

Stock Code: 600690 (SH) 、 690D (FSE)

Short Name: Haier Smart Home



Haier Smart Home Co., Ltd. 2020 First Quarterly Report



海尔智家

Haier smart home

Haier smart home

April 29th 2020

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

I. IMPORTANT NOTICE

1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Haier Smart Home 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 of Directors absent from the meeting

Name of director absent from the meeting	Position of director absent from the meeting	Reason for the absence of director from the meeting	Name of proxy
Liang Haishan	Chairman	On business	Tan Lixia

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 statements set out in the quarterly report is true, accurate and complete.

1.4 The first quarterly report of the Company has not been audited.

II. COMPANY PROFILE

2.1 Key financial data

Unit and Currency: RMB

	At the end of the reporting period	At the end of last year		Increase/decrease at the end of the reporting period compared with the end of last year (%)
		After the adjustment	Before the adjustment	
Total assets	188,485,492,970.26	187,454,236,283.17	187,454,236,283.17	0.55
Net assets attributable to shareholders of listed companies	48,651,047,852.61	47,888,319,765.92	47,888,319,765.92	1.59
	At the beginning of the year to the end of the reporting	At the beginning of last year to the end of the reporting period of last year		Yoy change (%)

	period	After the adjustment	Before the adjustment	
Net cash flows from operating activities	-5,787,626,102.33	1,375,981,554.14	1,323,519,988.31	-520.62
	At the beginning of the year to the end of the reporting period	At the beginning of last year to the end of the reporting period of last year		Yoy change (%)
		After the adjustment	Before the adjustment	
Operating revenue	43,141,448,203.28	48,521,846,087.00	48,043,265,870.34	-11.09
Net profits attributable to shareholders of listed companies	1,070,333,404.45	2,147,509,801.25	2,136,268,479.08	-50.16
Net profits after deduction of non-recurring profit or loss attributable to shareholders of listed companies	943,123,999.14	1,887,324,275.73	1,887,324,275.73	-50.03
Weighted average return on net assets (%)	2.22	6.62	6.62	decrease 4.40 percentage points
Basic earnings per share (RMB per share)	0.163	0.337	0.335	-51.63
Diluted earnings per share (RMB per share)	0.163	0.325	0.323	-49.85

In the first quarter of 2020, the outbreak of COVID-19 had an impact on the domestic appliances market. According All View Cloud (AVC), retail sales of white goods and kitchen and bathroom products in the domestic market decreased by 44% from January to March. In the overseas markets, the rapid spread of the epidemic in March is expected to have a significant negative impact on home appliances demand in the second quarter. The Company adhered to the implementation of IoT eco brand strategy, focused on leading smart home scenario solutions, accelerated transformation, seized opportunities and popularized the Company's healthy home appliances in order to outperform the industry.

1. Upgrading scenario experience, optimizing product mix, and popularizing healthy home appliances. (1) Focusing on improving the quality of life and wellbeing, leveraging on big data platform and connected appliances upgrades, 19 whole-house healthy scenarios facilitating disinfection and in-door fitness having been launched including refrigerator industry's extreme preservation and kitchen aesthetics (2) The company also introduced a series of health focused products including air-wash washing machine, 56 °C sterilization self-cleaning air conditioner, electric water heaters with water purification, five-fold anti-bacteria gas water heaters and medical-grade disinfection cabinets.

2. Accelerating the system digitalization and the transformation of 'Replacing Products with Scenarios and Incorporating All Industries into the Ecosystem'. (1) The Company continuously promoted the integration of marketing, logistics, services and information systems thus provide distributors with retail management through digital platforms of Haier Smart Home App, Jushanghai, Yilihuo, in order to improve operational efficiency. (2) The Company innovated the content of user interaction, increase live streaming traffic of smart home scenarios through product, content and accessibility. Haier Smart Home App played a vital role in help distributors with Omni-Channel integration. On 31 March, Experience Cloud based Crowd Streaming was launched on Haier Smart Home App, broadcasting live scenario-based wellbeing solutions with 12 million views and RMB 160,000,000 in scenario based GMV. (3)The Company promoted user interaction via enhanced experience and created life-long relationship with users through improved membership management, In March, MAU of Haier Smart Home App grew by 483% year-on-year, and total number of netter users increased by 172%.

3. Resuming domestic production. Dedicated efforts were made in epidemic containment; as of the end of the first quarter, production was resumed in all factories in China.

4. Stable overseas performance. Overseas revenue increased by 8.5% in the first quarter, outperforming most local industries. Amid the spread of CONVID-19, overseas managements fully drew on domestic experience, and took precautionary measures to protect employees and safeguard production, promote ecommerce presence, introduce health focused products and increase premium market leadership.

5. Global market share expansion. (1) In the first quarter of 2020, revenue market share of refrigerator, washing machine, air conditioner, water heater and kitchen appliance increased by 2.6, 4.4,

3.3, 6 and 1.3 percentage points. offline in China, while online market share grew by 5.9, 5.6, 4.1, 2.1 and 0.4 percentage points. respectively. ③Casarte continued to outperform the industry with revenue decline of 6.7% leveraging on its high-end comprehensive smart scenario solutions and dominance in premium market. (2) Market share of core home appliances in US increased by 2.7 percentage points., and AQUA gained 0.9 percentage points in Japan.

Non-recurring profit or loss items and amount

Applicable Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Profit or loss from disposal of non-current assets	-2,840,847.01
Government grants included in current profit or loss, except that closely related to the normal operating business, complied with requirements of the national policies, continued to be granted with the amount and quantity determined under certain standards	209,640,875.83
Profit and loss of changes in fair value arising from holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative 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, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	-49,586,871.27
Other non-operating income and expenses except the aforementioned items	32,731,087.66
Profit from disposal of long-term equity investments	-298,399.12
Impact on Minority interests (after tax)	-35,774,452.99
Effect of income tax	-26,661,987.79
Total	127,209,405.31

2.2 Table of total number of shareholders, top ten shareholders, top ten common shareholders (or the shareholders without selling restrictions) by the end of the reporting period

Unit: Share

Total number of shareholders		174,731			
Shareholdings of top ten shareholders					
Name of shareholder (full name)	Number of shares held at	Perce ntage	Number of shares held	Status of shares pledged or frozen	Nature of sharehold

	the end of the period	(%)	subject to selling restrictions	Status	Number	
Haier Electric Appliances International Co., Ltd.	1,258,684,824	19.13		Nil		Domestic non-state-owned legal entity
Haier Group Corporation	1,072,610,764	16.30		Nil		Domestic non-state-owned legal entity
Hong Kong Securities Clearing Co., Ltd	745,934,060	11.34		Unknown		Foreign legal entity
China Securities Finance Corporation Limited	182,592,697	2.78		Unknown		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd.	172,252,560	2.62		Nil		Domestic non-state-owned legal entity
GIC PRIVATE LIMITED	132,778,263	2.02		Unknown		Foreign legal entity
CLEARSTREAM BANKING S.A. (Note)	91,216,350	1.39		Unknown		Foreign legal entity
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	73,011,000	1.11		Nil		Domestic non-state-owned legal entity
National Social Security fund Portfolio 103	72,999,295	1.11		Unknown		Unknown
Bank of China Limited—E Fund's small and medium-sized hybrid securities investment funds	70,000,000	1.06		Unknown		Unknown
Shareholdings of top ten shareholders not subject to selling restrictions						
Name of shareholder	Number of shares held not subject to selling		Class and number of shares			

	restrictions	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.	745,934,060	RMB ordinary	745,934,060
China Securities Finance Corporation Limited	182,592,697	RMB ordinary	182,592,697
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
GIC PRIVATE LIMITED	132,778,263	RMB ordinary	132,778,263
CLEARSTREAM BANKING S.A.	91,216,350	Overseas listed foreign shares	91,216,350
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	73,011,000	RMB ordinary	73,011,000
National Social Security Fund Portfolio 103	72,999,295	RMB ordinary	72,999,295
Bank of China Limited—E Fund's small and medium-sized hybrid securities investment funds	70,000,000	RMB ordinary	70,000,000
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), Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) are parties 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	Nil		

Note: (1) This account is the Clearstream Banking collection account for the Company's D shares, which is the original data provided by the German securities registration agency to the Company after the merger according to local market practices and technical settings, not representing the ultimate shareholder. (2) 57,142,857 shares in this account are held by Haier International Co., Limited, the concerted actor of the Company's ultimate controller Haier Group Corporation, accounting for 0.87% of the Company's total share capital.

2.3 Table of total number of preferential shareholders, top ten preferential shareholders, top ten preferential shareholders without selling restrictions by the end of the reporting period

Applicable Not Applicable

III. SIGNIFICANT EVENTS

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

Applicable Not Applicable

1) Financial assets held for trading increased by 51.63% compared to the beginning of the period, mainly due to the increase of the short-term wealth management products;

2) Derivative financial assets increased over the beginning of the period by 421.38%, mainly due to the increase of forward foreign exchange contracts in the current period;

3) Prepayment increased over the beginning of the period by 36.60%, mainly due to the increase of prepayment of the bulk raw materials;

4) Short-term borrowings increased over the beginning of the period by 88.96%, mainly due to the increase of short-term borrowings in the current period;

5) Financial liabilities held for trading increased over the beginning of the period by 158.91%, mainly due to the increase of forward exchange hedges in the current period;

6) Taxes and surcharges decreased by 52.62% compared to the same period of last year, mainly due to the change of value-added tax rate, which decreased from 16% to 13% since 1 April 2019;

7) Other income increased by 144.43% compared to the same period of last year, mainly due to the increase of government grants in the current period;

8) Gains on change of fair value decreased by 122.35% compared to the same period of last year, mainly due to the change of fair value in forward foreign exchange contracts in the current period;

9) Non-operating income decreased by 47.00% compared to the same period of last year, mainly due to the decrease of the fine income in the current period compared to the same period of last year;

10) Income tax expenses decreased by 54.69% compared to the same period of last year, mainly due to the decrease of the taxable income compared to the same period of last year;

11) Net cash flows from operating activities decreased by 520.62% compared to the same period of last year, mainly due to the decrease of the recoverable amounts caused by CONVID-19 in the current period;

12) Net cash flows from investing activities increased by 77.42% compared to the same period of last year, mainly due to the larger expense resulting from the acquisition of Candy in the same period of last year;

13) Net cash flows from financing activities increased by 132.21% compared to the same period of last year, mainly due to the increase of short-term borrowings in the current period.

3.2 Analysis on the progress of significant events and their impact and solution

Applicable Not Applicable

Note: The currency of the data about the amount involved in this paragraph refers to RMB unless otherwise specified.

(1) External guarantees: By the end of the reporting period, the external guarantees provided by the Company and its subsidiaries were guarantees between the Company and its subsidiaries, the total balance of which amounted to RMB 32.527 billion, accounting for 66.9% of the Company's latest net assets and 17.2% of the latest total assets. Among the external guarantees, the balance of the guarantee due to the acquisition of the appliance assets of General Electric business was RMB 6.438 billion and the balance of daily guarantees was RMB 26.089 billion.

(2) Foreign exchange derivative: By the end of the reporting period, the aggregate balance of the Company's foreign exchange derivative transactions amounted to approximately USD 2.2 billion.

(3) Entrusted wealth management: By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB 3.901 billion, including three parts: ① **temporarily-idle fund-raising wealth management:** at the end of December 2018, the Company's proceeds for the issuance of convertible corporate bonds were fully landed. In order to improve the yield of temporarily-idle funds, the Company intended to carry out cash management with the amounts not exceed RMB1.5 billion after approved by the Board of Directors. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB 619 million; ② **wealth management of the Company's Hong Kong listed subsidiary:** Haier Electronics Group Co., Ltd. (hereinafter referred to as "Haier Electronics", stock code: "01169.HK"), the holding subsidiary of the Company, has purchased some short-term principal-protected wealth management and structural deposits from the large commercial banks as an independently operating Hong Kong listed company in order to increase

the efficiency of the use of idle funds within the authorities of the management and on the premise of safeguarding funds security. In the purchase process, all the necessary board reports were subject to the procedures such as filling and management's review according to the regulations requirements for Hong Kong listed company, so as to ensure sufficient funds for the day-to-day operations of the main business and improve the shareholders' returns. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB 3.269 billion. ③**Temporary-idle funds wealth management by certain subsidiaries of the Company:** In order to improve the yield of temporarily-idle funds, some subsidiaries of the Company use temporarily-idle funds for cash management within the authority of the general manager's office meeting. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB 13 million.

(4) **The progress on the matters of privatization of Haier Electronics:** On 12 December 2019, the Company announced the preliminary discussion on the implementation of H-share listing and privatization of Haier Electronics. Up to now, the Company is continuing to discuss the proposal on the possible privatization and is continuing to consult with relevant regulatory agencies on potential transactions discussed in these areas; the Company has not yet submitted the certain proposal on the possible privatization to Haier Electronics, and has not yet reached any agreement or made other commitments in terms of conducting possible privatization. The details and terms of the possible privatization (including the share conversion ratio and timetable) have not been determined. There is still significant uncertainty as to whether the possible privatization will proceed. For details, please refer to the Company's monthly update announcement on the progress of the matters.

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

Applicable Not Applicable

3.4 Warning of and explanation on reasons for the forecast that the accumulated net profit for the period from the beginning of the year to the end of the next reporting period may be a loss or there is a significant change as compared to that of the same period of last year

Applicable Not Applicable

Since the outbreak of pneumonia epidemic caused by CONVID-19 at home and abroad in early 2020, the Company's prevention and control of pneumonia epidemic is continuing globally and various measures have been taken to mitigate the impact of the epidemic on the Company's production and

operation. The epidemic has brought uncertainty to the production and operation and may affect the Company's operation and financial condition. The Company will continue to assess and actively respond to the impact of the epidemic on its financial condition and operating results, and fulfilled information disclosure obligations in a timely manner.

Name of the Company	Haier Smart Home Co., Ltd.
Legal representative	Liang Haishan
Date	28 April 2020

IV. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2020

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	31 March 2020	31 December 2019
Current Assets:		
Monetary capital	36,639,961,366.57	36,178,815,683.25
Provision of settlement fund		
Placements with banks		
Trading financial assets	467,221,006.19	308,135,007.05
Derivative financial assets	99,885,746.41	19,158,132.45
Bills receivable	9,825,315,122.94	13,951,419,893.96
Accounts receivable	14,252,544,699.35	11,015,871,060.09
Financing receivables		
Prepayments	1,738,824,044.48	1,272,921,546.72
Premiums receivable		
Reinsurance Accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	2,287,325,226.58	2,163,517,802.50
Including: interests receivable		
dividends receivable		
Financial assets purchased under resale agreements		
Inventories	28,742,037,151.73	28,228,600,971.61
Contract assets	402,206,740.70	422,738,398.42
Assets held for sale		
Non-current assets due within one year		
Other current assets	6,349,362,384.42	6,985,966,115.46
Total current assets	100,804,683,489.37	100,547,144,611.51
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	283,521,125.92	307,588,203.00
Long-term equity investments	20,607,396,387.15	20,460,763,915.68
Other equity instruments	1,399,554,850.81	1,395,959,878.92

investments		
Other non-current financial assets	286,892,331.60	294,547,364.47
Investment properties	27,954,641.87	29,402,691.38
Fixed assets	21,374,978,619.23	21,180,057,212.01
Construction in progress	2,189,902,583.66	2,391,364,659.97
Biological assets for production		
Oil and gas assets		
Right-of-use assets	2,957,511,332.15	2,755,066,601.59
Intangible assets	10,664,351,213.82	10,687,071,783.07
Development expenses	237,033,783.02	193,285,777.10
Goodwill	24,098,838,768.79	23,351,729,813.35
Long-term prepaid expenses	410,936,818.54	437,586,912.58
Deferred income tax assets	1,605,975,824.82	1,578,901,892.73
Other non-current assets	1,535,961,199.51	1,843,764,965.81
Total non-current assets	87,680,809,480.89	86,907,091,671.66
Total assets	188,485,492,970.26	187,454,236,283.17
Current liabilities:		
Short-term borrowings	16,221,896,894.94	8,585,049,237.18
Borrowings from central bank		
Placements from banks		
Trading financial liabilities	110,809,728.77	42,799,173.35
Derivative financial liabilities	72,774,552.64	99,548,853.97
Bills payable	20,778,400,532.35	19,308,538,776.92
Accounts payable	28,488,507,041.20	33,750,567,046.28
Receipts in advance		
Contract liabilities	4,173,099,311.94	5,583,008,412.49
Disposal of repurchased financial assets		
Absorbing deposit and deposit in inter-bank market		
Customer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Staff remuneration payable	2,471,546,865.70	3,155,572,417.30
Taxes payable	2,017,062,209.52	2,117,056,381.04
Other payables	12,672,566,895.86	15,156,392,521.82
Including: interests payable		
dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		

Non-current liabilities due within one year	6,886,127,628.02	7,317,138,918.02
Other current liabilities	467,090,261.36	494,065,707.54
Total current liabilities	94,359,881,922.30	95,609,737,445.91
Non-current liabilities:		
Deposits for insurance contracts		
Long-term borrowings	13,830,083,494.92	13,276,452,935.56
Debentures payable	7,189,437,211.08	7,004,585,761.43
Including: preference shares		
perpetual bonds		
Lease liabilities	2,207,410,857.41	1,980,271,767.35
Long-term payable	145,384,516.28	142,342,718.45
Long-term staff remuneration payable	1,053,527,477.29	1,122,350,237.36
Estimated liabilities	1,451,585,248.27	1,398,877,746.33
Deferred income	725,967,737.33	705,272,617.10
Deferred income tax liabilities	1,171,212,424.93	1,154,413,295.72
Other non-current liabilities	70,947,639.13	70,071,490.03
Total non-current liabilities	27,845,556,606.64	26,854,638,569.33
Total liabilities	122,205,438,528.94	122,464,376,015.24
Owners' equity (or shareholder's equity) :		
Paid-in capital (or share capital)	6,579,566,627.00	6,579,566,627.00
Other equity instruments	431,424,524.07	431,424,524.07
Including: preference shares		
perpetual bonds		
Capital reserve	4,431,710,553.57	4,435,890,845.47
Less: treasury stock		
Other comprehensive income	1,019,461,961.88	1,317,988,619.66
Special reserve		
Surplus reserve	2,655,327,405.46	2,655,327,405.46
General risk provisions		
Undistributed profits	33,533,556,780.63	32,468,121,744.26
Total equity attributable to owners (or shareholder) of the parent company	48,651,047,852.61	47,888,319,765.92
Minority interests	17,629,006,588.71	17,101,540,502.01
Total owners' equity (or shareholders' equity)	66,280,054,441.32	64,989,860,267.93
Total liabilities and owners' equities (or shareholders' equity)	188,485,492,970.26	187,454,236,283.17

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

Balance Sheet of the Parent Company

31 March 2020

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	31 March 2020	31 December 2019
Current Assets:		
Monetary capital	2,015,900,136.35	5,624,406,816.79
Trading financial assets		
Derivative financial assets		
Bills receivable		
Accounts receivable	3,919,143,482.75	1,182,234,481.49
Financing receivables		
Prepayments	19,410,050.10	30,749,459.11
Other receivables	8,026,567,402.44	5,885,752,905.74
Including: interests receivable		
dividends receivable		
Inventories	430,644,595.35	233,688,207.38
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	685,355,700.53	705,958,670.28
Total current assets	15,097,021,367.52	13,662,790,540.79
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	35,722,275,013.26	35,566,480,370.20
Other equity instruments investments	5,147,131.28	5,147,131.28
Other non-current financial assets		
Investment properties		
Fixed assets	174,280,855.44	180,807,176.98
Construction in progress	69,010,714.82	65,367,920.02
Biological assets for production		
Oil and gas assets		
Right-of-use assets	13,541,553.57	
Intangible assets	15,274,077.63	15,779,108.14
Development expenses		

Goodwill		
Long-term prepaid expenses	5,019,338.21	5,405,209.80
Deferred income tax assets	97,384,845.46	97,384,845.46
Other non-current assets		3,792,624.04
Total non-current assets	36,101,933,529.67	35,940,164,385.92
Total assets	51,198,954,897.19	49,602,954,926.71
Current liabilities:		
Short-term borrowings	2,500,000,000.00	
Trading financial liabilities		
Derivative financial liabilities		
Bills payable		
Accounts payable	6,570,563,965.76	3,412,291,778.06
Receipts in advance		
Contract liabilities	17,437,814.95	16,562,259.31
Staff remuneration payable	20,819,161.77	76,513,196.33
Taxes payable	84,871,628.44	86,856,453.32
Other payables	22,821,596,043.00	26,900,844,668.74
Including: interests payable		
dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	2,724,531.27	2,149,745.37
Total current liabilities	32,018,013,145.19	30,495,218,101.13
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
Including: preference shares		
perpetual bonds		
Leasing liabilities	13,551,731.91	
Long-term payable	20,000,000.00	20,000,000.00
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income	44,840,000.00	59,820,000.00
Deferred income tax liabilities	43,325,120.18	43,325,120.18
Other non-current liabilities		
Total non-current liabilities	121,716,852.09	123,145,120.18
Total liabilities	32,139,729,997.28	30,618,363,221.31
Owners' equity (or shareholder's equity) :		
Paid-in capital (or share capital)	6,579,566,627.00	6,579,566,627.00

Other equity instruments		
Including: preference shares		
perpetual bonds		
Capital reserve	7,036,531,178.83	7,036,531,178.83
Less: treasury stock		
Other comprehensive income	22,219,493.68	11,077,477.45
Special reserve		
Surplus reserve	2,050,181,180.01	2,050,181,180.01
Undistributed profits	3,370,726,420.39	3,307,235,242.11
Total owners' equity (or shareholders' equity)	19,059,224,899.91	18,984,591,705.40
Total liabilities and owners' equities (or shareholders' equity)	51,198,954,897.19	49,602,954,926.71

Legal representative: Liang Haishan

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Consolidated Income Statement

January-March 2020

Prepared by Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2020	First quarter of 2019
I. Total operating revenue	43,141,448,203.28	48,521,846,087.00
Including: operating revenue	43,141,448,203.28	48,521,846,087.00
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total cost of operations	41,757,563,634.45	45,748,471,540.12
Including: operating cost	31,301,454,089.43	34,393,443,824.64
Interest expenses		
Fee and commission expenses		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions withdrew for insurance liability		
Insurance policy dividend paid		
Reinsurance cost		
Taxes and surcharges	110,484,681.22	233,209,447.44
Selling expenses	6,482,493,374.32	7,233,394,574.02
Administrative expenses	1,935,676,561.57	1,885,154,270.40
R&D expenses	1,599,598,038.94	1,564,880,771.60
Financial expenses	327,856,888.97	438,388,652.02

Including: interest expenses	274,142,181.24	411,061,400.84
Interest income	122,320,829.91	126,013,588.36
Add: Other income	245,069,840.71	100,260,232.04
Investment income (losses are represented by “-”)	314,736,890.47	295,937,088.57
Including: Investment income of associates and joint ventures		
Derecognition income on financial assets measured at amortized cost		
Exchange gain (losses are represented by “-”)		
Gains on net exposure hedges (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	-49,586,871.27	221,898,309.95
Loss on credit impairment (losses are represented by “-”)	-83,890,424.46	-66,872,284.70
Loss in assets impairment (losses are represented by “-”)	-273,129,120.39	-215,322,646.22
Gain from disposal of assets (losses are represented by “-”)	-2,840,847.01	-3,192,061.07
III. Operating profit (losses are represented by “-”)	1,534,244,036.88	3,106,083,185.45
Add: non-operating income	56,702,305.54	106,989,063.79
Less: non-operating expenses	23,971,217.88	20,943,341.71
IV. Total Profit (total losses are represented by “-”)	1,566,975,124.54	3,192,128,907.53
Less: income tax expense	223,403,750.66	493,086,980.04
V. Net Profit (net losses are represented by “-”)	1,343,571,373.88	2,699,041,927.49
(I) Classification by continuous operation		
1. Net profit from continuous operations (net losses are represented by “-”)	1,343,571,373.88	2,652,550,624.93
2. Net profit from discontinuous operations (net losses are represented by “-”)		46,491,302.56
(II) Classification by ownership of the equity		
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by “-”)	1,070,333,404.45	2,147,509,801.25
2. Profit or loss attributable to minority shareholders (net losses are represented by “-”)	273,237,969.43	551,532,126.24
VI. Other comprehensive income, net of tax	-263,628,908.56	-416,973,681.83

(I) Other comprehensive income attributable to owners of the Parent Company, net of tax	-292,844,209.58	-370,313,133.76
1. Other comprehensive income that cannot be reclassified into the profit or loss	-281,102.14	-1,616,393.65
(1) Changes arising from re-measurement of defined benefit plans	-151,488.17	-1,296,966.52
(2) Other comprehensive income that cannot be transferred into profit or loss under equity method		
(3) Changes in fair value of investments in other equity instruments	-129,613.97	-319,427.13
(4) Changes in fair value of credit risks of the enterprise		
2. Other comprehensive income to be reclassified into the profit or loss	-292,563,107.44	-368,696,740.11
(1) Other comprehensive income that can be transferred into profit or loss under equity method	45,643,868.38	-34,948,498.63
(2) Changes in fair value of other debt investments		
(3) Reclassified financial assets that are credited to other comprehensive income		
(4) Credit impairment provision for other debt investments		
(5) Reserve for cash flow hedging	44,467,734.19	-16,356,811.45
(6) Exchange differences on translation of financial statements denominated in foreign currencies	-382,674,710.01	-317,391,430.03
(7) Others		
(II) Other comprehensive income attributable to minority shareholders, net of tax	29,215,301.02	-46,660,548.07
VII. Total comprehensive income	1,079,942,465.32	2,282,068,245.66
(I) Total comprehensive income attributable to the owners of Parent Company	777,489,194.87	1,777,196,667.49
(II) Total comprehensive income attributable to the minority shareholders	302,453,270.45	504,871,578.17
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.163	0.337
(II) Diluted earnings per share (RMB/share)	0.163	0.325

Legal representative: Liang Haishan

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Income Statement of the Parent Company

January-March 2020

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2020	First quarter of 2019
I. Operating revenue	3,179,874,436.85	653,050,823.21
Less: Operation cost	2,870,465,369.89	465,367,983.61
Taxes and surcharges	3,053,268.44	4,366,015.94
Selling expenses	131,983,867.38	54,929,009.03
Administrative expenses	67,703,707.17	47,142,099.07
R&D expenses	78,022,939.25	51,156,977.29
Financial expenses	-6,131,172.44	72,483,128.32
Including: interest expenses	3,654,000.00	53,825,389.44
Interest income	10,501,990.61	10,654,831.16
Add: Other incomes	20,220,000.00	10,540,000.00
Investment income (losses are represented by "-")	17,274,491.07	26,461,323.35
Including: investment income of associates and joint ventures		
Derecognition income on financial assets measured at amortized cost		
Gains on net exposure hedges (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")		
Loss on credit impairment (losses are represented by "-")		
Loss on assets impairment (losses are represented by "-")		573,267.56
Gain from disposal of assets (losses are represented by "-")		
II. Operating profit (losses are represented by "-")	72,270,948.23	-4,819,799.14
Add: non-operating income	20,939.56	5,432,063.63
Less: non-operating expenses		1,963,024.43
III. Total profit (total losses are represented by "-")	72,291,887.79	-1,350,759.94
Less: income tax expense	8,800,709.51	
IV. Net profit (net losses are represented by "-")	63,491,178.28	-1,350,759.94

(I) Net profit from continuous operation (net losses are represented by “-”)	63,491,178.28	-1,350,759.94
(II) Net profit from discontinuous operation (net losses are represented by “-”)		
V. Other comprehensive income, net of tax	11,142,016.23	5,214,107.78
(I) Other comprehensive income that cannot be reclassified into the profit or loss		
1.Changes arising from re-measurement of defined benefit plans		
2.Other comprehensive income that cannot be transferred into profit or loss under equity method		
3.Changes in fair value of investments in other equity instruments		
4.Changes in fair value of credit risks of the enterprise		
(II)Other comprehensive income to be reclassified into the profit or loss	11,142,016.23	5,214,107.78
1.Other comprehensive income that can be transferred into profit or loss under equity method	11,142,016.23	5,214,107.78
2.Changes in fair value of other debt investments		
3.Reclassified financial assets that are credited to other comprehensive income		
4.Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6.Exchange differences on translation of financial statements denominated in foreign currencies		
7.Others		
VI. Total comprehensive income	74,633,194.51	3,863,347.84
VII. Earnings per share:		
(I) Basic earnings per share (RMB/share)		
(II) Diluted earnings per share (RMB/share)		

Legal representative: Liang Haishan

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Consolidated Cash Flow Statement

January-March 2020

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Unaudited

Items	First quarter of 2020	First quarter of 2019
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	42,136,232,275.78	49,962,152,554.54
Net increase in customers and interbank deposits		
Net increase in borrowing from the central bank		
Net cash increase in borrowing from other financial institutes		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Cash received from interest, fee and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Net cash received from securities trading agency services		
Refunds of taxes received	288,016,456.62	289,349,228.78
Cash received from other related operating activities	297,662,670.96	1,108,235,485.36
Sub-total of cash inflows from operating activities	42,721,911,403.36	51,359,737,268.68
Cash paid on purchase of goods and services	34,960,777,017.70	37,853,995,278.68
Net increase in loans and advances of customers		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Net increase in placements with banks		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		

Cash paid to and on behalf of employees	6,302,336,001.44	5,435,131,252.13
Cash paid for all types of taxes	1,864,751,157.97	2,100,199,573.28
Cash paid to other operation related activities	5,381,673,328.58	4,594,429,610.45
Sub-total of cash outflows from operating activities	48,509,537,505.69	49,983,755,714.54
Net cash flows from operating activities	-5,787,626,102.33	1,375,981,554.14
II. Cash flows from investing activities:		
Cash received from disposal of investments	545,470,265.35	1,006,225,645.16
Cash received from return on investments	163,323,208.40	142,671,678.53
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	539,958.35	183,509,600.45
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities	32,180,326.72	4,692,533.64
Sub-total of cash inflows from investing activities	741,513,758.82	1,337,099,457.78
Cash paid on purchase of fixed assets, intangible assets and other long term assets	1,571,762,263.35	1,537,055,955.80
Cash paid for investments	49,728,582.83	2,522,814,478.97
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	336,769,755.43	2,642,988,600.64
Cash paid on other investment related activities	6,009,000.00	48,510,922.74
Sub-total of cash outflows from investing activities	1,964,269,601.61	6,751,369,958.15
Net cash flows from investing activities	-1,222,755,842.79	-5,414,270,500.37
III. Cash flows from financing activities:		
Cash received from capital	59,965,364.85	12,389,310.79

contributions		
Including: cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	8,587,862,583.35	6,842,877,477.22
Cash received from other financing related activities	113,239,548.32	
Sub-total of cash inflows from financing activities	8,761,067,496.52	6,855,266,788.01
Cash paid on repayment of borrowings	961,169,702.51	3,236,695,125.56
Cash paid on distribution of dividends, profits, or interest expenses	124,530,989.85	94,525,723.08
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing related activities	92,696,972.18	258,636,622.07
Sub-total of cash outflows from financing activities	1,178,397,664.54	3,589,857,470.71
Net cash flows from financing activities	7,582,669,831.98	3,265,409,317.30
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-6,445,415.89	-140,969,406.58
V. Net increase in cash and cash equivalents	565,842,470.97	-913,849,035.51
Add: balance of cash and cash equivalents at the beginning of the period	34,981,410,830.63	36,559,393,828.57
VI. Balance of cash and cash equivalents at the end of the period	35,547,253,301.60	35,645,544,793.06

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

Cash Flow Statement of the Parent Company

January-March 2020

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2020	First quarter of 2019
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,114,024,549.65	453,512,055.88

Refunds of taxes received	8,322,194.46	2,857,893.58
Cash received from other related operating activities	20,875,309.18	12,380,281.31
Sub-total of cash inflows from operating activities	1,143,222,053.29	468,750,230.77
Cash paid on purchase of goods and services	503,534,909.19	13,988,526.97
Cash paid to and on behalf of employees	172,973,160.42	164,517,087.07
Cash paid for all types of taxes	46,067,371.42	15,152,947.75
Cash paid to other operation related activities	215,105,878.98	81,138,568.27
Sub-total of cash outflows from operating activities	937,681,320.01	274,797,130.06
Net cash flows from operating activities	205,540,733.28	193,953,100.71
II. Cash flows from investing activities:		
Cash received from disposal of investments	20,000,000.00	
Cash received from return on investments	338,301.37	1,232,418,382.82
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	20,338,301.37	1,232,418,382.82
Cash paid on purchase of fixed assets, intangible assets and other long term assets	42,907,743.65	18,686,978.91
Cash paid for investments	131,000,000.00	2,164,037,398.72
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	46,000,000.00	
Sub-total of cash outflows from investing activities	219,907,743.65	2,182,724,377.63

Net cash flows from investing activities	-199,569,442.28	-950,305,994.81
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	2,500,000,000.00	
Cash received from other financing related activities	-6,110,820,524.09	
Sub-total of cash inflows from financing activities	-3,610,820,524.09	
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits or interest expenses	3,654,000.00	16,258,125.00
Cash paid on other financing related activities		2,998,907,357.18
Sub-total of cash outflows from financing activities	3,654,000.00	3,015,165,482.18
Net cash flows from financing activities	-3,614,474,524.09	-3,015,165,482.18
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-3,447.35	-3,064,416.93
V. Net increase in cash and cash equivalents	-3,608,506,680.44	-3,774,582,793.21
Add: balance of cash and cash equivalents at the beginning of the period	5,624,406,816.79	7,068,899,574.96
VI. Balance of cash and cash equivalents at the end of the period	2,015,900,136.35	3,294,316,781.75

Legal representative: Liang Haishan

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

4.2 Status in relation to adjustments to the first implementation of relevant items in financial statements at the beginning of the year for implementation of New Income Standards and New Lease Standards for the first time since 2020

Applicable Not Applicable

4.3 Explanation on retroactive adjustments of previously comparative data for implementation of New Income Standards and New Lease Standards for the first time since 2020

Applicable Not Applicable

4.4 Audit report

Applicable Not Applicable