

Stock Code: 600690

Short Name: Qingdao Haier

Qingdao Haier Co., Ltd

Third Quarterly Report of 2018



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

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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 Information on absent director from meeting

Name of director absent from meeting	Position of director absent from meeting	Reason for the absence of director from meeting	Name of proxy
Tan Lixia	Director	Business trip	Wu Changqi

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

1.4 This Third Quarterly Report of the Company has not been audited.

II. Company Profile

2.1 Key financial information

Unit and Currency: RMB

	As at the end of the reporting period	As at the end of last year		Increase/decrease as at the end of the reporting Period compared with the end of last year(%)
		After adjustment	Before adjustment	
Total assets	167,626,386,705.18	157,096,764,347.93	151,463,110,707.63	6.70
Net assets attributable to	35,675,893,674.02	33,299,500,785.12	32,215,515,201.45	7.14

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shareholders of the listed Company				
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of last year (January to September)		Increase/decrease compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	11,049,179,807.06	14,538,013,259.52	14,160,052,998.94	-24.00
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of last year (January to September)		Increase/decrease compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	138,138,774,411.21	122,494,143,062.55	119,189,613,634.20	12.77
Net profit attributable to shareholders of the listed Company	6,126,787,121.21	5,602,801,883.86	5,682,361,717.64	9.35
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	5,522,473,377.30	4,695,336,406.07	4,695,336,406.07	17.62
Weighted average return on net assets (%)	17.42	18.93	19.51	decreased by 1.51 percentage points
Basic earnings per share (RMB per share)	1.005	0.919	0.932	9.36
Diluted earnings per share (RMB per share)	0.987	0.919	0.932	7.40

Note:

In 2018, the Company focused on the strategic goal of “becoming a leading provider of smart home solutions in the era of Internet of Things”. Driven by the *Individual and Goal Combination* model, and leveraging on world-class brands cluster and globalized structure, the Company continually promoted retail transformation and global operation, and maintained product leadership, channel deepening and marketing optimization, so as to strengthen the leading advantages in the industry. Facing the opportunities in the era of Internet of Things, the Company will develop new growth points such as ecological income by establishing ecological circles, building up eco-brands, promoting mass customization and iterating the best users experience based on interaction within various communities through U+ smart life platform, COSMOPlat Smart Manufacturing Industrial Internet Platform and large Shunguang online and offline community interaction platform.

(1) Domestic market: the Company made great efforts in deepening the establishment of the operating system with retail business as the core, implementing the transformation of “from the sale of products to the sale of solutions, from launching to fermentation, from outlets to contact points, from price to value”, and improving structure of product portfolio and structure of brands to achieve growth under unfavorable environment. As to performance of each segment, in the first three quarters, revenue from refrigerator business, washing machine business, air-conditioner business, water heater business and kitchen appliance business increased by 15.9%, 16.2%, 15.7%, 14.5% and 18.9%, respectively. ① During the reporting period, the Company’s market share across the product portfolio has been increasing. According to the statistics from CMM, the retail sales of Haier refrigerators, washing machines, air conditioners, water heaters, hoods and stoves increased by 4.03, 3.87, 0.49, 1.27, 0.67, 1.07 percentage points respectively from January to September 2018 as compared with the same period of last year. Retail sales of refrigerators and washing machines maintained the leading position in the industry and the leading edge continued to grow, with the share of retail sales reaching 35.17% and 33.33%, respectively, which was 3.13 and 1.87 times of that of the runner-up brand. ② Despite the increasing downward pressure in the industry in the third quarter, the high-end brand Casarte continued to maintain its high growth, with the revenue increasing by 49% during the first three quarters. Products under Casarte maintained an overwhelming advantage in the high-end market. For example, under this brand, the market share of refrigerators priced above RMB10,000 reached 36%; the market share of drum washing machines priced above

RMB10,000 reached 77%; the market share of air conditioners priced above RMB16,000 reached 42.7%.

(2) Overseas markets: focusing on localized branding and leadership, continuing to push ahead with the “triple strategy” for manufacturing, marketing and R&D, strengthening competitiveness in end-user market, and achieving the transformation to high-end brands.

① In the first three quarters of 2018, the Company maintained rapid growth in the North American market, with revenue denominated in US dollar growing by 11.83%, while the accumulated growth of home appliance industry in the U.S. was flat in the first three quarters. ② Each region focuses on high-end brand building, while enhancing competitiveness in brands, products and marketing, with the aim of promoting the steady growth of business. The South Asian market recorded a growth in revenue of 24%, the European market recorded a growth in revenue of 21%, the Latin American market recorded a growth in revenue of 55%, and the Japanese market recorded a growth in revenue of 10%. ③ In the third quarter of 2018, the Company completed the acquisition of the home appliance assets and business of Fisher & Paykel in New Zealand, thus achieving leading market position in Oceania: the dual brands of Fisher & Paykel and Haier ranked No.2 in terms of market share in Australia, and ranked No.1 in terms of that in New Zealand, representing a ratio of over 40%; as to brand, on top of Haier, Casarte, AQUA, GE Appliance and Leader, the Company acquired Fisher & Paykel, the world’s top high-end home appliance brand, and continues to expand its portfolio of global brands; Revenue of Fisher & Paykel (dominated in New Zealand Dollar) increased by 7% in the first three quarters of 2018, and 12% in the third quarter. In September 2018, the Company announced its intention to acquire 100% equity interests in Candy S.p.A, an Italian company. The transaction was intended to strengthen the expansion in the European market, improve the product portfolio and the network of local brands, while consolidating the coverage of different customer groups, and further enhancing the position in the European market. Upon the completion of the acquisition, the market share of the Company in Europe will leap to top 5.

(3) The Company has been committed to creating a smart home community in the era of Internet of Things to create an ecological platform. ① Strengthening the experience of the 4+7+N smart home solutions (note), iteratively integrating online and offline delivery system, while creating a global interconnecting platform, and continuing to upgrade the application in AI artificial intelligence scenarios. From January to September 2018, the amount of activation of the Company's smart home appliances increased by 85% YoY, the sales of the comprehensive household appliance solutions increased by 134% YoY, and the number of smart home users increased by 23% YoY. The revenue from its IoT ecological systems amounted to RMB2.095 billion, representing a year-on-year growth of over 200%. In terms of the creation of ecological circle, based on the life scenes of users, Haier's Internet of Clothing offer Internet of Things solutions for the whole life-cycle covering washing, care, storage, dressing and purchase, while integrating ecological cooperation resources of clothing associations and home textile associations, quickly gathering clothing resources and rapidly copying the innovative model factories, stores and homes; it also played a leading role in drafting the world's first IEEE international standard for the Internet of Clothing; the platform has gathered over 2,400 clothing resources, and the Internet of Clothing achieved an YoY increase of 10 times in ecological revenue in the first three quarters of 2018. Building on the leading position in terms of market share, the Internet of Food provided users with Internet of Things health solutions in smart kitchen scenes by way of integrating safe ingredients, health resources and intelligent hardware resources; the international standards for the Internet of Food, which were submitted to the IEEE, have been approved for further development, and technologies for the Internet of Food will enter the stage of developing international standards. ② Continue to promote the construction of the industrial Internet platform of COSMOPlat, and implement the model of mass customization, with participation of users throughout the process. IEEE, ISO, and IEC, three major international standards-developing bodies, designated the Company to lead the development of international standards for the model of mass customization and industrial Internet platforms. From January to September 2018, COSMOPlat recorded a revenue of RMB4.7 billion.

(4) On 24 October 2018 (Frankfurt time), the Company engaged the initial public offering of shares on the D share market of China Europe International Exchange, and passed the admittance of and obtained permission to list on Frankfurt Stock Exchange. The listing structured the Company's "A+D" capital market platform home and abroad, and is going to enhance the Company's brand presence worldwide, as well as support the landing and further development of the Company's global business, especially the business in Europe.

Note: Among the word "4+7+N smart home solutions", "4" refers to the four physical spaces that Haier continues to upgrade iteratively, namely smart living room, smart kitchen, smart bathroom and smart bedroom; "7" refers to seven comprehensive household appliance solutions, i.e. household ventilation, household water usage, household washing & cleaning, household security, household voice appliance, household health and household information; while "N" is a variable, which represents that the user is able to customize smart living scenarios in accordance with their life style, achieving infinite diversified possibilities.

Non-recurring Profit or Loss Items and Amount

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)
Profit or loss from disposal of non-current assets	250,930,248.51	274,865,109.14
Government grants included in current profit or loss, except those closely related to the normal operating business, complying with requirements of the national policies, and continuing to be granted with the amount and quantity determined under certain standards	212,838,368.85	349,985,867.61
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	29,734,856.98	-43,718,860.91

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Profit and loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities except for valid straddle business relevant to normal business of the company, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	-160,450,980.50	32,809,620.71
Trustee fee income from entrusted operations		943,396.22
Other non-operating income and expenses except for the above mentioned	64,170,893.06	234,036,255.74
Effect of minority equity interests, net of tax	-34,696,702.01	-126,558,657.97
Income tax effect	-67,563,187.24	-118,048,986.63
Total	294,963,497.65	604,313,743.91

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

Unit: share

Total number of shareholders				175,161		
Shareholdings of top ten shareholders						
Name of Shareholder (full name)	Number of shares held at the end of the period	Percent age (%)	Number of shares held with selling restriction s	Status of shares pledged or frozen		Nature of shareholder
				Status	Num ber	
Haier Electric Appliances International Co., Ltd.	1,258,684,824	20.64		Nil		Domestic non-state-own ed legal entity
Haier Group Corporation	1,072,610,764	17.59		Nil		Domestic non-state-own ed legal entity
Hong Kong Securities Clearing Co., Ltd.	444,311,732	7.29		Unknown		Unknown
GIC PRIVATE LIMITED	269,673,927	4.42		Unknown		Foreign legal entity
China Securities Finance Corporation Limited	182,312,697	2.99		Unknown		Unknown

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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
KKR HOME INVESTMENT S.A R.L.	161,116,436	2.64		Unknown		Foreign legal entity
National social security fund, Portfolio 104	101,188,812	1.66		Unknown		Unknown
Central Huijin Asset Management Ltd.	69,539,900	1.14		Unknown		Unknown
National social security fund, Portfolio 103	60,604,872	0.99		Unknown		Unknown
Shareholdings of top ten shareholders without selling restrictions						
Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares		Class	Number	
Haier Electric Appliances International Co., Ltd.	1,258,684,824			RMB ordinary	1,258,684,824	
Haier Group Corporation	1,072,610,764			RMB ordinary	1,072,610,764	
Hong Kong Securities Clearing Co., Ltd.	444,311,732			RMB ordinary	444,311,732	
GIC PRIVATE LIMITED	269,673,927			RMB ordinary	269,673,927	
China Securities Finance Corporation Limited	182,312,697			RMB ordinary	182,312,697	
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	
KKR HOME INVESTMENT S.A R.L.	161,116,436			RMB ordinary	161,116,436	
National social security fund, Portfolio 104	101,188,812			RMB ordinary	101,188,812	
Central Huijin Asset Management Ltd.	69,539,900			RMB ordinary	69,539,900	
National social security fund, Portfolio 103	60,604,872			RMB ordinary	60,604,872	

Related parties or parties acting in concert among the aforesaid shareholders	(1) Both Haier Electric Appliances International Co., Ltd. and Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司) are holding subsidiaries of Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.
Explanation 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 selling restrictions 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) Derivative financial assets increased by 66.80% as compared with the beginning of the year, which was mainly due to the impact of changes in fair value of derivative financial instruments such as foreign exchange contracts during the period;
- 2) Assets held for sale increased by 4,530.91% as compared with the beginning of the year, which was mainly due to Haier Electronics, a subsidiary of the Company listed in Hong Kong, plans to dispose 58.08% of the equity interests of Shengfeng Logistics Group Co., Ltd. (herein after referred to as “Shengfeng Logistics”) for business planning considerations;
- 3) Other current assets increased by 31.12% as compared with the beginning of the year, which was mainly due to the increase in the wealth management of Haier Electronics, a subsidiary of the Company;
- 4) Construction in progress increased by 116.50% as compared with the beginning of the year, which was mainly due to the Company expanded its industrial lines’ production

capacity and upgraded its industrial lines such as smart kitchens and air conditioners during the period;

- 5) Development expenses decreased by 49.40% as compared with the beginning of the year, which was mainly due to the relevant development transferred to the intangible assets when it reached the scheduled usable status during the period;
- 6) Other non-current assets increased by 72.00% as compared with the beginning of the year, which was mainly due to the amounts prepaid for equipment procurement as a result of the Company expanded its industrial lines' production capacity and upgraded its industrial lines such as smart kitchens and air conditioners during the period;
- 7) Derivative financial liabilities increased by 4,503.98% as compared with the beginning of the year, which was mainly due to the impact of changes in fair value of derivative financial instruments such as foreign exchange contracts during the period;
- 8) Advances from customers decreased by 36.90% as compared with the beginning of the year, which was mainly due to the centralized delivery taking of goods by customers;
- 9) Liabilities held for sale increased by 100% as compared with the beginning of the year, which was mainly due to the Company plans to dispose 58.08% of the equity interests of Shengfeng Logistics for business planning considerations;
- 10) Non-current liabilities due within one year decreased by 54.21% as compared with the beginning of the year, which was mainly due to the repayment of long-term liabilities due within one year;
- 11) Deferred revenue increased by 30.83% as compared with the beginning of the year, which was mainly due to the increase in asset-related government grants during the year;
- 12) Other non-current liabilities increased by 31.80% as compared with the beginning of the year, which was mainly due to the increase in repurchase obligations for minority equity interests;
- 13) Capital reserve decreased by 64.31% as compared with the beginning of the year, which was mainly due to the acquisition at a premium of Enterprise combinations under common control is partially written down to the capital reserve;

- 14) Other comprehensive income increased by 19,756.96% as compared with the beginning of the year, which was mainly due to the increase in the share of other comprehensive income that will be reclassified into profit or loss and the change in foreign currency translation differences;
- 15) The financial expenses decreased by 33.66% as compared with the corresponding period of last year, which was mainly due to the decrease in exchange losses during the period as compared with the corresponding period of last year;
- 16) Investment income increased by 36.21% as compared with the corresponding period of last year, which was mainly due to the increase in investment income from disposal of long-term equity investments and derivative financial assets;
- 17) The income from changes in fair value decreased by 116.83% as compared with the corresponding period of last year, which was mainly due to the influence of change in fair value of derivative financial instruments such as forward exchange;
- 18) The profit or loss from asset disposal increased by 690.35% as compared with the corresponding period of last year, which was mainly due to the disposal of assets during the period;
- 19) Non-operating income decreased by 35.70% as compared with the corresponding period of last year, which was mainly due to the decrease in non-operating income of GEA, a subsidiary of the Company;
- 20) Non-operating expenses decreased by 37.84% as compared with the corresponding period of last year, which was mainly due to the scrapping of some fixed assets in the corresponding period of last year and fewer occurrences for the period.
- 21) Other comprehensive income, net of tax increased by 409.45% as compared with the corresponding period of last year, which was mainly due to the increase in the share of other comprehensive income that will be reclassified into profit or loss and the change in foreign currency translation differences;
- 22) Net cash flows from investing activities decreased by 140.16% as compared with the corresponding period of last year, which was mainly due to the acquisition of assets of FPA for the period and the increase in expenses on wealth management.

3.2 Analysis on the progress of significant events and their impacts and solutions

√ Applicable □ Not Applicable

(1) **External Guarantees:** 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 RMB22.089 billion in total, representing 61.9% of the net assets of the Company for the latest period, and 13.2% of the total assets for the latest period.

(2) **Foreign Exchange Derivatives:** As of the end of the reporting period, the balance of the Company's Foreign Exchange Derivatives amounted to approximately US\$3.54 billion in total.

(3) **Entrusted Wealth Management:** As of the end of the reporting period, the balance of the company's entrusted wealth management amounted to RMB4.65 billion, which is all conducted by Haier Electronics Group Co., Ltd. (hereinafter referred to as "Haier Electronics", stock code: 01169.HK), an holding subsidiary of the Company, Haier Electronics, as a company listed in Hong Kong and operating independently, purchased some short-term guaranteed wealth management products and structured deposits from large commercial banks according to its management authority and on the premise of securing the safety of funds, with an aim to improve the utilizing efficiency of idle funds. In the process of conducting the purchases, all necessary procedures such as reporting to the board and review of each transaction by the management have been fulfilled in accordance with the laws and regulations in respect of listed companies in Hong Kong, so as to increase the return of the shareholders on condition that the capital required for the daily operation of the main business is adequate.

(4) **Progress on the Acquisition of Major Asset:** the Board meeting and General meeting of the Company has reviewed and passed the "Proposal of Qingdao Haier Co., Ltd. on Acceptance of the Transfer of 100% equity interests of Haier New Zealand Investment Holding Company Limited and the Related Transactions" (《青岛海尔股份有限公司关于受让Haier New Zealand Investment Holding Company Limited 之100%股权暨关联交易的议案》) in April and June 2018, respectively. The Company intends to settle the acceptance of the transfer of 100% equity interests of aforementioned company held by

Haier Group Corporation through an overseas subsidiary in cash payment. As of the end of the reporting period, the transaction has been completed and the Company completed the consolidation of the aforementioned company.

(5) **Progress on the issuance of CB by the Company:** As of the end of the reporting period, the application of public offer of Convertible Bonds (“CB”) by the Company has been approved by the the Issuance Examination Commission of CSRC.

3.3 The undertakings that have been past due and not been performed 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, the Company and others underlying parties during or up to the reporting period are as follows:

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

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

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	y right defects in land and etc.		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 (L2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	five years		
Other undertakings made to the medium and minority shareholders	Asset injection	Haier Group Corporation	Inject the underlying 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 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 by the Company 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 Board Meeting and General Meeting of the Company considered and passed 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 to be 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 details, please refer to Announcement of Qingdao Haier Co., Ltd. On the Acquisition of Equity in Sino-foreign Joint Venture Held by Haier Group Corporation and Related Transactions (L 2015-062) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 23 December 2015.	December 2015-December 2018	YES	YES
	Others	Haier Group Corporation	In order to prevent and control the Company's fund risks in an effective and timely manner and ensure the security of the Company's funds, Haier Group hereby (on behalf of itself and other companies held by it or under its actual control) made the	30 March 2018, long term	YES	YES

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			Undertaking of the Haier Group Corporation on the Funds Security of Qingdao Haier Co., Ltd.(《海尔集团公司关于青岛海尔股份有限公司资金安全的承诺》), pursuant to which it made undertakings on not occupying Qingdao Haier's funds in disguised form and to secure Qingdao Haier's Funds in Financial Companies, etc. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Undertakings Made by the Actual Controlling Shareholders (L 2018-059) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 9 October, 2018.			
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- 3.4 Warning and explanation on reasons for accumulated net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material change as compared to that of the corresponding period of last year

☐ Applicable ☒ Not Applicable

Name of company	Qingdao Haier Co., Ltd.
Legal representative	Liang Haishan
Date	30 October 2018

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Monetary Capital	35,027,149,528.56	35,825,439,039.22
Clearing settlement funds		
Lendings to banks and other financial institutions		
Financial assets measured at fair value and changes of which included in current profit and loss		
Derivative financial assets	34,498,028.36	20,681,695.50
Bills receivables and accounts receivables	31,884,581,587.90	25,924,283,460.99
Including: Bills receivables	14,414,860,888.22	13,033,083,520.99
Accounts receivables	17,469,720,699.68	12,891,199,940.00
Prepayments	671,779,770.85	628,892,321.35
Premiums receivables		
Reinsurance accounts receivables		
Reinsurance contract reserves receivables		
Other receivables	1,481,075,961.81	1,189,441,303.79
Including: Interests receivables	307,997,032.28	203,637,543.83
Dividends receivables	4,656,550.08	4,524,472.84
Financial assets purchased under resale agreements		
Inventories	20,868,860,503.22	22,537,617,217.87
Assets held for sale	1,271,367,067.25	27,453,950.07
Non-current assets due within one year		
Other current assets	5,803,001,328.88	4,425,579,572.68
Total current assets	97,042,313,776.83	90,579,388,561.47
Non-current assets:		
Loans and advances granted		
Available-for-sale financial assets	1,585,956,478.46	1,415,354,307.82
Held-to-maturity investments		
Long-term receivables	248,984,502.12	289,785,899.38

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Long-term equity investments	13,466,290,180.03	12,987,255,645.28
Investment properties	31,308,410.93	31,214,015.99
Fixed assets	16,875,066,174.37	17,202,199,462.03
Construction in progress	3,486,907,261.37	1,610,615,034.68
Biological assets for production		
Fuel assets		
Intangible assets	8,966,361,405.65	8,226,559,783.38
Development expenses	488,831,497.42	966,051,333.81
Goodwill	21,197,596,096.81	20,344,616,586.99
Long-term deferred expenditures	196,158,024.26	177,755,371.21
Deferred income tax assets	1,883,601,023.69	2,011,904,164.13
Other non-current assets	2,157,011,873.24	1,254,064,181.76
Total non-current assets	70,584,072,928.35	66,517,375,786.46
Total assets	167,626,386,705.18	157,096,764,347.93
Current liabilities:		
Short-term borrowings	12,972,750,597.68	10,878,580,275.18
Borrowings from central bank		
Customer deposits and deposits from banks		
Placements from banks and other financial institutions		
Financial liabilities measured at fair value and changes of which included in current profit and loss		
Derivative financial liabilities	116,230,558.04	2,524,569.45
Bills payable and accounts payable	48,275,805,549.41	42,616,065,864.06
Advances from customers	3,698,644,561.45	5,861,949,182.62
Disposal of repurchased financial assets		
Handling charges and commissions payable		
Payable for staff's remuneration	2,166,113,420.11	2,480,636,328.53
Taxes payable	2,030,887,215.81	1,970,178,186.86
Other payable	13,386,539,684.86	11,309,575,306.21
Including: Interests payable	185,682,002.49	235,683,220.62
Dividends payable	157,746,605.36	153,756,315.64
Reinsurance accounts payable		
Deposits for insurance contracts		
Consumer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Liabilities held for sale	298,842,777.47	
Non-current liabilities due within one	2,815,877,532.96	6,149,302,981.65

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Qingdao Haier Co., Ltd

year		
Other current liabilities	40,146,934.19	42,961,121.03
Total current liabilities	85,801,838,831.98	81,311,773,815.59
Non-current liabilities:		
Long-term borrowings	16,905,702,296.03	16,036,492,809.81
Debentures payable	6,667,990,382.62	6,211,088,362.68
Including: preference shares		
Perpetual bonds		
Long-term payable	105,158,826.26	106,020,029.74
Long-term payable for staff's remuneration		
Estimated liabilities	2,983,559,606.43	2,660,788,654.43
Deferred income	650,407,021.26	497,141,088.72
Deferred income tax liabilities	215,966,425.02	279,114,620.35
Other non-current liabilities	2,830,963,168.26	2,147,990,857.13
Total non-current liabilities	30,359,747,725.88	27,938,636,422.86
Total liabilities	116,161,586,557.86	109,250,410,238.45
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	6,097,402,727.00	6,097,402,727.00
Other equity instruments	431,424,524.07	431,424,524.07
Including: preference shares		
Perpetual bonds		
Capital reserve	826,883,093.84	2,316,873,282.11
Less: Treasury stock		
Other comprehensive income	878,476,844.82	4,424,024.90
Special reserve		
Surplus reserve	2,005,685,056.77	2,103,057,782.41
General risk provisions		
Undistributed profits	25,436,021,427.52	22,346,318,444.63
Total equity attributable to owners of the Parent company	35,675,893,674.02	33,299,500,785.12
Minority equity interests	15,788,906,473.30	14,546,853,324.36
Total owners' equity (or shareholders' equity)	51,464,800,147.32	47,846,354,109.48
Total liabilities and owners' equities (or shareholders' equity)	167,626,386,705.18	157,096,764,347.93

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of accounting department: Ying Ke

Balance Sheet of the Parent Company

30 September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Monetary Capital	3,394,119,013.68	2,070,527,802.97
Financial assets measured at fair value and changes of which included in current profit and loss		
Derivative financial assets		
Bill receivables and accounts receivables	200,958,629.82	288,499,726.07
Including: Bill receivables		
Accounts receivables	200,958,629.82	288,499,726.07
Prepayments	23,687,108.51	20,000,000.00
Other receivables	487,464,928.84	1,206,903,377.12
Including: Interests receivables	6,870,477.10	220,157,282.75
Dividends receivables	18,251,296.42	970,851,045.94
Inventories	72,610,924.73	89,650,514.91
Assets held for sale		
Non-current assets due within one year		
Other current assets	191,709,409.46	87,165,597.70
Total current assets	4,370,550,015.04	3,762,747,018.77
Non-current assets:		
Available-for-sale financial assets	5,335,773.96	5,818,587.80
Held-to-maturity investments		
Long-term receivables		8,600,000,000.00
Long-term equity investments	32,390,142,090.54	23,581,254,928.08
Investment properties		
Fixed assets	118,008,248.28	118,553,830.32
Construction in progress	38,553,097.58	13,594,976.50
Biological assets for production		
Fuel assets		
Intangible assets	7,147,254.17	14,601,582.38
Development expenses		
Goodwill		
Long-term deferred expenditures	5,166,162.66	
Deferred income tax assets	106,347,777.99	106,347,777.99
Other non-current assets		
Total non-current assets	32,670,700,405.18	32,440,171,683.07
Total assets	37,041,250,420.22	36,202,918,701.84

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Current liabilities:		
Short-term borrowings	1,500,000,000.00	
Financial liabilities measured at fair value and changes of which included in current profit and loss		
Derivative financial liabilities		
Bills payable and accounts payable	235,162,661.28	310,387,267.67
Advances from customers	2,418,969,696.50	2,465,908,721.32
payable for staff's remuneration	46,161,578.98	51,533,384.22
Taxes payable	14,377,813.15	62,255,803.87
Other payable	22,316,065,443.79	21,268,590,528.36
Including: interests payable	188,675,107.27	156,447,167.63
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	18,216,506.32	12,498,265.43
Total current liabilities	26,548,953,700.02	24,171,173,970.87
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
Including: preference shares		
Perpetual bonds		
Long-term payable	20,000,000.00	20,000,000.00
Long-term payable for staff's remuneration		
Estimated liabilities		
Deferred income	91,723,810.10	37,700,000.00
Deferred income tax liabilities	37,790,420.16	36,152,815.34
Other non-current liabilities		
Total non-current liabilities	149,514,230.26	93,852,815.34
Total liabilities	26,698,467,930.28	24,265,026,786.21
Owners' equity (or shareholders' equity)		
Pain-in capital (or share capital)	6,097,402,727.00	6,097,402,727.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserve	2,318,161,831.23	2,317,907,947.71
Less: Treasury stock		
Other comprehensive income	-13,438,995.88	-43,234,737.77
Special reserve		
Surplus reserve	1,437,313,649.93	1,437,313,649.93
Undistributed profits	503,343,277.66	2,128,502,328.76

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Qingdao Haier Co., Ltd

Total owners' equity (or shareholders' equity)	10,342,782,489.94	11,937,891,915.63
Total liabilities and owners' equities (or shareholders' equities)	37,041,250,420.22	36,202,918,701.84

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of accounting department: Ying Ke

Consolidated Income Statement

January-September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Amount for the current Period (July-September)	Amount for the previous Period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I . Total operating revenue	47,582,370,823.27	42,676,437,684.91	138,138,774,411.21	122,494,143,062.55
Including: operating revenue	47,582,370,823.27	42,676,437,684.91	138,138,774,411.21	122,494,143,062.55
Interest income				
Insurance premiums earned				
Handling charges and commission income				
II . Total cost of operations	46,118,823,532.91	41,579,488,110.86	131,146,255,979.08	116,764,168,447.98
Including: operating cost	34,100,161,398.02	30,008,154,883.08	98,174,684,451.42	85,585,233,536.54
Interest expenses				
Handling charges and commission expenses				
Insurance withdrawal payment				
Net payment from indemnity				
Drawing of provisions for insurance contracts, net				
Insurance policy dividend paid				

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Reinsurance cost				
Taxes and surcharges	244,364,395.43	269,132,311.99	648,780,027.35	614,663,024.79
Selling expenses	7,823,195,188.26	7,889,010,743.94	21,339,457,352.81	20,434,536,178.22
Administrative expenses	2,132,814,021.53	1,612,634,066.12	6,236,541,938.43	5,227,336,684.13
R&D expenditures	1,447,952,191.68	1,324,940,022.77	3,712,243,059.10	3,517,071,013.44
Financial expenses	279,887,087.05	467,291,932.78	765,856,927.10	1,154,426,899.86
Including: Interest expenses	304,546,395.79	349,114,922.55	988,211,900.04	1,061,792,763.50
Interest income	98,827,316.38	94,430,542.09	333,241,702.03	235,611,576.12
Loss in assets impairment	90,449,250.94	8,324,150.18	268,692,222.87	230,901,111.00
Add: Other income	254,478,055.41	259,484,760.43	478,770,467.43	394,227,327.95
Investment income (losses are represented by “-”)	458,978,905.04	319,971,426.66	1,326,437,894.00	973,814,141.01
Including: investment income from associates and joint ventures				
Income from change in fair value (losses are represented by “-”)	-125,212,550.50	114,188,419.25	-88,550,629.00	526,252,264.40
Income from disposal of assets (losses are represented by “-”)	113,057,969.10	22,170,316.16	118,726,042.63	15,021,976.92
Exchange gain (losses are represented by “-”)				
III. Operating profit (losses are represented by “-”)	2,164,849,669.41	1,812,764,496.55	8,827,902,207.19	7,639,290,324.85
Add: non-operating income	88,873,125.37	230,651,977.14	307,131,026.14	477,616,097.62
Less: non-operating expenses	24,609,630.01	41,884,014.99	74,176,661.32	119,329,951.37
IV. Total Profit (total losses are represented by “-”)	2,229,113,164.77	2,001,532,458.70	9,060,856,572.01	7,997,576,471.10
Less: income tax expense	263,274,478.27	214,861,802.48	1,230,053,924.92	968,361,199.76
V. Net Profit (net losses are	1,965,838,686.	1,786,670,65	7,830,802,647.	7,029,215,271.

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Qingdao Haier Co., Ltd

represented by “-”)	50	6.22	09	34
(I) Classification by continuous operation				
1.Net profit from continuous operations (net losses are represented by “-”)	1,965,838,686.50	1,786,670,656.22	7,830,802,647.09	7,029,215,271.34
2.Net profit from discontinued operations (net losses are represented by “-”)				
(II)Classification by ownership of the equity				
1. Net profit attributable to owners of the Parent Company	1,341,445,309.68	1,217,982,647.53	6,126,787,121.21	5,602,801,883.86
2. Profit or loss attributable to minority shareholders	624,393,376.82	568,688,008.69	1,704,015,525.88	1,426,413,387.48
VI. Other comprehensive income, net of tax	548,134,190.72	-95,904,313.27	1,013,158,337.47	-327,410,413.04
Other comprehensive income attributable to owners of the Parent Company, net of tax	492,890,595.99	-81,928,492.43	833,824,709.33	-280,916,551.66
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss	-1,045,223.32		-7,997,491.05	
1. Changes arising from re-measurement of defined benefit plans	-1,045,223.32		-7,997,491.05	
2. Other comprehensive income that cannot be transferred to profit and loss under equity method				
(II) Other comprehensive income to be reclassified subsequently to profit or loss	493,935,819.31	-81,928,492.43	841,822,200.38	-280,916,551.66
1. Other comprehensive income that can be transferred to profit and loss under equity method	74,779,420.86	40,693,511.60	161,496,158.75	-81,346,664.65
2. Profit or loss from change in fair value of available-for-sale financial	-7,181,577.12	1,056,642.38	40,401,696.52	-1,290,381.60

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assets				
3. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
4. Effective portion of profit or loss arising from cash flow hedges	-4,888,807.85	15,156,097.14	42,876,348.23	-27,372,354.75
5. Exchange differences on translation of financial statements denominated in foreign currencies	431,226,783.42	-138,834,743.55	597,047,996.88	-170,907,150.66
Other comprehensive income attributable to minority shareholders, net of tax	55,243,594.73	-13,975,820.84	179,333,628.14	-46,493,861.38
VII. Total comprehensive income	2,513,972,877.21	1,690,766,342.95	8,843,960,984.56	6,701,804,858.30
Total comprehensive income attributable to the owners of Parent Company	1,834,335,905.66	1,136,054,155.10	6,960,611,830.54	5,321,885,332.20
Total comprehensive income attributable to the minority shareholders	679,636,971.55	554,712,187.85	1,883,349,154.02	1,379,919,526.10
VIII. Earnings per share:				
(I) Basic earnings per share (RMB/share)	0.271	0.300	1.005	0.919
(II) Diluted earnings per share (RMB/share)	0.264	0.300	0.987	0.919

For the business combination under common control effected during the period, the net profit realized by the merged party before the combination was RMB -43,718,860.91

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

Third Quarterly Report of 2018
Qingdao Haier Co., Ltd

Income Statement of the Parent Company

January-September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Amount for the current Period (July-September)	Amount for the previous Period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I . Operating revenue	792,884,921.23	885,928,248.69	2,417,038,949.69	2,429,040,574.34
Less: Operation cost	555,280,503.90	599,578,352.66	1,675,343,056.16	1,724,678,093.73
Taxes and surcharges	6,419,524.05	8,873,954.31	16,393,690.67	17,998,106.78
Selling expenses	85,400,691.99	65,814,107.53	210,441,579.93	150,349,127.54
Administrative expenses	141,647,234.36	131,166,668.97	345,344,601.02	327,764,969.80
R&D expenditures	82,497,268.57	74,387,651.32	166,500,505.81	169,591,070.38
Financial expenses	45,410,592.26	32,401,366.94	107,226,850.25	77,833,579.73
Including: Interest expenses	80,070,880.63	71,132,206.66	210,180,419.77	187,164,133.92
Interest income	28,915,355.12	40,157,833.17	101,898,989.53	111,044,209.34
Loss in assets impairment	-86,152,801.78	-67,084,496.59	10,058,187.90	-17,843,951.04
Add: Other income	25,076,709.08	-17,583,126.25	34,586,901.99	17,166,899.75
Investment income (losses are represented by “-”)	306,404,376.82	108,081,882.92	525,924,446.67	259,975,650.65
Including: investment income from associates and joint ventures				
Income from change in fair value (losses are represented by “-”)				
Income from disposal of assets (losses are represented by	25,693.17		25,693.17	

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“-”)				
II. Operating profit (losses are represented by “-”)	293,888,68 6.95	131,289,400.2 2	446,267,519.78	255,812,127.82
Add: non-operating income	6,536,549. 52	41,890,232.67	34,283,951.35	59,966,161.35
Less: non-operating expenses	58,667.36	852,535.19	311,781.90	861,948.86
III. Total Profit (total losses are represented by “-”)	300,366,56 9.11	172,327,097.7 0	480,239,689.23	314,916,340.31
Less: income tax expense	-4,749,277. 12	9,633,872.86	-8,231,021.09	-756,318.10
IV. Net Profit (net losses are represented by “-”)	305,115,84 6.23	162,693,224.8 4	488,470,710.32	315,672,658.41
(I)Net profit from continuous operations (net losses are represented by “-”)	305,115,84 6.23	162,693,224.8 4	488,470,710.32	315,672,658.41
(II)Net profit from discontinued operations (net losses are represented by “-”)				
V. Other comprehensive income, net of tax	39,894.27	79,633.31	14,706,726.13	-13,523,864.60
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss				
1. Changes arising from re-measurement of defined benefit plans				
2. Other comprehensive income that cannot be transferred to profit and loss under equity method				
(II) Other comprehensive income to be reclassified subsequently to profit or loss	39,894.27	79,633.31	14,706,726.13	-13,523,864.60
1. Other comprehensive income that can be transferred to profit and loss under equity method	-	-	15,117,117.89	-13,949,016.48
2. Profit or loss from change in fair value of available-for-sale financial assets	39,894.27	79,633.31	-410,391.76	425,151.88
3. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets				

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Qingdao Haier Co., Ltd

4. Effective portion of profit or loss arising from cash flow hedges				
5. Exchange differences on translation of financial statements denominated in foreign currencies				
VI. Total comprehensive income	305,155,74 0.50	162,772,858.1 5	503,177,436.45	302,148,793.81
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

Consolidated Cash Flow Statement

January-September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I . Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	136,356,353,258.31	142,884,043,530.47
Net increase in consumer and inter-bank deposits		
Net increase in borrowing from central bank		
Net increase in Placements 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		

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Net increase from the disposal of financial assets measured at fair value and changes of which included in current profit and loss		
Cash received from interest, handling charges and commissions		
Net increase in Placements from banks and other financial institutions		
Net increase in cash received from repurchased operation		
Refunds of taxes	1,046,920,477.01	928,821,816.67
Cash received from other related operating activities	589,436,216.22	659,644,922.87
Sub-total of cash inflows from operating activities	137,992,709,951.54	144,472,510,270.01
Cash paid on purchase of goods and services	94,027,674,890.45	101,805,650,338.28
Net increase in loans and advances from customers		
Net increase in deposits in central bank and inter-bank		
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	14,351,219,932.92	12,072,394,336.37
Cash paid for all types of taxes	6,353,081,563.62	5,751,657,745.83
Cash paid to other operation related activities	12,211,553,757.49	10,304,794,590.01
Sub-total of cash outflows from operating activities	126,943,530,144.48	129,934,497,010.49
Net cash flows from operating activities	11,049,179,807.06	14,538,013,259.52
II . Cash flows from investing activities:		
Cash received from disposal of investments	3,057,186,798.56	41,065,673.58
Cash received from return on investments	284,197,818.40	240,271,551.96
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	312,264,347.04	61,986,331.26
Net cash received from disposal of subsidiaries and other operating entities	630,890,842.99	155,037,270.54

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Cash received from other investment related activities	106,361,571.07	
Sub-total of cash inflows from investing activities	4,390,901,378.06	498,360,827.34
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	4,448,216,757.39	2,875,638,772.83
Cash paid for investment	9,128,017,281.00	2,251,865,388.66
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	2,143,193,029.63	88,429,231.46
Cash paid on other investment related activities	22,812,827.94	8,992,511.00
Sub-total of cash outflows from investing activities	15,742,239,895.96	5,224,925,903.95
Net cash flows from investing activities	-11,351,338,517.90	-4,726,565,076.61
III. Cash flows from financing activities:		
Cash received from investment	712,560,270.91	1,347,892,085.10
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	12,010,235,777.28	16,802,696,722.23
Cash received from issuing bonds		
Cash received from other financing related activities		1,731,609.42
Sub-total of cash inflows from financing activities	12,722,796,048.19	18,152,320,416.75
Cash paid on repayment of borrowings	10,654,594,243.08	17,319,127,428.05
Cash paid on distribution of dividends, profits, or interest expenses	2,757,273,989.73	2,010,741,534.99
Including: dividend, profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	684,267,226.55	60,636,145.07
Sub-total of cash outflows from financing activities	14,096,135,459.36	19,390,505,108.11
Net cash flows from financing activities	-1,373,339,411.17	-1,238,184,691.36
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	372,206,915.04	-178,747,785.13
V. Net increase in cash and cash equivalents	-1,303,291,206.97	8,394,515,706.42
Add: balance of cash and cash equivalents at the beginning of the period	34,988,175,709.53	23,966,288,576.46

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VI. Balance of cash and cash equivalents at the end of the period	33,684,884,502.56	32,360,804,282.88
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Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of accounting department: Ying Ke

Cash Flow Statement of the Parent Company

January-September 2018

Prepared by: Qingdao Haier Co., Ltd.

Unit and Currency: RMB Unaudited

Items	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I . Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,318,190,025.50	427,739,667.35
Refunds of taxes	95,543,006.48	55,711,962.27
Cash received from other related operating activities	173,528,179.29	54,115,058.79
Sub-total of cash inflows from operating activities	1,587,261,211.27	537,566,688.41
Cash paid on purchase of goods and services	458,713,553.43	1,452,092,842.51
Cash paid to and on behalf of employees	647,354,793.69	564,703,136.34
Cash paid for all types of taxes	139,250,644.36	137,011,406.78
Cash paid to other operation related activities	374,617,434.69	321,211,786.90
Sub-total of cash outflows from operating activities	1,619,936,426.17	2,475,019,172.53
Net cash flows from operating activities	-32,675,214.90	-1,937,452,484.12
II . Cash flows from investing activities:		
Cash received from disposal of investments	505,207,895.00	

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Cash received from return on investments	1,153,009,979.01	429,548,610.50
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	1,658,217,874.01	429,548,610.50
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	46,367,088.81	28,348,785.40
Cash paid for investments	73,572,235.00	793,311,762.50
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	119,939,323.81	821,660,547.90
Net cash flows from investing activities	1,538,278,550.20	-392,111,937.40
III. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings	1,500,000,000.00	
Cash received from issuing bonds		
Cash received from other financing related activities	424,802,503.30	4,517,547,537.12
Sub-total of cash inflows from financing activities	1,924,802,503.30	4,517,547,537.12
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses	2,106,817,045.14	1,512,155,876.29
Cash paid on other financing activities		1,041,960.00
Sub-total of cash outflows from financing activities	2,106,817,045.14	1,513,197,836.29
Net cash flows from financing activities	-182,014,541.84	3,004,349,700.83
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	2,417.25	-2,101.16
V. Net increase in cash and cash equivalents	1,323,591,210.71	674,783,178.15

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Add: balance of cash and cash equivalents at the beginning of the period	2,070,527,802.97	3,888,623,400.28
VI. Balance of cash and cash equivalents at the end of the period	3,394,119,013.68	4,563,406,578.43

Legal representative: Liang Haishan

Chief accountant: Gong Wei

Person in charge of accounting department: Ying Ke

4.2 Auditors' Report

☐Applicable ☒Not Applicable