780,650,130.95	192,855,988.74
Including: investment income of associates and joint ventures		
Exchange gain (losses are represented by “-”)		
III. Operating profit (losses are represented by “-”)	1,998,618,486.75	1,606,544,316.41
Add: non-operating income	315,656,180.47	85,085,811.35
Including: gain from disposal of non-current assets		
Less: non-operating expenses	22,735,912.59	31,728,370.51
Including: Loss from disposal of non-current assets		
IV. Total profit (total losses are represented by “-”)	2,291,538,754.63	1,659,901,757.25
Less: income tax expense	343,012,639.91	287,281,895.91
V. Net profit (net losses are represented by “-”)	1,948,526,114.72	1,372,619,861.34
Net profit attributable to owners of the parent company	1,596,815,139.24	1,078,049,820.17
Profit or loss attributable to minority shareholders	351,710,975.48	294,570,041.17
VI. Other comprehensive income, net of tax	-394,770,829.72	-64,413,517.99
Other comprehensive income attributable to owners of the parent company, net of tax	-390,379,185.61	-61,245,104.81
(I) Other comprehensive income that 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	-390,379,185.61	-61,245,104.81
1. Share of other comprehensive income	-4,430,900.28	-3,802,551.16

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Qingdao Haier Co., Ltd.

of investees that will be reclassified subsequently to profit or loss under equity method		
2. Gain or loss from change in fair value of available-for-sale financial assets	-452,515,230.82	-458,674.50
3. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of gain or loss arising from cash flow hedging instruments		
5. Exchange differences on translation of financial statements denominated in foreign currencies	66,566,945.49	-56,983,879.15
6. Other		
Other comprehensive income attributable to minority shareholders, net of tax	-4,391,644.11	-3,168,413.18
VII. Total comprehensive income	1,553,755,285.00	1,308,206,343.35
Total comprehensive income attributable to the shareholders of parent company	1,206,435,953.63	1,016,804,715.36
Total comprehensive income attributable to the minority shareholders	347,319,331.37	291,401,627.99
VIII . Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.262	0.177
(II) Diluted earnings per share (RMB/share)	0.262	0.177

For the business combination under common control in the current period, the net profit recognized by the merged party before the combination was nil and the net profit recognized by the merged party in the previous period was RMB130,660,139.61.

Legal representative: Liang Haishan

Chief accountant: Gong Wei Person in charge of accounting

department: Yin Wenjun

Income Statement of the Parent Company

January-March 2016

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First Quarter Report of 2016
Qingdao Haier Co., Ltd.

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Current amount	Prior amount
I . Operating revenue	735,483,002.31	644,200,579.03
Less: Operation cost	517,726,596.55	493,707,494.13
Business taxes and surcharge	4,010,967.66	4,408,499.50
Selling expenses	64,857,974.62	13,310,853.92
Administrative expenses	105,056,358.52	66,440,844.23
Financial expenses	820,776.97	-13,207,786.50
Loss in assets impairment	14,821,479.22	23,932,847.75
Add: income from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	26,649,067.23	7,859,277.30
Including: investment income of associates and joint ventures		
II . Operating profit (losses are represented by “-”)	54,837,916.00	63,467,103.30
Add: non-operating income	13,034,949.75	8,425,685.24
Including: gain from disposal of non-current assets		
Less: non-operating expenses	20,330.70	
Including: Loss from disposal of non-current assets		
III. Total Profit (losses are represented by “-”)	67,852,535.05	71,892,788.54
Less: income tax expense	6,180,520.17	9,256,710.27
IV . Net Profit (net losses are represented by “-”)	61,672,014.88	62,636,078.27
V. Other comprehensive income, net of tax	-754,161.08	-280,645.37
(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	-754,161.08	-280,645.37

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method		
2. Gain or loss from change in fair value of available-for-sale financial assets	-754,161.08	-280,645.37
3. Gain or loss arising from reclassification from held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of gain or loss arising from cash flow hedging instruments		
5. Exchange differences on translation of financial statements denominated in foreign currencies		
6. Other		
VI. Total comprehensive income	60,917,853.80	62,355,432.90
VII. Earnings per share:		
(I) Basic earnings per share (RMB/ share)		
(II) Diluted earnings per share (RMB/share)		

Legal representative: Liang Haishan

Chief accountant: Gong Wei Person in charge of
accounting department: Yin
Wenjun

Consolidated Cash Flow Statement

January-March 2016

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 the sale of goods and rendering of services	23,378,413,688.69	26,374,574,189.40
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutes		

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

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	161,738,589.90	167,010,513.68
Cash received from other related operating activities	256,922,174.46	223,658,530.09
Sub-total of cash inflows from operating activities	23,797,074,453.05	26,765,243,233.17
Cash paid on purchase of goods and services	16,813,725,773.98	18,312,862,637.39
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	2,313,643,719.64	2,141,249,744.62
Cash paid for all types of taxes	965,061,769.57	1,871,601,838.76
Cash paid to other operation related activities	2,658,406,111.31	2,592,651,850.96
Sub-total of cash outflows from operating activities	22,750,837,374.50	24,918,366,071.73
Net cash flows from operating activities	1,046,237,078.55	1,846,877,161.44
II. Cash flows from investing activities:		
Cash received from disposal of investments	194,225,684.95	
Cash received from return on investments	25,035,717.24	6,374,444.88
Net cash received from the disposal of	3,387,137.81	755,359.00

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

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	11,123,166.05	
Sub-total of cash inflows from investing activities	233,771,706.05	7,129,803.88
Cash paid on purchase of fixed assets, intangible assets and other long term assets	490,447,523.25	589,540,191.47
Cash paid for investments	142,669,740.00	2,192,777,638.08
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	182,684.36	20,626.73
Sub-total of cash outflows from investing activities	633,299,947.61	2,782,338,456.28
Net cash flows from investing activities	-399,528,241.56	-2,775,208,652.40
III. Cash flows from financing activities:		
Cash received from investment	7,705,289.78	15,895,500.00
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	1,805,507,042.76	2,210,721,801.25
Cash received from issuing bonds		
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities	1,813,212,332.54	2,226,617,301.25
Cash paid on repayment of borrowings	1,586,982,780.31	1,637,637,883.24
Cash paid on distribution of dividends, profits, or interest expenses	8,300,133.40	15,826,830.39
Including: dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	128,992,855.80	156,026,936.55
Sub-total of cash outflows from financing activities	1,724,275,769.51	1,809,491,650.18
Net cash flows from financing activities	88,936,563.03	417,125,651.07
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	10,988,540.84	-11,141,952.93

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

V. Net increase in cash and cash equivalents	746,633,940.86	-522,347,792.82
Add: balance of cash and cash equivalents at the beginning of the period	24,724,585,700.76	31,140,061,569.70
VI. Balance of cash and cash equivalents at the end of the period	25,471,219,641.62	30,617,713,776.88

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of
accounting department: Yin
Wenjun

Cash Flow Statement of the Parent Company

January-March 2016

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 the sale of goods and rendering of services	421,741,874.95	62,974,450.59
Refunds of taxes	11,312,294.31	7,835,386.15
Cash received from other related operating activities	3,551,150.50	56,778,205.89
Sub-total of cash inflows from operating activities	436,605,319.76	127,588,042.63
Cash paid on purchase of goods and services	160,840,933.13	102,318,006.82
Cash paid to and on behalf of employees	90,430,090.95	71,240,235.25
Cash paid for all types of taxes	19,438,947.53	38,653,290.40
Cash paid to other operation related activities	134,395,557.42	77,044,469.86
Sub-total of cash outflows from operating activities	405,105,529.03	289,256,002.33
Net cash flows from operating activities	31,499,790.73	-161,667,959.70
II . Cash flows from investing activities:		

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

Cash received from disposal of investments		
Cash received from return on investments		185,708,481.10
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		185,708,481.10
Cash paid on purchase of fixed assets, intangible assets and other long term assets	5,252,275.94	4,838,545.63
Cash paid for investments	39,002,700.00	446,865,176.35
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	44,254,975.94	451,703,721.98
Net cash flows from investing activities	-44,254,975.94	-265,995,240.88
III. Cash flows from financing activities:		
Cash received from investment		1,911,400.00
Cash received from borrowings		
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities		1,911,400.00
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses		
Cash paid on other financing activities	112,647,024.84	
Sub-total of cash outflows from financing activities	112,647,024.84	
Net cash flows from financing activities	-112,647,024.84	1,911,400.00
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-1,026,038.74
V. Net increase in cash and cash equivalents	-125,402,210.05	-426,777,839.32

First Quarter Report of 2016
Qingdao Haier Co., Ltd.

Add: balance of cash and cash equivalents at the beginning of the period	562,827,007.96	2,574,988,196.28
VI. Balance of cash and cash equivalents at the end of the period	437,424,797.91	2,148,210,356.96

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of
accounting department: Yin
Wenjun

4.2 Audit Report

Applicable Not Applicable