

Stock Code: 600690 (SH)、690D (FSE)

Short Name: Qingdao Haier

Bond Code:110049

Bond Name:Haier Convertible Bond

Qingdao Haier Co., Ltd.
Summary of 2018 Annual Report



I. Importance Notice

- 1 The summary of annual report is a simplification of the annual report. To comprehensively understand the Company's operating results, financial position and future development plans, investors shall refer to the website of the Shanghai Stock Exchange and other designated media of the China Securities Regulatory Commission to carefully read the full text of the annual report.
- 2 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Qingdao Haier Co., Ltd. ("the Company") hereby assure that the content set out in the annual 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.
- 3 Information of Directors absent from the meeting.

Position of director absent from the meeting	Name of director absent from the meeting	Reason for the absence of director from the meeting	Name of proxy
Director	Liu Haifeng	Personal affair	Wu Changqi

- 4 Shandong Hexin Certified Public Accountants LLP has issued a standard and unqualified audit report for the Company.
- 5 Proposal of profit distribution and proposal of capitalizing capital reserves for the reporting period examined and reviewed by the Board
Proposal of profit distribution for the reporting period examined and reviewed by the Board: to declare a cash dividend of RMB3.51 per 10 shares (tax inclusive) to all shareholders based on the total number of shares as at the registration date in respect of future proposal for profit distribution.

II. General Information of the Company

- 1 General Information of the Company

Summarized Information of Shares of the Company				
Type of Shares	Stock Exchange of Shares Listed	Stock Short Name	Stock Code	Stock Short Name Before Variation
A shares	Shanghai Stock Exchange	Qingdao Haier	600690	/
D shares	Frankfurt Stock Exchange	QINGDAO HAIER	690D	/

Contact person and contact Information	Secretary to the Board	Representative of securities affairs	IR
Name	Ming Guozhen	Liu Tao	Sophie (孙瑶)
Address	Department of Securities	Department of	Haier Deutschland GmbH,

	of Qingdao Haier Co., Ltd. Haier Information Industrial Park, No.1 Haier Road, Qingdao City	Securities of Qingdao Haier Co., Ltd. Haier Information Industrial Park, No.1 Haier Road, Qingdao City	Hewlett-Packard-Str. 4, 61352 Bad Homburg, Germany
Tel	0532-88931670	0532-88931670	+49 160 9469 3601 (Germany)
Email	finance@haier.com	finance@haier.com	Y.sun@haier.de

2 General Information of the Company's major business during the reporting period

The Company mainly engages in research, development, production and sales of home appliances with product portfolios covering refrigerators/freezers, washing machines, air-conditioners, water heaters, kitchen appliance products, small home appliances, U-home smart home business, etc., offering complete sets of smart home solutions to our consumers through rich portfolio of product and brand to create a better life experience, and the Company's channel integration service business mainly provides customers with full-process services such as distribution, logistic and after-sale of home appliances, household appliances and other products, as well as other value-added services.

Since its establishment, the Company has been upholding the concept of “taking the user as right and ourselves as wrong”, while adhering to the spirit of entrepreneurship and innovation and the strategy of keeping up with new developments. The Company has always adhered to overseas independent brand creation and through its persistent efforts and industry integration, it has successively acquired the white goods business of Sanyo of Japan, the household appliances business of GE, the Fisher & Paykel business in New Zealand, holds a 48.41% equity in MABE in Mexico, and acquires Italy-based Candy Company to construct the global competitiveness of the trinity of "R&D, manufacturing and marketing". Through continuous optimization of resource integration capabilities and global strategic synergies, the Company achieves the layout and global operation of the seven world-class brands, including Haier, Casarte, Leader, GE Appliances in the USA, Fisher & Paykel in New Zealand, AQUA in Japan and Italy-based Candy. **In 2018, revenue from overseas operation represented 42% of the total revenue while near 100% of the revenue was generated from self-owned brands.**

According to retail sales statistics on the large home appliances published by Euromonitor, the world's leading independent provider of strategic market research, in 2018, sales of Haier's large home appliances ranked No. 1 in the world for the 10th consecutive year. Meanwhile, global sales of Haier's refrigerators, washing machines, wine cellars and freezers continued to rank No. 1 in the world. The

sales of Haier Health self-cleaning air-conditioner in 2018 represented a global market share of 40.7% and ranked No. 1 in the world.

In face of the opportunities and challenges arising in the Internet of Things (“IoT”) era, the Company, through strategic market moves, has initiated the transformation to the IoT platform and established three leading platforms, including U+ Smart Life platform, COSMOplat industrial internet cloud platform, and Shunguang social group platform to focus on continuous iterations of the user's best experience. By offering smart homes solutions and introducing full-range smart life experiences to consumers, Haier has satisfied the needs of a better life for its customers.

2018 Industry Summary

In 2018, the global economy maintained its moderate growth, but the momentum of growth slowed down gradually due to the intensification of trade protectionism, the continued interest rate increase of the U.S. Federal Reserve, the intensification of capital outflows from emerging economies and the continuing turbulence of financial markets. Given the complex and severe situation at home and abroad, China's economic growth remained within a reasonable range, and its economic structure was constantly optimized; its new momentum for development was growing rapidly; people's livelihood continued to improve.

(I) Performance of domestic white goods industry:

In 2018, affected by the weakening of economic growth and the reduced growth of real estate sales, the household appliances industry grew slightly, showing a trend of fast growth first and slow growth later in the year, and the pressure of growth increased continuously in the third and fourth quarters. According to the calculation by China Market Monitor Co., Ltd. (CMM), the market size of China's household appliances industry (excluding 3C) in 2018 was RMB948 billion, representing an increase of 1.1% yoy; the growth rate of the industry had fallen significantly compared with that in 2017 at 14.1%.

Domestic market in 2018: (1) White goods industry: Domestic retail sales of each white goods sub-industry grew slightly. ① The retail volume and the value of the home-use air-conditioner increased by 3.0% and 5.6% respectively; ② For the refrigerator and washing machine market, replacement demand became the primary driver with weak sales volume growth, while the average prices were

boosted by structural upgrading, resulted in retail sales maintaining a slight growth trend: retail volume in the refrigerator industry decreased by 5.9%, but the retail value increased by 7.9%; retail volume and retail value of washing machine increased by 0.1% and 5.4% respectively. **(2) Kitchen and bathroom industry:** ① The water heater industry recorded a decrease of 3.2% in retail volume and a growth of 0.5% in retail value in 2018; ② In the kitchen appliance market, hoods and stoves recorded negative growth of 7.9% and 7.1% respectively in terms of retail value.

The trend of consumption upgrade continued, and the characteristics of experience economy and community economy appeared. ① Brand, quality, design and technology became the major factors influencing the consumption decision. Consumers are willing to pay a premium for "good products", and healthy, smart, artistic products with large capacity are increasingly favored. Innovation in product categories promoted industry upgrading, and the average price continued to rise. High value-added sub-categories such as duplex drum washing machines provided space for price increases. According to CMM's offline observed data, the average retail price in the refrigerator industry in 2018 was RMB4,167, representing an increase of 9.9% yoy; the average retail price in the washing machine industry was RMB2,956, representing an increase of 9.93% yoy. ② The trend of consumption differentiation was obvious, and there were more and more young users. ③ The development of the Internet of Things, Big Data, Artificial Intelligence and other technologies accelerated the intellectualization trend. The interconnection of intelligent household appliances created a brand new, convenient and smart experience. The requirement for household smart solutions has been constantly raised and pushed the transformation of enterprises from manufacturing and marketing to providing a smart life.

With increasing industry concentration, the leadership becomes a core asset. Haier as a leading enterprise focusing on R&D innovation, brand building, and a long-term strategy, increased its market share by relying on comprehensive advantages accumulated in long term market competition. In 2018, new industrial innovation appeared in the household appliances industry, seeking breakthrough opportunities in design, concept and price.

Offline channels showed a negative growth trend, while the proportion of online channels continued to increase but the growth slowed down. The integration of online and offline channels has

progressed. E-commerce platform accelerated the deployment in rural markets. Traditional offline channels were also trying to promote business using e-commerce resources. In this sense, channel ecology has become diversified increasingly.

(II) Performance of overseas white goods industry: Due to the level of economic development and market size in each region, performances differed across markets. ① In the U.S. market, the sales of large appliances was basically the same in 2018 as in 2017 ② In the European market, refrigerators and freezers industries benefited from the increase of the proportion of large-capacity refrigerators including those with open doors and multi-doors; washing products maintained a small single-digit growth due to the increasing proportion of large-capacity washing machines, heat pump dryers and intelligent interconnection products. Sales of cookers and embedded products were basically unchanged compared with 2017. ③ The Japanese market recorded a growth of 3% in 2018. ④ The Australian and New Zealand market experienced a negative growth trend in the household appliances market, impacted by the sustained decline in consumer spending and the weakening of the real estate industry. ⑤ In the South Asia markets, affected by inflation, currency depreciation and other factors, Pakistan's economy fluctuated and the growth of household appliances market slowed down; the Indian market was affected by the depreciation of the rupee, rising costs and weakening demand, so growth was flat and lower than expectation.

2019 Industry Outlook:

Domestic Market: In 2019, it is expected that the national economy will grow steadily at a low rate; the real estate market will continue to grow slowly; and there will be no obvious favorable factors for the external economic environment of the household appliances industry, but industrial restructuring and consumption upgrading will continue. The market of household appliances is dominated by demand of replacement, and the quality and improvement consumption demand will be further released. According to AVC's prediction, the total retail sales of white goods (refrigerators, washing machines and air conditioners) will reach RMB372.9 billion in 2019, representing a growth of 0.4% yoy. The kitchen and bathroom market will still be at a turning point. It is estimated that the retail sales of kitchen appliances and water heaters will reach RMB62.6 billion and RMB64.3 billion, respectively, representing 2.4% and 1.9% yoy decrease, respectively. Industry concentration will increase, and the

advantages of leading enterprises will be further strengthened. Industrial structure upgrade, experience improvement and intellectualization will continue in the household appliances industry. Enterprises with strong technological innovation ability, quality control ability and comprehensive product lines will continue to benefit from industrial upgrading.

Overseas Markets: According to the World Bank's report, *2019 Global Economic Prospects*, the global economy will face more severe downside risks in 2019 due to potential escalating trade tensions and fragile international finance markets. Global growth will decrease from 3% in 2018 to 2.9% in 2019, and the slowdown of economic growth will be reflected in developed, emerging and developing economies at the same time. The macroeconomic slowdown will affect the demand for home appliances.

3 Key accounting data and financial indicators of the Company

3.1 Key accounting data and financial indicators for the last three years

(1) Key accounting data

Unit and Currency: RMB

Key accounting data	2018	2017		yoy change (%)	2016
		After adjustment	Before adjustment		
Operating revenue	183,316,560 ,236.03	163,428,8 25,488.56	159,254,466, 909.46	12.17	119,132,261 ,662.60
Net profit attributable to shareholders of the listed company	7,440,228,8 55.90	6,907,629, 188.39	6,925,792,32 1.27	7.71	5,041,782,2 80.78
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	6,601,505,5 99.79	5,624,061, 708.46	5,624,061,70 8.46	17.38	4,332,453,0 50.07
Net cash flow from operating activities	18,934,252, 899.16	16,703,78 5,279.98	16,086,588,0 28.31	13.35	8,135,878,3 51.88
	As of 31 December 2018	As of December 31 2017		yoy change (%)	As of December 31 2016
		After adjustment	Before adjustment		
Net assets attributable to shareholders of the listed company	39,402,350, 791.68	33,299,58 3,555.63	32,215,515,2 01.45	18.33	26,438,188, 226.56
Total assets	166,699,544 ,243.79	157,164,3 45,812.30	151,463,110,7 07.63	6.07	131,469,157 ,348.79

(2) Key financial indicators

Unit and Currency: RMB

Key financial indicators	2018	2017		yoy change (%)	2016
		After adjustment	Before adjustment		
Basic earnings per share (RMB per share)	1.210	1.133	1.136	6.80	0.827
Diluted earnings per share (RMB per share)	1.182	1.085	1.088	8.94	0.824
Basic earnings per share after deducting non-recurring profit or loss (RMB per share)	1.074	0.922	0.922	16.49	0.71
Weighted average return on net assets (%)	21.00	22.89	23.59	Decreased by 1.89 percent point	20.38
Weighted average return on net assets after deducting non-recurring profit or loss (%)	18.63	19.15	19.15	Decreased by 0.52 percent point	17.56

3.2 Key financial data of 2018 by quarters

Unit and Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	43,609,601,739	46,946,801,849	47,582,370,823	45,177,785,825
Net profit attributable to shareholders of listed company	1,952,610,308	2,832,731,503	1,341,445,310	1,313,441,735
Net profit after deduction of non-recurring profit or loss attributable to shareholders of listed company	1,761,919,418	2,714,072,148	1,046,481,812	1,079,032,222
Net cash flow from operating activities	2,170,214,541.28	3,378,067,727.60	5,500,897,538.18	7,885,073,092.10

Reasons for difference between quarterly data and disclosed regular reporting data

Applicable Not Applicable

The difference between the quarterly data and the disclosed regular reporting data was due to the Company's **business** combination under common control during the reporting period, which resulted in retrospective adjustment to the data.

4 Share capital and shareholders

4.1 Number of ordinary shareholders and preferential shareholders with restoration of voting rights and table of shareholdings of top ten shareholders

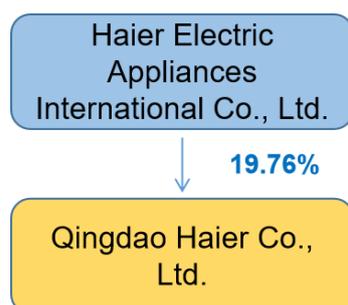
Unit: share

Total number of ordinary shareholders up to the end of the reporting period						173,027	
Total number of ordinary shareholders as at the end of the last month prior to the disclosure day of the annual report						172,948	
Shareholdings of top ten shareholders							
Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Status of shares pledged or frozen		Nature of shareholder
					Status	Number	
Haier Electric Appliances International Co., Ltd.		1,258,684,824	19.76		Nil		Domestic non-state-owned legal entity
Haier Group Corporation		1,072,610,764	16.84		Nil		Domestic non-state-owned legal entity
Hong Kong Securities Clearing Co., Ltd.		496,233,305	7.79		Unknown		Unknown
GIC PRIVATE LIMITED		263,406,745	4.14		Unknown		Foreign legal entity
Deutsche Bank Aktiengesellschaft (note)		209,115,801	3.28		Unknown		Foreign legal entity
China Securities Finance Corporation Limited		182,592,697	2.87		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	2.70		Nil		Domestic non-state-owned legal entity
KKR HOME INVESTMENT S.A R.L.		161,116,436	2.53		Unknown		Foreign legal entity
National social security fund, Portfolio 104		102,211,900	1.60		Unknown		Unknown
Central Huijin Asset Management Ltd.		69,539,900	1.09		Unknown		Unknown

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.
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	N/A

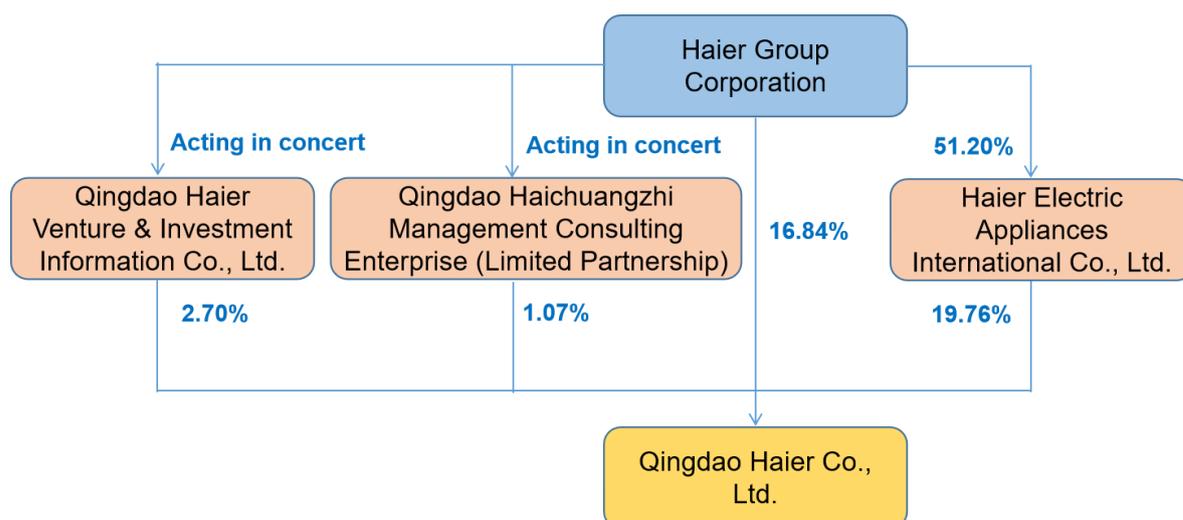
4.2 Framework of the ownership and controlling relationship between the Company and its controlling shareholder

Applicable Not Applicable



4.3 Framework of ownership and controlling relationship between the Company and the actual controllers

Applicable Not Applicable



4.4 Total number of preferential shareholders and the top ten shareholders of the Company as at the end of the reporting period

Applicable Not Applicable

5 Corporate bonds

Applicable Not Applicable

5.1 Overview of corporate bonds

Unit and Currency: RMB0' 000

Name of bonds	Abbreviation	Code	Issuing date	Date of expiry	Balance of bonds	Interest rate	Method of capital repayment with interest	Places of transaction
Convertible Corporate Bonds of Qingdao Haier Co., Ltd.	Haier Convertible Bonds	110049	18 December 2018	17 December 2024	300,749	Interest rates for the first year to sixth year are 0.2, 0.5, 1.0, 1.5, 1.8, 2.0, respectively	On an annual basis	Shanghai Stock Exchange

5.2 Interest payment and repayment of corporate bonds

Applicable Not Applicable

5.3 Introduction of corporate bonds rating

Applicable Not Applicable

The convertible corporate bonds have been rated by the United Credit Ratings Co., Ltd., which issued the Credit Rating Report Regarding Public Issuance of A Shares Convertible Corporate Bonds of Qingdao Haier Co., Ltd.. According to this rating report, the main credit rating of Qingdao Haier is AAA and the credit rating of convertible corporate bonds is AAA. During the period of convertible corporate bonds, the United Credit Ratings Co., Ltd. will perform regular follow-up rating on an annual basis.

5.4 Key accounting data and financial indicators of the Company for the last two years

Applicable Not Applicable

Key indicators	2018	2017	yoy change (%)
Debt to assets ratio (%)	66.90	69.55	-2.65
Total liabilities ratio of EBITDA	0.2073	0.1986	0.87
Interest coverage ratio	8.94	8.34	7.20

III. Discussion and analysis on operations

1 Principle operating conditions during the reporting period

Please refer to the related statement in “I. Discussion and analysis on operations” of this section.

2 Reasons of listing suspension

Applicable Not Applicable

3 Circumstances and reasons for listing termination

Applicable Not Applicable

4 Explanation of the Company’s analysis on reasons and effects of changes in accounting policies and accounting estimates

Applicable Not Applicable

____Ministry of Finance promulgated Accounting Standard for Business Enterprises No. 22 —

Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 — Transfer of Financial Assets and Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments, etc., (collectively the “New Financial Instrument Standards”) as well as Accounting Standard for Business Enterprises No. 14 — Income, respectively in 2017, and promulgated the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises for 2018 (《财政部关于修订印发 2018 年度一般企业财务报表格式的通知》) (Cai Kuai [2018] No.15) in 2018. the Company and its subsidiaries have started to implement the above amendments to the Accounting Standards for Business Enterprises and the Notice since 1 January 2018, and adjusted the relevant contents of accounting policies and financial statements accordingly.

The Company and its subsidiaries implemented the New Financial Instrument Standards and income standard initially for the current period. According to the requirements under the Interpretation of Issues Relating to the Format of the Financial Statements of General Enterprises (《关于一般企业财务报表格式有关问题的解读》) issued by the Accounting Bureau of the Ministry of Finance, the above changes in accounting policies cause influence on the opening amounts of the consolidated balance sheet are as follows:

Items	Book value on 31 December 2017 (Before changing)	Adjustment influence of financial instrument standards	Adjustment influence of income standards	Items	Book value on 1 January 2018 (After changing)
Financial assets measured at fair value and changes of which included in current profit and loss	20,681,695.50	-20,681,695.50		Not Applicable	
Not Applicable		20,681,695.50		Financial assets held for trading	20,681,695.50
Available-for-sale financial assets	1,415,354,307.82	-1,415,354,307.82		Not Applicable	
Not Applicable		6,556,627.26		Financial assets held for trading	6,556,627.26
Not Applicable		1,408,797,680.56		Investment in other equity instruments	1,408,797,680.56

Financial liabilities measured at fair value and changes of which included in current profit and loss	2,524,569.45	-2,524,569.45		Not Applicable	
Not Applicable		2,524,569.45		Financial liabilities held for trading	2,524,569.45
Accounts receivable	12,891,199,940.00	138,793,125.19		Accounts receivable	13,029,993,065.19
Other receivables	984,129,285.50	19,750,854.12		Other receivables	1,003,880,139.62
Deferred income tax assets	2,076,635,630.12	-58,846,528.69	16,849,858.75	Deferred income tax assets	2,034,638,960.18
Long-term equity investments	12,987,255,645.28	-31,654,957.77		Long-term equity investments	12,955,600,687.51
Inventories	22,537,617,217.87		-187,935,341.47	Inventories	22,349,681,876.40
Not Applicable			427,848,311.65	Contract assets	427,848,311.65
Not Applicable			239,912,970.18	Contract liabilities	239,912,970.18
Receipts in advance	5,861,949,182.62		-5,824,511,466.48	Receipts in advance	37,437,716.14
Not Applicable			5,824,511,466.48	Contract liabilities	5,824,511,466.48
Other current assets	4,425,579,572.68		120,603,680.27	Other current assets	4,546,183,252.95
Other non-current assets	1,254,064,181.76		1,140,535.90	Other non-current assets	1,255,204,717.66
Other current liabilities	42,961,121.03		301,420,575.54	Other current liabilities	344,381,696.57
estimated liabilities	2,660,788,654.43		-73,446,879.39	Estimated liabilities	2,587,341,775.04
Other comprehensive income	4,424,024.90	40,604,722.79		Other comprehensive income	45,028,747.69
Undistributed profits	22,350,952,230.17	-10,028,324.57	-44,877,259.88	Undistributed profits	22,296,046,645.72
Minority equity interests	14,549,620,553.66	37,466,094.63	-44,502,361.35	Minority equity interests	14,542,584,286.94

The impact on the opening balance of the balance sheet of the Parent Company is as follows:

Items	Book value on 31 December 2017 (Before changing)	Adjustment influence of financial instrument standards	Adjustment influence of income standards	Items	Book value on 1 January 2018 (After changing)
Available-for-sale financial assets	5,818,587.80	-5,818,587.80		Not Applicable	
Not Applicable		5,818,587.80		Investment in other equity instruments	5,818,587.80
Accounts receivable	288,499,726.07	13,278,745.63		Bills receivable and accounts receivable	301,778,471.70
Other receivables	15,895,048.43	708,860.00		Other receivables	16,603,908.43
Deferred income tax assets	106,347,777.99	-2,098,140.84		Deferred income tax assets	104,249,637.15
Undistributed profits	2,128,502,328.76	-16,428,564.00		Undistributed profits	2,112,073,764.76
Receipts in advance	2,465,908,721.32		-2,465,908,721.32	Receipts in advance	
Not Applicable			2,465,908,721.32	Contract liabilities	2,465,908,721.32
Other comprehensive income	-43,234,737.77	15,117,117.89		Other comprehensive income	-28,117,619.88
Long-term equity investments	23,581,254,928.08	-13,200,910.90		Long-term equity investments	23,568,054,017.18

The Company and its subsidiaries prepared the 2018 financial statements in accordance with the financial statements format specified in Cai Kuai [2018] No. 15, and changed the presentation of relevant financial statements using the retrospective adjustment method.

The impact of the related presentation adjustment on the consolidated balance sheet at the beginning of the period is as follows:

Items	Book value on 31 December 2017 (Before changing)	Presentation impact of financial statement	Items	Book value on 1 January 2018 (After changing)
Bills receivable	13,033,083,520.99	-13,033,083,520.99	Not	

			Applicable	
Accounts receivable	13,029,993,065.19	-13,029,993,065.19	Not Applicable	
Not Applicable		26,063,076,586.18	Accounts receivable and Bills receivable	26,063,076,586.18
Interest receivable	203,637,543.83	-203,637,543.83	Not Applicable	
Dividend receivable	4,524,472.84	-4,524,472.84	Not Applicable	
Other receivables	1,003,880,139.62	208,162,016.67	Other receivables	1,212,042,156.29
Fixed assets	17,146,390,653.22	55,808,808.81	Fixed assets	17,202,199,462.03
Disposals of fixed assets	55,808,808.81	-55,808,808.81	Not Applicable	
Bills payable	16,378,699,659.77	-16,378,699,659.77	Not Applicable	
Accounts payables	26,237,366,204.29	-26,237,366,204.29	Not Applicable	
Not Applicable		42,616,065,864.06	Accounts payables and Bills payable	42,616,065,864.06
Interest payable	235,683,220.62	-235,683,220.62	Not Applicable	
Dividends payable	153,756,315.64	-153,756,315.64	Not Applicable	
Other payables	10,920,135,768.52	389,439,536.26	Other payables	11,309,575,304.78

The impact of the related presentation adjustment on the parent company's opening balance sheet is as follows:

Items	Book value on 31 December 2017 (Before changing)	Presentation impact of financial statement	Items	Book value on 1 January 2018 (After changing)
Bills receivable			Not Applicable	
Accounts receivable	301,778,471.70	-301,778,471.70	Not Applicable	
Not Applicable		301,778,471.70	Accounts receivable and Bills receivable	301,778,471.70

Interest receivable	220,157,282.75	-220,157,282.75	Not Applicable	
Dividend receivable	970,851,045.94	-970,851,045.94	Not Applicable	
Other receivables	16,603,908.43	1,191,008,328.69	Other receivables	1,207,612,237.12
Bills payable			Not Applicable	
Accounts payables	310,387,267.67	-310,387,267.67	Not Applicable	
Not Applicable		310,387,267.67	accounts payables and Bills payable	310,387,267.67
Interest payable	156,447,167.63	-156,447,167.63	Not Applicable	
Dividends payable			Not Applicable	
Other payables	21,112,143,360.73	156,447,167.63	Other payables	21,268,590,528.36

The effect of the related presentation adjustment on the concurrency of the consolidated income statement is as follows:

Items	Amount of 2017 (Before changing)	Presentation impact of financial statement	Items	Amount of 2017 (After changing)
Administrative expenses	11,953,733,922.64	-4,509,850,773.96	Administrative expenses	7,443,883,148.68
Not Applicable		4,509,850,773.96	R&D expenses	4,509,850,773.96

The effect of the related presentation adjustment on the number of simultaneous periods of the parent company's income statement is as follows:

Items	Amount of 2017 (Before changing)	Presentation impact of financial statement	Items	Amount of 2017 (After changing)
Administrative expenses	715,982,494.02	-247,120,344.03	Administrative expenses	468,862,149.99
Not Applicable		247,120,344.03	R&D expenses	247,120,344.03

5 Explanation of the Company's analysis on reasons and effects of correction of significant accounting errors

Applicable Not Applicable

6 Compared with the previous annual financial report, the company should make a specific description for the changes in the consolidated scope of financial statements.

Applicable Not Applicable

①The consolidation of enterprises under non-common control

(1) The consolidation of enterprises under non-common control occurring in the current period

Acquiree Name	Time of acquisition	Acquisition cost	Interest acquired (%)	Acquisition method	Acquisition date	Recognition basis of Acquisition dates	Acquiree's revenue from acquisition date to the year end	Acquiree's net profit from acquisition date to the year end
Guizhou Peiji Logistics Co., Ltd.	2018.06	163,144,867.00	60%	Cash	2018.06	shareholding transferred	672,279,564.05	27,467,584.99

(2) Acquisition cost and goodwill

Items	Guizhou Peiji Logistics Co., Ltd.
-----Cash	163,144,867.00
Total acquisition cost	163,144,867.00
Less: fair value of identifiable net assets acquired	2,061,054.55
Goodwill	161,083,812.45

(3) Acquiree's identifiable assets and liabilities at acquisition date

Items	Guizhou Peiji Logistics Co., Ltd.	
	Fair value	Book Value
Cash	10,699,559.01	10,699,559.01
Accounts receivables	448,446,035.96	448,446,035.96
Bills receivable	408,146.00	408,146.00
Other current assets	2,063,930.85	2,063,930.85
Other receivables	54,915,966.40	54,915,966.40
Prepayments	30,852,283.68	30,852,283.68
Inventories	23,063,186.17	23,063,186.17
Fixed assets	3,537,575.24	3,537,575.24

Intangible assets	15,759.00	15,759.00
Deferred income tax assets	4,956,728.75	4,956,728.75
Long-term equity investments	15,253.01	15,253.01
Long-term prepaid expenses	2,444,809.32	2,444,809.32
Short-term borrowings	-165,000,000.00	-165,000,000.00
Accounts payables	-314,992,087.95	-314,992,087.95
Taxes payables	-18,398,695.99	-18,398,695.99
Employee benefits	-4,067,745.97	-4,067,745.97
Dividends payable	-14,970,000.00	-14,970,000.00
Interest payable	-1,431,500.02	-1,431,500.02
Other payables	-55,992,118.40	-55,992,118.40
Contract liabilities	-5,669,852.75	-5,669,852.75
Net assets obtained	897,232.31	897,232.31
Less: Minority equity interests	-2,537,858.61	-2,537,858.61
Net assets obtained	3,435,090.92	3,435,090.92

② Business combination under common control

(1) Business combination under common control for the current period

Name of acquiree	% interest acquired	Basis for recognition as business combination under common control	Acquisition date	Recognition basis of acquisition dates
HAIER NEWZEALAND INVESTMENT HOLDING COMPANY LIMITED	100%	Ultimately controlled by Haier Group before and after the transaction	2018.7	Rights and obligations related to target shareholding have been transferred to the Company
Qingdao Jushanghui Network Technology Co., Ltd.	Originally held 24% of the shares and counted as Associate, it acquired another 25% of the shares on 9 July 2018, and signed a concerted action agreement with another shareholder holding 11%, thus obtaining control.	ultimately controlled by Haier Group before and after the transaction	2018.7	Rights and obligations related to target shareholding have been transferred to the Company

(Continued)

Name of acquiree	Income of the acquiree from the beginning of the current consolidation period to the consolidation date	Net profit of the acquiree from the beginning of the current consolidation period to the consolidation date	Income of the acquiree during the comparison period	Net profit of the acquiree during the comparison period
HAIER NEWZEALAND INVESTMENT HOLDING COMPANY LIMITED	3,132,068,605.17	-59,996,214.21	5,524,659,014.17	249,854,563.21
Qingdao Jushanghui Network Technology Co., Ltd.	21,266,455.08	203,794.51	16,383,548.22	-7,733,762.20

(2) Acquisition cost

Items	HAIER NEWZEALAND INVESTMENT HOLDING COMPANY LIMITED	Qingdao Jushanghui Network Technology Co., Ltd.
-----Cash	\$303,040,997.28	50,000,000.00

(3) Acquiree's assets and liabilities

Items	HAIER NEWZEALAND INVESTMENT HOLDING COMPANY LIMITED	
	Acquisition date	Opening Balance
Cash and cash equivalents	611,464,970.55	622,840,949.40
Accounts receivable	813,986,897.45	670,770,260.05
Prepayments	28,465,298.52	38,198,663.14
Other receivables	7,005,819.42	14,876,457.03
Inventories	1,235,895,814.00	1,034,092,417.69
Long term receivables	250,766,874.46	289,785,899.38
Fixed assets	1,306,966,016.81	1,128,821,693.06
Construction materials	110,802,662.56	80,224,904.43
Intangible assets	1,148,112,030.96	1,221,047,084.73
Goodwill	503,495,869.74	501,299,229.69
Deferred income tax assets	362,395,277.36	181,422,225.45
other assets	99,447,519.13	116,358,332.75

accounts payables	-1,327,485,225.53	-822,059,589.75
Taxes payables	-16,402,462.37	-60,884,850.08
Other payables	-95,058,729.98	-107,715,659.91
Non-current liabilities due in one year	-3,383,613,879.72	-3,298,977,981.65
Other liabilities	-285,879,057.51	-409,267,764.36
Estimated liabilities	-75,804,646.13	-41,089,103.02
Deferred income tax liabilities	-219,538,926.19	-64,731,465.99
Other non-current liabilities	-31,481,834.05	-26,548,594.20
Net assets obtained	1,043,540,289.48	1,068,463,107.84
Minority equity interests		
Net assets obtained	1,043,540,289.48	1,068,463,107.84

(Continued)

Items	Qingdao Jushanghui Network Technology Co., Ltd.	
	Acquisition date	Opening Balance
Cash and cash equivalents	41,441,583.10	30,119,757.11
Accounts receivable	615,908.70	924,226.82
Other receivables	5,637,244.00	5,640,277.02
Other current assets	147,215.02	901,871.05
Fixed assets	22,792.03	45,584.05
Intangible assets	270,447.69	326,402.37
Accounts payables	-27,871.78	-1,818,627.66
Receipts in advance	-173,368.26	-391,983.02
Employee benefits		-1,787,201.83
Taxes payables	-33,723.16	-32,809.36
Other payables	-23,476,102.87	-9,707,166.59
Net assets obtained	24,424,124.47	24,220,329.96
Less: Minority equity interests		
Net assets obtained	24,424,124.47	24,220,329.96

③ Disposal of subsidiary

Whether there is a single disposal of the investment in the subsidiary (that is, the loss of control)

Items	Jiangsu Goodaymart Sunflower Supply Chain Management Co., Ltd.	Shengfeng Logistics Group Co., Ltd	Changle Shengfeng Logistics Co., Ltd.

Equity disposal price	715,469.69	692,344,595.00	1,800,000.00
Proportion of disposal	51.00%	50.37%	55.17%
Method	Disposal	Disposal	Disposal
Basis of determination of date of loss-of-control	2018/5/30	2018/11/30	
Basis of determination of date of loss-of-control	Disposal	Disposal	Disposal
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	241,648.70	79,836,157.88	1,800,000.00

(Continued)

Items	Hunan Goodaymart Electric Co., Ltd.	Shandong Goodaymart Electric Co., Ltd.	Fujian Goodaymart Electric Co., Ltd.
Equity disposal price	8,935,689.67	17,078,925.15	5,018,536.53
Proportion of disposal	100.00%	81.00%	81.00%
Method	Liquidation	Disposal	Disposal
Basis of determination of date of loss-of-control	2018/10/18	2018/12/31	2018/12/31
Basis of determination of date of loss-of-control	Liquidation	Disposal	Disposal
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level		-281,373.03	-2,323,022.83

(Continued)

Items	Hefei Hailan Appliance Manufacturing Co., Ltd.	Hefei Haice Appliance Manufacturing Co., Ltd.	Beijing Yihao Technology Co., Ltd.
Equity disposal price			30,000,000.00
Proportion of disposal			16.65%
Method	Liquidation	Liquidation	Disposal
Date of loss-of-control	2018/5/30	2018/5/30	2018/1/1
Basis of determination of date of loss-of-control	Liquidation	Liquidation	Disposal
Difference between consideration			28,425,940.85

and its share of net assets of the subsidiary as respect to the disposal in the consolidated level			
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(Continued)

Items	Qingdao Haishengda Refrigeration Electric Co., Ltd.	Qingdao Haizhijie Refrigeration Co., Ltd.	Beijing Creation Mirror Technology Co., Ltd.
Consideration			
Proportion of disposal			100.00%
Method	Liquidation	Liquidation	Liquidation
Date of loss-of-control	2018/5/30	2018/5/30	2018/12/31
Basis of determination of date of loss-of-control	Liquidation	Liquidation	Liquidation
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level			660,799.01

④ Changes of consolidation scope due to other reasons

(1) Qingdao Haier Intelligent Technology Development Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd. for the period.

(2) A subsidiary of the Company established a wholly-owned subsidiary Haier (Shenzhen) R&D Co., Ltd. for the period with a total shareholding of 100% at the end of the period.

(3) Qingdao Haier Air Conditioner Gen Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Guangzhou Haier Air Conditioner Co., Ltd. for the period.

(4) Haier Industrial Holding Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Haier Institute of Investment Management Co., Ltd. for the period.

(5) Haier Digital Technology (Qingdao) Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Tianjin Haiyun Chuang Digital Technology Co., Ltd. for the period.

(6) Haier Digital Technology (Qingdao) Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Haier Digital Technology (Nanjing) Co., Ltd. for the period.

(7) Haier Digital Technology (Qingdao) Co., Ltd., a subsidiary of the Company, established a

wholly-owned subsidiary Haier Digital Technology (Wuxi) Co., Ltd. for the period.

(8) Haier Digital Technology (Qingdao) Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Haier Digital Technology (Xi'an) Co., Ltd. for the period.

(9) MANIIQ(SINGAPORE)INTELLIGENTEQUIPMENTCO.LTD., a subsidiary of the Company, established a wholly-owned subsidiary Facteon Intelligent Technology (Qingdao) Co., Ltd. for the period.

(10) Qingdao Haier Technology Investment Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Yunshang Yuyi Technology Co., Ltd. for the period with a shareholding of 70% at the end of the period.

(11) Qingdao Haier Technology Investment Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Haiyu (Shanghai) Intelligent Technology Co., Ltd. for the period with a shareholding of 70% at the end of the period.

(12) Qingdao Haier Intelligent Electronics Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Tianjin Haier Zhikong Electronics Co., Ltd. for the period.

(13) Qingdao Haier Intelligent Electronics Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Hefei Haier Intelligent Electronics Co., Ltd. for the period.

(14) Qingdao Haier Technology Investment Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Haizhi Investment Management Co., Ltd. for the period.