

Stock Code: 600690

Short Name: Qingdao Haier

# **Qingdao Haier Co., Ltd. 2016 Third Quarter Report**

The Haier logo is rendered in a bold, blue, sans-serif font. The letters are thick and closely spaced, with a clean, modern aesthetic.

**INTELLIGENCE CREATE SMART  
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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 quarterly 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 All directors of the Company have attended the Board meeting to consider and approve the quarterly report.
- 1.3 Liang Haishan (legal representative of the Company), Gong Wei (chief accountant) and Ying Ke (person in charge of accounting department or director of accounting department) hereby certify that the financial statements set out in the quarterly report are true, accurate and complete.
- 1.4 The third quarterly report of the Company is unaudited.

## 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 as at the end of the reporting period compared with the end of last year (%)
		After adjustment	Before adjustment	
Total assets	120,622,337,171.98	75,960,718,327.49	75,960,672,801.38	58.80
Net assets attributable to shareholders of listed companies	25,062,650,948.82	22,733,334,660.35	22,693,976,160.95	10.25

	As at the beginning of the year to the end of the reporting period (January – September)	As at the beginning of last year to the end of the reporting period of last year (January – September)		Increase/decrease compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	4,934,382,297.60	1,217,309,179.65	1,353,476,347.91	305.35
	As at the beginning of the year to the end of the reporting period (January – September)	As at the beginning of last year to the end of the reporting period of last year (January – September)		Increase/decrease compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	84,270,593,385.38	70,949,249,680.38	62,637,050,986.16	18.78
Net profits attributable to shareholders of listed companies	3,823,106,782.95	3,590,040,934.21	3,431,324,068.29	6.49
Net profits after non-recurring profit or loss attributable to shareholders of listed companies	3,548,735,043.47	3,151,876,356.38	3,151,876,356.38	12.59
Weighted average return on net assets (%)	15.79	13.92	14.61	Increased 1.87%
Basic earnings per share (RMB/per share)	0.627	0.590	0.564	6.27
Diluted earnings per share (RMB/per share)	0.627	0.588	0.562	6.63

Notes:

- ① Affected by factors such as the leading brand black goods business ceased to be included in the Company's consolidated statements due to the disposal of part of equity for attracting strategic investors, and the proactively disposal of the joint ventures with distribution business

that is not in line with the business development direction, the operating revenue is approximately RMB0.85 billion. In consideration of the factors above, the accumulated income of the Company for the first three quarters increased by 20% on a year-on-year basis; and the income of sole third quarter of the Company achieved an increase of 50.1% on a year-on-year basis.

- ② As at 6 June 2016 (hereinafter referred to as the “Acquisition Date”), the Company merged the household appliances business of GE (hereinafter referred to as “GEA”). From the Acquisition Date to the end of September, the contribution of revenue by GEA amounted to RMB14.35 billion, and the contribution of net profit attributable to the parent company amounted to RMB317 million. From January to September 2016, operation of GEA maintains stable, with an increase in revenue of 2.9% on a year-on-year basis, and an increase in EBITDA of double-digit on a year-on-year basis. During the reporting period, the Company proactively promoted the implementation of the synergy project with GEA, and by virtue of this opportunity, initially setting up a collaboration platform for global procurement, a collaboration platform for global R&D and global supply chain platform to improve the overall operational capability of the Company overseas, which is beneficial for expansion of income sources, saving costs and improving operating results.
- ③ During the reporting period, the Company continued to promote the transformation and upgrading of domestic retailing market and the in-depth layout of global market, and the effect of transformation and distribution revealed gradually; from July to September in 2016, the revenue of original white goods business of the Company has a year-on-year growth of approximately 10%; the gross margin of refrigerator, air conditioning, washing machine and kitchen products have different promotion in the first three quarters.
- ④ From January to September 2016, the sales volume of intelligent white goods of the Company amounted to 2.66 million units, and the number of U+app users reached 21 million; from January to September, the sales volume of customized products reached 732 thousand units, of which 330 thousand units were sold in the single third quarter ; Xinchu Internet Refrigerator (馨厨互联网冰箱) has more than 40 resources service providers, and 650 thousand fans, with 45 times daily interaction per unit and active users amounts to nearly 85%.

## Non-recurring Profit or Loss Items and Amount

√Applicable □ Not Applicable

Unit and Currency: RMB

Items	Amount of current period (July – September)	Amount as at the beginning of the year to the end of the reporting period (January – September)
Loss and profit from disposal of non-current assets	-190,543	152,029,174.52
Gain from disposal of long-term equity investment		37,414,012.10
Income from disposal of financial assets available for sale		531,765,734.66
Government subsidies included in the current profit and loss, except for those that are closely related to the Company's normal operations and that in line with the national policies, and those that can be continually enjoyed in accordance with a certain standard quota or quantity		77,329,943.02
Enterprises' restructuring costs, such as the cost of the placement of employees, the cost of integration, etc.	-194,809,457.00	-194,809,457.00
In addition to the effective hedging business related to the normal operations of the Company, profit and 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	44,364,135.92	-105,543,221.44
Other non-operating income and expenses other than the above items	-105,379,426.98	20,399,939.21
Affected income tax amount	-10,077,794.89	-133,877,228.87
Minority interests (after tax)	-9,284,589.05	-110,337,156.72
Total	-275,377,675.00	274,371,739.48

2.2 Total number of shareholders, shareholdings of top ten shareholders and top ten 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		184,106			
Shareholdings of top ten shareholders					
Name of Shareholder (full name )	Number of shares held at	Percentage	Number of shares held	Status of shares pledged or frozen	Nature of shareholde

	the end of the period	(%)	subject to selling restrictions	Status	Number	r
Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.64		Nil		Domestic non-state-owned legal person
Haier Group Corporation	1,072,610,764	17.59		Nil		Domestic non-state-owned legal person
KKR HOME INVESTMENT S.A R.L.	605,985,988	9.94	605,985,988	Nil		Foreign legal person
Hong Kong Securities Clearing Co., Ltd.	477,982,988	7.84		Unknown		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司)	160,597,760	2.63		Nil		Domestic non-state-owned legal person
China Securities Finance Corporation Limited	159,898,085	2.62		Unknown		Unknown
Central Huijin Asset Management Ltd.	69,539,900	1.14		Unknown		Unknown
GIC PRIVATE LIMITED	65,601,847	1.08		Unknown		Unknown
Platinum Investment Company Limited	45,689,985	0.75		Unknown		Unknown
National social security fund, Portfolio 103	44,998,975	0.74		Unknown		Unknown
Shareholdings of top ten shareholders not subject to selling restrictions						
Name of shareholder	Number of circulating shares held		Class and number of shares			
	Subject to no selling restrictions		Class	Number		
Haier Electric Appliances International Co., Ltd.	1,258,684,824		RMB ordinary shares	1,258,684,824		
Haier Group Corporation	1,072,610,764		RMB ordinary shares	1,072,610,764		
Hong Kong Securities Clearing Co., Ltd.	477,982,988		RMB ordinary shares	477,982,988		

Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司)	160,597,760	RMB ordinary shares	160,597,760
China Securities Finance Corporation Limited	159,898,085	RMB ordinary shares	159,898,085
Central Huijin Asset Management Ltd.	69,539,900	RMB ordinary shares	69,539,900
GIC PRIVATE LIMITED	65,601,847	RMB ordinary shares	65,601,847
Platinum Investment Company Limited	45,689,985	RMB ordinary shares	45,689,985
National social security fund, Portfolio 103	44,998,975	RMB ordinary shares	44,998,975
National social security fund, Portfolio 104	40,588,730	RMB ordinary shares	40,588,730
Connections 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, shareholdings of 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 changes and reasons for the items of major accounting statement and financial indicators

Applicable Not Applicable

### Items of Balance Sheet (RMB)



Items	Closing balance	Opening balance	Change	Reasons of change
Financial assets measured at fair value and changes of which included in current profit and loss		22,069,897.04	-100.00%	Mainly attributable to the influence of change in fair value of derivative financial instruments such as forward exchange contract during the period for the purpose of hedging
Trade receivables	11,792,677,777.89	6,046,443,252.84	95.03%	Mainly due to the acquisition of GEA for the period
Prepayments	801,750,553.07	526,722,364.61	52.22%	Mainly attributable to the increase of prepayment to supplier
Interests receivables	119,979,619.04	183,731,216.46	-34.70%	Mainly due to the decrease in interest income recognized but not received
Dividends receivables	54,524,472.84	85,826,158.26	-36.47%	Mainly due to dividend received as allocated by investees for the period
Other receivables	918,417,384.76	544,784,127.95	68.58%	Mainly due to the acquisition of GEA for the period
Inventories	12,706,089,584.38	8,563,533,478.52	48.37%	Mainly due to the acquisition of GEA for the period
Non-current assets due within one year	17,000,000.00		100.00%	Mainly due to the reclassification of long-term prepaid expenses due within one year
Available-for-sale financial assets	1,553,517,886.11	2,837,318,201.20	-45.25%	mainly due to the changes of accounting methods in equity investment of Bank of Qingdao from the available-for-sale financial assets to long-term equity investments for the period
Long-term equity investments	10,812,635,122.01	4,958,908,333.93	118.04%	Mainly due to the acquisition of GEA for the period
Investment properties	34,133,526.98	12,263,821.02	178.33%	Mainly due to the change of use of part of real estate and the reclassification from fixed asset for the period
Fixed assets	15,427,179,208.92	8,424,171,471.44	83.13%	Mainly due to the acquisition of GEA for the period
Intangible assets	6,983,716,273.46	1,454,295,538.84	380.21%	Mainly due to the acquisition of GEA for the period
Development expenses	903,223,939.80	78,064,195.82	1057.03%	Mainly due to the acquisition of GEA for the period
Goodwill	20,370,492,024.97	392,484,932.55	5090.13%	Mainly due to the acquisition of GEA under different control for the period
Other non-current	584,443,138.83	399,084,091.53	46.45%	Mainly due to the acquisition of GEA

assets				for the period
Short-term borrowings	10,380,451,983.13	1,873,108,241.50	454.18%	Mainly attributable to the new liquidity borrowing of subsidiary
Financial liabilities measured at fair value and changes of which included in current profit and loss	99,085,589.83	7,707,414.12	1185.59%	Mainly attributable to the change in fair value of forward financial instruments such as forward exchange contract for the purpose of hedging and the acquisition of GEA for the period
Trade payables	20,456,282,759.92	14,662,615,841.25	39.51%	Mainly due to the acquisition of GEA for the period
Staff remuneration payable	2,030,898,502.03	1,233,660,965.57	64.62%	Mainly due to the acquisition of GEA for the period
Taxes payable	1,324,145,024.64	913,622,526.14	44.93%	Mainly due to part of tax payable not actually paid
Interests payable	242,197,241.63	15,081,416.34	1505.93%	Mainly due to the increase in borrowing for the period
Other payables	9,053,038,153.07	6,091,623,233.28	48.61%	Mainly due to the acquisition of GEA for the period
Non-current liabilities due within one year	3,381,126,077.96	72,898,028.33	4538.16%	Mainly due to the acquisition of GEA and the bonds payable of the subsidiaries reclassified into non-current liabilities due within one year for the period
Long-term borrowings	21,012,511,393.83	297,241,293.20	6969.18%	Mainly due to the acquisition of GEA for the period for debt financing
bonds payable		1,107,734,516.43	-100.00%	Mainly due to the bond payables of subsidiaries reclassified into non-current liabilities due within one year
Long-term payables	100,881,782.18	59,916,852.02	68.37%	Mainly due to the absorption of the fund investment from National Development Bank by subsidiaries
Long-term employee benefits payable	1,335,307,432.79	33,209,406.02	3920.87%	Mainly due to the acquisition of GEA for the period
Treasury stock	1,146,840.00	77,604,544.70	-98.52%	Mainly due to the cancellation of part of treasury stock by the Company for the period
<b>Items of Income Statement (RMB)</b>				
<b>Items</b>	<b>Current amount</b>	<b>Prior amount</b>	<b>Change</b>	<b>Reasons of change</b>
Selling expenses	13,365,034,255.10	9,748,640,814.35	37.10%	Mainly due to the selling expenses of the GEA's business segment being

				included in the Company after the acquisition date after the acquisition of GEA for the period
Financial expenses	270,355,496.98	-296,876,640.11	191.07%	Mainly due to the increase in borrowing for the period
Income from change in fair value	-103,567,238.94	-66,392,406.15	-55.99%	Mainly attributable to the influence of change in fair value of derivative financial instruments such as forward exchange contract for the purpose of hedging
Investment income	1,337,553,151.05	884,178,013.28	51.28%	Mainly due to the change of accounting methods in equity investment of Bank of Qingdao for the period and the change in fair value accumulated that originally included in other comprehensive income transferred to the current investment income
Non-operating income	589,928,436.18	335,243,533.34	75.97%	Mainly due to the change of accounting methods in equity investment of Bank of Qingdao for the period and the difference between the fair value of equity investment and the share of fair value of net assets identifiable of the Bank of Qingdao as calculated according to the proportion of shareholding in the Company included in the current non-operating income
Non-operating expenses	291,466,310.14	68,631,209.91	324.68%	Mainly due to the expenses for the optimization and upgrading of part of assets of GEA after the acquisition of GEA by the Company for the period
Other comprehensive income, net of tax	-57,932,980.78	37,773,511.14	-253.37%	Mainly due to the change of the accounting methods in equity investment of Bank of Qingdao held for the period, and reclassified from financial assets available for sale into long-term equity investment
<b>Items of Cash Flow Statement (RMB)</b>				
<b>Items</b>	<b>Current amount</b>	<b>Prior amount</b>	<b>Change</b>	<b>Reasons of change</b>
Net cash flows from operating activities	4,934,382,297.60	1,217,309,179.65	305.35%	Mainly benefited from the increase of collection of sales and improvement of profitability

Net cash flows from investing activities	-38,899,583,005.12	-5,001,384,312.90	-677.78%	Mainly due to cash paid for the acquisition of GEA
Net cash flows from financing activities	29,142,106,662.12	-1,597,100,528.92	1924.69%	Mainly related to the fund raising project for the acquisition of GEA

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

√Applicable    □Not Applicable

(1) Acquisition of assets of the home appliance business of GE: during the reporting period, the Company made proposal for material asset reorganization, under which the Company intends to acquire the assets of GE’s home appliance business in cash. Details are set out in the Proposal for Material Acquisition of Assets by Qingdao Haier Co., Ltd. disclosed on 16 January 2016, the Report on Material Acquisition of Assets by Qingdao Haier Co., Ltd. (Draft) disclosed on 15 March 2016, and monthly announcements on the progress of the implementation of the reorganization during the reporting period, etc. As at the end of the reporting period, the funds for acquisition had been paid in full, while the settlement of assets had been completed with the exception of a small part of assets in Saudi Arabia, India and some other places, which was subject to some procedures for transfer of assets. Since 6 June 2016, the home appliance business of GE has been incorporated into the scope of the consolidated statements of the Company.

(2) Employee shareholding plan: During the reporting period, the Company launched the employee shareholding plan. For details, please refer to the Shareholding Plan for Core Employees of Qingdao Haier Co., Ltd. (Draft) and Summary disclosed on 29 April 2016 and relevant announcements on the resolutions of the Board disclosed on, and the announcement on the resolution passed on the general meeting disclosed on 1 June 2016. As at the end of the reporting period, the Company has entrusted with the Hing Securities Asset Management Co., Ltd. (兴证证券资产管理有限公司) to set up the first phase of the core employee shareholding plan in Qingdao Haier Co., Ltd. to manage the asset management plan directly.

(3) From January to September 2016, the actual external guarantee of the Company is as follows:

Unit and Currency: RMB

External guarantees of the Company (excluding guarantees for subsidiaries)													
Guarantor	Relationship between	Secured party	Amount of guarant	Date of occurrence of the	Starting date of guarant	Expiration date of	Type of guarantee	Whether the guarant	Whether the guarant	Overdue amount	Whether there is a counter-guaran	Whether related party	Connected relation

	the guarantor and the listed company	ee	guarantee (date of signing agreement)	ee	guarantee		ee has been fulfilled	ee is overdue	of the guarantee	tee	guarantee or not		
Total amount of guarantee occurred during the report period (excluding guarantees for subsidiaries)													0
Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for subsidiaries)													0
Guarantees provided by the Company for subsidiaries													
Total amount of guarantees for subsidiaries occurred during the reporting period													2,444,498
Total balance of guarantees for subsidiaries at the end of the reporting period (B)													2,444,498
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)													
Total guarantee (A + B)													2,444,498
Ratio of total amount of guarantees to net assets of the Company (%)													97.54
Among which:													
Amount of guarantees for shareholders, actual controllers and their related parties (C)													0
Amount of debt guarantees provided directly or indirectly for the secured party with asset-liability ratio exceeding 70% (D)													67,050
The amount of total amount of guarantee in excess of 50% of net assets (E)													1,191,366
Total amount of the above three guarantees (C + D + E)													1,258,416
Description of possibly bearing related discharge duty for premature guarantees													N/A
Description of guarantee status					<p>The total amount of guarantee of RMB24.445 billion aforesaid includes the following two parts:</p> <p>1. During the reporting period, the Company acquired the assets of GEA at a total consideration of US\$5.576 billion, which was sourced from self-owned funds and loan for merger, of which, the loan for merger in the amount of US\$3.3 billion was applied for by Haier US Appliance Solutions, Inc., a wholly-owned subsidiary of the Company, to China Development Bank Co., Ltd. The loan was fully secured by the Company and Haier Group Corporation, and the amount of which was equivalent to RMB21.855 billion. The provision of security had been considered and approved by the Board and the general meeting</p>								

	<p>of the Company.</p> <p>2. In May 2016, the resolution on the expected security provided to subsidiaries in the year 2016 was passed on the Annual General Meeting of the Company for the year 2015, according to which, the Company had provided security in respect of the application for comprehensive facility made by certain subsidiaries to financial institutions. As at the end of the reporting period, the accumulated amount of security offered by the Company to subsidiaries was RMB2.59 billion.</p>
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### 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. (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),	27 September 2006, long term	YES	YES

			<p>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”). According to the content of 2006 Undertaking and current condition of each Covenantantee, Haier Group will constantly assure that Covenanttees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenanttees suffer loss due to the unavailability of such land and property.</p>			
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</p>	24 December 2013, long term	YES	YES

			<p>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 Defective</p>			
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			Property 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.			
	Settlement of land & other property defects	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 commercial 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 Defective Property 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	11 April 2014, long term	YES	YES

			restricted shares, including providing guarantee for its loan.			
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Fisher&Paykel (FPA) to the Company or dispose such assets through other ways which in accordance 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 by 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
	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways which in accordance 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 by 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
	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	December 2015-December 2018	YES	YES

			<p>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.</p>			
	Asset injection	Haier Group Corporation	<p>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, whereby Haier Group undertook to make Qingdao Haier as its electronics</p>	7 January 2011, five years	YES	YES
	Eliminate horizontal competition				YES	YES
	Solve connected transaction problem				YES	YES

			<p>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. As of January 2016, the undertaking has been performed, while the remaining parts that were not implemented have been extended after the considered and approved by the general meeting. Details of performance are set out in “II. Performance on Undertakings” in “Section V Significant Events” of the 2015 Annual Report of the Company.</p>		
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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 the Company:    Qingdao Haier Co., Ltd

Legal representatives:    Liang Haishan

Date:    28 October 2016

## IV. Appendix

### 4.1 Financial Statements

#### Consolidated Balance Sheet

30 September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Closing balance	Opening balance
<b>Current Assets:</b>		
Monetary capital	19,867,219,890.11	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		22,069,897.04
Derivative financial assets		
Bills receivables	13,265,502,624.15	12,673,651,612.86
Trade receivables	11,792,677,777.89	6,046,443,252.84
Prepayments	801,750,553.07	526,722,364.61
Premiums receivable		
Reinsurance accounts receivables		
Reinsurance contract reserves receivable		
Interests receivables	119,979,619.04	183,731,216.46
Dividends receivables	54,524,472.84	85,826,158.26
Other receivables	918,417,384.76	544,784,127.95
Financial assets purchased under resale agreements		
Inventories	12,706,089,584.38	8,563,533,478.52
Assets classified as held for sale		
Non-current assets due within one year	17,000,000.00	
Other current assets	1,480,660,963.05	1,451,065,197.30
Total current assets	61,023,822,869.29	54,854,401,454.48
<b>Non-current assets:</b>		
Loans and advances granted		
Available-for-sale financial assets	1,553,517,886.11	2,837,318,201.20
Held-to-maturity investments		
Long-term receivables		

Long-term equity investments	10,812,635,122.01	4,958,908,333.93
Investment properties	34,133,526.98	12,263,821.02
Fixed assets	15,427,179,208.92	8,424,171,471.44
Construction in progress	1,760,431,377.48	1,391,471,823.07
Construction materials		
Disposals of fixed assets	55,789,871.31	74,096,355.04
Biological assets for production		
Fuel assets		
Intangible assets	6,983,716,273.46	1,454,295,538.84
Development expenses	903,223,939.80	78,064,195.82
Goodwill	20,370,492,024.97	392,484,932.55
Long-term prepaid expenditures	85,100,634.32	113,053,145.87
Deferred income tax assets	1,027,851,298.50	971,104,962.70
Other non-current assets	584,443,138.83	399,084,091.53
Total non-current assets	59,598,514,302.69	21,106,316,873.01
Total assets	120,622,337,171.98	75,960,718,327.49
<b>Current liabilities:</b>		
Short-term borrowings	10,380,451,983.13	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	99,085,589.83	7,707,414.12
Derivative financial liabilities		
Bills payable	9,671,860,026.65	11,596,885,346.06
Trade payables	20,456,282,759.92	14,662,615,841.25
Payments received in advance	3,145,294,331.31	3,143,416,387.59
Amounts from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	2,030,898,502.03	1,233,660,965.57
Taxes payable	1,324,145,024.64	913,622,526.14
Interests payable	242,197,241.63	15,081,416.34
Dividends payable	125,232,136.55	133,382,009.73
Other payables	9,053,038,153.07	6,091,623,233.28
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		

Amounts due to issuer for securities underwriting		
Liabilities classified as held for sale		
Non-current liabilities due within one year	3,381,126,077.96	72,898,028.33
Other current liabilities		
Total current liabilities	59,909,611,826.72	39,744,001,409.91
<b>Non-current liabilities:</b>		
Long-term borrowings	21,012,511,393.83	297,241,293.20
Debentures payable		1,107,734,516.43
Including: preference Shares		
Perpetual bonds		
Long-term payable	100,881,782.18	59,916,852.02
Long-term employee remuneration payable	1,335,307,432.79	33,209,406.02
Special payable		
Estimated liabilities	2,185,400,168.77	1,899,543,637.19
Deferred income	258,268,614.14	264,120,554.33
Deferred income tax liabilities	109,923,355.29	113,330,102.11
Other non-current liabilities		
Total non-current liabilities	25,002,292,747.00	3,775,096,361.30
Total liabilities	84,911,904,573.72	43,519,097,771.21
<b>Owners' equity</b>		
Share capital	6,097,630,727.00	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	1,146,840.00	77,604,544.70
Other comprehensive income	562,428,810.21	633,183,460.03
Special reserve		
Surplus reserve	2,008,458,071.81	2,026,585,301.23
General risk provisions		
Undistributed profits	16,311,896,985.29	13,944,632,981.28
Total equity attributable to owners of the parent company	25,062,650,948.82	22,733,334,660.35
Minority interests	10,647,781,649.44	9,708,285,895.93
Total owners' equity	35,710,432,598.26	32,441,620,556.28
Total liabilities and owners' equities	120,622,337,171.98	75,960,718,327.49

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of

accounting department: Ying Ke (应珂)

**Balance Sheet of the Parent Company**

30 September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Closing balance	Opening balance
<b>Current Assets:</b>		
Monetary Capital	3,606,652,353.24	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	199,026,689.05	208,603,253.46
Prepayments	10,028,720.00	12,540,384.04
Interests receivables	52,255,935.45	
Dividends receivables	54,316,791.55	230,081,082.42
Other receivables	110,639,438.84	61,344,421.55
Inventories	39,043,865.06	57,403,412.46
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	4,071,963,793.19	1,332,797,935.03
<b>Non-current assets:</b>		
Available-for-sale financial assets	5,199,060.72	522,942,584.08
Held-to-maturity investments		
Long-term receivables	8,600,000,000.00	
Long-term equity investments	22,195,234,903.90	14,141,733,112.49
Investment properties		
Fixed assets	117,993,286.30	127,222,054.64
Construction in progress	14,853,829.34	17,551,808.87
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	8,787,397.53	7,679,047.68
Development expenses		
Goodwill		
Long-term prepaid expenditures		
Deferred income tax assets	9,952,751.78	9,952,751.78
Other non-current assets		
Total non-current assets	30,952,021,229.57	14,827,081,359.54



Total assets	35,023,985,022.76	16,159,879,294.57
<b>Current liabilities:</b>		
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	1,400,297,005.10	792,433,118.67
Payments received in advance	2,287,408,720.88	1,599,348.89
Staff remuneration payable	32,695,263.19	35,094,333.55
Taxes payable	5,833,441.66	29,967,928.75
Interests payable	65,545,742.06	
Dividends payable		
Other payables	19,611,970,228.40	2,597,200,912.54
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	23,403,750,401.29	3,456,295,642.40
<b>Non-current liabilities:</b>		
Long-term borrowings		
Debentures payable		
Including: preference shares		
Perpetual bonds		
Long-term payable	20,000,000.00	20,000,000.00
Long-term employee remuneration payable		
Special payables		
Estimated liabilities		
Deferred income	17,700,000.00	17,700,000.00
Deferred income tax liabilities	3,176,882.19	3,325,062.74
Other non-current liabilities		
Total non-current liabilities	40,876,882.19	41,025,062.74
Total liabilities	23,444,627,283.48	3,497,320,705.14
<b>Owners' equity :</b>		
Share capital	6,097,630,727.00	6,123,154,268.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	2,061,616,860.38	2,229,511,649.19
Less: Treasury stock	1,146,840.00	77,604,544.70

Other comprehensive income	4,244,569.13	18,842,022.25
Special reserve		
Surplus reserve	1,332,647,187.44	1,332,647,187.44
Undistributed profits	2,084,365,235.33	3,036,008,007.25
Total owners' equity	11,579,357,739.28	12,662,558,589.43
Total liabilities and owners' equities	35,023,985,022.76	16,159,879,294.57

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of

accounting department: Ying Ke (应珂)

**Consolidated Income Statement**

January-September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Current amount (July-September r)	Prior amount (July-September r)	Amounts for the beginning of the year to the end of the reporting period  (January-September r)	Amounts for the beginning of the previous year to the end of the reporting period  (January-September r)
I . Total operating revenue	35,483,986,460.5 1	23,635,956,644.7 3	84,270,593,385.38	70,949,249,680.38
Including: operating revenue	35,483,986,460.5 1	23,635,956,644.7 3	84,270,593,385.38	70,949,249,680.38
Interest income				
Insurance premiums earned				
Fee and commission income				
II . Total cost of	34,621,385,116.3	22,571,430,457.1	80,026,228,651.08	66,484,989,821.15

operations	8	6		
Including: operating cost	25,094,546,845.1 5	17,285,289,782.5 5	59,770,278,919.57	51,737,839,615.86
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	117,023,348.43	101,307,459.99	288,720,266.70	297,305,826.93
Selling expenses	6,671,957,919.30	3,599,402,215.54	13,365,034,255.10	9,748,640,814.35
Administrative expenses	2,618,048,353.84	1,657,790,566.31	6,161,130,885.52	4,783,107,206.33
Financial expenses	145,286,488.51	-79,593,552.78	270,355,496.98	-296,876,640.11
Loss in assets impairment	-25,477,838.85	7,233,985.55	170,708,827.21	214,972,997.79
Add: income from change in fair value (losses are represented by “-”)	78,690,919.90	-49,475,189.31	-103,567,238.94	-66,392,406.15
Investment income (losses are represented by “-”)	308,359,351.21	381,605,291.79	1,337,553,151.05	884,178,013.28
Including: investment				

income of associates and joint ventures				
Exchange gain (losses are represented by “-”)				
III. Operating profit (losses are represented by “-”)	1,249,651,615.24	1,396,656,290.05	5,478,350,646.41	5,282,045,466.36
Add: non-operating income	129,603,563.04	166,024,976.66	589,928,436.18	335,243,533.34
Including: gain from disposal of non-current assets				
Less: non-operating expenses	234,982,990.02	34,153,151.73	291,466,310.14	68,631,209.91
Including: Loss from disposal of non-current assets				
IV. Total profit (total losses are represented by “-”)	1,144,272,188.26	1,528,528,114.98	5,776,812,772.45	5,548,657,789.79
Less: income tax expense	201,792,376.65	259,999,249.59	862,490,758.63	868,039,862.93
V. Net profit (net losses are represented by “-”)	942,479,811.61	1,268,528,865.39	4,914,322,013.82	4,680,617,926.86
Net profit attributable to owners of the parent company	507,933,611.25	855,061,526.51	3,823,106,782.95	3,590,040,934.21
Profit or loss attributable to minority shareholders	434,546,200.36	413,467,338.88	1,091,215,230.87	1,090,576,992.65

VI. Other comprehensive income, net of tax	318,717,114.98	-33,479,433.39	-57,932,980.78	37,773,511.14
Other comprehensive income attributable to owners of the parent company, net of tax	315,916,764.85	-44,013,864.90	-70,754,649.82	30,407,492.81
(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	315,916,764.85	-44,013,864.90	-70,754,649.82	30,407,492.81

1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	10,147,015.47	8,898,235.12	-34,869,817.75	28,381,602.38
2. Gain or loss from change in fair value of available-for-sale financial assets	-1,569,310.30	-2,598,104.53	-449,875,102.32	195,268,014.97
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	307,339,059.68	-50,313,995.49	413,990,270.25	-193,242,124.54

6. Other				
Other comprehensive income attributable to minority shareholders, net of tax	2,800,350.13	10,534,431.51	12,821,669.04	7,366,018.33
VII. Total comprehensive income	1,261,196,926.59	1,235,049,432.00	4,856,389,033.04	4,718,391,438.00
Total comprehensive income attributable to the shareholders of parent company	823,850,376.10	811,047,661.61	3,752,352,133.13	3,620,448,427.02
Total comprehensive income attributable to the minority shareholders	437,346,550.49	424,001,770.39	1,104,036,899.91	1,097,943,010.98
VIII . Earnings per share:				
(I) Basic earnings per share (RMB/share)	0.084	0.141	0.627	0.590
(II) Diluted earnings per share (RMB/share)	0.084	0.143	0.627	0.588

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

### Income Statement of the Parent Company

January-September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Current amount (July-September)	Prior amount (July-September)	Amounts for the beginning of the year to the end of the reporting period (January-September)	Amounts for the beginning of the previous year to the end of the reporting period (January-September)
I . Operating revenue	827,929,968.02	625,779,004.49	2,343,801,453.23	1,818,127,678.44
Less: Operation cost	599,133,201.64	483,696,596.51	1,663,108,069.07	1,363,729,117.77
Business taxes and surcharge	2,251,251.96	2,152,402.71	8,696,651.40	9,525,634.01
Selling expenses	30,872,977.31	36,257,857.17	172,551,891.19	95,421,089.48
Administrative expenses	202,054,309.20	107,959,184.53	424,068,353.18	286,717,960.25
Financial expenses	13,315,728.36	-11,325,751.49	13,236,150.33	-27,158,024.50
Loss in assets impairment	-1,722,245.56	-14,429,036.64	-3,616,902.23	12,942,577.86
Add: income from change in fair value (losses are represented by “-”)				
Investment income (losses are represented by “-”)	56,992,467.02	1,404,769,147.48	200,457,104.98	1,503,783,609.47
Including: investment income of associates and joint ventures				
II . Operating profit (losses are represented	39,017,212.13	1,426,236,899.18	266,214,345.27	1,580,732,933.04



by “-”)				
Add: non-operating income	5,619,768.40	12,101,117.30	81,560,399.04	22,793,595.77
Including: gain from disposal of non-current assets				
Less: non-operating expenses	891,618.63		911,949.33	698,263.45
Including: loss from disposal of non-current assets				
III. Total profit (total losses are represented by “-”)	43,745,361.90	1,438,338,016.48	346,862,794.98	1,602,828,265.36
Less: income tax expense	-1,987,065.76	6,617,557.23	5,807,852.78	16,534,165.53
IV. Net profit (net losses are represented by “-”)	45,732,427.66	1,431,720,459.25	341,054,942.20	1,586,294,099.83
V. Other comprehensive income, net of tax	-13,817,410.66	-1,647,168.42	-14,597,453.12	79,908,970.16
(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	-13,817,410.66	-1,647,168.42	-14,597,453.12	79,908,970.16
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	915,175.04		915,175.04	
2. Gain or loss from change in fair value of available-for-sale financial assets	-14,732,585.70	-1,647,168.42	-15,512,628.16	79,908,970.16
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	31,915,017.00	1,430,073,290.83	326,457,489.08	1,666,203,069.99
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: Ying Ke (应珂)

### Consolidated Cash Flow Statement

January-September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Amounts for the beginning of the year to the end of the reporting period	Amounts for the beginning of the previous year to the end of the reporting period

	(January-September)	(January-September)
<b>I . Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	90,002,652,626.14	79,503,062,606.88
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	493,184,401.00	356,852,756.49
Cash received from other related operating activities	650,776,845.97	561,174,983.31
Sub-total of cash inflows from operating activities	91,146,613,873.11	80,421,090,346.68
Cash paid on purchase of goods and services	64,450,716,687.38	58,727,414,035.34
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	7,767,525,614.61	5,844,203,991.39
Cash paid for all types of taxes	5,149,786,245.37	5,759,100,138.19
Cash paid to other operation related activities	8,844,203,028.15	8,873,063,002.11
Sub-total of cash outflows from operating activities	86,212,231,575.51	79,203,781,167.03
Net cash flows from operating activities	4,934,382,297.60	1,217,309,179.65

<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	580,469,201.21	620,705,191.98
Cash received from return on investments	132,888,904.12	104,170,811.53
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	26,085,548.94	47,497,222.05
Net cash received from disposal of subsidiaries and other operating entities		195,500,000.00
Cash received from other investment related activities	3,693,847.50	954,273,827.51
Sub-total of cash inflows from investing activities	743,137,501.77	1,922,147,053.07
Cash paid on purchase of fixed assets, intangible assets and other long term assets	2,038,731,228.23	1,642,152,957.21
Cash paid for investments	1,201,539,611.53	3,750,695,456.99
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	36,398,588,501.66	327,787,311.03
Cash paid on other investment related activities	3,861,165.47	1,202,895,640.74
Sub-total of cash outflows from investing activities	39,642,720,506.89	6,923,531,365.97
Net cash flows from investing activities	-38,899,583,005.12	-5,001,384,312.90
<b>III. Cash flows from financing activities:</b>		
Cash received from investment	10,839,764.43	292,700,959.47
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	37,147,302,314.09	4,023,234,832.59
Cash received from issuing bonds		
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities	37,158,142,078.52	4,315,935,792.06
Cash paid on repayment of borrowings	6,080,035,623.81	4,061,926,063.43
Cash paid on distribution of dividends, profits, or interest expenses	1,767,259,255.68	1,681,212,245.37
Including: dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	168,740,536.91	169,898,012.18
Sub-total of cash outflows from financing activities	8,016,035,416.40	5,913,036,320.98
Net cash flows from financing activities	29,142,106,662.12	-1,597,100,528.92

<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-56,542,507.96	53,669,333.86
<b>V. Net increase in cash and cash equivalents</b>	-4,879,636,553.36	-5,327,506,328.31
Add: balance of cash and cash equivalents at the beginning of the period	24,724,585,700.76	31,142,992,910.13
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	19,844,949,147.40	25,815,486,581.82

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

### Cash Flow Statement of the Parent Company

January-September 2016

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

<b>Items</b>	<b>Amounts for the beginning of the year to the end of the reporting period (January-September)</b>	<b>Amounts for the beginning of the previous year to the end of the reporting period (January-September)</b>
<b>I . Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	314,712,571.18	1,817,569,723.85
Refunds of taxes	12,451,222.14	18,353,428.10
Cash received from other related operating activities	46,880,078.85	137,274,748.64
Sub-total of cash inflows from operating activities	374,043,872.17	1,973,197,900.59
Cash paid on purchase of goods and services	431,718,199.28	550,704,155.67
Cash paid to and on behalf of employees	241,922,703.85	193,278,389.53
Cash paid for all types of taxes	116,783,336.85	127,922,532.27
Cash paid to other operation related activities	422,365,565.20	308,594,389.76
Sub-total of cash outflows from operating activities	1,212,789,805.18	1,180,499,467.23
Net cash flows from operating activities	-838,745,933.01	792,698,433.36

<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	249,905,293.86	1,062,495,256.60
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	249,905,293.86	1,062,495,256.60
Cash paid on purchase of fixed assets, intangible assets and other long term assets	8,959,725.03	12,567,547.09
Cash paid for investments	15,748,337,507.50	1,568,495,368.52
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	15,757,297,232.53	1,581,062,915.61
Net cash flows from investing activities	-15,507,391,938.67	-518,567,659.01
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		251,306,680.00
Cash received from borrowings		
Cash received from other financing related activities	20,809,717,585.98	
Sub-total of cash inflows from financing activities	20,809,717,585.98	251,306,680.00
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits or interest expenses	1,279,850,811.18	1,483,786,310.61
Cash paid on other financing activities	139,903,557.84	35,603,710.00
Sub-total of cash outflows from financing activities	1,419,754,369.02	1,519,390,020.61
Net cash flows from financing activities	19,389,963,216.96	-1,268,083,340.61
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>		7,066,067.70
<b>V. Net increase in cash and cash equivalents</b>	3,043,825,345.28	-986,886,498.56
Add: balance of cash and cash equivalents at the beginning of the period	562,827,007.96	2,574,988,196.28
<b>VI. Balance of cash and cash equivalents</b>	3,606,652,353.24	1,588,101,697.72

<b>at the end of the period</b>		
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Legal representative: Liang Haishan Chief accountant: Gong Wei Person in charge of accounting department: Ying Ke (应珂)

#### 4.2 Audit Report

Applicable Not Applicable