



Haier Smart Home Co., Ltd.*

海爾智家股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

2021 FIRST QUARTER REPORT

The financial data of the Company for the first quarter of 2021 have been prepared in accordance with the China Accounting Standards for Business Enterprises and are unaudited. Net profit attributable to owners of the parent company and equity attributable to owners of the parent company in the consolidated financial statements are not different from those financial data prepared under the International Financial Reporting Standards.

I. IMPORTANT NOTICE

- 1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company hereby assure that the content set out in the quarterly report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.
- 1.2 All Directors of the Company attended the Board meeting for considering the quarterly report.
- 1.3 Liang Haishan (legal representative of the Company), Gong Wei (chief financial officer of the Company) and Ying Ke (the person in charge of accounting department) hereby certify that the financial statements set out in the quarterly report are 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 (%)
Total assets	205,542,336,997.99	203,459,495,879.65	1.02
Equity attributable to owners of the parent company	75,000,476,951.99	66,816,422,614.55	12.25
	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 (%)
Net cash flows from operating activities	2,863,386,935.66	-5,787,626,102.33	149.47
	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 (%)
Operating revenue	54,773,701,753.64	43,141,448,203.28	26.96
Net profits attributable to owners of the parent company	3,053,933,589.63	1,070,333,404.45	185.33
Net profits after deduction of non-recurring profit or loss attributable to owners of the parent company	2,823,027,182.06	943,123,999.14	199.33
Weighted average return on net assets (%)	4.38	2.22	Increased by 2.16 percentage points
Basic earnings per share (RMB per share)	0.333	0.163	104.29
Diluted earnings per share (RMB per share)	0.326	0.163	100.00

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	-11,607,188.24
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	184,949,066.19
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, 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, except for valid straddle business relevant to normal business of the company	89,043,055.23
Other non-operating income and expenses except the aforementioned items	14,038,712.23
Impact on Minority interests (after tax)	-3,920,027.41
Effect of income tax	-41,597,210.43
Total	230,906,407.57

Note:

During the reporting period, the Company accelerated the implementation of IoT-enabled smart home strategy, focused on the building of high-end, scenario and ecosystem brands, continued to expand its advantages in high-end packages and smart home scenario-based solutions, global synergies and the Smart Home experiential cloud platform. The Company further drove forward the whole process of digital transformation, thereby laying a solid foundation for sustainable and healthy development.

The revenue, net profit and net profit attributable to owners of the Parent Company in the first quarter of 2021 for the Company increased by 27.0%, 130.4% and 185.3% year-on-year; and increased by 12.9%, 14.7% and 42%, respectively, as compared with the first quarter of 2019. The increase is mainly attributed to smart package sales, Casarte's high-end brand strategy and the implementation of digital transformation as well as the persistence on the strategy of creating high-end brands and localized operations overseas. Meanwhile, as the first quarter of 2020 was deeply impacted by COVID-19, both the revenue and profit growth of the first quarter of 2021 comparing the first quarter of 2020 represented higher rates than the growth rate of comparing with the first quarter of 2019.

As the logistics business and the COSMO business of the Company were deconsolidated respectively on July 2019 and at the end of September 2020, if the revenue contribution of COSMO and logistics not being included in the first quarter of 2019 and 2020 respectively, the revenue in the first quarter of 2021 increased by 38.2% as compared with the first quarter of 2020 last year and increased by 24.4% as compared with the same period of 2019.

Performance of Key Indicators

I. Revenue

The sales revenue in the first quarter of the Company was RMB54.8 billion, representing an increase of 27.0% year-on-year, of which, revenue from China increased by 29.5% year-on-year. After excluding the deconsolidation impacts of the COSMO business, the revenue increased by 55.7% year-on-year. Revenue from overseas increased by 24.6% year-on-year.

1. Domestic Market

During the period, the Company insisted on the reform from high-end brands to scenario-based and ecosystem brands, so that users would pay for premiums not only on products but also on experience. It sped up the upgrading of sales model with digital tools, and also digitalized the platforms for sales person, after-sale service personnel and supply chain management to further improve operational efficiency. The market shares of all businesses improved continuously. The sales revenue from the Casarte brand increased by 80% with the proportion of revenue further increased in all categories.

In which:

(1) Household Food Solution (the Food Network)

Refrigerator: According to CMM's report, by retail revenues our shares of online and offline refrigerator market was 38.5% and 40.8% respectively in the first quarter of 2021, representing increases of 2.5 and 1.4 percentage points, in which Haier and Casarte ranked first and second in the industry in terms of retail revenue, further consolidating the leading position in the refrigerator industry. Casarte had a market share of 13.2%, increasing by 3.2 percentage points as compared to the same period last year, and its market share for high-end products priced RMB15,000 or above reached 43%.

During the period, the refrigerator industry led the ultimate healthy-oriented and freshness preservation trend in the industry. It introduced the MSA Pro oxygen control and preservation plan, and help vegetables to achieve a 200% increase in water-preservation rate and an improvement of 12% in the vitamin C preservation rate comparing with normal refrigerators. It released the free built-in industrial standards 2.0, and the heat dissipation space between refrigerators and cabinets was reduced from 2cm to zero through front heat dissipation technology at the bottom, which solved the problem of excessive large gap between refrigerators and cabinets in the traditional heat dissipation. The Company introduced the raw gemstone series, using panels with the quality of natural gemstone to cater to the users' appetite to natural and modern aesthetics. The online sales revenue of the Casarte brand doubled.

Kitchen appliances: According to CMM's report, by retail revenue, our share in kitchen appliances market share reached 6.8% in the first quarter of 2021, representing an increase of 0.9 percentage point. Casarte's retail revenue market share was up by 1.3 percentage points with an increase of 108%.

During the period, the Company achieved breakthrough in the high-end market by actively expanding the Casarte's product portfolio and upgrading the end user experience in scenario-based consumption. It launched the Ideal Home series, bringing an increase of over 200% in revenue of Casarte kitchen appliances. In further, the Company accelerated in the construction of township stores and promoted the integration of online and offline channels. Meanwhile, it realized the growth in property developer channels through the multi-brand matrix of Casarte, GEA and FPA. It also swiftly promoted the household local renovation solutions by showcasing the enriched "Three-Winged Bird" smart kitchen scenarios.

(2) Household Clothing Solutions (Internet of Clothing)

Washing machine: According to CMM's report, by retail revenue, our shares of online and offline washing machine market reached 42.9% and 41.7% respectively in the first quarter of 2021, representing increases of 1.9 and 2.2 percentage points.

During the period, the washing machine business expanded its revenue and profitability potential by promoting hot-selling products such as Casarte Twin Tasker series. The market share of Casarte in price segment above RMB10,000 reached 78.1% in the first quarter, representing an increase of 3.2 percentage points year-on-year. The unique and innovative product BLingBLing colored apparel washer recorded sales of 28,000 units. Users can repurchase its exclusively assembled laundry detergent after use. During this period, the sales revenue of laundry detergent and peripheral accessories exceeded RMB10 million. Meanwhile, the Company actively expanded new products such as tumble dryers, shoe washers, clothing cabinets etc. from which the sales revenue of tumble dryers was up by over 300% year-on-year. According to CMM's report, the share of offline retail sales of tumble dryers exceeded 33%, representing an increase of 19.7 percentage points year-on-year. Lastly, the washing machine industry actively promoted marketing activities such as "Dress China" (衣尚中国) and "Refined Living" (花嫁人生) to further enhance product awareness. Casarte washing machine cooperated with DRESS CHINA, CCTV's large-scale program on Chinese clothing culture, to demonstrate cleaning and care of the precious Shu Brocade with "air washing". The users only need to activate the "air wash" function with one touch, and the micro-steam molecules would penetrate the fibers of the clothes to clean the clothes while restoring the texture and radiance. With the airing of DRESS CHINA, Casarte's smart washing and care scenario gained wide market attention and has become the priority choice for many high-end users.

(3) Household Air solutions

Household air conditioner: in the first quarter of 2021, by retail revenue of the Company's air conditioner online and offline market share was 15.1% and 17.3%, representing a year-on-year increase of 2.1 percentage points and 2 percentage points. On the back of products such as Haier air-washing, 3D sterilization cabin and the Casarte Galaxy series, the high-end market share represented by hanging machines priced above RMB4,000 and cabinet machines priced above RMB10,000 reached 22.3%, up by 3.5 percentage points year-on-year.

During the period, domestic sales revenue from the household air conditioner of the Company increased by 128%. The Company focused on users' demand for healthy air during the post-pandemic period, and renovated the smart health-oriented scenarios and services. The Company enhanced the brand awareness on "Healthy Air Conditioners Made by Haier" through industry leading technologies such as 3D sterilization cabin and air-washing. For example, the air-washing technology achieved the differentiated experience of purification, humidification, oxygenation, sterilization, positioned air supply, voice interaction etc., with the high-speed centrifugal waterfall curtain system based on the aeroengine theory, which can cleanse the air in an hour to create good air which is clean, fresh, mild and comfortable. During the "Haier Healthy Air Conditioner Festival" (海爾健康空調節) in March, the Casarte Galaxy series, Haier sterilization cabins, air-washing and other differentiated products were widely pursued by users, accounting for the biggest share in the sterilization air conditioners sector. The Company also vigorously promoted personalized air solutions for all scenarios. Meanwhile, the air conditioners industry continued to expand its sales network and made great efforts to develop in the third and fourth tier cities and rural markets, with an increase of 25% in the number of township stores. Through the product mix upgrading, we continued to improve the operating efficiency.

Commercial air conditioner: the Company created personalized air solutions by region, and continued to promote product upgrading. The high-efficiency plant room-based air solutions adopted in the South were focused on magnetic levitating central air conditioner to connect central air conditioners, chillers, water pumps, cooling towers and other products to the E + cloud platform, so as to realize intelligent control and data monitoring, eliminate the operating dysfunction in a timely manner to minimize the labour and maintenance cost, and achieve the high efficiency and energy saving during the whole life cycle. In the northern region, we actively increased our presence in the clean heating market, and provided multiple solutions including air cooling module and magnetic levitating heat pump unit, so as to meet the needs of users in different regions and scenarios. We released the IoT cloud platform for smart building, Hai BMS, which connects the central air conditioners, elevator, lighting, fire protection and other building subsystems. It covers smart air, clean energy, smart energy saving, smart stores and other scenarios, and improves the operation parameters for each equipment according to big data analysis, so as to facilitate the digitization of whole construction.

(4) Household water solution

Water heater: according to the CMM data, in the first quarter of 2021 by retail revenue, the Company's water heater online and offline market share was 29.9% and 26.9%, representing a year-on-year increase of 3.8 percentage points and 1.5 percentage points.

During the period, the Company launched the Casarte Galaxy series with crystal rods. As the first water heater without magnesium rods in the industry, it achieves zero incrustation, zero precipitation, zero rusty water and zero corrosion. It initiates the gas-electric hybrid technology with modulated temperature. The water heater adopts heating by gas and electricity energy, achieving constant temperature of water during the whole process. Meanwhile, we continued to gain market share through the brand portfolio of Casarte, Haier and Leader. Among them, the Casarte water heater business achieved an increase of over 120% in the first quarter. In addition, the water heater business vigorously expanded HVAC channels, building materials, ironware and plumbing and other upstream retail and focused on replacement customers in old communities and renovated communities through activities. It expanded to the designer and home furnishing market to increase presence among new users, further enhancing HVAC and home furnishing users' recognition of Haier products.

Water purifier: according to the CMM data, in the first quarter, by retail revenue, of the Company's water purifier offline market share increased by 62.1% over the same period, and its market share ranking rose by one place to the fourth while the online retail share increased by 15.1% and continued to take the lead.

During the period, the water purifier industry focused on the increasing demand of users for clean and healthy water, and launched “mineral water purifier” products — the new Casarte Cloud Trout product series, which effectively promoted the sales growth of healthy water purifier products. At the same time, we improved the user awareness of “healthy water purifier” of Haier by effectively launching “clean your cup” activity and the product marketing during AWE. On Channel building aspect, we expanded the network coverage of Casarte on one hand, while steadily improving the output of single store and enhancing the channel competitiveness continuously on the other hand.

2. Overseas market

With a constant focus on users, the Company has made continued efforts in product innovation and distribution network expansion in the overseas market in order to mitigate the pressure on operations caused by rising cost of raw materials, freight and currency fluctuations. Despite the COVID-19 resurgence, our sales revenue in the overseas market increased by 24.6% year-on-year and operating profit grew by 135%, with further 2 percentage points expansion on operating margin at 4.6% at the first quarter of 2021.

During the period, the Company continued to lead the industry with popular antibacterial, healthy and smart appliances, and grew the revenue of high-end products by over 40%; while speeding up online transformation and comprehensively increased market share by further collaborating with strategic partners, expanding sales network and promoting omni channel integration by actively engaging KOLs and teaming up with streaming platforms to facilitate user interaction and improve its market recognition, the Company had a total of 12 million followers on social network by the end of March; in addition, new factories in Egypt, Romania and Turkey commenced operation, which further guaranteed the Company's supply of products; the Company also accelerated cloud-based strategic implementation in the IoT ecosystem.

During the period, the Company achieved 20% revenue growth in the US market with rapid expansion from high-end brands Café and GE Profile. Leveraging on global procurement platform, the Company managed to maintain stable production and supply despite the winter storm disruptions and components constraints and production volume grew 20% compared with the same period last year. The multi-door refrigerator and large-capacity front-load washing machine jointly developed were widely recognized in the US market. In the European market, the Company actively expanded online presence while gaining users' recognition through dedicated eco brand campaigns. In Australia and New Zealand, the Company focused on high-end kitchen products and launched Series 7 & Series 9 premium front-load washing machine and heat pump tumble dryers. In the Japanese market, the Company continued to promote community based AQUA Laundry solutions to satisfy users' demand for optimal experience. Facing the pandemic in South Asia, the Company still managed to significantly outgrow the industry by making dedicated efforts in expanding presence online, while in Southeast Asian market, the Company facilitated exponential growth in its fan base through live-streaming.

II. Gross Profit

The Company's gross margin was 28.5% for the first quarter of 2021, representing an increase of 1 percentage point as compared with the first quarter of 2020.

1. Domestic market

During the reporting period, gross profit margin of home appliances industry remained under pressure from bulk rising raw material and components costs. The Company mitigated the impacts by implementing measures including accelerating Casarte pipeline and Super Factory project on SKU reduction to optimize cost structure and enhance efficiency as well as adjusting terminal prices. During the period, sales revenue of Casarte grew by 80% and its revenue contribution increased by over 1 percentage point.

2. Overseas market

In the face of rising commodity price and sea freight cost, all regions effectively reduced pressures on the cost through adjusting terminal prices, optimizing product structure and improving production efficiency. During the period, in the US market, high-end brands continued to expand market share while in Europe, the proportion of medium- and high-end products increased by 2% through the introduction of 979 washing machine and Super Drum wide front-load washing machine.

III. Operating expenses ratio

1. The selling expense ratio of the Company was 14.3%, representing a decrease of 0.7 percentage point year on year.
 - (1) **Domestic market.** The Company further enhanced operating efficiency by promoting online offline integration and digitalizing distribution, service and supply chain management. During the period, the selling expense ratio in China decreased by 1 percentage point.
 - (2) **Overseas market.** The Company accelerated information system implementation to improve operational efficiency and optimize overall expense ratio.
2. The administrative expense ratio was 3.9%, representing a decrease of 0.6 percentage point year on year, which was attributable to improved operations
3. The research and development expense ratio was 3.8%, representing an increase of 0.1 percentage point year on year. It was mainly due to the step up efforts in building core smart capabilities, such as iteration and upgrade of Smart Home APP, Smart Home cloud based brain & relevant cutting-edge technologies, the incubation of new categories and eco business as well as the iteration of Three-Winged Bird scenario experience.
4. The financial expense ratio of the Company was 0.3%, representing a decrease of 0.5 percentage point year on year. The decrease in interest expenses was mainly due to the conversion of convertible bonds and debt repayment.

IV. Working Capital

1. Trade receivables turnover days

The trade receivables turnover days of the Company was 30 days as at the end of the first quarter of 2021, representing an increase of 3 days as compared to the corresponding period, which was mainly attributable to the decrease in the factoring arrangement of GE Appliances and increase in its sales revenue.

2. Inventory turnover days

The inventory turnover days of the Company was 72 days in the first quarter of 2021, representing a decrease of 11 days as compared to the corresponding period, which was mainly attributable to post pandemic macro recovery and the acceleration in inventory turnover.

3. Trade payable turnover days

As at the end of the first quarter of 2021, trade payables turnover days were 88 days, representing a decrease of 3 days as compared to the first quarter of 2020, which was mainly attributable to the settlement of existing trade payables during the period.

V. Cash Flow Analysis

1. Net cash flow from operating activities for the period amounted to RMB2.86 billion, representing an increase of RMB8.65 billion as compared to the corresponding period. It was mainly due to the low level of cash flow from operating activities for the corresponding period caused by COVID-19 outbreak; and it was an increase of RMB1.48 billion as compared with the first quarter of 2019, representing an increase of 107.2%, which was mainly due to the increase of revenue and continued optimization of operational efficiency;
2. Net cash flow from investing activities for the period amounted to RMB620 million, representing a decrease of 49.3% as compared to the corresponding period, which was mainly due to the increase in the redemption of wealth management products and the occurrence of outflow from equity investment for the same period last year;

3. Net cash outflow from financing activities for the period amounted to RMB4.35 billion, while net cash inflows in financing activities for the corresponding period amounted to RMB7.58 billion, representing an increase of 157.39%, as borrowings RMB8.76 billion to address the impacts of the epidemic during the corresponding period of last year, while borrowings decreased by RMB5.1 billion as operation and profitability both recovered; in addition, repayment of super-short-term financing and domestic borrowings resulted in an increase of RMB6.83 billion in outflow as compared to the corresponding period of last year.

VI. Capital Expenditure

The Company assesses its capital expenditure and investments in each business in China and overseas from time to time. The capital expenditure in the first quarter of 2021 was RMB1,700 million, of which RMB740 million and RMB960 million were used in China and overseas respectively in plant and equipment construction, property rental, and digital infrastructure.

VII. Gearing Ratio

As of the end of the first quarter of 2021, the Company's gearing ratio was 62.9%, representing a decrease of 3.7% as compared to the end of 2020, which was mainly due to the conversion of RMB5.1 billion convertible bonds and the repayment of RMB5.5 billion super-short-term financing.

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			175,960			
Shareholdings of top ten shareholders						
Name of shareholder (full name)	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Status of shares pledged or frozen		Nature of shareholder
				Status	Number	
HKSCC NOMINEES LIMITED	2,122,936,359	22.71		Unknown		Foreign legal entity
Haier Electric Appliances International Co., Ltd. (currently named as Haier COSMO Co., Ltd.)	1,258,684,824	13.46		Nil		Domestic non-state owned legal entity
Haier Group Corporation	1,072,610,764	11.47		Nil		Domestic non-state owned legal entity
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	5.76		Nil		Foreign legal entity
Hong Kong Securities Clearing Co., Ltd	471,210,138	5.04		Nil		Unknown
China Securities Finance Corporation Limited	182,592,654	1.95		Nil		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd.	172,252,560	1.84		Nil		Domestic non-state owned legal entity
ALIBABA INVESTMENT LIMITED	83,823,993	0.90		Unknown		Unknown
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	73,011,000	0.78		Nil		Domestic non-state owned legal entity
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	69,539,900	0.74		Nil		Unknown

Shareholdings of top ten shareholders not subject to selling restrictions			
Name of shareholder	Number of shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,122,936,359	Overseas listed foreign shares	2,122,936,359
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
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
Hong Kong Securities Clearing Co., Ltd.	471,210,138	RMB ordinary	471,210,138
China Securities Finance Corporation Limited	182,592,654	RMB ordinary	182,592,654
Qingdao Haier Venture & Investment Information Co., Ltd. (青島海爾創業投資諮詢有限公司)	172,252,560	RMB ordinary	172,252,560
ALIBABA INVESTMENT LIMITED	83,823,993	Overseas listed foreign shares	83,823,993
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	73,011,000	RMB ordinary	73,011,000
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	69,539,900	RMB ordinary	69,539,900
Related-parties or parties acting in concert among the aforesaid shareholders	(1) Haier Electric Appliances International Co., Ltd. (currently named as Haier COSMO 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. (青島海爾創業投資諮詢有限公司), Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership), HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED 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	Not Applicable		

Note:

HKSCC NOMINEES LIMITED is the collection account for the Shareholders of H shares, which is the original data provided by the Hong Kong securities registration agency in China to the Company after the merger according to local market practices and technical settings, not representing the ultimate shareholder.

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 decreased by 34.64% as compared to the beginning of the period, mainly due to the decrease of the short-term wealth management products;
- 2) Derivative financial assets increased by 106.25% as compared to the beginning of the period, mainly due to the increase of forward foreign exchange contracts in the period;
- 3) Development expenditure decreased by 52.95% as compared to the beginning of the period, mainly due to the transfer to intangible assets after meeting the conditions for use;
- 4) Financial liabilities held for trading decreased by 96.12% as compared to the beginning of the period, mainly due to the expiration of the locked exchange rate instruments;
- 5) Derivative financial liabilities decreased by 40.91% as compared to the beginning of the period, mainly due to the increase in interest rate swap agreements and forward foreign exchange contracts;
- 6) Other current liabilities decreased by 90.68% as compared to the beginning of the period, mainly due to the Company's repayment of ultra-short-term financing bonds for financing;

- 7) Debentures payable decreased by 75.18% as compared to the beginning of the period, mainly due to the conversion of convertible bonds into shares of the Company;
- 8) Long-term payables increased by 37.08% as compared to the beginning of the period, mainly due to the increase in long-term payables on brand usage fees;
- 9) Other equity instruments decreased by 75.50% as compared to the beginning of the period, mainly due to the conversion of convertible bonds into shares of the Company;
- 10) Capital reserve increased by 43.47% as compared to the beginning of the period, mainly due to the conversion of convertible bonds into shares of the Company;
- 11) Treasury stock increased by 279.03% as compared to the beginning of the period, mainly due to the repurchase of shares during the period;
- 12) Financial expenses decreased by 47.84% as compared to the same period of last year, mainly due to the decrease in interest expenses;
- 13) Investment income increased by 42.39% as compared to the same period of last year, mainly due to the increase in investment income from long-term equity investment accounted for using equity method;
- 14) Gains on change of fair value increased by 167.58% as compared to the same period of last year, mainly due to the changes in the fair value of financial products held for trading;
- 15) Gain from disposal of assets decreased by 308.58% as compared to the same period of last year, mainly due to the losses in the disposal of assets by subsidiaries;
- 16) Non-operating income decreased by 30.57% as compared to the same period of last year, mainly due to the demolition compensation recognized in the same period of last year (nil for the current period);

- 17) Income tax expense increased by 153.34% as compared to the same period of last year, mainly due to the increase in profit for the period as compared to the same period of last year;
- 18) Net cash flows in operating activities increased by 149.47% or RMB8.65 billion as compared to the same period of last year, which was mainly due to the low level of cash flow from operating activities due to the impacts of epidemic for the corresponding period; and increased by RMB1.48 billion as compared with the first quarter of 2019, representing an increase of 107.2%, which was mainly due to the increase of revenue of the Company and continuous optimisation of operational efficiency;
- 19) Net cash flows from investing activities decreased by 49.32% as compared to the same period of last year, which was mainly due to the increase of the redemption amount of wealth management products in the period as compared with the last year and the occurrence of outflow from equity investment for the last period;
- 20) Net cash flows from financing activities increased by 157.39% as compared to the same period of last year, as the borrowings of RMB8.76 billion to address the impacts of the epidemic during the corresponding period of last year, while borrowings decreased by RMB5.1 billion as operation and profitability both recovered; in addition, repayment of super-short-term financing and domestic borrowings resulted in an increase of RMB6.83 billion in outflow as compared to the corresponding period of last year.

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

√ Applicable ☐ Not Applicable

- 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 RMB23.920 billion, accounting for 31.9% of the Company's latest net assets and 11.6% of the latest total assets.

- 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 1.946 billion.
- 3) **Entrusted wealth management:** By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB1.471 billion, including two 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 RMB0.7 billion after approved by the Board of Directors. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB388 million; ② **Temporary-idle funds wealth management by certain subsidiaries of the Company:** On the premise of ensuring sufficient funds for the day-to-day operations of the main business, in order to improve the yield of temporarily-idle funds and the shareholders' returns, certain subsidiaries of the Company have purchased some short-term principal-protected wealth management and structural deposits from the large commercial banks in order to increase the efficiency of the use of idle funds within the authorities of the general manager's office and on the premise of safeguarding funds security. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB1.084 billion.

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

In December 2020, the Company completed the material assets reorganization involving the privatization of Haier Electronics through the issuance of H shares (please refer to the Report on the Implementation of Purchase of Material Assets Purchase and Connected Transaction of Haier Smart Home Co., Ltd. as disclosed by the Company on 26 December 2020). After the completion of the material assets reorganization, the former non-controlling interests attributable to minority shareholders of Haier Electronics will be converted into the net profit attributable to owners of the Parent Company, which will result in significant changes to net profit attributable to owners of the Parent Company and other indicators in the financial statements of the Company as compared with the same period of last year. The Company will follow the completion of the accumulated net profit from the beginning of the year to the end of the next reporting period and perform the information disclosure obligations based on the actual conditions according to the regulations.

Name of the Company	Haier Smart Home Co., Ltd.
Legal representative	Liang Haishan
Date	29 April 2021

This announcement is published in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Haier Smart Home Co., Ltd.*
LIANG Haishan
Chairman

Qingdao, the PRC
29 April 2021

As at the date of this announcement, the executive directors of the Company are Mr. LIANG Haishan, Mr. LI Huagang and Mr. XIE Juzhi; the non-executive directors are Mr. WU Changqi, Mr. LIN Sui, Mr. YU Hon To, David and Ms. Eva LI Kam Fun; and the independent non-executive directors are Mr. DAI Deming, Mr. CHIEN Da-Chun, Mr. WONG Hak Kun and Mr. LI Shipeng.

* For identification purpose only

IV. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

31 March 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	31 March 2021	31 December 2020
Current Assets:		
Monetary capital	44,342,423,935.48	46,461,329,426.91
Provision of settlement fund		
Placements with banks		
Trading financial assets	1,415,266,061.00	2,165,192,497.83
Derivative financial assets	160,544,940.18	77,839,006.63
Bills receivable	12,002,599,645.36	14,136,349,754.34
Accounts receivable	20,258,153,249.28	15,930,024,286.67
Financing receivables		
Prepayments	706,732,751.16	765,427,571.70
Premiums receivable		
Reinsurance Accounts receivable		
Reinsurance contract reserves		
receivable		
Other receivables	2,004,963,313.36	1,717,152,945.65
Including: interests receivable		
dividends receivable		
Financial assets purchased under		
resale agreements		
Inventories	32,331,087,733.78	29,446,973,404.75
Contract assets	242,467,021.87	263,412,927.58
Assets held for sale		
Non-current assets due within		
one year		
Other current assets	2,587,309,484.67	3,283,888,900.58
Total current assets	116,051,548,136.14	114,247,590,722.64
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	316,467,388.35	330,588,978.97
Long-term equity investments	21,821,259,415.97	21,567,658,450.89

Items	31 March 2021	31 December 2020
Other equity instruments investments	2,660,974,553.84	2,659,125,265.54
Other non-current financial assets		
Investment properties	28,601,934.63	28,387,002.81
Fixed assets	20,836,853,254.24	20,895,504,722.21
Construction in progress	4,310,464,293.31	3,596,902,447.07
Biological assets for production		
Oil and gas assets		
Right-of-use assets	2,821,042,618.17	2,839,858,259.27
Intangible assets	10,043,939,304.73	10,017,867,645.93
Development expenses	78,931,187.73	167,746,724.13
Goodwill	22,560,157,057.13	22,518,460,337.64
Long-term prepaid expenses	471,055,216.21	455,742,504.13
Deferred income tax assets	2,095,652,802.87	2,208,301,258.25
Other non-current assets	1,445,389,834.67	1,925,761,560.17
Total non-current assets	89,490,788,861.85	89,211,905,157.01
Total assets	205,542,336,997.99	203,459,495,879.65
Current liabilities:		
Short-term borrowings	9,276,194,253.35	7,687,908,165.88
Borrowings from central bank		
Placements from banks		
Trading financial liabilities	1,045,076.45	26,952,508.66
Derivative financial liabilities	141,558,257.27	239,582,532.90
Bills payable	23,320,514,973.22	21,236,057,053.67
Accounts payable	39,358,151,222.93	36,302,971,944.48
Receipts in advance		
Contract liabilities	6,405,773,588.03	7,048,637,659.48
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	2,915,081,249.47	3,760,099,978.82
Taxes payable	2,478,198,636.99	2,399,705,460.12
Other payables	15,877,880,021.67	17,056,156,167.28
Including: interests payable		
dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		

Items	31 March 2021	31 December 2020
Non-current liabilities due within one year	7,621,274,410.53	7,522,724,913.40
Other current liabilities	569,910,211.65	6,112,053,944.63
Total current liabilities	107,965,581,901.56	109,392,850,329.32
Non-current liabilities:		
Deposits for insurance contracts		
Long-term borrowings	11,656,231,609.67	11,821,416,259.81
Debentures payable	1,666,028,963.72	6,713,501,050.27
Including: preference shares		
perpetual bonds		
Lease liabilities	2,074,031,001.74	2,072,702,352.68
Long-term payable	134,614,083.53	98,203,261.27
Long-term staff remuneration payable	1,294,320,026.32	1,245,775,024.35
Estimated liabilities	1,648,530,429.67	1,442,844,036.73
Deferred income	742,473,640.48	633,761,669.48
Deferred income tax liabilities	1,993,831,571.81	1,900,401,265.97
Other non-current liabilities	28,696,550.76	27,033,458.13
Total non-current liabilities	21,238,757,877.70	25,955,638,378.69
Total liabilities	129,204,339,779.26	135,348,488,708.01
Owners' equity:		
Paid-in capital (or share capital)	9,348,228,194.00	9,027,846,441.00
Other equity instruments	579,143,558.56	2,364,195,333.79
Including: preference shares		
perpetual bonds		
Capital reserve	21,534,199,256.65	15,009,027,407.40
Less: treasury stock	109,527,419.65	28,896,550.65
Other comprehensive income	-890,141,055.78	-1,046,216,729.06
Special reserve		
Surplus reserve	3,045,334,539.60	3,045,334,539.60
General risk provisions		
Undistributed profits	41,493,239,878.61	38,445,132,172.47
Total equity attributable to owners of the parent company	75,000,476,951.99	66,816,422,614.55
Minority interests	1,337,520,266.74	1,294,584,557.09
Total owners' equity	76,337,997,218.73	68,111,007,171.64
Total liabilities and owners' equity	205,542,336,997.99	203,459,495,879.65
<i>Person in charge of the Company:</i> Liang Haishan	<i>Person in charge of accounting function:</i> Gong Wei	<i>Person in charge of accounting department:</i> Ying Ke

BALANCE SHEET OF THE PARENT COMPANY*31 March 2021*

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	31 March 2021	31 December 2020
Current Assets:		
Monetary capital	2,490,124,233.67	8,286,549,909.64
Trading financial assets		
Derivative financial assets		
Bills receivable		
Accounts receivable	5,252,695,799.56	5,491,536,070.42
Financing receivables		
Prepayments	274,929,670.73	295,050,991.15
Other receivables	9,313,191,790.51	3,906,373,387.61
Including: interests receivable dividends receivable		
Inventories	3,053,737.22	73,974,562.87
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	426,501,982.11	459,309,301.58
Total current assets	17,760,497,213.80	18,512,794,223.27
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	52,305,709,220.38	52,290,227,070.21
Other equity instruments investments	804,334,894.58	804,334,894.58
Other non-current financial assets		
Investment properties		
Fixed assets	188,179,513.75	196,529,502.16
Construction in progress	22,170,700.57	8,319,418.36
Biological assets for production		
Oil and gas assets		
Right-of-use assets	1,861,579.33	2,076,376.95
Intangible assets	60,370,464.47	62,103,457.66
Development expenses		
Goodwill		
Long-term prepaid expenses	3,809,525.48	4,208,602.97
Deferred income tax assets	154,335,216.49	154,335,216.49

Items	31 March 2021	31 December 2020
Other non-current assets		26,894,836.99
Total non-current assets	53,540,771,115.05	53,549,029,376.37
Total assets	71,301,268,328.85	72,061,823,599.64
Current liabilities:		
Short-term borrowings		
Trading financial liabilities		
Derivative financial liabilities		
Bills payable		
Accounts payable	77,189,550.50	248,172,640.78
Receipts in advance		
Contract liabilities	78,948,707.59	8,716,599.17
Staff remuneration payable	7,404,274.61	86,872,482.44
Taxes payable	57,481,918.14	55,756,358.98
Other payables	29,562,595,046.00	29,642,219,320.03
Including: interests payable		
dividends payable		
Liabilities held for sale		
Non-current liabilities due within		
one year	840,106.80	20,840,106.80
Other current liabilities	4,670,201.16	5,538,254,928.01
Total current liabilities	29,789,129,804.80	35,600,832,436.21
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
Including: preference shares		
perpetual bonds		
Leasing liabilities	911,674.18	877,995.63
Long-term payable		
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income	18,460,000.00	24,250,000.00
Deferred income tax liabilities	219,544,771.62	219,544,771.62
Other non-current liabilities		
Total non-current liabilities	238,916,445.80	244,672,767.25
Total liabilities	30,028,046,250.60	35,845,505,203.46

Items	31 March 2021	31 December 2020
Owners' equity:		
Paid-in capital (or share capital)	9,348,228,194.00	9,027,846,441.00
Other equity instruments		
Including: preference shares		
perpetual bonds		
Capital reserve	25,148,829,661.50	20,408,352,380.95
Less: treasury stock	80,630,869.00	
Other comprehensive income	-3,589,076.00	-10,030,704.15
Special reserve		
Surplus reserve	2,440,188,314.15	2,440,188,314.15
Undistributed profits	4,420,195,853.60	4,349,961,964.23
Total owners' equity	41,273,222,078.25	36,216,318,396.18
Total liabilities and		
owners' equity	71,301,268,328.85	72,061,823,599.64
<i>Person in charge</i>	<i>Person in charge</i>	<i>Person in charge</i>
<i>of the Company:</i>	<i>of accounting function:</i>	<i>of accounting department:</i>
Liang Haishan	Gong Wei	Ying Ke

CONSOLIDATED INCOME STATEMENT

January-March 2021

Prepared by Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2021	First quarter of 2020
I. Total operating revenue	54,773,701,753.64	43,141,448,203.28
Including: operating revenue	54,773,701,753.64	43,141,448,203.28
Interest income		
Insurance premiums earned		
Fee and commission income		
II. Total cost of operations	51,511,136,575.21	41,757,563,634.45
Including: operating cost	39,170,198,172.03	31,301,454,089.43
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	143,401,962.93	110,484,681.22
Selling expenses	7,831,694,562.30	6,482,493,374.32
Administrative expenses	2,125,286,512.82	1,935,676,561.57
R&D expenses	2,069,539,134.50	1,599,598,038.94
Financial expenses	171,016,230.63	327,856,888.97
Including: interest expenses	168,902,785.14	274,142,181.24
Interest income	131,351,349.94	122,320,829.91
Add: other income	225,675,047.31	245,069,840.71
Investment income (losses are represented by “-”)	448,142,363.59	314,736,890.47
Including: investment income of associates and joint ventures	33,509,263.35	-49,586,871.27
Derecognition income on financial assets measured at amortized cost	-59,663,317.58	-83,890,424.46
Exchange gain (losses are represented by “-”)		

Items	First quarter of 2021	First quarter of 2020
Gains on net exposure hedges (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	33,509,263.35	-49,586,871.27
Loss on credit impairment (losses are represented by “-”)	-59,663,317.58	-83,890,424.46
Loss in assets impairment (losses are represented by “-”)	-250,932,437.96	-273,129,120.39
Gain from disposal of assets (losses are represented by “-”)	-11,607,188.24	-2,840,847.01
III. Operating profit (losses are represented by “-”)	3,647,688,908.90	1,534,244,036.88
Add: non-operating income	39,370,130.80	56,702,305.54
Less: non-operating expenses	25,331,418.57	23,971,217.88
IV. Total Profit (total losses are represented by “-”)	3,661,727,621.13	1,566,975,124.54
Less: income tax expense	565,979,433.86	223,403,750.66
V. Net Profit (net losses are represented by “-”)	3,095,748,187.27	1,343,571,373.88
(I) Classification by continuous operations		
1. Net profit from continuous operations (net losses are represented by “-”)	3,095,748,187.27	1,343,571,373.88
2. Net profit from discontinuous operations (net losses are represented by “-”)		
(II) Classification by ownership of the equity		
1. Net profit attributable to owners of the Parent Company (net losses are represented by “-”)	3,053,933,589.63	1,070,333,404.45
2. Profit or loss attributable to minority shareholders (net losses are represented by “-”)	41,814,597.64	273,237,969.43

Items	First quarter of 2021	First quarter of 2020
VI. Other comprehensive income, net of tax	156,278,497.23	-263,628,908.56
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax	156,003,524.98	-292,844,209.58
1. Other comprehensive income that cannot be reclassified into the profit or loss	2,958,991.70	-281,102.14
(1) Changes arising from re-measurement of defined benefit plans	459,638.27	-151,488.17
(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	2,499,353.43	-129,613.97
(4) Changes in fair value of credit risks of the enterprise		
2. Other comprehensive income to be reclassified into the profit or loss	153,044,533.28	-292,563,107.44
(1) Other comprehensive income that can be transferred into profit or loss under equity method	30,987,761.94	45,643,868.38
(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	30,531,599.43	44,467,734.19
(6) Exchange differences on translation of financial statements denominated in foreign currencies	91,525,171.91	-382,674,710.01
(7) Others		

Items	First quarter of 2021	First quarter of 2020
(II) Other comprehensive income attributable to minority shareholders, net of tax	274,972.25	29,215,301.02
VII. Total comprehensive income	3,252,026,684.50	1,079,942,465.32
(I) Total comprehensive income attributable to the owners of Parent Company	3,209,937,114.61	777,489,194.87
(II) Total comprehensive income attributable to the minority shareholders	42,089,569.89	302,453,270.45
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB/share</i>)	0.333	0.163
(II) Diluted earnings per share (<i>RMB/share</i>)	0.326	0.163
<i>Person in charge of the Company:</i> Liang Haishan	<i>Person in charge of accounting function:</i> Gong Wei	<i>Person in charge of accounting department:</i> Ying Ke

INCOME STATEMENT OF THE PARENT COMPANY
January-March 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2021	First quarter of 2020
I. Operating revenue	167,742,299.57	3,179,874,436.85
Less: Operation cost	132,242,644.21	2,870,465,369.89
Taxes and surcharges	977,921.20	3,053,268.44
Selling expenses	5,850,894.41	131,983,867.38
Administrative expenses	2,114,526.97	67,703,707.17
R&D expenses	18,340,350.35	78,022,939.25
Financial expenses	-15,915,571.58	-6,131,172.44
Including: interest expenses	7,271,746.57	3,654,000.00
Interest income	27,133,050.09	10,501,990.61
Add: Other incomes	32,375,407.90	20,220,000.00
Investment income (losses are represented by “-”)	27,853,570.44	17,274,491.07
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 “-”)		
Gain from disposal of assets (losses are represented by “-”)		
II. Operating profit (losses are represented by “-”)	84,360,512.35	72,270,948.23
Add: non-operating income	150.00	20,939.56
Less: non-operating expenses		
III. Total profit (total losses are represented by “-”)	84,360,662.35	72,291,887.79
Less: income tax expense	14,126,772.98	8,800,709.51

Items	First quarter of 2021	First quarter of 2020
IV. Net profit (net losses are represented by “-”)	70,233,889.37	63,491,178.28
(I) Net profit from continuous operation (net losses are represented by “-”)	70,233,889.37	63,491,178.28
(II) Net profit from discontinuous operation (net losses are represented by “-”)		
V. Other comprehensive income, net of tax	6,441,628.15	11,142,016.23
(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	6,441,628.15	11,142,016.23
1. Other comprehensive income that can be transferred into profit or loss under equity method	6,441,628.15	11,142,016.23
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		

Items	First quarter of 2021	First quarter of 2020
VI. Total comprehensive income	76,675,517.52	74,633,194.51
VII. Earnings per share:		
(I) Basic earnings per share <i>(RMB/share)</i>		
(II) Diluted earnings per share <i>(RMB/share)</i>		
<i>Person in charge of the Company:</i> Liang Haishan	<i>Person in charge of accounting function:</i> Gong Wei	<i>Person in charge of accounting department:</i> Ying Ke

CONSOLIDATED CASH FLOW STATEMENT
January-March 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2021	First quarter of 2020
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	58,804,416,710.58	42,136,232,275.78
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	638,121,934.84	288,016,456.62
Cash received from other operating related activities	337,114,632.86	297,662,670.96
Sub-total of cash inflows from operating activities	59,779,653,278.28	42,721,911,403.36
Cash paid on purchase of goods and services	41,276,653,574.75	34,960,777,017.70
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		

Items	First quarter of 2021	First quarter of 2020
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	6,909,059,209.63	6,302,336,001.44
Cash paid for all types of taxes	1,868,485,719.08	1,864,751,157.97
Cash paid to other operation related activities	6,862,067,839.16	5,381,673,328.58
Sub-total of cash outflows from operating activities	56,916,266,342.62	48,509,537,505.69
Net cash flows from operating activities	2,863,386,935.66	-5,787,626,102.33
II. Cash flows from investing activities:		
Cash received from disposal of investments	1,847,586,006.66	545,470,265.35
Cash received from return on investments	187,838,963.62	163,323,208.40
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	8,375,816.24	539,958.35
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investment related activities		32,180,326.72
Sub-total of cash inflows from investing activities	2,043,800,786.52	741,513,758.82
Cash paid on purchase of fixed assets, intangible assets and other long term assets	1,703,907,399.18	1,571,762,263.35
Cash paid for investments	956,438,067.51	49,728,582.83
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		336,769,755.43
Cash paid on other investment related activities	3,108,890.00	6,009,000.00
Sub-total of cash outflows from investing activities	2,663,454,356.69	1,964,269,601.61
Net cash flows from investing activities	-619,653,570.17	-1,222,755,842.79
III. Cash flows from financing activities:		
Cash received from capital contributions	8,600,000.00	59,965,364.85
Including: cash received from capital contributions by minority shareholders of subsidiaries		

Items	First quarter of 2021	First quarter of 2020
Cash received from borrowings	3,638,242,020.00	8,587,862,583.35
Cash received from other financing related activities	5,247,822.60	113,239,548.32
Sub-total of cash inflows from financing activities	3,652,089,842.60	8,761,067,496.52
Cash paid on repayment of borrowings	7,468,738,195.77	961,169,702.51
Cash paid on distribution of dividends, profits, or interest expenses	161,883,851.31	124,530,989.85
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing related activities	372,909,996.24	92,696,972.18
Sub-total of cash outflows from financing activities	8,003,532,043.32	1,178,397,664.54
Net cash flows from financing activities	-4,351,442,200.72	7,582,669,831.98
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-10,016,712.63	-6,445,415.89
V. Net increase in cash and cash equivalents	-2,117,725,547.86	565,842,470.97
Add: balance of cash and cash equivalents at the beginning of the period	45,635,132,638.48	34,981,410,830.63
VI. Balance of cash and cash equivalents at the end of the period	43,517,407,090.62	35,547,253,301.60
<i>Person in charge of the Company:</i> Liang Haishan	<i>Person in charge of accounting function:</i> Gong Wei	<i>Person in charge of accounting department:</i> Ying Ke

CASH FLOW STATEMENT OF THE PARENT COMPANY
January-March 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Unaudited

Items	First quarter of 2021	First quarter of 2020
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	333,365,205.81	1,114,024,549.65
Refunds of taxes received	29,531,561.27	8,322,194.46
Cash received from other related operating activities	80,796,807.77	20,875,309.18
Sub-total of cash inflows from operating activities	443,693,574.85	1,143,222,053.29
Cash paid on purchase of goods and services	11,173,365.49	503,534,909.19
Cash paid to and on behalf of employees	123,924,641.80	172,973,160.42
Cash paid for all types of taxes	11,536,498.33	46,067,371.42
Cash paid to other operation related activities	101,103,516.27	215,105,878.98
Sub-total of cash outflows from operating activities	247,738,021.89	937,681,320.01
Net cash flows from operating activities	195,955,552.96	205,540,733.28
II. Cash flows from investing activities:		
Cash received from disposal of investments	41,250,000.00	20,000,000.00
Cash received from return on investments	19,540,411.32	338,301.37
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	60,790,411.32	20,338,301.37

Items	First quarter of 2021	First quarter of 2020
Cash paid on purchase of fixed assets, intangible assets and other long term assets	9,122,111.78	42,907,743.65
Cash paid for investments		131,000,000.00
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment related activities	67,686,144.59	46,000,000.00
Sub-total of cash outflows from investing activities	76,808,256.37	219,907,743.65
Net cash flows from investing activities	-16,017,845.05	-199,569,442.28
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		
Sub-total of cash inflows from financing activities		2,500,000,000.00
Cash paid on repayment of borrowings	5,520,000,000.00	
Cash paid on distribution of dividends, profits or interest expenses	42,534,246.57	3,654,000.00
Cash paid on other financing related activities	413,627,000.68	6,110,820,524.09
Sub-total of cash outflows from financing activities	5,976,161,247.25	6,114,474,524.09
Net cash flows from financing activities	-5,976,161,247.25	-3,614,474,524.09

Items	First quarter of 2021	First quarter of 2020
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-202,136.63	-3,447.35
V. Net increase in cash and cash equivalents	-5,796,425,675.97	-3,608,506,680.44
Add: balance of cash and cash equivalents at the beginning of the period	8,286,549,909.64	5,624,406,816.79
VI. Balance of cash and cash equivalents at the end of the period	2,490,124,233.67	2,015,900,136.35

*Person in charge
of the Company:*
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 in financial statements at the beginning of the year for implementation of New Lease Standards for the first time since 2021

☐ Applicable ☒ Not Applicable

4.3 Explanation on retroactive adjustments of previously comparative data for implementation of New Lease Standards for the first time since 2021

☐ Applicable ☒ Not Applicable

4.4 Audit report

☐ Applicable ☒ Not Applicable