

Stock Code: 600690

Short Name: Qingdao Haier

First Quarter 2017 Report

Stock Code: 600690

Haier

**INTELLIGENCE
CREATE SMART LIFE**

Contents

I. Important Notice	3
II. Company Profile.....	3
III. Significant Events	7
IV. Appendix.....	15

I. Important Notice

- 1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Qingdao Haier Co., Ltd. (“the Company”) hereby assure that the content set out in the quarterly report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.
- 1.2 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 financial officer of the Company) and Ying Ke (the person in charge of accounting department) hereby certify that the financial statement set out in the quarterly report is true, accurate and complete.
- 1.4 The first quarterly report of the Company is unaudited.

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

II. Company Profile

2.1 Key financial information

Unit and Currency: RMB

	As of 31 March 2017	As of 31 December 2016	Change (%)
Total assets	134,978,297,024.01	131,255,290,325.24	2.84
Net assets attributable to shareholders of the Company	28,323,206,022.48	26,364,725,409.83	7.43
	January-March 2017	January-March 2016	Change (%)
Net cash flows from operating activities	5,809,318,531.26	1,046,237,078.55	455.26
	January-March 2017	January-March 2016	Change (%)
Operating revenue	37,741,143,448.27	22,236,608,015.25	69.73
Net profit attributable to shareholders of the Company	1,738,763,572.81	1,596,815,139.24	8.89
Net profit after non-recurring gain or loss attributable to shareholders of the Company	1,461,794,756.85	968,301,679.47	50.96

Weighted average return on net assets (%)	6.38	6.76	Decreased 0.38 pct pt
Basic earnings per share (RMB per share)	0.285	0.262	8.78
Diluted earnings per share (RMB per share)	0.285	0.262	8.78

Notes :

1. In the first quarter of 2017, GEA's contribution to the revenue of the Company was RMB10.5 billion while its contribution to net profit attributable to the shareholders of the Company was approximately RMB467 million and its contribution to net profit after deduction of non-recurring gain or loss attributable to the shareholders of the Company of approximately RMB261 million.

2. In the first quarter of 2017, the original business of the Company (excluding the effect of consolidating the financial result of GEA) recorded a revenue of RMB27.25 billion, representing an increase of 22.6% from the same period of last year, among which, revenue from white appliances increased by 24.9% with a broken down by product as follows: 1) revenue from refrigerator and freezer with an increase of 16.7%, 2) revenue from washing machine with an increase of 20.4%, 3) revenue from air conditioner with an increase of 51.7%, and 4) revenue from kitchen products with an increase of 20.2%.

3. Since 1 January 2016, the Company has changed the accounting method for Bank of Qingdao Co., Ltd. (hereinafter referred to as "Bank of Qingdao") from available-for-sale financial assets to long-term equity investment and recognized a profit by using equity method. Therefore, the net profit attributable to the shareholders of the Company for the first quarter of 2016 was adjusted upward accordingly.

4. In the first quarter of 2017, net profit attributable to the shareholders of the Company after deduction of non-recurring gain or loss increased by 51.0% as compared with the same period of last year, of which, the original business of the Company (excluding the effect of consolidating the financial result of GEA) increased by 24.0% over the same period of last year.

Non-recurring Profit or Loss Items and Amount

Applicable Not Applicable

Items	Unit and Currency: RMB Q1 2017
Profit or loss from disposal of non-current assets	6,142,671.42
Profit or loss arising from the fair value change of financial assets held for trading and financial liabilities	165,604,423.38

held for trading, as well as investment income realized from disposal of financial assets held for trading, financial liabilities held for trading and financial assets available for sale except for effective hedging related to the routine operations of the Company	
Non-operating income and expenses other than the above	139,628,684.55
Minority interests (after tax)	-28,234,758.16
Income tax	-6,172,205.23
Total	276,968,815.96

2.2 Total number of shareholders and shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of shareholders				167,512		
Top ten shareholders						
Name of shareholder	Number of shares held	Share holding %	Number of shares held with selling restrictions	Status of shares pledged or frozen		Nature of shareholder
				Status	Number	
Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.64		Nil		Domestic non-state-owned legal entity
Haier Group Corporation	1,072,610,764	17.59		Nil		Domestic non-state-owned legal entity
KKR HOME INVESTMENT S.A R.L.	605,985,988	9.94	605,985,988	Nil		Foreign legal entity
Hong Kong Securities Clearing Co., Ltd.	423,272,849	6.94		Unknown		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司) (Note)	172,252,560	2.82		Nil		Domestic non-state-owned legal entity
China Securities Finance Corporation Limited	148,426,219	2.43		Unknown		Unknown
GIC PRIVATE LIMITED	80,128,667	1.31		Unknown		Unknown
National social security fund, Portfolio 104	70,888,811	1.16		Unknown		Unknown

Central Huijin Asset Management Ltd.	69,539,900	1.14		Unknown		Unknown
National social security fund, Portfolio 103	48,027,875	0.79		Unknown		Unknown
Top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held	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.	423,272,849	RMB ordinary	423,272,849			
Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司)	172,252,560	RMB ordinary	172,252,560			
China Securities Finance Corporation Limited	148,426,219	RMB ordinary	148,426,219			
GIC PRIVATE LIMITED	80,128,667	RMB ordinary	80,128,667			
National social security fund, Portfolio 104	70,888,811	RMB ordinary	70,888,811			
Central Huijin Asset Management Ltd.	69,539,900	RMB ordinary	69,539,900			
National social security fund, Portfolio 103	48,027,875	RMB ordinary	48,027,875			
Platinum Investment Company Limited	42,649,285	RMB ordinary	42,649,285			
Related-parties or parties acting in concert among the above mentioned 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) Except for relationship among the above shareholders, the Company is not aware of whether the other top ten shareholders exist associated relationship or not, or they are parties acting in concert or not.					
Description of preference shareholders with restoration of voting rights and their shareholdings	N/A					

Note: According to the Notice from Qingdao Haier Kitchen Facilities Co., Ltd. (“Kitchen Facilities”) to the Company on 22 February 2017, Kitchen Facilities had transferred the shares of the Company (0.19% equities of the Company) to Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司) through block trading on 21 February 2017. Upon the completion of the transfer, the shareholding in the Company held by Haier Group Corporation and the parties acting in concert remained unchanged.

2.3 Total number of preference shareholders and shareholdings of the top ten of them at the period-end

Applicable Not Applicable

III. Significant Events

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

Applicable Not Applicable

(1) Financial assets measured at fair value and its changes of which included in current profit/loss decreased by 48.58% from the opening balance, mainly because of the change in fair value of derivative financial instruments such as future exchange;

(2) Interests receivable increased by 33.04% from the opening balance, mainly due to more interest receivable recognized by the Company;

(3) Dividends receivable decreased by 46.36% from the opening balance, mainly due to the dividend received from the associated companies during the period;

(4) Short-term borrowings decreased by 34.68% from the opening balance, mainly attributable to its financial structure optimization by adjusting certain short-term borrowings into long-term borrowings;

(5) Financial liabilities measured at fair value and its changes of which included in current profit/loss increased by 327.58% from the opening balance, mainly due to the change in fair value of forward financial instruments such as forward exchange contract for the period;

(6) Payments received in advance decreased by 38.56% from the opening balance, mainly due to the centralized product delivery required by customers in the first quarter;

(7) Interests payable increased by 525.24% as compared with the beginning of the period, mainly because of more borrowings during the period;

(8) Non-current liabilities due within one year decreased by 41.16% as compared with the beginning of the period, mainly due to the conversion of debentures payable within one year into shares by one subsidiary;

(9) Long-term borrowings increased by 34.47% as compared with the beginning of the period, mainly attributable to the financial structure optimization by adjusting certain short-term borrowings into long-term borrowings;

(10) Other non-current liabilities decreased by 31.61% as compared with the beginning of the period, mainly because of the change in fair value of hedging instruments for the period;

(11) Capital reserve increased by 242.42% as compared with the beginning of the period, mainly attributable to the capital premium arising from the conversion of debentures into shares for the period;

(12) Operating revenue increased by 69.73% from the same period of last year, mainly attributable to the growth of original business sales and the contribution from GEA for the period which had not been included for the corresponding period of last year;

(13) Operating cost increased by 66.13% from the same period of last year, which was mainly attributable to the growth of original business sales and the consolidation of GEA for the period;

(14) Taxes and surcharge increased by 124.02% from the same period of last year, mainly attributable to all relevant taxes during the course of operating activities recognized into the taxes and surcharge for audit by the Company for the period according to the CAIKUAI No. [2016]22 Value Added Tax Accounting Treatment Regulations issued by the MOF;

(15) Selling expenses increased by 107.64% from the same period of last year, mainly attributable to the selling expense of GEA recognized for the period;

(16) Financial expenses increased by 4473.2% from the same period of last year, mainly due to more borrowings for the period;

(17) Asset impairment loss increased by 109.55% from the same period of last year, mainly due to the assets impairment of GEA recognized for the period;

(18) Income from change in fair value increased by 380.26% from the same period of last year, mainly due to the change in fair value of derivative financial instruments such as forward exchange for the period;

(19) Investment income decreased by 59.02% from the same period of last year, which was mainly due to the investment income arising from the reclassification of equity of Bank of Qingdao from available-for-sale financial assets into long-term equity investments recognized for the corresponding period of last year while there is no such investment income for the period;

(20) Non-operating expenses increased by 152.32% from the same period of last year, which was mainly because of the non-operating expenses of GEA consolidated in this quarter;

(21) Net cash flows from operating activities increased by 455.26% from the same period of last year, mainly benefiting from the more payment collection and improvement of profitability;

(22) Net cash flows from investing activities decreased by 151.59% from the same period of last year, mainly due to the expenses for construction of fixed assets of GEA consolidated in this quarter;

(23) Net cash flows from financing activities decreased by 1207.5% from the same period of last year, mainly because of repayment of certain debts for the period.

3.2 Progress of significant events and their influence and solutions

Applicable Not Applicable

(1) On 16 January 2016, the Company announced *Plan of Qingdao Haier Co., Ltd. on the Acquisition of Material Assets* and its intention to acquire the household appliances business of General Electric and relevant assets in cash for a consideration of US\$5.4 billion. By the end of the reporting period, this undertaking had been completed. For more details, please refer to *Plan of Qingdao Haier Co., Ltd. on the Acquisition of Major Assets* disclosed on 16 January 2016, *the Report (Draft) on the*

Acquisition of Major Assets of Qingdao Haier Co., Ltd. disclosed on 15 March 2016 and *Report on the Execution of Acquisition of Major Assets of Qingdao Haier Co., Ltd.* disclosed on 12 January 2017.

(2) By the end of the reporting period, all external guarantees of the Company and its subsidiaries were the guarantees between the Company and its subsidiaries. The period-end balance of external guarantee was RMB23,324 million, accounting for 82.4% of the net assets and 17.3% of the total assets of the Company for the latest audited period.

3.3 Overdue commitments in this Reporting Period or ongoing at the period-end

Applicable Not applicable

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

The commitments made by the Company’s actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers during or up to the reporting period are as follows:

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

			current condition of each Covenantee, Haier Group will constantly assure that Covenantees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenantees suffer loss due to the unavailability of such land and property.			
Commitment related to refinancing	Eliminate the right defects in land property and etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Qingdao Haier and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Qingdao Haier or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Qingdao Haier and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Qingdao Haier and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Qingdao Haier or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support Qingdao Haier or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on <i>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)</i> published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013, long term	YES	YES
	Eliminate the right	Qingdao Haier Co.,	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	24 December	YES	YES

	defects in land property and etc.	Ltd.	achieve the legality and compliance of the Company and main subsidiaries in terms of land and property. For details, please refer to the <i>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)</i> published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	2013, five years		
Commitment related to the Share Option Incentive Scheme	Other	Qingdao Haier Co., Ltd.	With regard to its Share Option Incentive Scheme, 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 commitments made to the medium and minority shareholders	Asset injection	Haier Group Corporation	Inject the assets of Fisher&Paykel to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2020. For more details, please refer to the <i>Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment (L 2015-015)</i> 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 according to the requirements of the domestic supervision before June 2020. For more details, please refer to the <i>Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment of Haier Group Corporation (L 2015-063)</i> 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 shareholders considered and approved the matters in relation to the acquisition of minority equity interest of Mitsubishi Heavy Industries Haier and Carrier Refrigeration Equipment held by Haier Group. The Company signed the Profit Compensation Agreement with Haier Group to forecast the profits achieved by the aforementioned two companies in 2015-2018. If the profits are not reached during the commitment period, the difference part will be	December 2015-December 2018	YES	YES

			made up to the Company by Haier Group in cash. For more details, please refer to the <i>Announcement of Qingdao Haier Co., Ltd. on the Acquisition of Equity in Sino-foreign Joint Venture Held by Haier Group Corporation and Related-party Transaction (L 2015-062)</i> published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015			
--	--	--	--	--	--	--

3.4 Warning of a forecast deficit or considerable YoY change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation

Applicable Not applicable

Name of company	Qingdao Haier Co., Ltd.
Legal representatives	Liang Haishan
Date	28 April 2017

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

	Closing balance	Opening balance
Current Assets:		
Monetary Fund	27,190,619,848.09	23,504,634,124.25
Settlement reserve		
Interbank lending		
Financial assets measured at fair value and changes of which included in current profit / loss	41,357,879.29	80,432,384.17
Derivative financial assets		
Notes receivables	12,267,528,452.96	13,796,561,238.05
Accounts receivables	12,585,798,308.54	12,247,244,097.66
Prepayments	622,157,267.36	578,543,441.40
Premiums receivable		
Reinsurance accounts receivables		
Reinsurance contract reserves receivable		
Interests receivables	180,033,304.26	135,319,774.41
Dividends receivables	54,524,472.84	101,648,913.10
Other receivables	1,188,809,553.39	1,180,418,052.75
Financial assets purchased under agreements to resell		
Inventories	16,752,018,232.68	15,237,942,420.85
Assets held for sale		
Non-current assets due within one year		
Other current assets	2,360,562,873.89	2,653,444,588.12
Total current assets	73,243,410,193.30	69,516,189,034.76
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	1,542,175,751.71	1,555,878,717.05
Held-to-maturity investments		
Long-term receivables		

Long-term equity investments	11,311,407,254.98	11,057,819,628.14
Investment properties	33,612,770.15	34,600,393.37
Fixed assets	15,444,521,001.27	15,539,046,885.38
Construction in progress	1,639,620,455.24	1,769,875,050.35
Construction materials		
Disposals of fixed assets	57,456,307.99	55,808,808.81
Biological assets for production		
Oil-gas assets		
Intangible assets	7,224,036,290.37	7,242,420,479.44
R&D expenses	942,104,360.35	913,283,796.32
Goodwill	20,895,052,408.70	21,004,123,145.39
Long-term deferred expenditures	96,413,743.12	115,773,592.78
Deferred income tax assets	1,514,985,006.19	1,592,009,404.59
Other non-current assets	1,033,501,480.64	858,461,388.86
Total non-current assets	61,734,886,830.71	61,739,101,290.48
Total assets	134,978,297,024.01	131,255,290,325.24
Current liabilities:		
Short-term borrowings	11,866,065,299.19	18,165,531,879.15
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 /loss	10,006,378.78	2,340,213.20
Derivative financial liabilities		
Notes payable	14,507,587,162.62	12,404,889,760.05
Accounts payables	24,456,340,903.98	20,594,203,310.08
Payments received in advance	3,523,156,637.94	5,734,732,855.06
Disposal of repurchased financial assets		
Fees and commissions payable		
Payroll payable	2,305,254,476.87	2,404,380,458.59
Taxes payable	1,543,154,553.88	1,620,463,062.11
Interests payable	191,136,717.48	30,570,328.66
Dividends payable	148,692,177.47	148,690,489.01
Other payables	8,641,209,915.74	9,363,015,551.12
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Amounts due to issuer for securities		

underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	1,745,649,228.33	2,966,808,509.55
Other current liabilities	12,043,090.05	17,228,645.29
Total current liabilities	68,950,296,542.33	73,452,855,061.87
Non-current liabilities:		
Long-term borrowings	20,883,596,136.07	15,530,801,311.80
Debentures payable		
Including: preference shares		
perpetual bonds		
Long-term account payable	115,346,534.96	115,783,382.28
Long-term payroll payables	982,435,284.96	1,206,510,917.33
Special payable		
Estimated liabilities	2,247,796,496.32	2,310,119,430.60
Deferred income	338,459,599.36	342,825,593.35
Deferred tax liabilities	111,855,522.16	133,243,146.68
Other non-current liabilities	398,556,674.76	582,785,069.86
Total non-current liabilities	25,078,046,248.59	20,222,068,851.90
Total liabilities	94,028,342,790.92	93,674,923,913.77
Owners' equity		
Share capital	6,097,630,727.00	6,097,630,727.00
Other equity instruments		
Including: preference shares		
perpetual bonds		
Capital reserve	285,518,907.58	83,383,194.51
Less: Treasury stock	1,041,960.00	1,041,960.00
Other comprehensive income	583,820,238.73	566,238,911.96
Special reserve		
Surplus reserve	2,074,118,571.01	2,074,118,571.01
General risk provisions		
Undistributed profits	19,283,159,538.16	17,544,395,965.35
Total equity attributable to shareholders of the Company	28,323,206,022.48	26,364,725,409.83
Minority interests	12,626,748,210.61	11,215,641,001.64
Total owners' equity	40,949,954,233.09	37,580,366,411.47
Total liabilities and owners' equities	134,978,297,024.01	131,255,290,325.24

Legal representative:

Liang Haishan

Chief Financial Officer:

Gong Wei

Person in charge of accounting

department: Ying Ke

Balance Sheet of the Company

31 March 2017

Prepared by Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Monetary fund	2,495,708,771.96	3,888,623,400.28
Financial assets measured at fair value and changes of which included in current profit /loss		
Derivative financial assets		
Notes receivables		
Accounts receivables	283,998,524.07	265,438,220.39
Prepayments	10,000,000.00	10,000,000.00
Interests receivables	120,711,116.78	85,452,583.16
Dividends receivables	290,407,204.92	329,713,897.32
Other receivables	1,055,641,725.79	322,953,279.90
Inventories	60,077,912.08	69,799,065.47
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	335,217,450.19	94,935,174.83
Total current assets	4,651,762,705.79	5,066,915,621.35
Non-current assets:		
Available-for-sale financial assets	5,940,781.92	5,478,235.84
Held-to-maturity investments		
Long-term receivables	8,600,000,000.00	8,600,000,000.00
Long-term equity investments	22,378,222,596.15	22,342,078,877.07
Investment properties		
Fixed assets	115,804,902.13	116,840,195.32
Construction in progress	22,073,687.06	22,611,979.50
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Oil-gas assets		
Intangible assets	8,370,448.15	8,578,922.84
R&D expenses		
Goodwill		
Long-term deferred expenditures		

Deferred income tax assets	65,869,046.29	62,346,256.82
Other non-current assets		
Total non-current assets	31,196,281,461.70	31,157,934,467.39
Total assets	35,848,044,167.49	36,224,850,088.74
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value and changes of which included in current profit / loss		
Derivative financial liabilities		
Notes payable		
Accounts payables	694,236,390.01	1,142,008,704.07
Payments received in advance	1,452,833,590.85	1,844,082,827.50
Payroll payables	13,190,218.64	39,919,748.55
Taxes payable	41,728,533.89	57,218,867.86
Interests payable	174,296,146.27	117,705,327.18
Dividends payable		
Other payables	21,572,571,258.64	21,170,550,089.69
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,841,867.91	4,841,867.91
Total current liabilities	23,953,698,006.21	24,376,327,432.76
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 payroll payables		
Special payables		
Estimated liabilities		
Deferred income	17,700,000.00	17,700,000.00
Deferred income tax liabilities	15,638,683.02	15,569,301.11
Other non-current liabilities		
Total non-current liabilities	53,338,683.02	53,269,301.11
Total liabilities	24,007,036,689.23	24,429,596,733.87
Owners' equity :		
Share capital	6,097,630,727.00	6,097,630,727.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		

Capital reserve	2,061,585,936.86	2,061,597,739.78
Less: Treasury stock	1,041,960.00	1,041,960.00
Other comprehensive income	-22,362,757.47	-10,881,603.15
Special reserve		
Surplus reserve	1,389,846,284.51	1,389,846,284.51
Undistributed profits	2,315,349,247.36	2,258,102,166.73
Total owners' equity	11,841,007,478.26	11,795,253,354.87
Total liabilities and owners' equities	35,848,044,167.49	36,224,850,088.74

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

Consolidated Income Statement

January-March 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Current amount	Prior amount
I . Total operating revenue	37,741,143,448.27	22,236,608,015.25
Including: operating revenue	37,741,143,448.27	22,236,608,015.25
Interest income		
Insurance premiums earned		
Fee and commission income		
II . Total cost of operations	35,827,028,593.95	20,962,096,500.03
Including: operating cost	26,380,619,829.43	15,879,797,406.33
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	178,393,139.98	79,633,377.77
Selling expenses	6,683,104,490.92	3,218,647,826.21
Administrative expenses	2,136,203,851.54	1,672,477,973.48
Financial expenses	225,293,551.11	4,926,386.49
Loss in assets impairment	223,413,730.97	106,613,529.75
Add: income from change in fair value (losses)	158,467,287.04	-56,543,159.42

are represented by “-”)		
Investment income (losses are represented by “-”)	319,933,556.06	780,650,130.95
Including: investment income of associates and joint ventures		
Exchange gain (losses are represented by “-”)		
III. Operating profit (losses are represented by “-”)	2,392,515,697.42	1,998,618,486.75
Add: non-operating income	222,830,684.23	315,656,180.47
Including: gain from disposal of non-current assets		
Less: non-operating expenses	57,366,144.07	22,735,912.59
Including: Loss from disposal of non-current assets		
IV. Total profit (total losses are represented by “-”)	2,557,980,237.58	2,291,538,754.63
Less: income tax expense	407,958,955.60	343,012,639.91
V. Net profit (net losses are represented by “-”)	2,150,021,281.98	1,948,526,114.72
Net profit attributable to owners of the Company	1,738,763,572.81	1,596,815,139.24
Profit or loss attributable to minority shareholders	411,257,709.17	351,710,975.48
VI. Other comprehensive income, net of tax	545,303.84	-394,770,829.72
Other comprehensive income attributable to owners of the Company, net of tax	17,581,326.76	-390,379,185.61
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss	-7,751.33	
1. Changes in net liabilities or net assets arising from re-measurement of defined benefit plans	-7,751.33	
2. Share of other comprehensive income of investees that cannot be reclassified to profit or loss under equity method		
(II) Other comprehensive income to be reclassified subsequently to profit or loss	17,589,078.09	-390,379,185.61
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	-40,488,326.71	-4,430,900.28
2. Gain or loss from change in fair value of available-for-sale financial assets	-499,456.91	-452,515,230.82
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	-1,780,038.15	
5. Exchange differences on translation of financial statements denominated in foreign currencies	60,356,899.86	66,566,945.49
6. Other		
Other comprehensive income attributable to minority shareholders, net of tax	-17,036,022.92	-4,391,644.11
VII. Total comprehensive income	2,150,566,585.82	1,553,755,285.00
Total comprehensive income attributable to the shareholders of parent company	1,756,344,899.57	1,206,435,953.63
Total comprehensive income attributable to the minority shareholders	394,221,686.25	347,319,331.37
VIII . Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.285	0.262
(II) Diluted earnings per share (RMB/share)	0.285	0.262

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

Income Statement of the Company

January-March 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB
Unaudited

Items	Current amount	Prior amount
I . Operating revenue	813,013,367.46	735,483,002.31
Less: Operation cost	594,504,109.45	517,726,596.55
Business taxes and surcharge	6,561,826.29	4,010,967.66
Selling expenses	52,682,906.16	64,857,974.62
Administrative expenses	127,936,222.24	105,056,358.52
Financial expenses	18,751,061.43	820,776.97
Loss in assets impairment	486,242.29	14,821,479.22
Add: income from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	42,029,840.49	26,649,067.23
Including: investment income of associates and joint ventures		
II . Operating profit (losses are represented by	54,120,840.09	54,837,916.00

“-”)		
Add: non-operating income	5,795,459.39	13,034,949.75
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 “-”)	59,916,299.48	67,852,535.05
Less: income tax expense	2,669,218.85	6,180,520.17
IV. Net Profit (net losses are represented by “-”)	57,247,080.63	61,672,014.88
V. Other comprehensive income, net of tax	-11,481,154.32	-754,161.08
(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	-11,481,154.32	-754,161.08
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	-11,874,318.49	
2. Gain or loss from change in fair value of available-for-sale financial assets	393,164.17	-754,161.08
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	45,765,926.31	60,917,853.80
VII. Earnings per share:		
(I) Basic earnings per share (RMB/ share)		
(II) Diluted earnings per share (RMB/share)		

Legal representative:

Liang Haishan

Chief Financial Officer:

Gong Wei

Person in charge of accounting

department: Ying Ke

Consolidated Cash Flow Statement

January-March 2017

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	42,011,240,928.44	23,378,413,688.69
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	304,077,593.23	161,738,589.90
Cash received from other related operating activities	368,100,490.83	256,922,174.46
Sub-total of cash inflows from operating activities	42,683,419,012.50	23,797,074,453.05
Cash paid on purchase of goods and services	27,205,411,997.47	16,813,725,773.98
Net increase in loans and advances		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments		

under original insurance contract		
Cash paid for interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	4,823,602,031.78	2,313,643,719.64
Cash paid for all types of taxes	1,619,780,649.63	965,061,769.57
Cash paid to other operation related activities	3,225,305,802.36	2,658,406,111.31
Sub-total of cash outflows from operating activities	36,874,100,481.24	22,750,837,374.50
Net cash flows from operating activities	5,809,318,531.26	1,046,237,078.55
II. Cash flows from investing activities:		
Cash received from disposal of investments	7,431,782.63	194,225,684.95
Cash received from return on investments	64,142,955.22	25,035,717.24
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	198,536.43	3,387,137.81
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	71,773,274.28	233,771,706.05
Cash paid on purchase of fixed assets, intangible assets and other long term assets	727,109,962.07	490,447,523.25
Cash paid for investments	349,845,557.45	142,669,740.00
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
Sub-total of cash outflows from investing activities	1,076,955,519.52	633,299,947.61
Net cash flows from investing activities	-1,005,182,245.24	-399,528,241.56
III. Cash flows from financing activities:		
Cash received from investment	22,247,648.00	7,705,289.78
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	10,375,831,949.73	1,805,507,042.76
Cash received from issuing bonds		
Cash received from other financing		

related activities		
Sub-total of cash inflows from financing activities	10,398,079,597.73	1,813,212,332.54
Cash paid on repayment of borrowings	11,291,851,345.83	1,586,982,780.31
Cash paid on distribution of dividends, profits, or interest expenses	74,495,510.24	8,300,133.40
Including: dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	16,702,520.08	128,992,855.80
Sub-total of cash outflows from financing activities	11,383,049,376.15	1,724,275,769.51
Net cash flows from financing activities	-984,969,778.42	88,936,563.03
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	29,626,248.31	10,988,540.84
V. Net increase in cash and cash equivalents	3,848,792,755.91	746,633,940.86
Add: balance of cash and cash equivalents at the beginning of the period	23,217,552,160.91	24,724,585,700.76
VI. Balance of cash and cash equivalents at the end of the period	27,066,344,916.82	25,471,219,641.62

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

Cash Flow Statement of the Parent Company

January-March 2017

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	34,265,286.31	421,741,874.95
Refunds of taxes		11,312,294.31
Cash received from other related operating activities	3,562,034.19	3,551,150.50
Sub-total of cash inflows from operating activities	37,827,320.50	436,605,319.76
Cash paid on purchase of goods and	605,901,367.09	160,840,933.13

services		
Cash paid to and on behalf of employees	371,066,552.46	90,430,090.95
Cash paid for all types of taxes	47,645,546.40	19,438,947.53
Cash paid to other operation related activities	98,883,185.35	134,395,557.42
Sub-total of cash outflows from operating activities	1,123,496,651.30	405,105,529.03
Net cash flows from operating activities	-1,085,669,330.80	31,499,790.73
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments	39,306,692.40	
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities		
Sub-total of cash inflows from investing activities	39,306,692.40	
Cash paid on purchase of fixed assets, intangible assets and other long term assets	364,910.00	5,252,275.94
Cash paid for investments	168,659,237.50	39,002,700.00
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	169,024,147.50	44,254,975.94
Net cash flows from investing activities	-129,717,455.10	-44,254,975.94
III. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings		
Cash received from other financing related activities		
Sub-total of cash inflows from financing activities		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses		

Cash paid on other financing activities	177,527,578.53	112,647,024.84
Sub-total of cash outflows from financing activities	177,527,578.53	112,647,024.84
Net cash flows from financing activities	-177,527,578.53	-112,647,024.84
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-263.89	
V. Net increase in cash and cash equivalents	-1,392,914,628.32	-125,402,210.05
Add: balance of cash and cash equivalents at the beginning of the period	3,888,623,400.28	562,827,007.96
VI. Balance of cash and cash equivalents at the end of the period	2,495,708,771.96	437,424,797.91

Legal representative:

Liang Haishan

Chief Financial Officer:

Gong Wei

Person in charge of accounting

department: Ying Ke

4.2 Audit Report

Applicable Not Applicable

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