

Stock Code: 600690

Short Name: Qingdao Haier

# Third Quarterly Report of 2017 Qingdao Haier Co., Ltd

Stock Code: 600690

**Haier**

**INTELLIGENCE  
CREATES SMART LIFE**

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## I. Important Notice

- 1.1 The Board of Directors, the Board of Supervisors and 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 Third quarterly report of the Company has not been audited.

## II. Company Profile

### 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 at the end of the reporting period compared with the end of last year (%)
		After adjustment	Before adjustment	
Total assets	144,448,659,020.58	131,469,157,348.79	131,255,290,325.24	9.87
Net assets attributable to shareholders of	30,205,038,353.20	26,438,188,226.56	26,364,725,409.83	14.25

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listed companies	As at the beginning of the year to the end of the reporting period (January to September)	As at the beginning of last year to the end of the reporting period of last year (January to September)		Increase/decrease for the period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	14,160,052,998.94	4,945,944,554.94	4,934,382,297.60	186.30
	As at the beginning of the year to the end of the reporting period (January to September)	As at the beginning of last year to the end of the reporting period of last year (January to September)		Increase/decrease for the period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	119,189,613,634.20	84,367,342,584.55	84,270,593,385.38	41.27
Net profits attributable to shareholders of listed companies	5,682,361,717.64	3,826,984,146.82	3,823,106,782.95	48.48
Net profits attributable to shareholders of listed companies with non-recurring gain and loss deducted	4,695,336,406.07	3,548,735,043.47	3,548,735,043.47	32.31
Weighted average return on equity (%)	19.51	15.76	15.79	Increased 3.75%
Basic earnings per share (RMB per share)	0.932	0.627	0.627	48.64
Diluted earnings per share (RMB per share)	0.932	0.627	0.627	48.64

Notes:

1. From January to September 2017, the Company's revenue increased by 41% compared to the corresponding period of last year, among which, revenue from refrigerator and freezer business increased by 34%, revenue from washing machine business increased by 41%, revenue from air conditioner business increased by 61% and revenue from kitchen products increased by 76%.

2. From January to September 2017, revenue from the original business of the Company (excluding GEA) increased by 22%, and net profit attributable to the Parent Company with non-recurring gain and loss deducted increased by 22%.

3. The domestic market focuses on retail transformation, efficiency optimization and structure upgrading. Revenue from domestic white appliances increased by 26% from January to September 2017; high-end brand Casarte continues to grow rapidly with an increase of 41% in the first three quarters, maintaining the absolute leading position in the high-end market.

4. The overseas market carries forward multi-brand and "R&D, manufacturing and marketing" integrated layout, realizing comprehensive development. From January to September 2017, the overall overseas revenue amounted to RMB50.74 billion, representing 43% of the total revenue, and approximately 100% of the revenue from self-owned brand:  
①From January to September 2017, GEA's contribution to revenue amounted to RMB34.2 billion, contribution to the net profit attributable to the Parent Company amounted to RMB1.88 billion and contribution to net profits attributable to shareholders of listed companies with non-recurring gain and loss deducted amounted to RMB1.02 billion. Among which the third quarter alone recorded revenue of RMB11.7 billion, representing an increase of 7.7% compared with the corresponding period of last year. ②Revenue from original overseas business (excluding GEA) increased by 20%, among which revenue from the South-Asian market increased by 49%, revenue from the European market increased by 29%, revenue from the Middle-Eastern and African market increased by 29% and revenue from the Australian market increased by 19%.

5. U+ SmartLife platform focuses on intellectualization and user experience upgrading, accelerating the pace of product intellectualization, and continuing the iteration of the U+ Home OS system. The sale of white internet appliances (smart appliances) for the first three quarters amounted to 8.4 million units, representing an increase of 222%. U+ platform users amounted to 50 million, representing an increase of 102%, compared with the corresponding period of last year.

6. Carrying forward the construction of COSMOPlat Industrial Internet Platform and promoting the transformation of digital enterprises, mass customization of appliances amounted to 7.14 million units, representing an increase of 870%.

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7. The community economic ecological platform of “Shunguang micro-store, online store, offline store”, achieved 0.61 million Shunguang micro-store owners, 16,000 OTO stores and 20,000 communities on the Platform, with GMV (Gross Merchandise Volume) amounting to over RMB3 billion from January to September 2017.

Non-recurring Profit or Loss Items and Amount

Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount of current period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)
Losses and profits from disposal of non-current assets	3,444,050.08	24,463,313.86
Government grants included in current profit or loss, except that closely related to the normal operating business, complied with requirements of the national policies, continued to be granted with the amount and quantity determined under certain standards	108,768,137.25	226,840,920.22
Current net profit or loss of the subsidiaries from the consolidation of enterprises under common control from the beginning of the period to the date of the mergers	500,041.82	500,041.82
In addition to the effective hedging business related to the normal operations of the Company, profit or loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	153,656,077.48	579,570,227.47
Other non-operating income and expenses except the aforementioned items	223,550,616.45	386,393,769.38
Minority interests (after tax)	-29,605,242.68	-100,022,424.36
Income tax effect	-123,017,318.39	-130,720,536.82
Total	337,296,362.01	987,025,311.57

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

Unit: Share

Total number of shareholders	138,077
Shareholdings of top ten shareholders	

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Name of Shareholder (full name)	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Status of shares pledged or frozen		Nature of shareholder
				Status	Number	
Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.64		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		Nil		Foreign legal entity
Hong Kong Securities Clearing Co., Ltd.	460,096,580	7.55		Unknown		Unknown
China Securities Finance Corporation Limited	229,914,866	3.77		Unknown		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司)	172,252,560	2.83		Nil		Domestic non-state-owned legal entity
National social security fund, Portfolio 104	106,888,894	1.75		Unknown		Unknown
GIC PRIVATE LIMITED	77,187,435	1.27		Unknown		Unknown
Central Huijin Asset Management Ltd.	69,539,900	1.14		Unknown		Unknown
National social security fund, Portfolio 103	40,027,881	0.66		Unknown		Unknown
Shareholdings of top ten shareholders not subject to selling restrictions						
Name of shareholder		Number of shares held subject to no selling restrictions	Class and number of shares			
			Class	Number		

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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
KKR HOME INVESTMENT S.A R.L.	605,985,988	RMB ordinary	605,985,988
Hong Kong Securities Clearing Co., Ltd.	460,096,580	RMB ordinary	460,096,580
China Securities Finance Corporation Limited	229,914,866	RMB ordinary	229,914,866
Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司)	172,252,560	RMB ordinary	172,252,560
National social security fund, Portfolio 104	106,888,894	RMB ordinary	106,888,894
GIC PRIVATE LIMITED	77,187,435	RMB ordinary	77,187,435
Central Huijin Asset Management Ltd.	69,539,900	RMB ordinary	69,539,900
National social security fund, Portfolio 103	40,027,881	RMB ordinary	40,027,881
Related-parties or parties acting in concert among the aforesaid shareholders	(1) Haier Electric Appliances International Co., Ltd. is a holding subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司) is a party acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		
Description of preferential shareholders with restoration of voting rights and their shareholdings	N/A		

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

Applicable Not Applicable

### III. Important Events

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

Applicable Not Applicable

1) Monetary capital increased by 36.38% as compared with the beginning of the period, which was mainly due to the fact that the net cash flows from operating activities in the period has increased;



2) Financial assets measured at fair value and its changes of which included in current profit or loss decreased by 71.28% as compared with the beginning of the period, which was mainly attributable to the influence of change in fair value of derivative financial instruments such as forward contracts;

3) Interests receivable increased by 46.17% as compared with the beginning of the period, which was mainly due to the fact that the interests of the financial products which have not yet been received recognized at the end of the period have increased;

4) Dividends receivable decreased by 95.55% as compared with the beginning of the period, which was mainly attributable to the dividend which had been declared but not yet received from the joint stock companies;

5) Other current assets increased by 31.42% as compared with the beginning of the period, which was mainly attributable to the addition of financial products for the period;

6) Long-term prepaid expenses decreased by 30.40% as compared with the beginning of the period, which was mainly attributable to the amortization of the current expenses;

7) Short-term borrowings decreased by 31.63% as compared with the beginning of the period, which was mainly attributable to the adjustment from part of short-term borrowings to long-term borrowings due to the fact that the Company had adjusted the borrowing structure;

8) Financial liabilities measured at fair value and changes of which included in current profit and loss decreased by 52.42% as compared with the beginning of the period, which was mainly attributable to the change in fair value of derivative financial instruments such as forward contract for the period;

9) Interests payable increased by 551.93% as compared with the beginning of the period, which was mainly attributable to the increase of interests which has been accrued but not yet paid;

10) Non-current liabilities due within one year decreased by 44.07% as compared with the beginning of the period, which was mainly due to the conversion of convertible bonds issued in previous years into shares in the period by subsidiaries of the Company;

11) Estimated liabilities increased by 39.91% as compared with the beginning of the period, which was mainly due to the fact that contingent liabilities recognized as the investments with buy-back conditions which were absorbed by subsidiaries of the Company;

12) Other non-current liabilities decreased by 72.58% as compared with the beginning of the period, which was mainly attributable to the change in fair value of forward contract due over one year which was held by the Company in the period;

13) Treasury stock decreased by 100% as compared with the beginning of the year, which was mainly attributable to the cancellation of the treasury stock in the period;

14) Other comprehensive income decreased by 52.69% as compared with the beginning of the period, which was mainly attributable to the decrease of the share of other comprehensive income which will be reclassified in profit and loss in the future;

15) Operating revenue increased by 41.27% as compared with the corresponding period of last year, which was mainly attributable to the growth of the original business of the Company and the contribution of GEA;

16) Operating expense increased by 39.61% as compared with the corresponding period of last year, which was mainly attributable to the increase of expenses resulting from the growth of sales;

17) Taxes and surtaxes increased by 112.87% as compared with the corresponding period of last year, which was mainly attributable to the consolidation of all relevant taxes during the course of operating activities into the accounting item of taxes and surcharge since 1 May 2016 according to the CAIKUAI No. [2016]22 Value Added Tax Accounting Treatment Regulations issued by the MOF;

18) Selling expenses increased by 57.31% as compared with the corresponding period of last year, which was mainly attributable to the inclusion of selling expenses of GEA (the corresponding period only included the selling expenses of GEA during the period from 6 June to 30 September 2016);

19) Financial expenses increased by 266.86% as compared with the corresponding period of last year, which was mainly attributable to the increase of average balance of borrowings for the period as compared with the corresponding period of last year;

20) Loss in assets impairment increased by 37.01% as compared with the corresponding period of last year, which was mainly attributable to the increase of closing balance of account receivables;

21) Income from change in fair value increased by 608.13% as compared with the corresponding period of last year, which was mainly attributable to the change in fair value of derivative financial instruments such as forward contracts for the period;

22) Other income increased by 100% as compared with the corresponding period of last year, which was mainly attributable to the implementation of the Accounting Standards for Business Enterprises No. 16 - Government grants (2017 Revision) at the time as requested by the MOF during the period;

23) Non-operating expenses decreased by 57.48% as compared with the corresponding period of last year, which was mainly attributable to the higher one off expense which was incurred from the acquisition of GEA in the corresponding period of last year and there was no such factor in the current period;

24) Net cash flows from operating activities increased by 186.30% as compared with the corresponding period of last year, which was mainly due to the increase of revenue for the period and the strengthening of management of supply chain;

25) Net cash flows from investing activities increased by 87.64% as compared with the corresponding period of last year, which was mainly attributable to the higher payment for the acquisition of GEA in the corresponding period of last year;

26) Net cash flows from financing activities decreased by 103.06% as compared with the corresponding period of last year, which was mainly attributable to the substantial debt financing used for the acquisition of GEA in the corresponding period of last year.

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

Applicable  Not Applicable

(1) As of the end of the reporting period, the external guarantees of the Company and its subsidiaries are all guarantees among the Company and its subsidiaries, and the balance of the external guarantees amounted to RMB23.757 billion, representing 78.7% of the net assets of the Company for the latest period, and 16.4% of the total assets for the latest period.

(2) As of the end of the reporting period, the balance of the Company's exchange transactions of derivative products amounted to approximately US\$2.9 billion.

3.3 The undertakings that have been past due and not been completed during the reporting period.

Applicable Not applicable

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

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

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

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			undertaking (the “2006 Undertaking”). According to the content of 2006 Undertaking and current condition of each Covenantee, Haier Group will constantly assure that Covenantees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenantees suffer loss due to the unavailability of such land and property.			
Undertaking related to refinancing	Eliminate the property right defects in land and etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Qingdao Haier and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Qingdao Haier or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation to impaired party in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Qingdao Haier and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Qingdao Haier and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Qingdao Haier or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support	24 December 2013, long term	YES	YES

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			Qingdao Haier or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L 2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.			
	Eliminate the property right defects in land and etc.	Qingdao Haier Co., Ltd.	The Company undertakes that it will eliminate the property defects of the Company and main subsidiaries within five years with reasonable business effort since 24 December 2013, so as to achieve the legality and compliance of the Company and main subsidiaries in terms of land and property. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L 2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013, five years	YES	YES
Undertaking related to the share option incentive	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,	11 April 2014, long term	YES	YES

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			including providing guarantee for its loan.			
Other undertakings 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 Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment of Haier Group Corporation (L 2015-015) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 26 May 2015.	May 2015-June 2020	YES	YES
	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2020. For more details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Changes of Funding Commitment of Haier Group Corporation (L 2015-063) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015.	December 2015-June 2020	YES	YES
	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 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	December 2015-December 2018	YES	YES

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			of Equity in Sino-foreign Joint Venture Held by Haier Group Corporation and Related-party Transaction (L 2015-062) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015.			
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3.4 Warning and explanation on reasons for accumulated net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material change as compared to those of the same period of last year

Applicable  Not Applicable

Name of company	Qingdao Haier Co., Ltd.
Legal representatives	Liang Haishan
Date	30 October 2017

#### IV. Appendix

##### 4.1 Financial Statements

#### Consolidated Balance Sheet

30 September 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Closing balance	Opening balance
<b>Current Assets:</b>		
Monetary Capital	32,161,405,575.63	23,582,239,011.20
Clearing settlement funds		
Placements with banks		
Financial assets measured at fair value and changes of which included in current profit and loss	23,099,285.52	80,432,384.17
Derivative financial assets		
Bills receivables	13,613,608,437.38	13,796,561,238.05
Accounts receivables	14,080,769,417.93	12,265,195,443.40
Prepayments	636,516,972.75	592,510,116.61
Premiums receivable		
Reinsurance accounts receivables		
Reinsurance contract reserves receivable		
Interests receivables	197,782,711.00	135,319,774.41
Dividends receivables	4,524,472.84	101,648,913.10
Other receivables	1,162,772,967.81	1,180,418,052.75
Financial assets purchased under resale agreements		
Inventories	16,662,708,886.43	15,284,904,331.04
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	3,492,482,010.38	2,657,462,188.89
<b>Total current assets</b>	<b>82,035,670,737.67</b>	<b>69,676,691,453.62</b>

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<b>Non-current assets:</b>		
Loans and advances granted		
Available-for-sale financial assets	1,529,297,430.03	1,555,878,717.05
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	12,199,579,035.51	11,057,819,628.14
Investment properties	31,829,109.66	34,600,393.37
Fixed assets	15,467,940,420.30	15,592,013,177.13
Construction in progress	1,938,163,487.98	1,769,875,050.35
Construction materials		
Disposals of fixed assets	55,839,366.07	55,808,808.81
Biological assets for production		
Fuel assets		
Intangible assets	7,005,667,558.19	7,242,818,792.38
Development expenses	964,265,409.64	913,283,796.32
Goodwill	20,118,185,407.90	21,004,123,145.39
Long-term amortization expenditures	80,576,820.58	115,773,592.78
Deferred income tax assets	1,929,302,431.06	1,592,009,404.59
Other non-current assets	1,092,341,805.99	858,461,388.86
Total non-current assets	62,412,988,282.91	61,792,465,895.17
Total assets	144,448,659,020.58	131,469,157,348.79
<b>Current liabilities:</b>		
Short-term borrowings	12,418,891,006.63	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 and loss	1,113,469.99	2,340,213.20
Derivative financial liabilities		
Bills payable	16,103,545,239.34	12,404,889,760.05
Accounts payables	24,883,347,557.94	20,601,681,120.03
Payments received in advance	5,699,883,655.56	5,737,348,712.97
Disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	2,034,170,759.85	2,408,525,656.48
Taxes payable	1,821,564,136.55	1,620,588,401.27
Interests payable	199,296,599.98	30,570,328.66
Dividends payable	171,494,413.64	148,690,489.01

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Other payables	11,188,265,516.60	9,459,636,746.05
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	1,659,225,902.64	2,966,808,509.55
Other current liabilities	12,730,995.55	17,228,645.29
Total current liabilities	76,193,529,254.27	73,563,840,461.71
<b>Non-current liabilities:</b>		
Long-term borrowings	19,300,470,189.58	15,530,801,311.80
Debentures payable		
Including: preference Shares		
Perpetual bonds		
Long-term payable	113,567,759.83	115,783,382.28
Long-term payables for staff's remuneration	892,334,688.34	1,209,218,564.79
Special payable		
Estimated liabilities	3,232,008,708.04	2,310,119,430.60
Deferred income	394,639,154.50	342,825,593.35
Deferred income tax liabilities	158,956,064.31	133,243,146.68
Other non-current liabilities	159,823,992.08	582,785,069.86
Total non-current liabilities	24,251,800,556.68	20,224,776,499.36
Total liabilities	100,445,329,810.95	93,788,616,961.07
<b>Owners' equity</b>		
Share capital	6,097,402,727.00	6,097,630,727.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	83,462,866.62	106,798,262.17
Less: Treasury stock		1,041,960.00
Other comprehensive income	268,226,696.49	566,987,435.57
Special reserve		
Surplus reserve	2,065,911,217.00	2,074,118,571.01
General risk provisions		
Undistributed profits	21,690,034,846.09	17,593,695,190.81
Total equity attributable to owners of the parent company	30,205,038,353.20	26,438,188,226.56
Minority interests	13,798,290,856.43	11,242,352,161.16

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Total owners' equity	44,003,329,209.63	37,680,540,387.72
Total liabilities and owners' equities	144,448,659,020.58	131,469,157,348.79

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 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Closing balance	Opening balance
<b>Current Assets:</b>		
Monetary Capital	4,563,406,578.43	3,888,623,400.28
Financial assets measured at fair value and changes of which included in current profit and loss		
Derivative financial assets		
Bills receivables		
Accounts receivables	211,862,728.36	265,438,220.39
Prepayments	40,174,115.51	10,000,000.00
Interests receivables	186,711,026.24	85,452,583.16
Dividends receivables	200,000.00	329,713,897.32
Other receivables	38,971,830.93	322,953,279.90
Inventories	38,472,023.53	69,799,065.47
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	165,012,831.51	94,935,174.83
Total current assets	5,244,811,134.51	5,066,915,621.35
<b>Non-current assets:</b>		
Available-for-sale financial assets	5,978,414.52	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	23,068,844,965.51	22,342,078,877.07
Investment properties		
Fixed assets	122,757,304.80	116,840,195.32
Construction in progress	16,806,600.17	22,611,979.50
Construction materials		
Disposals of fixed assets		

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Biological assets for production		
Fuel assets		
Intangible assets	7,953,498.86	8,578,922.84
Development expenses		
Goodwill		
Long-term amortization expenditures		
Deferred income tax assets	62,346,256.82	62,346,256.82
Other non-current assets		
Total non-current assets	31,884,687,040.68	31,157,934,467.39
Total assets	37,129,498,175.19	36,224,850,088.74
<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		
Accounts payables	302,548,109.26	1,142,008,704.07
Payments received in advance	633,678,127.81	1,844,082,827.50
Staff remuneration payable	33,607,763.18	39,919,748.55
Taxes payable	12,712,709.52	57,218,867.86
Interests payable	93,254,821.05	117,705,327.18
Dividends payable		
Other payables	25,394,674,517.86	21,170,550,089.69
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities	10,402,345.83	4,841,867.91
Total current liabilities	26,480,878,394.51	24,376,327,432.76
<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 payables for staff's remuneration		
Special payable		
Estimated liabilities		
Deferred income	27,700,000.00	17,700,000.00
Deferred income tax liabilities	15,644,327.91	15,569,301.11

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Other non-current liabilities		
Total non-current liabilities	63,344,327.91	53,269,301.11
Total liabilities	26,544,222,722.42	24,429,596,733.87
<b>Owners' equity :</b>		
Share capital	6,097,402,727.00	6,097,630,727.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	2,060,812,960.17	2,061,597,739.78
Less: Treasury stock		1,041,960.00
Other comprehensive income	-24,405,467.75	-10,881,603.15
Special reserve		
Surplus reserve	1,389,846,284.51	1,389,846,284.51
Undistributed profits	1,061,618,948.84	2,258,102,166.73
Total owners' equity	10,585,275,452.77	11,795,253,354.87
Total liabilities and owners' equities	37,129,498,175.19	36,224,850,088.74

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

**Consolidated Income Statement**

January-September 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB  
Unaudited

Items	Current amount (July-September)	Prior amount (July-September)	Amount as at the beginning of the year to the end of the reporting period (January-Septemb er)	Amount as at the beginning of last year to the end of the reporting period (January-Septem ber)
I. Total operating revenue	41,613,863,654.10	35,580,735,659.68	119,189,613,634.20	84,367,342,584.55
Including: operating revenue	41,613,863,654.10	35,580,735,659.68	119,189,613,634.20	84,367,342,584.55
Interest income				
Insurance premiums earned				

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Fee and commission income				
II. Total cost of operations	40,468,513,665.59	34,713,999,575.68	113,364,284,425.92	80,118,843,110.38
Including: operating cost	29,397,273,551.20	25,171,204,780.30	83,552,179,384.59	59,846,936,854.72
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	269,212,903.89	117,023,348.43	614,599,237.19	288,720,266.70
Selling expenses	8,086,931,744.23	6,671,957,919.30	21,024,447,698.61	13,365,034,255.10
Administrative expenses	2,324,987,511.75	2,634,371,111.57	6,948,695,908.26	6,177,453,643.25
Financial expenses	378,794,177.81	144,920,254.93	990,471,459.74	269,989,263.40
Loss in assets impairment	11,313,776.71	-25,477,838.85	233,890,737.53	170,708,827.21
Add: income from change in fair value (losses are represented by “-”)	114,188,419.25	78,690,919.90	526,252,264.40	-103,567,238.94
Investment income (losses are represented by “-”)	318,580,844.17	308,359,351.21	972,423,558.52	1,337,553,151.05
Including: investment income of associates and joint ventures				
Exchange gain (losses are represented by “-”)				
Other incomes	191,577,886.70		264,319,732.74	
III. Operating profit (losses are represented by “-”)	1,769,697,138.63	1,253,786,355.11	7,588,324,763.94	5,482,485,386.28



**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Add: non-operating income	314,205,463.92	129,603,563.04	623,209,532.54	589,928,436.18
Including: gain from disposal of non-current assets				
Less: non-operating expenses	39,369,015.51	234,988,996.29	123,948,038.66	291,472,316.41
Including: Loss from disposal of non-current assets				
IV. Total profit (total losses are represented by “-”)	2,044,533,587.04	1,148,400,921.86	8,087,586,257.82	5,780,941,506.05
Less: income tax expense	218,094,249.60	202,370,445.05	976,116,407.83	863,068,827.03
V. Net profit (net losses are represented by “-”)	1,826,439,337.44	946,030,476.81	7,111,469,849.99	4,917,872,679.02
Net profit attributable to owners of the Company	1,255,293,313.13	511,810,975.12	5,682,361,717.64	3,826,984,146.82
Profit or loss attributable to minority shareholders	571,146,024.31	434,219,501.69	1,429,108,132.35	1,090,888,532.20
VI. Other comprehensive income, net of tax	-144,121,187.22	318,820,472.39	-345,254,600.46	-57,829,623.37
Other comprehensive income attributable to owners of the Company, net of tax	-130,145,366.38	316,020,122.26	-298,760,739.08	-70,651,292.41
(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				

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

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	-130,145,366.38	316,020,122.26	-298,760,739.08	-70,651,292.41
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	40,693,511.60	10,147,015.47	-81,346,664.65	-34,869,817.75
2. Gain or loss from change in fair value of available-for-sale financial assets	2,843,778.27	-1,569,310.30	496,754.29	-449,875,102.32
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	4,628,209.01		-1,139,401.61	
5. Exchange differences on translation of financial statements denominated in foreign currencies	-178,310,865.26	307,442,417.09	-216,771,427.11	414,093,627.66
6. Other				

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**Qingdao Haier Co., Ltd.**

Other comprehensive income attributable to minority shareholders, net of tax	-13,975,820.84	2,800,350.13	-46,493,861.38	12,821,669.04
VII. Total comprehensive income	1,682,318,150.22	1,264,850,949.20	6,766,215,249.53	4,860,043,055.65
Total comprehensive income attributable to the shareholders of parent company	1,125,147,946.75	827,831,097.38	5,383,600,978.56	3,756,332,854.41
Total comprehensive income attributable to the minority shareholders	557,170,203.47	437,019,851.82	1,382,614,270.97	1,103,710,201.24
VIII . Earnings per share:				
(I) Basic earnings per share (RMB/share)	0.206	0.084	0.932	0.627
(II) Diluted earnings per share (RMB/share)	0.206	0.084	0.932	0.627

The net profit realized by the acquiree prior to its merger with the Company, which turned the acquiree into a jointly controlled entity of the Company, was RMB 500,041.82 during the period.

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 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB  
Unaudited

Third Quarterly Report of 2017  
Qingdao Haier Co., Ltd.

Items	Current amount (July-September)	Prior amount (July-September)	Amount as at the beginning of the year to the end of the reporting period (January-September)	Amount as at the beginning of last year to the end of the reporting period (January-September)
I. Operating revenue	885,928,248.69	827,929,968.02	2,429,040,574.34	2,343,801,453.23
Less: Operation cost	599,578,352.66	599,133,201.64	1,724,678,093.73	1,663,108,069.07
Taxes and surcharge	8,873,954.31	2,251,251.96	17,998,106.78	8,696,651.40
Selling expenses	65,814,107.53	30,872,977.31	150,349,127.54	172,551,891.19
Administrative expenses	205,554,320.29	202,054,309.20	497,356,040.18	424,068,353.18
Financial expenses	32,401,366.94	13,315,728.36	77,833,579.73	13,236,150.33
Loss in assets impairment	-67,084,496.59	-1,722,245.56	-17,843,951.04	-3,616,902.23
Add: income from change in fair value (losses are represented by “-”)				
Investment income (losses are represented by “-”)	108,081,882.92	56,992,467.02	259,975,650.65	200,457,104.98
Including: investment income of associates and joint ventures				
Other incomes	17,166,899.75		17,166,899.75	
II. Operating profit (losses are represented by “-”)	166,039,426.22	39,017,212.13	255,812,127.82	266,214,345.27
Add: non-operating income	7,140,206.67	5,619,768.40	59,966,161.35	81,560,399.04
Including: gain from disposal of non-current assets				
Less: non-operating expenses	852,535.19	891,618.63	861,948.86	911,949.33
Including: Loss from disposal of non-current assets				
III. Total Profit (losses are represented by “-”)	172,327,097.70	43,745,361.90	314,916,340.31	346,862,794.98
Less: income tax expense	9,633,872.86	-1,987,065.76	-756,318.10	5,807,852.78
IV. Net Profit (net losses are represented by “-”)	162,693,224.84	45,732,427.66	315,672,658.41	341,054,942.20
V. Other comprehensive income, net of tax	79,633.31	6,110,062.02	-13,523,864.60	-14,597,453.12
(I) Other comprehensive income will not be reclassified subsequently to profit or loss				

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

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	79,633.31	6,110,062.02	-13,523,864.60	-14,597,453.12
1. Share of other comprehensive income of investees that will be reclassified subsequently to profit or loss under equity method	14,374,168.36	6,169,709.37	425,151.88	915,175.04
2. Gain or loss from change in fair value of available-for-sale financial assets	-14,294,535.05	-59,647.35	-13,949,016.48	-15,512,628.16
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	162,772,858.15	51,842,489.68	302,148,793.81	326,457,489.08
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 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Amount as at the beginning of the year to the end of the reporting period (January-September)	Amount as at the beginning of last year to the end of the reporting period (January-September)
<b>I. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	139,498,787,397.46	90,110,978,075.44
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	933,453,763.81	499,360,330.52
Cash received from other related operating activities	641,640,968.26	671,981,686.17
Sub-total of cash inflows from operating activities	141,073,882,129.53	91,282,320,092.13
Cash paid on purchase of goods and services	99,997,320,327.27	64,518,763,975.56
Net increase in loans and advances		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments under original insurance contract		

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Cash paid for interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	11,219,814,215.75	7,808,375,565.15
Cash paid for all types of taxes	5,736,748,757.22	5,149,863,599.32
Cash paid to other operation related activities	9,959,945,830.35	8,859,372,397.16
Sub-total of cash outflows from operating activities	126,913,829,130.59	86,336,375,537.19
Net cash flows from operating activities	14,160,052,998.94	4,945,944,554.94
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	52,073,162.58	580,469,201.21
Cash received from return on investments	240,271,551.96	132,888,904.12
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	44,493,426.47	26,085,548.94
Net cash received from disposal of subsidiaries and other operating entities	155,037,270.54	
Cash received from other investment related activities		3,693,847.50
Sub-total of cash inflows from investing activities	491,875,411.55	743,137,501.77
Cash paid on purchase of fixed assets, intangible assets and other long term assets	2,614,123,880.97	2,050,472,227.16
Cash paid for investments	2,597,591,667.47	1,201,539,611.53
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	88,429,231.46	36,398,588,501.66
Cash paid on other investment related activities		3,861,165.47
Sub-total of cash outflows from investing activities	5,300,144,779.90	39,654,461,505.82
Net cash flows from investing activities	-4,808,269,368.35	-38,911,324,004.05
<b>III. Cash flows from financing activities:</b>		
Cash received from investment	1,347,292,085.10	10,839,764.43
Including: cash received by subsidiaries from minority shareholders' investment		

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Cash received from borrowings	16,802,698,248.06	37,147,302,314.09
Cash received from issuing bonds		
Cash received from other financing related activities	1,731,609.42	
Sub-total of cash inflows from financing activities	18,151,721,942.58	37,158,142,078.52
Cash paid on repayment of borrowings	16,985,670,538.25	6,080,035,623.81
Cash paid on distribution of dividends, profits, or interest expenses	2,010,741,534.99	1,767,259,255.68
Including: dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	47,799,254.84	168,740,536.91
Sub-total of cash outflows from financing activities	19,044,211,328.08	8,016,035,416.40
Net cash flows from financing activities	-892,489,385.50	29,142,106,662.12
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-184,484,131.52	-56,520,198.96
<b>V. Net increase in cash and cash equivalents</b>	8,274,810,113.57	-4,879,792,985.95
Add: balance of cash and cash equivalents at the beginning of the period	23,510,900,890.49	24,725,880,770.59
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	31,785,711,004.06	19,846,087,784.64

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 2017

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	Amount as at the beginning of the year to the end of the reporting period (January-September)	Amount as at the beginning of last year to the end of the reporting period (January-September)
<b>I. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	427,739,667.35	314,712,571.18
Refunds of taxes	55,711,962.27	12,451,222.14



**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Cash received from other related operating activities	54,115,058.79	46,880,078.85
Sub-total of cash inflows from operating activities	537,566,688.41	374,043,872.17
Cash paid on purchase of goods and services	1,452,092,842.51	431,718,199.28
Cash paid to and on behalf of employees	564,703,136.34	241,922,703.85
Cash paid for all types of taxes	137,011,406.78	116,783,336.85
Cash paid to other operation related activities	321,211,786.90	422,365,565.20
Sub-total of cash outflows from operating activities	2,475,019,172.53	1,212,789,805.18
Net cash flows from operating activities	-1,937,452,484.12	-838,745,933.01
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	429,548,610.50	249,905,293.86
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	429,548,610.50	249,905,293.86
Cash paid on purchase of fixed assets, intangible assets and other long term assets	28,348,785.40	8,959,725.03
Cash paid for investments	793,311,762.50	15,748,337,507.50
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities		
Sub-total of cash outflows from investing activities	821,660,547.90	15,757,297,232.53
Net cash flows from investing activities	-392,111,937.40	-15,507,391,938.67
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		
Cash received from borrowings		

**Third Quarterly Report of 2017**  
**Qingdao Haier Co., Ltd.**

Cash received from issuing bonds		
Cash received from other financing related activities	4,517,547,537.12	20,809,717,585.98
Sub-total of cash inflows from financing activities	4,517,547,537.12	20,809,717,585.98
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses	1,512,155,876.29	1,279,850,811.18
Cash paid on other financing activities	1,041,960.00	139,903,557.84
Sub-total of cash outflows from financing activities	1,513,197,836.29	1,419,754,369.02
Net cash flows from financing activities	3,004,349,700.83	19,389,963,216.96
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-2,101.16	
<b>V. Net increase in cash and cash equivalents</b>	674,783,178.15	3,043,825,345.28
Add: balance of cash and cash equivalents at the beginning of the period	3,888,623,400.28	562,827,007.96
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	4,563,406,578.43	3,606,652,353.24

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