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HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00921)

ANNOUNCEMENT

REVISION OF PUBLISHED FINANCIAL STATEMENTS AND REPORTS

CORRECTION OF ACCOUNTING ERRORS

I. Overview of the correction of accounting errors

The board of directors (the “**Board**”) of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) hereby announces that in the first meeting in 2019 which was held on 28 March 2019, the tenth session of the Board has considered and passed the “Resolution on correction of and retrospective adjustment to accounting errors in prior periods”. The Company found the following accounting errors corrections after comparison with the “Case Analysis of Listed Companies Implementing Accounting Standards for Business Enterprises (2017)” *. The accounting errors of the Company in prior periods are corrected and relevant financial information is adjusted retrospectively in accordance with the relevant provisions and requirements promulgated by the China Securities Regulatory Commission (“**CSRC**”) including “Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors” and “Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 19 – Correction of Financial Information and Relevant Disclosure”.

II. Reasons for the correction of accounting errors

The Company holds the 12.67% equity interests of Qingdao Hisense International Co., Ltd.*青島海

信國際營銷股份有限公司 (“**Hisense International**”). Pursuant to the Articles of Association of Hisense International, the board of directors of Hisense International shall have nine directors and the Company can appoint two directors.

Pursuant to the “Explanation on Accounting Standards for Business Enterprises 2010” promulgated by the Accounting Department of the Ministry of Finance, “significant influence” is the power to participate in the decision-making for financial and operating policies of an enterprise, but not to control or jointly control the formulation of such policies together with other parties. In practice, the common example of significant influence is that there is/are designated representative(s) in the board of directors or similar organ of power of the investee, so that significant influence can be exercised through the right to speak during the decision-making process for the financial and operating policies of the investee. When the investor directly or indirectly holds more than 20% but less than 50% voting rights of the investee, it is generally considered as having “significant influence” over the investee, unless there is concrete evidence showing there are guidelines for circumstances under which no participation in decision-making for the operating policies of an investee is allowed and no “significant influence” is formed. The Company classified its equity interests in Hisense International as “having no significant influence”, and adopted the cost method for accounting treatment pursuant to the provisions under “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments” (the “**Accounting Standards for Business Enterprises No. 2**”) and “Accounting Standards for Business Enterprises No. 22 – Financial Instrument Recognition and Measurement” (the “**Accounting Standards for Business Enterprises No. 22**”).

After careful comparison with the standards of determining “significant influence” under “Case Analysis of Listed Companies Implementing Accounting Standards for Business Enterprises (2017)”* promulgated by the CSRC, it was discovered that the Original Interpretation was unclear. The determination standards for “significant influence” under “Case Analysis of Listed Companies Implementing Accounting Standards for Business Enterprises (2017)”* are: “the company has the power to designate directors in the investee, that is, the core of determination should be whether the investor has the power to participate and exercise significant influence; whether or not the investor is actually exercising such power is not the key of determination. In order to further standardize the accounting treatment and improve the quality of disclosure of accounting information, the Company will make correction of accounting errors related to the accounting policies of the Accounting Standards for Business Enterprises No. 2 implemented by the Company, the equity method will be adopted as accounting treatment for the equity interests of Hisense International held by the Company.

III. Impact of the correction on the Company's financial position and operation results

Impacts of correction of accounting errors in the prior periods on the financial information in the Annual Report 2017 and the Interim Report 2018 for the six months ended 30 June 2018 and the Third Quarterly Report 2018 for the 9 months ended 30 September 2018 (unit: RMB) are as follows:-

(I) Impact on the balance sheets

1. Items in the consolidated balance sheets

Periods	As at 31 December 2017			As at 30 June 2018			As at 30 September 2018		
	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Adjustment	Adjusted Amount	Amount After Adjustment
Financial assets available-for-sale	3,900,000.00	-3,800,000.00	100,000.00						
Other equity instrument investments				3,900,000.00	-3,800,000.00	100,000.00	3,900,000.00	-3,800,000.00	100,000.00
Long-term equity investments	2,372,045,624.57	137,585,563.62	2,509,631,188.19	2,750,603,129.03	124,656,761.42	2,875,259,890.45	2,978,502,012.17	117,377,710.02	3,095,879,722.19
Total assets	21,473,666,822.72	133,785,563.62	21,607,452,386.34	24,476,959,925.22	120,856,761.42	24,597,816,686.64	21,532,035,209.67	113,577,710.02	21,645,612,919.69
Capital reserves	2,088,891,556.36	-10,771,716.66	2,078,119,839.70	2,088,891,556.36	-10,771,716.66	2,078,119,839.70	2,088,891,556.36	-10,771,716.66	2,078,119,839.70
Other comprehensive income	7,370,127.86	6,020,567.73	13,390,695.59	7,334,789.26	4,415,249.03	11,750,038.29	11,934,483.74	9,445,451.25	21,379,934.99
Surplus reserves	460,339,686.31	18,310,028.60	478,649,714.91	460,339,686.31	18,310,028.60	478,649,714.91	460,339,686.31	18,310,028.60	478,649,714.91
Undistributed profit	2,525,976,933.34	120,226,683.95	2,646,203,617.29	2,729,335,784.39	108,903,200.45	2,838,238,984.84	3,096,900,771.78	96,593,946.83	3,193,494,718.61

Total equity attributable to shareholders of the parent	6,445,303,673.87	133,785,563.62	6,579,089,237.49	6,648,627,186.32	120,856,761.42	6,769,483,947.74	7,020,791,868.19	113,577,710.02	7,134,369,578.21
Total liabilities and shareholders' equity	21,473,666,822.72	133,785,563.62	21,607,452,386.34	24,476,959,925.22	120,856,761.42	24,597,816,686.64	21,532,035,209.67	113,577,710.02	21,645,612,919.69

2. Items in the balance sheets of the parent company

Periods	As at 31 December 2017			As at 30 June 2018			As at 30 September 2018		
	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction
Available-for-sale financial assets	3,900,000.00	-3,800,000.00	100,000.00						
Other equity instrument investments				3,900,000.00	-3,800,000.00	100,000.00	3,900,000.00	-3,800,000.00	100,000.00
Long-term equity investments	4,824,775,461.60	137,585,563.62	4,962,361,025.22	5,203,962,436.72	124,656,761.42	5,328,619,198.14	5,432,131,511.02	117,377,710.02	5,549,509,221.04
Total assets	7,174,328,292.19	133,785,563.62	7,308,113,855.81	7,649,212,445.40	120,856,761.42	7,770,069,206.82	7,193,595,290.25	113,577,710.02	7,307,173,000.27
Capital reserves	2,273,807,969.86	-10,771,716.66	2,263,036,253.20	2,273,807,969.86	-10,771,716.66	2,263,036,253.20	2,273,807,969.86	-10,771,716.66	2,263,036,253.20
Other comprehensive income		6,020,567.73	6,020,567.73	136,340.26	4,415,249.03	4,551,589.29	284,886.16	9,445,451.25	9,730,337.41
Surplus reserves	429,731,061.32	18,310,028.60	448,041,089.92	429,731,061.32	18,310,028.60	448,041,089.92	429,731,061.32	18,310,028.60	448,041,089.92
Undistributed profit	1,905,015,732.02	120,226,683.95	2,025,242,415.97	1,710,892,329.15	108,903,200.45	1,819,795,529.60	1,933,046,624.80	96,593,946.83	2,029,640,571.63
Total shareholders' equity	5,971,280,133.20	133,785,563.62	6,105,065,696.82	5,777,293,070.59	120,856,761.42	5,898,149,832.01	5,999,595,912.14	113,577,710.02	6,113,173,622.16
Total liabilities and shareholders' equity	7,174,328,292.19	133,785,563.62	7,308,113,855.81	7,649,212,445.40	120,856,761.42	7,770,069,206.82	7,193,595,290.25	113,577,710.02	7,307,173,000.27

(II) Impact on the income statements

1. Items in the consolidated income statements

Periods	For the year ended 31 December 2017			For the 6 months ended 30 June 2018			For the 9 months ended 30 September 2018		
	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction
Investment income	1,562,397,646.46	20,582,862.10	1,582,980,508.56	418,752,839.98	-11,323,483.50	407,429,356.48	657,050,300.04	-23,632,737.12	633,417,562.92
Including: Share of profit of associates and jointly controlled entities	735,944,911.05	33,810,662.10	769,755,573.15	380,821,164.20	-1,181,283.50	379,639,880.70	608,571,501.45	-13,490,537.12	595,080,964.33
Net profits	2,051,224,253.16	20,582,862.10	2,071,807,115.26	829,889,945.10	-11,323,483.50	818,566,461.60	1,205,558,720.20	-23,632,737.12	1,181,925,983.08
Net profit attributable to shareholders of the parent	1,997,530,073.54	20,582,862.10	2,018,112,935.64	802,958,013.85	-11,323,483.50	791,634,530.35	1,170,523,001.24	-23,632,737.12	1,146,890,264.12
Other comprehensive income after tax attributable to the owners of the parent, net	-6,904,578.31	-4,588,457.44	-11,493,035.75	-35,338.60	-1,605,318.70	-1,640,657.30	4,564,355.88	3,424,883.52	7,989,239.40
Other comprehensive income that can be reclassified into profit or loss under the equity method		-4,588,457.44	-4,588,457.44	136340.26	-1,605,318.70	-1,468,978.44	284,886.16	3,424,883.52	3,709,769.68
Total comprehensive income attributable to shareholders of the parent	1,990,625,495.23	15,994,404.66	2,006,619,899.89	802,922,675.25	-12,928,802.20	789,993,873.05	1,175,087,357.12	-20,207,853.60	1,154,879,503.52

2. Items in the consolidated income statements of the parent company

Periods	For the year ended 31 December 2017			For the 6 months ended 30 June 2018			For the 9 months ended 30 September 2018		
	Amount Before Correction	Corrected Amount	Amount Before Correction	Corrected Amount	Amount After Correction	Amount After Correction	Corrected Amount	Amount After Correction	Amount After Correction
Investment income	1,475,347,678.70	20,582,862.10	1,495,930,540.80	442,496,172.56	-11,323,483.50	431,172,689.06	677,234,372.20	-23,632,737.12	653,601,635.08

Including: Share of profit of associates and jointly controlled entities	736,915,152.53	33,810,662.10	770,725,814.63	381,450,634.86	-1,181,283.50	380,269,351.36	609,471,163.27	-13,490,537.12	595,980,626.15
Net profits	1,466,501,221.64	20,582,862.10	1,487,084,083.74	405,475,759.93	-11,323,483.50	394,152,276.43	627,630,055.58	-23,632,737.12	603,997,318.46
Other comprehensive income after tax, net		-4,588,457.44	-4,588,457.44	136,340.26	-1,605,318.70	-1,468,978.44	284,886.16	3,424,883.52	3,709,769.68
Other comprehensive income that can be reclassified into profit or loss under the equity method		-4,588,457.44	-4,588,457.44	136,340.26	-1,605,318.70	-1,468,978.44	284,886.16	3,424,883.52	3,709,769.68
Total comprehensive income	1,466,501,221.64	15,994,404.66	1,482,495,626.30	405,612,100.19	-12,928,802.20	392,683,297.99	627,914,941.74	-20,207,853.60	607,707,088.14

(III) Impact on the cash flow statements

1. Items in the consolidated cash flow statements

Periods	For the year ended 31 December 2017			For the 6 months ended 30 June 2018			For the 9 months ended 30 September 2018		
	Amount Before Correction	Corrected Amount	Amount After Correction	Amount Before Correction	Corrected Amount	Amount After Correction	Corrected Amount	Amount After Correction	Amount After Correction
Cash received from recovery of investments	229,565,000.00	13,227,800.00	242,792,800.00	2,400,000.00	10,142,200.00	12,542,200.00	2,400,000.00	10,142,200.00	12,542,200.00
Cash received from investment income	39,155,196.48	-13,227,800.00	25,927,396.48	38,203,135.88	-10,142,200.00	28,060,935.88	50,251,697.52	-10,142,200.00	40,109,497.52

2. Items in the cash flow statements of the parent company

Periods	For the year ended 31 December 2017			For the 6 months ended 30 June 2018			For the 9 months ended 30 September 2018		
	Amount Before Correction	Corrected Amount	Corrected Amount	Corrected Amount	Corrected Amount	Amount After Correction	Corrected Amount	Amount After Correction	Amount After Correction
Cash received from recovery of investments	229,565,000.00	13,227,800.00	242,792,800.00	0.00	10,142,200.00	10,142,200.00	2,400,000.00	10,142,200.00	12,542,200.00
Cash received from investment income	144,431,278.11	-13,227,800.00	131,203,478.11	55,330,941.70	-10,142,200.00	45,188,741.70	67,763,208.93	-10,142,200.00	57,621,008.93

IV. The Impact of Corrections on the Notes to the Financial Statements

Note: Listed below are the items in the notes to the financial statements involving the correction, the relevant items in the notes before and after the correction are set out respectively, of which the information affected by the correction is shown in black and bold.

(1) Impact on the Notes to 2017 financial statements

1. Available-for-sale financial assets

Before the correction:

(1) Available-for-sale financial assets

Item	Closing balance			Opening balance		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Available-for-sale equity instruments	3,900,000.00		3,900,000.00	3,900,000.00		3,900,000.00
Including: Measured at cost	3,900,000.00		3,900,000.00	3,900,000.00		3,900,000.00
Total	3,900,000.00		3,900,000.00	3,900,000.00		3,900,000.00

Note to available-for-sale financial assets: All available-for-sale financial assets held by the Company are investments of equity interests in non-listed companies in PRC.

(2) Available-for-sale financial assets measured at cost as at the end of year

Investee	Book value	Impairment provision		

	At the beginning of the year	Increase for the year	Decrease for the year	At the end of the year	At the beginning of the year	Increase for the year	Decrease for the year	At the end of the year	Shareholding in the investee (%)	Cash dividend in current year
Fujian Kelon Air-conditioner Sales Co., Ltd. (“Fujian Kelon”)	100,000.00			100,000.00					2.00	
Hisense International Co., Ltd. (“Hisense International”)	3,800,000.00			3,800,000.00					12.67	13,227,800.00
Total	3,900,000.00			3,900,000.00					—	13,227,800.00

After the correction:

(1) Available-for-sale financial assets

Item	Closing balance			Opening balance		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Available-for-sale equity instruments	100,000.00		100,000.00	100,000.00		100,000.00
Including: Measured at cost	100,000.00		100,000.00	100,000.00		100,000.00
Total	100,000.00		100,000.00	100,000.00		100,000.00

Note to available-for-sale financial assets: All available-for-sale financial assets held by the Company are investments of equity interests in non-listed companies in PRC.

(2) Available-for-sale financial assets measured at cost as at the end of year

Investee	Book value				Impairment provision				Shareholding in the investee (%)	Cash dividend in current year
	At the beginning of the year	Increase for the year	Decrease for the year	At the end of the year	At the beginning of the year	Increase for the year	Decrease for the year	At the end of the year		
Fujian Kelon Air-conditioner Sales Co., Ltd. (“Fujian Kelon”)	100,000.00			100,000.00					2.00	
Total	100,000.00			100,000.00					—	

2. Long-term equity investments

Before the correction:

Investee	Opening balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures											
Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.	1,627,383,596.00			732,001,382.03		-3,967,882.48	229,565,000.00			2,125,852,095.55	
Qingdao Hisense Electric Business Co., Ltd.		2,250,000.00		-970,241.48						1,279,758.52	
Subtotal	1,627,383,596.00	2,250,000.00		731,031,140.55		-3,967,882.48	229,565,000.00			2,127,131,854.07	
II. Associates											
Hisense Financial Holdings Co., Ltd.		240,000,000.00		4,913,770.50						244,913,770.50	
Subtotal		240,000,000.00		4,913,770.50						244,913,770.50	
III. Others											

Investee	Opening balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
Jiangxi Kelon Combine Electrical Appliances Co., Ltd.	11,000,000.00									11,000,000.00	11,000,000.00
Subtotal	11,000,000.00									11,000,000.00	11,000,000.00
Total	1,638,383,596.00	242,250,000.00		735,944,911.05		-3,967,882.48	229,565,000.00			2,383,045,624.57	11,000,000.00

Note:

1. As Jiangxi Kelon Combine Electrical Appliances Co., Ltd., a subsidiary of the Company, has been declared in liquidation, it has not been included in the consolidated financial statements and impairment has been fully provided for the investment cost.
2. Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. was hereinafter referred to as “Hisense Hitachi”.
3. The Company invested and established Hisense Financial Holdings Co., Ltd. (青島海信金融控股有限公司) (hereinafter “Hisense Financial Holdings”) during the reporting period. The actual investment amount by the Company is RMB240,000,000.00, with a shareholding of 24%.
4. The Company invested and established Qingdao Hisense Electric Business Co., Ltd. (青島海信電子商務有限公司) (hereinafter “Hisense Electric Business”) during the reporting period. The actual investment amount by the Company is RMB2,250,000.00, with a shareholding of 45%.
5. As at the end of the Reporting Period, all the joint ventures and associates of the Company were unlisted companies.

Including:

Item	Closing balance	Opening balance
Unlisted Investments		
Equity method	2,372,045,624.57	1,627,383,596.00
Joint Ventures	2,127,131,854.07	1,627,383,596.00
Associates	244,913,770.50	
Total	2,372,045,624.57	1,627,383,596.00

After the correction:

Investee	Opening balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures											
Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.	1,627,383,596.00			732,001,382.03		-3,967,882.48	229,565,000.00			2,125,852,095.55	
Qingdao Hisense Electric Business Co., Ltd.		2,250,000.00		-970,241.48						1,279,758.52	

Investee	Opening balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
Subtotal	1,627,383,596.00	2,250,000.00		731,031,140.55		-3,967,882.48	229,565,000.00			2,127,131,854.07	
II. Associates											
Hisense Financial Holdings Co., Ltd.		240,000,000.00		4,913,770.50						244,913,770.50	
Qingdao Hisense International Co., Ltd.	121,902,231.68			33,810,662.10	-4,588,457.44	-311,072.72	13,227,800.00			137,585,563.62	
Subtotal	121,902,231.68	240,000,000.00		38,724,432.60	-4,588,457.44	-311,072.72	13,227,800.00			382,499,334.12	
III. Others											
Jiangxi Kelon Combine Electrical Appliances Co., Ltd.	11,000,000.00									11,000,000.00	11,000,000.00
Subtotal	11,000,000.00									11,000,000.00	11,000,000.00
Total	1,760,285,827.68	242,250,000.00		769,755,573.15	-4,588,457.44	-4,278,955.20	242,792,800.00			2,520,631,188.19	11,000,000.00

Note:

1. As Jiangxi Kelon Combine Electrical Appliances Co., Ltd., a subsidiary of the Company, has been declared in liquidation, it has not been included in the consolidated financial statements and impairment has been fully provided for the investment cost.
2. Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. was hereinafter referred to as “Hisense Hitachi”.
3. Qingdao Hisense International Co., Ltd (青島海信國際營銷股份有限公司) was hereinafter referred to as “Hisense International”.
4. The Company invested and established Hisense Financial Holdings Co., Ltd. (青島海信金融控股有限公司) (hereinafter “Hisense Financial Holdings”) during the reporting period. The actual investment amount by the Company is RMB240,000,000.00, with a shareholding of 24%.
5. The Company invested and established Qingdao Hisense Electric Business Co., Ltd. (青島海信電子商務有限公司) (hereinafter “Hisense Electric Business”) during the reporting period. The actual investment amount by the Company is RMB2,250,000.00, with a shareholding of 45%.
6. As at the end of the Reporting Period, all the joint ventures and associates of the Company were unlisted companies.

Including:

Item	Closing balance	Opening balance
Unlisted Investments		
Equity method	2,509,631,188.19	1,749,285,827.68

Joint Ventures	2,127,131,854.07	1,627,383,596.00
Associates	382,499,334.12	121,902,231.68
Total	2,509,631,188.19	1,749,285,827.68

3. Capital reserve

Before the correction:

(1) Changes in capital reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Share premium	1,974,063,685.98		2,505.05	1,974,061,180.93
Other capital reserve	118,798,257.91		3,967,882.48	114,830,375.43
Total	2,092,861,943.89		3,970,387.53	2,088,891,556.36

(2) Notes to change in capital reserve:

The decrease in other capital reserve during the year was mainly due to the changes in other interests of Hisense Hitachi.

After the correction:

(1) Changes in capital reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Share premium	1,974,063,685.98		2,505.05	1,974,061,180.93
Other capital reserve	108,337,613.97		4,278,955.20	104,058,658.77

Total	2,082,401,299.95		4,281,460.25	2,078,119,839.70
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(2) Notes to change in capital reserve:

The decrease in other capital reserve during the year was mainly due to the changes in other interests of Hisense Hitachi and Qingdao Hisense International Co., Ltd.

4. Other comprehensive income

Before the correction:

Item	Opening balance	Amount incurred in the year					Closing balance
		Amount before income tax for the year	Less: Amount included in other comprehensive income in previous period transferred to profit or loss in current period	Less: income tax expense	Attributable to parent after tax	Attributable to minority interest after tax	
1. Other comprehensive income that would not be reclassified subsequently to profit or loss							
Including: Share of other comprehensive income of investee that would not be reclassified into profit or loss under equity method							
2. Other comprehensive income that would be reclassified subsequently to profit or loss	14,274,706.17	-3,748,693.52	2,956,837.76		-6,904,578.31	199,047.03	7,370,127.86
Including: Share of other comprehensive income of investee that would be reclassified into profit or loss under equity method							
Difference arising from translation of financial statements presented in foreign currency	14,274,706.17	-3,748,693.52	2,956,837.76		-6,904,578.31	199,047.03	7,370,127.86
Total other comprehensive income	14,274,706.17	-3,748,693.52	2,956,837.76		-6,904,578.31	199,047.03	7,370,127.86

After the correction:

Item	Opening balance	Amount incurred in the year					Closing balance
		Amount before income tax for the year	Less: Amount included in other comprehensive income in previous period transferred to profit or loss in current period	Less: income tax expense	Attributable to parent after tax	Attributable to minority interest after tax	
1. Other comprehensive income that would not be reclassified subsequently to profit or loss							
Including: Share of other comprehensive income of investee that would not be reclassified into profit or loss under equity method							
2. Other comprehensive income that would be reclassified subsequently to profit or loss	24,883,731.34	-8,337,150.96	2,956,837.76		11,493,035.75	199,047.03	24,883,731.34
Including: Share of other comprehensive income of investee that would be reclassified into profit or loss under equity method	10,609,025.17	-4,588,457.44			-4,588,457.44		10,609,025.17
Difference arising from translation of financial statements presented in foreign currency	14,274,706.17	-3,748,693.52	2,956,837.76		-6,904,578.31	199,047.03	14,274,706.17
Total other comprehensive income	24,883,731.34	-8,337,150.96	2,956,837.76		11,493,035.75	199,047.03	24,883,731.34

5. Surplus reserve

Before the correction:

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	313,689,564.15	146,650,122.16		460,339,686.31
Total	313,689,564.15	146,650,122.16		460,339,686.31

After the correction:

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
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Statutory surplus reserve	329,941,306.54	148,708,408.37		478,649,714.91
Total	329,941,306.54	148,708,408.37		478,649,714.91

6. Undistributed profits

Before the correction:

Item	Amount for the year	Amount for previous year
Undistributed profits at the end of the previous year before adjustment	1,083,914,592.96	273,658,518.74
Adjustment for total undistributed profits as at the beginning of the year (+ for increase and - for decrease)		
Undistributed profits as at the beginning of the year after adjustment	1,083,914,592.96	273,658,518.74
Add: Net profits attributable to the shareholders of the parent in current year	1,997,530,073.54	1,087,732,130.38
Less: Appropriation of statutory surplus reserve	146,650,122.16	73,067,250.66
Dividends payable on ordinary shares	408,817,611.00	204,408,805.50
Undistributed profits at the end of the year	2,525,976,933.34	1,083,914,592.96

After the correction:

Item	Amount for the year	Amount for previous year
Undistributed profits at the end of the previous year before adjustment	1,083,914,592.96	273,658,518.74
Adjustment for total undistributed profits as at the beginning of the year (+ for increase and - for decrease)	101,702,108.06	75,758,074.92
Undistributed profits as at the beginning of the year after adjustment	1,185,616,701.02	349,416,593.66
Add: Net profits attributable to the shareholders of the parent in current year	2,018,112,935.64	1,116,558,833.87
Less: Appropriation of statutory surplus reserve	148,708,408.37	75,949,921.01
Dividends payable on ordinary shares	408,817,611.00	204,408,805.50
Undistributed profits at the end of the year	2,646,203,617.29	1,185,616,701.02

7. Investment gain

Before the correction:

Item	Amount for the year	Amount for previous year
Gain from available-for-sale financial assets during holding period	13,227,800.00	6,004,000.00
Gain from long-term equity investment under the equity method	735,944,911.05	534,444,157.61
Gain from disposal of long-term equity investment	789,851,622.56	-27,416,905.27
Gain from disposal of financial assets at fair value through profit or loss	-2,554,083.63	-3,007,956.96
Gain from investment in wealth management products	25,927,396.48	12,055,845.19
Total	1,562,397,646.46	522,079,140.57

Gain from available-for-sale financial assets during holding period

Investee	Amount for the year	Amount for previous year
Hisense International	13,227,800.00	6,004,000.00
Total	13,227,800.00	6,004,000.00

Gain from long-term equity investment under the equity method

Investee	Amount for the year	Amount for previous year
Hisense-Zhejiang Electrical Co., Ltd. (hereinafter “Zhejiang Hisense”)		-36,319,775.98
Attend Logistics Co., Ltd (hereinafter “Attend”)		-83,804.31
Hisense Hitachi	732,001,382.03	570,847,737.90
Hisense Financial Holdings	4,913,770.50	
Hisense Electric Business	-970,241.48	
Total	735,944,911.05	534,444,157.61

Note: The gains from equity investment under the equity method of the Company for the current period were all generated from non-listed

investments.

After the correction:

Item	Amount for the year	Amount for previous year
Gain from long-term equity investment under the equity method	769,755,573.15	569,274,861.10
Gain from disposal of long-term equity investment	789,851,622.56	-27,416,905.27
Gain from disposal of financial assets at fair value through profit or loss	-2,554,083.63	-3,007,956.96
Gain from investment in wealth management products	25,927,396.48	12,055,845.19
Total	1,582,980,508.56	550,905,844.06

Gain from long-term equity investment under the equity method

Investee	Amount for the year	Amount for previous year
Hisense-Zhejiang Electrical Co., Ltd. (hereinafter “Zhejiang Hisense”)		-36,319,775.98
Attend Logistics Co., Ltd (hereinafter “Attend”)		-83,804.31
Hisense Hitachi	732,001,382.03	570,847,737.90
Hisense Financial Holdings	4,913,770.50	
Hisense Electric Business	-970,241.48	
Qingdao Hisense International Co., Ltd.	33,810,662.10	34,830,703.49
Total	769,755,573.15	569,274,861.10

Note: The gains from equity investment under the equity method of the Company for the current period were all generated from non-listed investments.

8. Income tax expense

Before the correction:

(1) Income tax expense statement

Item	Amount for the year	Amount for previous year
Current income tax expenses	187,778,829.75	122,560,074.53
Including: PRC Enterprise income tax	177,445,449.35	122,560,074.53
Hong Kong profit tax	10,333,380.40	
Deferred income tax expenses	-6,711,708.30	6,187,622.99
Total	181,067,121.45	128,747,697.52

(2) Reconciliation of accounting profit and income tax expenses is as follows:

Item	Amount for the year
Total profits	2,232,291,374.61
Income tax expense calculated at statutory (or applicable) tax rates	558,072,843.65
Effect of application of different tax rate to certain subsidiaries	-44,356,390.30
Adjustment to income tax in previous year	28,615.76
Effect of non-taxable income	-226,613,463.51
Effect of non-deductible cost, expense and loss	4,946,716.84
Effect of utilization of deductible losses unrecognized as deferred tax assets in previous period	-176,819,601.98
Effect of deductible temporary difference or deductible loss unrecognized as deferred tax assets in	105,819,781.92

current period	
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	
Effect of super deduction of research and development expense	-40,011,380.93
Others	
Income tax expense	181,067,121.45

After the correction:

(1) Income tax expense statement

Item	Amount for the year	Amount for previous year
Current income tax expenses	187,778,829.75	122,560,074.53
Including: PRC Enterprise income tax	177,445,449.35	122,560,074.53
Hong Kong profit tax	10,333,380.40	
Deferred income tax expenses	-6,711,708.30	6,187,622.99
Total	181,067,121.45	128,747,697.52

(2) Reconciliation of accounting profit and income tax expenses is as follows:

Item	Amount for the year
Total profits	2,252,874,236.71
Income tax expense calculated at statutory (or applicable) tax rates	563,218,559.18
Effect of application of different tax rate to certain subsidiaries	-44,356,390.30
Adjustment to income tax in previous year	28,615.76

Effect of non-taxable income	-231,759,179.04
Effect of non-deductible cost, expense and loss	4,946,716.84
Effect of utilization of deductible losses unrecognized as deferred tax assets in previous period	-176,819,601.98
Effect of deductible temporary difference or deductible loss unrecognized as deferred tax assets in current period	105,819,781.92
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	
Effect of super deduction of research and development expense	-40,011,380.93
Others	
Income tax expense	181,067,121.45

9. Calculation of basic and diluted earnings per share

Before the correction:

Item		Amount for the year	Amount for previous year
Net profits attributable to ordinary shareholders of the Company during the reporting period	P1	1,997,530,073.54	1,087,732,130.38
Non-recurring profit and loss attributable to ordinary shareholders of the Company during the reporting period	F	984,723,118.52	89,808,253.79
Net profits after non-recurring profit and loss attributable to ordinary shareholders of the Company during the reporting period	P2=P1-F	1,012,806,955.02	997,923,876.59
Effect of dilutive events on net profits attributable to ordinary shareholders of the Company	P3		
Effect of dilutive events on net profits after non-recurring profit and loss attributable to ordinary shareholders of the Company	P4		
Weighted average number of outstanding ordinary shares	S	1,362,725,370.00	1,362,725,370.00
Add: Increase in the weighted average number of ordinary shares assuming full conversion of dilutive potential ordinary shares into outstanding ordinary shares	X1		

Item		Amount for the year	Amount for previous year
Weighted average number of ordinary shares used for calculation of diluted earnings per share	$X2=S+X1$	1,362,725,370.00	1,362,725,370.00
Basic earnings per share attributable to ordinary shareholders of the Company	$Y1=P1/S$	1.47	0.80
Basic earnings per share attributable to ordinary shareholders of the Company after non-recurring profit and loss	$Y2=P2/S$	0.74	0.73
Diluted earnings per share attributable to ordinary shareholders of the Company	$Y3= (P1 + P3) /X2$	1.47	0.80
Diluted earnings per share attributable to ordinary shareholders of the Company after non-recurring profit and loss	$Y4= (P2 + P4) /X2$	0.74	0.73

After the correction:

Item		Amount for the year	Amount for previous year
Net profits attributable to ordinary shareholders of the Company during the reporting period	P1	2,018,112,935.64	1,116,558,833.87
Non-recurring profit and loss attributable to ordinary shareholders of the Company during the reporting period	F	984,723,118.52	89,808,253.79
Net profits after non-recurring profit and loss attributable to ordinary shareholders of the Company during the reporting period	$P2=P1-F$	1,033,389,817.12	1,026,750,580.08
Effect of dilutive events on net profits attributable to ordinary shareholders of the Company	P3		
Effect of dilutive events on net profits after non-recurring profit and loss attributable to ordinary shareholders of the Company	P4		
Weighted average number of outstanding ordinary shares	S	1,362,725,370.00	1,362,725,370.00
Add: Increase in the weighted average number of ordinary shares assuming full conversion of dilutive potential ordinary shares into outstanding ordinary shares	X1		
Weighted average number of ordinary shares used for calculation of diluted earnings per share	$X2=S+X1$	1,362,725,370.00	1,362,725,370.00
Basic earnings per share attributable to ordinary shareholders of the Company	$Y1=P1/S$	1.48	0.82

Item		Amount for the year	Amount for previous year
Basic earnings per share attributable to ordinary shareholders of the Company after non-recurring profit and loss	$Y2=P2/S$	0.76	0.75
Diluted earnings per share attributable to ordinary shareholders of the Company	$Y3= (P1 + P3) /X2$	1.48	0.82
Diluted earnings per share attributable to ordinary shareholders of the Company after non-recurring profit and loss	$Y4= (P2 + P4) /X2$	0.76	0.75

10. Supplementary information to cash flows statement

Before the correction:

(1) Supplementary information to cash flows statement

Supplementary information	Amount for the year	Amount for previous year
1 · Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,051,224,253.16	1,141,593,773.70
Add: Provision for assets impairment	38,044,368.26	-4,435,472.71
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	674,973,755.96	665,479,087.45
Amortization of intangible assets	34,030,643.63	31,920,484.24
Amortization of long-term prepaid expenses	4,788,141.47	6,699,276.77
Loss on disposal of fixed assets, intangible assets and other long-term assets (Gain denoted in “-”)	-4,136,179.65	-11,769,686.23
Loss on retirement of fixed assets (Gain denoted in “-”)	6,252,993.33	
Loss on change in fair value (Gain denoted in “-”)	9,986,122.87	-19,462,802.79
Financial expenses (Gain denoted in “-”)		7,955,285.77
Investment loss (Gain denoted in “-”)	-1,562,397,646.46	-522,079,140.57
Decrease in deferred tax assets (Increase denoted in “-”)	-7,141,892.65	5,828,338.25
Increase in deferred tax liabilities (Decrease denoted in “-”)	430,184.35	359,284.74
Decrease in inventories (Increase denoted in “-”)	-742,416,760.10	-376,675,863.10
Decrease in operating receivables (Increase denoted in “-”)	-553,468,423.54	-1,784,506,636.00
Increase in operating payables (Decrease denoted in “-”)	504,879,015.68	3,785,024,055.73
Others		
Net cash flows from operating activities	455,048,576.31	2,925,929,985.25

Supplementary information	Amount for the year	Amount for previous year
2 · Significant investment and financing activities not involving cash receipts and payments:		
Liabilities converted into equity		
Convertible company debentures due within one year		
Fixed assets under finance leases		
3 · Net movement in cash and cash equivalents:		
Cash at the end of the period	952,318,970.66	794,984,893.88
Less: Cash at the beginning of the period	794,984,893.88	1,012,159,146.17
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	157,334,076.78	-217,174,252.29

After the correction:

(1) Supplementary information to cash flows statement

Supplementary information	Amount for the year	Amount for previous year
1 · Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,071,807,115.26	1,170,420,477.19
Add: Provision for assets impairment	38,044,368.26	-4,435,472.71
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	674,973,755.96	665,479,087.45
Amortization of intangible assets	34,030,643.63	31,920,484.24
Amortization of long-term prepaid expenses	4,788,141.47	6,699,276.77
Loss on disposal of fixed assets, intangible assets and other long-term assets (Gain denoted in “-”)	-4,136,179.65	-11,769,686.23
Loss on retirement of fixed assets (Gain denoted in “-”)	6,252,993.33	

Supplementary information	Amount for the year	Amount for previous year
Loss on change in fair value (Gain denoted in “-”)	9,986,122.87	-19,462,802.79
Financial expenses (Gain denoted in “-”)		7,955,285.77
Investment loss (Gain denoted in “-”)	-1,582,980,508.56	-550,905,844.06
Decrease in deferred tax assets (Increase denoted in “-”)	-7,141,892.65	5,828,338.25
Increase in deferred tax liabilities (Decrease denoted in “-”)	430,184.35	359,284.74
Decrease in inventories (Increase denoted in “-”)	-742,416,760.10	-376,675,863.10
Decrease in operating receivables (Increase denoted in “-”)	-553,468,423.54	-1,784,506,636.00
Increase in operating payables (Decrease denoted in “-”)	504,879,015.68	3,785,024,055.73
Others		
Net cash flows from operating activities	455,048,576.31	2,925,929,985.25
2 • Significant investment and financing activities not involving cash receipts and payments:		
Liabilities converted into equity		
Convertible company debentures due within one year		
Fixed assets under finance leases		
3 • Net movement in cash and cash equivalents:		
Cash at the end of the period	952,318,970.66	794,984,893.88
Less: Cash at the beginning of the period	794,984,893.88	1,012,159,146.17
Add: Cash equivalents at the end of the period		

Supplementary information	Amount for the year	Amount for previous year
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	157,334,076.78	-217,174,252.29

11. Segment information

Before the correction:

The Company manages its business by divisions which are organized by a mixture of both business lines and geographical locations. For the purpose of resource allocation and performance assessment, the management manages the operating results of each business segment separately, and the segment results are assessed based on the profits of the reporting segments.

(1) Segment profit or loss and assets and liabilities

Amount for current period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	14,110,925,211.40	14,587,570,871.00	1,731,557,425.66		30,430,053,508.06
2. Revenue from inter-segment transactions			1,532,162,384.83	-1,532,162,384.83	
3. Gain from investment in associates and joint ventures	-485,120.74	731,516,261.29	4,913,770.50		735,944,911.05
4. Depreciation and amortization	397,085,954.36	213,982,047.99	97,936,397.24		709,004,399.59
5. Gain arising from changes in fair value	-4,716,426.32	-4,716,426.32	-553,270.23		-9,986,122.87
6. Impairment losses on assets	3,420,192.57	31,900,224.52	2,723,951.17		38,044,368.26
7. Total profit (losses)	77,095,307.72	1,249,018,672.67	948,188,500.17	-42,011,105.95	2,232,291,374.61
8. Total assets	16,371,138,556.05	11,497,620,081.72	3,809,305,882.95	-10,204,397,698.00	21,473,666,822.72
9. Total liabilities	11,027,922,339.72	7,721,893,570.20	1,804,121,334.07	-6,033,640,443.19	14,520,296,800.80

10. Additions to other non-current assets other than long-term equity investments	-30,992,581.07	-132,175,143.60	-8,512,160.76		-171,679,885.43
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(Continued)

Amount for previous period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	12,778,722,120.61	10,380,981,134.10	1,511,221,145.53		24,670,924,400.24
2. Revenue from inter-segment transactions			1,421,972,654.09	-1,421,972,654.09	
3. Gain from investment in associates and joint ventures	-36,319,775.98	570,847,737.90	-83,804.31		534,444,157.61
4. Depreciation and amortization	379,801,361.26	229,060,142.67	88,538,067.76		697,399,571.69
5. Gain arising from changes in fair value	9,363,479.52	9,363,479.52	735,843.75		19,462,802.79
6. Impairment losses on assets	-8,481,794.86	1,378,521.44	2,667,800.71		-4,435,472.71
7. Total profit (losses)	339,173,744.17	811,227,846.76	137,598,681.84	-17,658,801.55	1,270,341,471.22
8. Total assets	16,353,487,356.13	9,041,182,287.58	4,024,041,294.03	-10,363,652,329.42	19,055,058,608.32
9. Total liabilities	11,403,174,704.17	6,845,206,682.64	2,369,794,279.08	-6,886,577,112.02	13,731,598,553.87
10. Additions to other non-current assets other than long-term equity investments	150,999,965.93	-104,416,041.45	-57,910,851.26		-11,326,926.78

After the correction:

The Company manages its business by divisions which are organized by a mixture of both business lines and geographical locations. For the purpose of resource allocation and performance assessment, the management manages the operating results of each business segment separately, and the segment results are assessed based on the profits of the reporting segments.

(1) Segment profit or loss and assets and liabilities

Amount for current period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	14,110,925,211.40	14,587,570,871.00	1,731,557,425.66		30,430,053,508.06
2. Revenue from inter-segment transactions			1,532,162,384.83	-1,532,162,384.83	
3. Gain from investment in associates and joint ventures	-485,120.74	731,516,261.29	38,724,432.60		769,755,573.15
4. Depreciation and amortization	397,085,954.36	213,982,047.99	97,936,397.24		709,004,399.59
5. Gain arising from changes in fair value	-4,716,426.32	-4,716,426.32	-553,270.23		-9,986,122.87
6. Impairment losses on assets	3,420,192.57	31,900,224.52	2,723,951.17		38,044,368.26
7. Total profit (losses)	77,095,307.72	1,249,018,672.67	968,771,362.27	-42,011,105.95	2,252,874,236.71
8. Total assets	16,371,138,556.05	11,497,620,081.72	3,943,091,446.57	-10,204,397,698.00	21,607,452,386.34
9. Total liabilities	11,027,922,339.72	7,721,893,570.20	1,804,121,334.07	-6,033,640,443.19	14,520,296,800.80
10. Additions to other non-current assets other than long-term equity investments	-30,992,581.07	-132,175,143.60	-8,512,160.76		-171,679,885.43

(Continued)

Amount for previous period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	12,778,722,120.61	10,380,981,134.10	1,511,221,145.53		24,670,924,400.24
2. Revenue from inter-segment transactions			1,421,972,654.09	-1,421,972,654.09	
3. Gain from investment in associates and joint ventures	-36,319,775.98	570,847,737.90	34,746,899.18		569,274,861.10
4. Depreciation and amortization	379,801,361.26	229,060,142.67	88,538,067.76		697,399,571.69
5. Gain arising from changes in fair value	9,363,479.52	9,363,479.52	735,843.75		19,462,802.79

6. Impairment losses on assets	-8,481,794.86	1,378,521.44	2,667,800.71		-4,435,472.71
7. Total profit (losses)	339,173,744.17	811,227,846.76	166,425,385.33	-17,658,801.55	1,299,168,174.71
8. Total assets	16,353,487,356.13	9,041,182,287.58	4,142,143,525.71	-10,363,652,329.42	19,173,160,840.00
9. Total liabilities	11,403,174,704.17	6,845,206,682.64	2,369,794,279.08	-6,886,577,112.02	13,731,598,553.87
10. Additions to other non-current assets other than long-term equity investments	150,999,965.93	-104,416,041.45	-57,910,851.26		-11,326,926.78

12. Interests in joint ventures or associates

Before the correction:

(3) Aggregated financial information of insignificant joint ventures and associates

RMB'0000

Item	Closing balance/Amount for the year	Opening balance/Amount for previous year
Joint ventures:		
Total carrying amount of investments	127.98	
Amounts in aggregate in proportion to the shareholdings:		
—Net profit	-97.02	
—Other comprehensive income		
—Total comprehensive income	-97.02	
Associates:		
Total carrying amount of investments	24,491.38	
Amounts in aggregate in proportion to the shareholdings:		
—Net profit	491.38	-8.38
—Other comprehensive income		
—Total comprehensive income	491.38	-8.38

After the correction

(3) Aggregated financial information of insignificant joint ventures and associates

RMB'0000

Item	Closing balance/Amount for the year	Opening balance/Amount for previous year
Joint ventures:		
Total carrying amount of investments	127.98	
Amounts in aggregate in proportion to the shareholdings:		
—Net profit	-97.02	
—Other comprehensive income		
—Total comprehensive income	-97.02	
Associates:		
Total carrying amount of investments	38,249.93	12,190.22
Amounts in aggregate in proportion to the shareholdings:		
—Net profit	3,872.44	3,474.69
—Other comprehensive income	-458.85	752.57

Item	Closing balance/Amount for the year	Opening balance/Amount for previous year
Joint ventures:		
Total carrying amount of investments	127.98	
Amounts in aggregate in proportion to the shareholdings:		
—Net profit	-97.02	
—Other comprehensive income		
—Total comprehensive income	-97.02	
—Total comprehensive income	3,413.59	4,227.26

13. Capital management

Before the correction:

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes bank and other borrowings, accounts payable, notes payable, other payables and debentures payables, less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

Item	End of the year	Beginning of the year
Total debt	14,520,296,800.80	13,731,598,553.87
Including: Short-term borrowings		
Accounts payable	4,238,836,841.44	4,367,268,398.09
Notes payable	6,141,025,710.22	5,227,854,741.07
Other payables	1,709,226,096.76	1,661,704,359.95
Less: Cash and cash equivalents	952,318,970.66	794,984,893.88

Net debt	13,567,977,830.14	12,936,613,659.99
Equity attributable to shareholders of parent	6,445,303,673.87	4,867,466,177.17
Capital and net debt	20,013,281,504.01	17,804,079,837.16
Gearing ratio	67.79%	72.66%

After the correction:

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes bank and other borrowings, accounts payable, notes payable, other payables and debentures payables, less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

Item	End of the year	Beginning of the year
Total debt	14,520,296,800.80	13,731,598,553.87
Including: Short-term borrowings		
Accounts payable	4,238,836,841.44	4,367,268,398.09

Item	End of the year	Beginning of the year
Notes payable	6,141,025,710.22	5,227,854,741.07
Other payables	1,709,226,096.76	1,661,704,359.95
Less: Cash and cash equivalents	952,318,970.66	794,984,893.88
Net debt	13,567,977,830.14	12,936,613,659.99
Equity attributable to shareholders of parent	6,579,089,237.49	4,985,568,408.85
Capital and net debt	20,147,067,067.63	17,922,182,068.84
Gearing ratio	67.34%	72.18%

14. Long-term equity investments of the parent company

Before the correction:

(1) Breakdown of long-term equity investments

Item	Closing balance			Opening balance		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Investments in subsidiaries	2,513,391,236.55	59,381,641.00	2,454,009,595.55	2,576,543,954.49	59,381,641.00	2,517,162,313.49
Investments in associates and joint ventures	2,370,765,866.05		2,370,765,866.05	1,627,383,596.00		1,627,383,596.00
Total	4,884,157,102.60	59,381,641.00	4,824,775,461.60	4,203,927,550.49	59,381,641.00	4,144,545,909.49

(2) Investments in subsidiaries

Investee	Opening balance	Increase for the year	Decrease for the year	Closing balance	Provision for impairment made during the year	Closing balance of provision for impairment
Guangdong Refrigerator	155,552,425.85			155,552,425.85		
Guangdong Air-conditioner	281,000,000.00			281,000,000.00		59,381,641.00
Guangdong Freezer	15,668,880.00			15,668,880.00		
Hisense Home Appliances	51,531,053.70			51,531,053.70		
Rosheng Plastic	53,270,064.00			53,270,064.00		
Wangao I&E	600,000.00			600,000.00		
Jiake Electronics	42,000,000.00			42,000,000.00		
Yingkou Refrigerator	84,000,000.00			84,000,000.00		
Jiangxi Kelon	147,763,896.00			147,763,896.00		
Hangzhou Kelon	24,000,000.00			24,000,000.00		
Yangzhou Refrigerator	252,356,998.00			252,356,998.00		
Zhuhai Kelon	189,101,850.00			189,101,850.00		
Shenzhen Kelon	95,000,000.00			95,000,000.00		
Kelon Development	11,200,000.00			11,200,000.00		
Chengdu Refrigerator	50,000,000.00			50,000,000.00		
Beijing Refrigerator	92,101,178.17			92,101,178.17		
Shandong Air-conditioning	567,175,477.74			567,175,477.74		
Hisense Mould	121,628,013.09			121,628,013.09		
Shandong Refrigerator	275,000,000.00			275,000,000.00		
Zhejiang Hisense	67,594,117.94		67,594,117.94			
Kelon Property		4,441,400.00		4,441,400.00		
Total	2,576,543,954.49	4,441,400.00	67,594,117.94	2,513,391,236.55		59,381,641.00

(3) Investments in associates and joint ventures

Investee	Opening balance	Change for the year				
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity
I. Joint ventures						

Hisense Hitachi	1,627,383,596.00			732,001,382.03		-3,967,882.48
Subtotal	1,627,383,596.00			732,001,382.03		-3,967,882.48
II. Associates						
Hisense Financial Holdings		240,000,000.00		4,913,770.50		
Subtotal		240,000,000.00		4,913,770.50		
Total	1,627,383,596.00	240,000,000.00		736,915,152.53		-3,967,882.48

(Continued)

Investee	Change for the year			Closing balance	Closing balance of provision for impairment
	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures					
Hisense Hitachi	229,565,000.00			2,125,852,095.55	
Subtotal	229,565,000.00			2,125,852,095.55	
II. Associates					
Hisense Financial Holdings				244,913,770.50	
Subtotal				244,913,770.50	
Total	229,565,000.00			2,370,765,866.05	

After the correction:

(1) Breakdown of long-term equity investments

Item	Closing balance			Opening balance		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Investments in subsidiaries	2,513,391,236.55	59,381,641.00	2,454,009,595.55	2,576,543,954.49	59,381,641.00	2,517,162,313.49
Investments in associates and joint ventures	2,508,351,429.67		2,508,351,429.67	1,749,285,827.68		1,749,285,827.68
Total	5,021,742,666.22	59,381,641.00	4,962,361,025.22	4,325,829,782.17	59,381,641.00	4,266,448,141.17

(2) Investments in subsidiaries

Investee	Opening balance	Increase for the year	Decrease for the year	Closing balance	Provision for impairment made during the year	Closing balance of provision for impairment
Guangdong Refrigerator	155,552,425.85			155,552,425.85		
Guangdong Air-conditioner	281,000,000.00			281,000,000.00		59,381,641.00
Guangdong Freezer	15,668,880.00			15,668,880.00		
Hisense Home Appliances	51,531,053.70			51,531,053.70		
Rosheng Plastic	53,270,064.00			53,270,064.00		
Wangao I&E	600,000.00			600,000.00		
Jiake Electronics	42,000,000.00			42,000,000.00		
Yingkou Refrigerator	84,000,000.00			84,000,000.00		
Jiangxi Kelon	147,763,896.00			147,763,896.00		
Hangzhou Kelon	24,000,000.00			24,000,000.00		
Yangzhou Refrigerator	252,356,998.00			252,356,998.00		
Zhuhai Kelon	189,101,850.00			189,101,850.00		

Investee	Opening balance	Increase for the year	Decrease for the year	Closing balance	Provision for impairment made during the year	Closing balance of provision for impairment
Shenzhen Kelon	95,000,000.00			95,000,000.00		
Kelon Development	11,200,000.00			11,200,000.00		
Chengdu Refrigerator	50,000,000.00			50,000,000.00		
Beijing Refrigerator	92,101,178.17			92,101,178.17		
Shandong Air-conditioning	567,175,477.74			567,175,477.74		
Hisense Mould	121,628,013.09			121,628,013.09		
Shandong Refrigerator	275,000,000.00			275,000,000.00		
Zhejiang Hisense	67,594,117.94		67,594,117.94			
Kelon Property		4,441,400.00		4,441,400.00		
Total	2,576,543,954.49	4,441,400.00	67,594,117.94	2,513,391,236.55		59,381,641.00

(3) Investments in associates and joint ventures

Investee	Opening balance	Change for the year				
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity
I. Joint ventures						
Hisense Hitachi	1,627,383,596.00			732,001,382.03		-3,967,882.48
Subtotal	1,627,383,596.00			732,001,382.03		-3,967,882.48
II. Associates						
Hisense Financial Holdings		240,000,000.00		4,913,770.50		

Hisense International	121,902,231.68			33,810,662.10	-4,588,457.44	-311,072.72
Subtotal	121,902,231.68	240,000,000.00		38,724,432.60	-4,588,457.44	-311,072.72
Total	1,749,285,827.68	240,000,000.00		770,725,814.63	-4,588,457.44	-4,278,955.20

(continued)

Investee	Change for the year			Closing balance	Closing balance of provision for impairment
	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures					
Hisense Hitachi	229,565,000.00			2,125,852,095.55	
Subtotal	229,565,000.00			2,125,852,095.55	
II. Associates					
Hisense Financial Holdings				244,913,770.50	
Hisense International	13,227,800.00			137,585,563.62	
Subtotal	13,227,800.00			382,499,334.12	
Total	242,792,800.00			2,508,351,429.67	

15. Investment gain of the parent company

Before the correction:

(1) Breakdown of investment gain

Item	Amount for the year	Amount for previous year
Gain from long-term equity investment under the cost method	131,203,478.11	44,490,678.00
Gain from available-for-sale financial assets during holding period	13,227,800.00	6,004,000.00

Gain from long-term equity investment under the equity method	736,915,152.53	534,444,157.61
Gain from disposal of long-term equity investment	594,001,248.06	16,758,719.78
Gain from investment in wealth management products		819,726.03
Total	1,475,347,678.70	602,517,281.42

(2) Gain from long-term equity investments under the cost method

Investee	Amount for the year	Amount for previous year
Hisense Home Appliances	15,795,569.40	8,387,028.00
Hisense Mould	23,407,908.71	17,403,650.00
Beijing Refrigerator		18,700,000.00
Chengdu Refrigerator	92,000,000.00	
Total	131,203,478.11	44,490,678.00

(3) Gain from available-for-sale financial assets during holding period

Investee	Amount for the year	Amount for previous year
Hisense International	13,227,800.00	6,004,000.00
Total	13,227,800.00	6,004,000.00

(4) Gain from long-term equity investment under the equity method:

Investee	Amount for the year	Amount for previous year
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Zhejiang Hisense		-36,319,775.98
Attend		-83,804.31
Hisense Hitachi	732,001,382.03	570,847,737.90
Hisense Financial Holdings	4,913,770.50	
Total	736,915,152.53	534,444,157.61

After the correction:

(1) Breakdown of investment gain

Item	Amount for the year	Amount for previous year
Gain from long-term equity investment under the cost method	131,203,478.11	44,490,678.00
Gain from long-term equity investment under the equity method	770,725,814.63	569,274,861.10
Gain from disposal of long-term equity investment	594,001,248.06	16,758,719.78
Gain from investment in wealth management products		819,726.03
Total	1,495,930,540.80	631,343,984.91

(2) Gain from long-term equity investments under the cost method

Investee	Amount for the year	Amount for previous year
Hisense Home Appliances	15,795,569.40	8,387,028.00
Hisense Mould	23,407,908.71	17,403,650.00
Beijing Refrigerator		18,700,000.00

Chengdu Refrigerator	92,000,000.00	
Total	131,203,478.11	44,490,678.00

(3) Gain from long-term equity investment under the equity method

Investee	Amount for the year	Amount for previous year
Zhejiang Hisense		-36,319,775.98
Attend		-83,804.31
Hisense Hitachi	732,001,382.03	570,847,737.90
Hisense Financial Holdings	4,913,770.50	
Qingdao Hisense International Co., Ltd.	33,810,662.10	34,830,703.49
Total	770,725,814.63	569,274,861.10

16. Return on net asset and earnings per share

Before the correction:

Year 2017

Profit for the reporting period	Weighted Average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	35.12	1.47	1.47
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	17.80	0.74	0.74

Year 2016

Profit for the reporting period	Weighted Average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	24.23	0.80	0.80
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	22.23	0.73	0.73

After the correction:

Year 2017

Profit for the reporting period	Weighted Average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	34.71	1.48	1.48
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	17.77	0.76	0.76

Year 2016

Profit for the reporting period	Weighted Average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	24.33	0.82	0.82
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	21.75	0.75	0.75

17. Five-year financial summary

Before the correction:

Unit: RMB'0000

Statement item	2017	2016	2015	2014	2013
Total operating revenue	3,348,759.04	2,673,021.95	2,347,160.29	2,653,442.09	2,436,002.13
Total profits	223,229.14	127,034.15	62,365.42	77,123.56	129,941.28
Income tax	18,106.71	12,874.77	7,937.78	5,972.51	5,361.89
Net profit	205,122.43	114,159.38	54,427.64	71,151.05	124,579.39
Net profit attributable to equity holders of the parent	199,753.01	108,773.21	58,033.51	67,247.86	121,566.96
Minority interests	5,369.42	5,386.17	-3,605.87	3,903.19	3,012.43

Continued from above table

Statement item	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
Total assets	2,147,366.68	1,905,505.86	1,429,281.70	1,326,679.40	1,220,803.09
Total liabilities	1,452,029.68	1,373,159.85	981,900.77	932,621.34	902,469.32
Net assets	695,337.00	532,346.01	447,380.94	394,058.06	318,333.77
Total equity attributable to equity holders of the parent	644,530.37	486,746.62	404,401.77	345,836.30	274,873.11
Minority interests	50,806.63	45,599.39	42,979.17	48,221.76	43,460.66
Total Equity	695,337.00	532,346.01	447,380.94	394,058.06	318,333.77

After the correction:

Unit: RMB'0000

Statement item	2017	2016	2015	2014	2013
Total operating revenue	3,348,759.04	2,673,021.95	2,347,160.29	2,653,442.09	2,436,002.13

Statement item	2017	2016	2015	2014	2013
Total profits	225,287.43	129,916.82	63,736.92	78,619.29	133,129.15
Income tax	18,106.71	12,874.77	7,937.78	5,972.51	5,361.89
Net profit	207,180.72	117,042.05	55,799.14	72,646.78	127,767.26
Net profit attributable to equity holders of the parent	201,811.30	111,655.88	59,405.01	68,743.59	124,754.83
Minority interests	5,369.42	5,386.17	-3,605.87	3,903.19	3,012.43

Continued from above table

Statement item	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
Total assets	2,160,745.24	1,917,316.08	1,437,477.65	1,332,867.50	1,225,831.94
Total liabilities	1,452,029.68	1,373,159.85	981,900.77	932,621.34	902,469.32
Net assets	708,715.56	544,156.23	455,576.89	400,246.16	323,362.62
Total equity attributable to equity holders of the parent	657,908.93	498,556.84	412,597.72	352,024.40	279,901.96
Minority interests	50,806.63	45,599.39	42,979.17	48,221.76	43,460.66
Total Equity	708,715.56	544,156.23	455,576.89	400,246.16	323,362.62

(2) Impact on the notes to the financial statements of January to June 2018

1. Long-term equity investment

Before the correction:

Investee	Opening Balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures											
Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.	2,125,852,095.55			372,776,271.64						2,498,628,367.19	
Qingdao Hisense E-commerce Co., Ltd.	1,279,758.52			-629,470.66						650,287.86	
Subtotal	2,127,131,854.07			372,146,800.98						2,499,278,655.05	
II. Associates											
Hisense Financial Holdings Co., Ltd.	244,913,770.50			8,674,363.22	136,340.26		2,400,000.00			251,324,473.98	
Subtotal	244,913,770.50			8,674,363.22	136,340.26		2,400,000.00			251,324,473.98	
III. Others											
Jiangxi Kelon Combine Electrical Appliances Co., Ltd.	11,000,000.00									11,000,000.00	11,000,000.00
Subtotal	11,000,000.00									11,000,000.00	11,000,000.00
Total	2,383,045,624.57			380,821,164.20	136,340.26		2,400,000.00			2,761,603,129.03	11,000,000.00

Note:

- As Jiangxi Kelon Combine Electrical Appliances Co., Ltd., a subsidiary of the Company, has been declared in liquidation, it has not been included in the consolidated financial statements and impairment has been fully provided for the investment cost.
- Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. was hereinafter referred to as “Hisense Hitachi”.

3. Hisense Financial Holdings Co., Ltd. (青島海信金融控股有限公司) was hereinafter referred to as “Hisense Financial Holdings”.
4. Qingdao Hisense E-commerce Co., Ltd. (青島海信電子商務有限公司) was hereinafter referred to as “Hisense E-commerce”.
5. As at the end of the Reporting Period, all the joint ventures and associates of the Company were unlisted companies.

Whereas:

Item	Closing balance	Opening balance
Non-listed investment:		
Equity method	2,750,603,129.03	2,372,045,624.57
Joint venture	2,499,278,655.05	2,127,131,854.07
Associate	251,324,473.98	244,913,770.50
Total	2,750,603,129.03	2,372,045,624.57

After the correction:

Investee	Opening Balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures											
Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.	2,125,852,095.55			372,776,271.64							2,498,628,367.19
Qingdao Hisense E-commerce Co., Ltd.	1,279,758.52			-629,470.66							650,287.86
Subtotal	2,127,131,854.07			372,146,800.98							2,499,278,655.05
II. Associates											
Hisense Financial Holdings Co., Ltd.	244,913,770.50			8,674,363.22	136,340.26		2,400,000.00				251,324,473.98
Qingdao Hisense International Co., Ltd.	137,585,563.62			-1,181,283.50	-1,605,318.70		10,142,200.00				124,656,761.42

Investee	Opening Balance	Change for the year								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
Subtotal	382,499,334.12			7,493,079.72	-1,468,978.44		12,542,200.00			375,981,235.40	
III. Others											
Jiangxi Kelon Combine Electrical Appliances Co., Ltd.	11,000,000.00									11,000,000.00	11,000,000.00
Subtotal	11,000,000.00									11,000,000.00	11,000,000.00
Total	2,520,631,188.19			379,639,880.70	-1,468,978.44		12,542,200.00			2,886,259,890.45	11,000,000.00

Note:

1. As Jiangxi Kelon Combine Electrical Appliances Co., Ltd., a subsidiary of the Company, has been declared in liquidation, it has not been included in the consolidated financial statements and impairment has been fully provided for the investment cost.
2. Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. was hereinafter referred to as “Hisense Hitachi”.
3. Qingdao Hisense International Co., Ltd. was hereinafter referred to as “Hisense International”.
4. Hisense Financial Holdings Co., Ltd. (青島海信金融控股有限公司) was hereinafter referred to as “Hisense Financial Holdings”.
5. Qingdao Hisense E-commerce Co., Ltd. (青島海信電子商務有限公司) was hereinafter referred to as “Hisense E-commerce”.
6. As at the end of the Reporting Period, all the joint ventures and associates of the Company were unlisted companies.

Whereas:

Item	Closing balance	Opening balance
Non-listed investment:		
Equity method	2,875,259,890.45	2,509,631,188.19

Joint venture	2,499,278,655.05	2,127,131,854.07
Associate	375,981,235.40	382,499,334.12
Total	2,875,259,890.45	2,509,631,188.19

2. Capital reserve

Before the correction:

(1) Changes in capital reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Share premium	1,974,061,180.93			1,974,061,180.93
Other capital reserve	114,830,375.43			114,830,375.43
Total	2,088,891,556.36			2,088,891,556.36

(2) Notes to changes in capital reserve:

There was no change in the capital reserve during the period.

After the correction:

(1) Changes in capital reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Share premium	1,974,061,180.93			1,974,061,180.93
Other capital reserve	104,058,658.77			104,058,658.77
Total	2,078,119,839.70			2,078,119,839.70

(2) Notes to changes in capital reserve:

There was no change in the capital reserve during the period.

3. Other comprehensive income

Before the correction:

Item	Opening balance	Amount incurred in the period					Closing balance
		Amount before income tax for the year	Less: Amount included in other comprehensive income in previous period and transferred to profit or loss in current period	Less: income tax expense	Attributable to parent after tax	Attributable to minority interest after tax	
1. Other comprehensive income that would not be reclassified subsequently to profit or loss							
Including: Share of other comprehensive income of investee that not to be reclassified into profit or loss under equity method							
2. Other comprehensive income that would be reclassified subsequently to profit or loss	7,370,127.86	-35,338.60			-35,338.60		7,334,789.26
Including: Share of other comprehensive income of investee that would be reclassified into profit or loss under equity method		136,340.26			136,340.26		136,340.26
Difference arising from translation of financial statements presented in foreign currency	7,370,127.86	-171,678.86			-171,678.86		7,198,449.00
Total other comprehensive income	7,370,127.86	-35,338.60			-35,338.60		7,334,789.26

After the correction:

Item	Opening balance	Amount incurred in the period					Closing balance
		Amount before income tax for the year	Less: Amount included in other comprehensive income in previous period and transferred to profit or loss in current period	Less: income tax expense	Attributable to parent after tax	Attributable to minority interest after tax	
1. Other comprehensive income that would not be reclassified subsequently to profit or loss							
Including: Share of other comprehensive income of investee that not to be reclassified into profit or loss under							

equity method							
2. Other comprehensive income that would be reclassified subsequently to profit or loss	13,390,695.59	-1,640,657.30			-1,640,657.30	0.00	11,750,038.29
Including: Share of other comprehensive income of investee that would be reclassified into profit or loss under equity method	6,020,567.73	-1,468,978.44			-1,468,978.44		4,551,589.29
Difference arising from translation of financial statements presented in foreign currency	7,370,127.86	-171,678.86			-171,678.86		7,198,449.00
Total other comprehensive income	13,390,695.59	-1,640,657.30			-1,640,657.30	0.00	11,750,038.29

4. Surplus reserve

Before the correction:

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	460,339,686.31			460,339,686.31
Total	460,339,686.31			460,339,686.31

After the correction:

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	478,649,714.91			478,649,714.91
Total	478,649,714.91			478,649,714.91

5. Undistributed profits

Before the correction:

Item	This year	Previous year
Undistributed profits at the end of the previous year before adjustment	2,525,976,933.34	1,083,914,592.96
Adjustment for total undistributed profits as at the beginning of the year (+ for increase and – for decrease)		
Undistributed profits as at the beginning of the year after adjustment	2,525,976,933.34	1,083,914,592.96

Item	This year	Previous year
Add: Net profits attributable to the shareholders of the parent in current year	802,958,013.85	1,997,530,073.54
Less: Appropriation of statutory surplus reserve		146,650,122.16
Dividends payable on ordinary shares	599,599,162.80	408,817,611.00
Undistributed profits at the end of the year	2,729,335,784.39	2,525,976,933.34

After the correction:

Item	This year	Previous year
Undistributed profits at the end of the previous year before adjustment	2,525,976,933.34	1,083,914,592.96
Adjustment for total undistributed profits as at the beginning of the year (+ for increase and – for decrease)	120,226,683.95	101,702,108.06
Undistributed profits as at the beginning of the year after adjustment	2,646,203,617.29	1,185,616,701.02
Add: Net profits attributable to the shareholders of the parent in current year	791,634,530.35	2,018,112,935.64
Less: Appropriation of statutory surplus reserve		148,708,408.37
Dividends payable on ordinary shares	599,599,162.80	408,817,611.00
Undistributed profits at the end of the year	2,838,238,984.84	2,646,203,617.29

6. Investment gain

Before the correction:

Item	Amount for the period	Amount for previous period
Investment income of other equity instruments invested in the holding period	10,142,200.00	13,227,800.00
Gain from long-term equity investment under the equity method	380,821,164.20	331,090,333.07
Investment gain from disposal of financial assets at fair value through profit or loss	-271,460.10	3,701,448.14

Investment gain from wealth management products	28,060,935.88	18,232,134.06
Total	418,752,839.98	366,251,715.27

Investment income of other equity instruments invested in the holding period

Investee	Amount for the year	Amount for previous year
Hisense International	10,142,200.00	13,227,800.00
Total	10,142,200.00	13,227,800.00

Gain from long-term equity investment under the equity method

Investee	Amount for the period	Amount for previous period
Hisense Hitachi	372,776,271.64	331,193,198.81
Hisense Financial Holdings	8,674,363.22	-102,865.74
Hisense E-commerce	-629,470.66	
Total	380,821,164.20	331,090,333.07

Note: The gains from equity investment under the equity method of the Company for the current period were all generated from non-listed investments.

After the correction:

Item	Amount for the period	Amount for previous period
Gain from long-term equity investment under the equity method	379,639,880.70	322,907,432.13
Investment gain from disposal of financial assets at fair value through profit or loss	-271,460.10	3,701,448.14
Investment gain from wealth management products	28,060,935.88	18,232,134.06

Total	407,429,356.48	344,841,014.33
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Gain from long-term equity investment under the equity method

Investee	Amount for the period	Amount for previous period
Hisense Hitachi	372,776,271.64	331,193,198.81
Hisense Financial Holdings	8,674,363.22	-102,865.74
Hisense E-commerce	-629,470.66	
Qingdao Hisense International Co., Ltd.	-1,181,283.50	-8,182,900.94
Total	379,639,880.70	322,907,432.13

Note: The gains from equity investment under the equity method of the Company for the current period were all generated from non-listed investments.

7. Income tax expenses

Before the correction:

(1) Income tax expenses

Item	Amount for the period	Amount for previous period
Current income tax	118,458,277.21	119,998,424.44
Deferred tax expenses	-6,782,338.74	-2,005,879.62
Total	111,675,938.47	117,992,544.82

(2) Reconciliation of accounting profit and income tax expenses is as follows:

Item	Amount for the period
Total profits	941,565,883.57
Income tax expense calculated at statutory (or applicable) tax rates	285,688,144.43
Effect of application of different tax rate to certain subsidiaries	-47,844,789.65
Adjustment to income tax in previous period	-313,535.51
Effect of non-taxable income	-109,089,175.86
Effect of non-deductible cost, expense and loss	650,203.23
Effect of utilization of deductible losses unrecognized as deferred tax assets in previous period	-15,519,568.74
Effect of deductible temporary difference or deductible loss unrecognized as deferred tax assets in current period	12,776,555.86
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	
Effect of super deduction of research and development expense	-14,671,895.29
Others	
Income tax expense	111,675,938.47

After the correction:

(1) Income tax expenses

Item	Amount for the period	Amount for previous period
Current income tax	118,458,277.21	119,998,424.44
Deferred tax expenses	-6,782,338.74	-2,005,879.62
合计	111,675,938.47	117,992,544.82

(2) Reconciliation of accounting profit and income tax expenses is as follows:

Item	Amount for the period
Total profits	930,242,400.07
Income tax expense calculated at statutory (or applicable) tax rates	282,857,273.56
Effect of application of different tax rate to certain subsidiaries	-47,844,789.65
Adjustment to income tax in previous period	-313,535.51
Effect of non-taxable income	-106,258,304.99
Effect of non-deductible cost, expense and loss	650,203.23
Effect of utilization of deductible losses unrecognized as deferred tax assets in previous period	-15,519,568.74
Effect of deductible temporary difference or deductible loss unrecognized as deferred tax assets in current period	12,776,555.86
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	
Effect of super deduction of research and development expense	-14,671,895.29
Others	
Income tax expense	111,675,938.47

8. Calculation of basic and diluted earnings per share

Before the correction:

Item		Amount for the period	Amount for previous period
Net profits attributable to ordinary shareholders of the Company of the reporting period	P1	802,958,013.85	672,098,859.30
Non-recurring item attributable to ordinary shareholders of the Company of the reporting period	F	53,556,014.52	67,586,659.67
Net profits after non-recurring item attributable to ordinary shareholders of the Company of the reporting period	P2=P1-F	749,401,999.33	604,512,199.63
Effect of dilutive events on net profits attributable to ordinary shareholders of the Company	P3		

Item		Amount for the period	Amount for previous period
Effect of dilutive events on net profits after non-recurring item attributable to ordinary shareholders of the Company	P4		
Weighted average number of ordinary shares	S	1,362,725,370.00	1,362,725,370.00
Add: Additional weighted average number of ordinary shares assuming conversion of all dilutive potential ordinary shares to ordinary shares	X1		
Weighted average number of ordinary shares in the calculation of diluted earnings per share	X2=S+X1	1,362,725,370.00	1,362,725,370.00
Basic earnings per share attributable to ordinary shareholders of the Company	Y1=P1/S	0.59	0.49
Basic earnings per share attributable to ordinary shareholders of the Company after non-recurring items	Y2=P2/S	0.55	0.44
Diluted earnings per share attributable to ordinary shareholders of the Company	Y3= (P1 + P3) /X2	0.59	0.49
Diluted earnings per share attributable to ordinary shareholders of the Company after non-recurring items	Y4= (P2 + P4) /X2	0.55	0.44

After the correction:

Item		Amount for the year	Amount for previous year
Net profits attributable to ordinary shareholders of the Company of the reporting period	P1	791,634,530.35	663,915,958.36
Non-recurring item attributable to ordinary shareholders of the Company of the reporting period	F	53,556,014.52	67,586,659.67
Net profits after non-recurring item attributable to ordinary shareholders of the Company of the reporting period	P2=P1-F	738,078,515.83	596,329,298.69
Effect of dilutive events on net profits attributable to ordinary shareholders of the Company	P3		
Effect of dilutive events on net profits after non-recurring item attributable to ordinary shareholders of the Company	P4		
Weighted average number of ordinary shares	S	1,362,725,370.00	1,362,725,370.00
Add: Additional weighted average number of ordinary shares assuming conversion of all dilutive potential ordinary shares to ordinary shares	X1		

Item		Amount for the year	Amount for previous year
Weighted average number of ordinary shares in the calculation of diluted earnings per share	$X2=S+X1$	1,362,725,370.00	1,362,725,370.00
Basic earnings per share attributable to ordinary shareholders of the Company	$Y1=P1/S$	0.58	0.49
Basic earnings per share attributable to ordinary shareholders of the Company after non-recurring items	$Y2=P2/S$	0.54	0.44
Diluted earnings per share attributable to ordinary shareholders of the Company	$Y3= (P1 + P3) /X2$	0.58	0.49
Diluted earnings per share attributable to ordinary shareholders of the Company after non-recurring items	$Y4= (P2 + P4) /X2$	0.54	0.44

9. Supplementary information on cash flows statement

Before the correction:

(1) Supplementary information on cash flows statement

Supplementary information	Amount for the period	Amount for previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	829,889,945.10	705,367,756.35
Add: Provision for assets impairment	-4,929,476.07	-890,858.98
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	320,354,103.84	340,456,972.42
Amortization of intangible assets	16,727,202.22	17,685,478.47
Amortization of long-term prepaid expenses	1,178,675.37	2,751,060.09
Loss on disposals of fixed assets, intangible and other long-term assets (Gain denoted in “-”)	-471,937.85	-5,509,206.20

Supplementary information	Amount for the period	Amount for previous period
Loss on scrapping of fixed assets (Gain denoted in “-”)	620,434.62	4,221,021.94
Loss on change in fair value (Gain denoted in “-”)	2,443,607.21	14,766,266.84
Financial expenses (Gain denoted in “-”)	2,472,249.99	
Investment loss (Gain denoted in “-”)	-418,752,839.98	-366,251,715.27
Decrease in deferred tax assets (Increase denoted in “-”)	-6,771,856.92	-2,140,919.43
Increase in deferred tax liabilities (Decrease denoted in “-”)	-10,481.82	135,039.81
Decrease in inventory (Increase denoted in “-”)	-298,823,501.10	-176,930,020.09
Decrease in operating receivables (Increase denoted in “-”)	-1,648,786,734.48	-1,355,522,112.02
Increase in operating payables (Decrease denoted in “-”)	1,841,808,265.78	1,422,009,361.06
Others		
Net cash flows from operating activities	636,947,655.91	600,148,124.99
2. Significant investing and financing activities not involving cash receipts and payment:		
Liabilities converted into equity		
Convertible company debentures due within one year		
Fixed assets under finance leases		
3. Net movement in cash and cash equivalents:		
Cash at the end of the period	1,155,443,174.12	1,273,505,868.70
Less: Cash at the beginning of the period	952,318,970.66	794,984,893.88
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		

Supplementary information	Amount for the period	Amount for previous period
Net increase in cash and cash equivalents	203,124,203.46	478,520,974.82

After the correction:

(1) Supplementary information on cash flows statement

Supplementary information	Amount for the period	Amount for previous period
1 · Reconciliation of net profit to cash flows from operating activities:		
Net profit	818,566,461.60	697,184,855.41
Add: Provision for assets impairment	-4,929,476.07	-890,858.98
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	320,354,103.84	340,456,972.42
Amortization of intangible assets	16,727,202.22	17,685,478.47
Amortization of long-term prepaid expenses	1,178,675.37	2,751,060.09
Loss on disposals of fixed assets, intangible and other long-term assets (Gain denoted in “-”)	-471,937.85	-5,509,206.20
Loss on scrapping of fixed assets (Gain denoted in “-”)	620,434.62	4,221,021.94
Loss on change in fair value (Gain denoted in “-”)	2,443,607.21	14,766,266.84
Financial expenses (Gain denoted in “-”)	2,472,249.99	
Investment loss (Gain denoted in “-”)	-407,429,356.48	-358,068,814.33
Decrease in deferred tax assets (Increase denoted in “-”)	-6,771,856.92	-2,140,919.43
Increase in deferred tax liabilities (Decrease denoted in “-”)	-10,481.82	135,039.81
Decrease in inventory (Increase denoted in “-”)	-298,823,501.10	-176,930,020.09
Decrease in operating receivables (Increase denoted in “-”)	-1,648,786,734.48	-1,355,522,112.02

Supplementary information	Amount for the period	Amount for previous period
Increase in operating payables (Decrease denoted in “-”)	1,841,808,265.78	1,422,009,361.06
Others		
Net cash flows from operating activities	636,947,655.91	600,148,124.99
2. Significant investing and financing activities not involving cash receipts and payment:		
Liabilities converted into equity		
Convertible company debentures due within one year		
Fixed assets under finance leases		
3. Net movement in cash and cash equivalents:		
Cash at the end of the period	1,155,443,174.12	1,273,505,868.70
Less: Cash at the beginning of the period	952,318,970.66	794,984,893.88
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	203,124,203.46	478,520,974.82

10. Segment information

Before the correction:

The Company manages its business by divisions which are organized by a mixture of both business lines and geographical locations. For the purpose of resource allocation and performance assessment, the management manages the operating results of each business segment separately, and the segment results are assessed based on the profits of the reporting segments.

(1) Segment profit or loss and assets and liabilities

Amount for the period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	7,922,828,341.20	9,648,456,857.31	868,367,352.14		18,439,652,550.65
2. Revenue from Inter-segment			857,738,034.96	-857,738,034.96	
3. Gain from investment in associates and jointly controlled entities	-314,735.33	372,461,536.31	8,674,363.22		380,821,164.20
4. Depreciation and amortization	195,618,680.70	103,030,565.55	38,432,059.81		337,081,306.06
5. Gain from changes in fair value			-2,443,607.21		-2,443,607.21
6. Impairment losses on assets (including credit impairment loss)	-5,646,597.36	1,115,973.34	-398,852.05		-4,929,476.07
7. Total profit (Total loss)	105,589,542.84	738,395,199.57	116,577,309.89	-18,996,168.73	941,565,883.57
8. Total assets	16,386,441,287.17	13,760,463,626.00	3,732,943,459.79	-9,402,888,447.74	24,476,959,925.22
9. Total liabilities	10,946,010,474.75	9,987,436,686.16	1,851,271,388.12	-5,475,762,908.39	17,308,955,640.64
10. Additions to other non-current assets other than long-term equity investments	-69,016,710.87	35,297,606.87	16,358,808.22		-17,360,295.78

Continued from above table

Amount for previous period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	6,668,625,568.41	8,524,894,129.91	795,467,248.41		15,988,986,946.73
2. Revenue from Inter-segment			677,843,132.62	-677,843,132.62	
3. Gain from investment in associates and jointly controlled entities		331,193,198.81	-102,865.74		331,090,333.07
4. Depreciation and amortization	205,748,643.65	108,892,019.32	43,501,787.92		358,142,450.89

5. Gain from changes in fair value			-14,766,266.84		-14,766,266.84
6. Impairment losses on assets	-1,318,203.17	1,389,590.94	-962,246.75		-890,858.98
7. Total profit (Total loss)	33,336,260.70	691,360,632.42	130,510,839.19	-31,847,431.14	823,360,301.17
8. Total assets	14,903,068,963.20	12,904,568,348.40	4,059,752,756.52	-10,438,777,068.80	21,428,612,999.32
9. Total liabilities	9,839,070,015.12	10,217,433,790.94	2,305,089,198.55	-6,549,788,588.26	15,811,804,416.35
10. Additions to other non-current assets other than long-term equity investments	-98,841,500.30	-68,283,534.34	70,165,382.60		-96,959,652.04

After the correction:

The Company manages its business by divisions which are organized by a mixture of both business lines and geographical locations. For the purpose of resource allocation and performance assessment, the management manages the operating results of each business segment separately, and the segment results are assessed based on the profits of the reporting segments.

(1) Segment profit or loss and assets and liabilities

Amount for the period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	7,922,828,341.20	9,648,456,857.31	868,367,352.14		18,439,652,550.65
2. Revenue from Inter-segment			857,738,034.96	-857,738,034.96	
3. Gain from investment in associates and jointly controlled entities	-314,735.33	372,461,536.31	7,493,079.72		379,639,880.70
4. Depreciation and amortization	195,618,680.70	103,030,565.55	38,432,059.81		337,081,306.06
5. Gain from changes in fair value			-2,443,607.21		-2,443,607.21
6. Impairment losses on assets (including credit impairment loss)	-5,646,597.36	1,115,973.34	-398,852.05		-4,929,476.07

7. Total profit (Total loss)	105,589,542.84	738,395,199.57	105,253,826.39	-18,996,168.73	930,242,400.07
8. Total assets	16,386,441,287.17	13,760,463,626.00	3,853,800,221.21	-9,402,888,447.74	24,597,816,686.64
9. Total liabilities	10,946,010,474.75	9,987,436,686.16	1,851,271,388.12	-5,475,762,908.39	17,308,955,640.64
10. Additions to other non-current assets other than long-term equity investments	-69,016,710.87	35,297,606.87	16,358,808.22		-17,360,295.78

Continued from above table

Amount for previous period	Refrigerators and washing machines	Air-conditioners	Others	Inter-segment elimination	Total
1. Revenue from external sales	6,668,625,568.41	8,524,894,129.91	795,467,248.41		15,988,986,946.73
2. Revenue from Inter-segment			677,843,132.62	-677,843,132.62	
3. Gain from investment in associates and jointly controlled entities		331,193,198.81	-8,285,766.68		322,907,432.13
4. Depreciation and amortization	205,748,643.65	108,892,019.32	43,501,787.92		358,142,450.89
5. Gain from changes in fair value			-14,766,266.84		-14,766,266.84
6. Impairment losses on assets	-1,318,203.17	1,389,590.94	-962,246.75		-890,858.98
7. Total profit (Total loss)	33,336,260.70	691,360,632.42	109,100,138.25	-31,847,431.14	801,949,600.23
8. Total assets	14,903,068,963.20	12,904,568,348.40	4,156,444,287.26	10,438,777,068.80	21,525,304,530.06
9. Total liabilities	9,839,070,015.12	10,217,433,790.94	2,305,089,198.55	-6,549,788,588.26	15,811,804,416.35
10. Additions to other non-current assets other than long-term equity investments	-98,841,500.30	-68,283,534.34	70,165,382.60		-96,959,652.04

11. Interests in joint ventures or associates

Before the correction:

(3) Aggregated financial information of insignificant joint ventures and associates

RMB'0000

Item	Closing balance/ Amount for the period	Opening balance/ Amount for previous period
Joint ventures:		
Total carrying amount of investments	65.03	127.98
Amounts in aggregate in proportion to the shareholdings:		
– Net profit	-62.95	
– Other comprehensive income		
– Total comprehensive income	-62.95	
Associates:		
Total carrying amount of investments	25,131.99	24,491.38
Amounts in aggregate in proportion to the shareholdings:		
– Net profit	867.44	-10.29
– Other comprehensive income	13.63	
– Total comprehensive income	881.07	-10.29

After the correction:

(3) Aggregated financial information of insignificant joint ventures and associates

RMB'0000

Item	Closing balance/ Amount for the period	Opening balance/ Amount for previous period
Joint ventures:		
Total carrying amount of investments	65.03	127.98
Amounts in aggregate in proportion to the shareholdings:		
– Net profit	-62.95	
– Other comprehensive income		
– Total comprehensive income	-62.95	
Associates:		
Total carrying amount of investments	37,598.12	38,249.93
Amounts in aggregate in proportion to the shareholdings:		
– Net profit	749.31	-828.58
– Other comprehensive income	-146.90	
– Total comprehensive income	602.41	-828.58

12. Capital Management

Before the correction:

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the periods ended 30 June 2018 and 31 December 2017.

The Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes

bank and other borrowings, accounts payable, notes payable, other payables and debentures payables, less cash and cash equivalents.

The gearing ratios as at the end of the reporting periods were as follows:

Item	Closing Balance for the period	Opening Balance for the period
Total Debt	17,308,955,640.64	14,520,296,800.80
Including: Short-term borrowings	200,000,000.00	
Notes and accounts payable	12,142,013,145.66	10,379,862,551.66
Other Payables	2,689,623,794.48	1,709,226,096.76
Less: Cash and Cash equivalents	1,155,443,174.12	952,318,970.66
Net Debt	16,153,512,466.52	13,567,977,830.14
Equity attributable to shareholders of the Parent	6,648,627,186.32	6,445,303,673.87
Capital and net debt	22,802,139,652.84	20,013,281,504.01
Gearing Ratio	70.84%	67.79%

After the correction:

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the periods ended 30 June 2018 and 31 December 2017.

The Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes bank and other borrowings, accounts payable, notes payable, other payables and debentures payables, less cash and cash equivalents.

The gearing ratios as at the end of the reporting periods were as follows:

Item	Closing Balance for the period	Opening Balance for the period
Total Debt	17,308,955,640.64	14,520,296,800.80
Including: Short-term borrowings	200,000,000.00	
Notes and accounts payable	12,142,013,145.66	10,379,862,551.66
Other Payables	2,689,623,794.48	1,709,226,096.76
Less: Cash and Cash equivalents	1,155,443,174.12	952,318,970.66
Net Debt	16,153,512,466.52	13,567,977,830.14
Equity attributable to shareholders of the Parent	6,769,483,947.74	6,579,089,237.49
Capital and net debt	22,922,996,414.26	20,147,067,067.63
Gearing Ratio	70.47%	67.34%

13. Long-term equity investments of the Parent

Before the correction:

(1) Breakdown of long-term equity investments

Item	Closing balance for the year			Opening balance for the year		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Investments in subsidiaries	2,513,391,236.55	59,381,641.00	2,454,009,595.55	2,513,391,236.55	59,381,641.00	2,454,009,595.55
Investments in associates and joint ventures	2,749,952,841.17		2,749,952,841.17	2,370,765,866.05		2,370,765,866.05
Total	5,263,344,077.72	59,381,641.00	5,203,962,436.72	4,884,157,102.60	59,381,641.00	4,824,775,461.60

(2) Investments in subsidiaries

Investee	Opening balance for the period	Increase for the period	Decrease for the period	Closing balance for the period	Provision for impairment made during the period	Closing balance of provision for impairment
Guangdong Refrigerator	155,552,425.85			155,552,425.85		

Investee	Opening balance for the period	Increase for the period	Decrease for the period	Closing balance for the period	Provision for impairment made during the period	Closing balance of provision for impairment
Guangdong Air-conditioner	281,000,000.00			281,000,000.00		59,381,641.00
Guangdong Freezer	15,668,880.00			15,668,880.00		
Hisense Home Appliances	51,531,053.70			51,531,053.70		
Rongsheng Plastic	53,270,064.00			53,270,064.00		
Wangao I&E	600,000.00			600,000.00		
Jiake Electronics	42,000,000.00			42,000,000.00		
Yingkou Refrigerator	84,000,000.00			84,000,000.00		
Jiangxi Kelon	147,763,896.00			147,763,896.00		
Hangzhou Kelon	24,000,000.00			24,000,000.00		
Yangzhou Refrigerator	252,356,998.00			252,356,998.00		
Zhuhai Kelon	189,101,850.00			189,101,850.00		
Shenzhen Kelon	95,000,000.00			95,000,000.00		
Kelon Development	11,200,000.00			11,200,000.00		
Chengdu Refrigerator	50,000,000.00			50,000,000.00		
Beijing Refrigerator	92,101,178.17			92,101,178.17		
Shandong Air-conditioning	567,175,477.74			567,175,477.74		
Hisense Mould	121,628,013.09			121,628,013.09		
Shandong Refrigerator	275,000,000.00			275,000,000.00		
Kelon Property	4,441,400.00			4,441,400.00		
Total	2,513,391,236.55			2,513,391,236.55		59,381,641.00

(3) Investments in associates and joint ventures

Investee	Opening Balance for the	Change for the period
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	period	Increase in investment	Decrease in investment	Gains or losses from investment recognised using equity method	Adjustment for other comprehensive income	Other change in equity
I. Joint ventures						
Hisense Hitachi	2,125,852,095.55			372,776,271.64		
Subtotal	2,125,852,095.55			372,776,271.64		
II. Associates						
Hisense Financial Holdings	244,913,770.50			8,674,363.22	136,340.26	
Subtotal	244,913,770.50			8,674,363.22	136,340.26	
Total	2,370,765,866.05			381,450,634.86	136,340.26	

(Continued)

Investee	Change for the period			Closing Balance for the period	Closing balance of provision for impairment
	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures					
Hisense Hitachi				2,498,628,367.19	
Subtotal				2,498,628,367.19	
II. Associates					
Hisense Financial	2,400,000.00			251,324,473.98	
Subtotal	2,400,000.00			251,324,473.98	
Total	2,400,000.00			2,749,952,841.17	

After the correction:

(1) Breakdown of long-term equity investments

Item	Closing balance for the year			Opening balance for the year		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Investments in subsidiaries	2,513,391,236.55	59,381,641.00	2,454,009,595.55	2,513,391,236.55	59,381,641.00	2,454,009,595.55
Investments in associates and joint ventures	2,874,609,602.59		2,874,609,602.59	2,508,351,429.67		2,508,351,429.67
Total	5,388,000,839.14	59,381,641.00	5,328,619,198.14	5,021,742,666.22	59,381,641.00	4,962,361,025.22

(2) Investments in subsidiaries

Investee	Opening Balance for the year	Increase for the period	Decrease for the period	Closing Balance for the year	Provision for impairment made during the period	Closing balance of provision for impairment
Guangdong Refrigerator	155,552,425.85			155,552,425.85		
Guangdong Air-conditioner	281,000,000.00			281,000,000.00		59,381,641.00
Guangdong Freezer	15,668,880.00			15,668,880.00		
Hisense Home Appliances	51,531,053.70			51,531,053.70		
Rongsheng Plastic	53,270,064.00			53,270,064.00		
Wangao I&E	600,000.00			600,000.00		
Jiake Electronics	42,000,000.00			42,000,000.00		
Yingkou Refrigerator	84,000,000.00			84,000,000.00		
Jiangxi Kelon	147,763,896.00			147,763,896.00		
Hangzhou Kelon	24,000,000.00			24,000,000.00		
Yangzhou Refrigerator	252,356,998.00			252,356,998.00		
Zhuhai Kelon	189,101,850.00			189,101,850.00		
Shenzhen Kelon	95,000,000.00			95,000,000.00		
Kelon Development	11,200,000.00			11,200,000.00		
Chengdu Refrigerator	50,000,000.00			50,000,000.00		
Beijing Refrigerator	92,101,178.17			92,101,178.17		
Shandong Air-conditioning	567,175,477.74			567,175,477.74		
Hisense Moulds	121,628,013.09			121,628,013.09		
Shandong Refrigerator	275,000,000.00			275,000,000.00		
Kelon Property	4,441,400.00			4,441,400.00		
Total	2,513,391,236.55			2,513,391,236.55		59,381,641.00

(3) Investments in associates and joint ventures

Investee	Opening Balance for the period	Change for the period			
		Increase in investment	Decrease in investment	Gains or losses from investment recognised using	Adjustment for other comprehensive

				equity method	income	
I. Joint ventures						
Hisense Hitachi	2,125,852,095.55			372,776,271.64		
Subtotal	2,125,852,095.55			372,776,271.64		
II. Associates						
Hisense Financial Holdings	244,913,770.50			8,674,363.22	136,340.26	
Qingdao Hisense International Co.,Ltd.	137,585,563.62			-1,181,283.50	-1,605,318.70	
Subtotal	382,499,334.12			7,493,079.72	-1,468,978.44	
Total	2,508,351,429.67			380,269,351.36	-1,468,978.44	

(Continued)

Investee	Change for the period			Closing Balance for the period	Closing balance of provision for impairment
	Declaration of cash dividend or profit	Provision for impairment made	Other decreases		
I. Joint ventures					
Hisense Hitachi				2,498,628,367.19	
Subtotal				2,498,628,367.19	
II. Associates					
Hisense Financial Holdings	2,400,000.00			251,324,473.98	
Qingdao Hisense International Co.,Ltd.	10,142,200.00			124,656,761.42	
Subtotal	12,542,200.00			375,981,235.40	
Total	12,542,200.00			2,874,609,602.59	

14. Investment income of the Parent

Before the correction:

(1) Breakdowns of investment income

Item	Amount for the period	Amount for previous period
Gain from long-term equity investment under the cost method	30,410,182.64	39,100,612.37
Investment income of other equity instruments invested in the holding period	10,142,200.00	13,227,800.00

Gain from long-term equity investment under the equity method	381,450,634.86	331,193,198.81
Gain from disposal of long-term equity investment		30,628,882.06
Investment gain from wealth management products	20,493,155.06	
Total	442,496,172.56	414,150,493.24

(2) Income from long-term equity investment — the equity method:

Investee	Amount for the period	Amount for previous period
Hisense Hitachi	372,776,271.64	331,193,198.81
Hisense Financial Holdings	8,674,363.22	-102,865.74
Total	381,450,634.86	331,090,333.07

After the correction:

(1) Breakdowns of investment income

Item	Amount for the period	Amount for previous period
Gain from long-term equity investment under the cost method	30,410,182.64	39,100,612.37
Gain from long-term equity investment under the equity method	380,269,351.36	322,907,432.13
Gain from disposal of long-term equity investment		30,628,882.06
Investment gain from wealth management products	20,493,155.06	
Total	431,172,689.06	392,636,926.56

(2) Income from long-term equity investment — the equity method:

Investee	Amount for the period	Amount for previous period
Hisense Hitachi	372,776,271.64	331,193,198.81
Hisense Financial Holdings	8,674,363.22	-102,865.74
Qingdao Hisense International Co, Ltd.	-1,181,283.50	-8,182,900.94
Total	380,269,351.36	322,907,432.13

15. Return on net asset and earnings per share

Before the correction:

Current period

Profit for the reporting period	Weighted average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.90	0.59	0.59
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	11.11	0.55	0.55

Corresponding period last year

Profit for the reporting period	Weighted average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	13.09	0.49	0.49
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	11.77	0.44	0.44

After the correction:

Current period

Profit for the reporting period	Weighted average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.52	0.58	0.58
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	10.74	0.54	0.54

Corresponding period last year

Profit for the reporting period	Weighted average of return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	12.41	0.48	0.48
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	11.12	0.43	0.43

V. Conclusive opinion of the Board, independent directors, supervisory committee and accountants of the Company

(I) Opinion of the Board

The “Resolution on correction of and retrospective adjustment to accounting errors in prior periods” was considered and approved at the 2019 first meeting of the tenth session of the Board of the Company on 28 March 2019, and the Board is of the view that this correction of accounting errors in prior periods is in compliance with the relevant provisions in “Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors”, which can reflect the financial position and operating results of the Company in a fairer manner and further improve the quality of accounting information, without prejudice to the interests of the Company and the shareholders (especially medium and minority shareholders) as a whole. Therefore, the Board approved this correction of accounting errors.

(II) Opinion of the supervisory committee

The supervisory committee of the Company is of the view that this correction of and retrospective adjustment to accounting errors in prior periods is in compliance with the relevant provisions in “Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors”, the adjusted financial information can reflect the financial position and operating results of the Company more accurately, without prejudice to the interests of the Company and the shareholders (especially medium and minority shareholders) as a whole. Therefore, the supervisory committee approved this correction of and adjustment to the accounting errors in prior periods.

(III) Opinion of the independent directors

This correction of and retrospective adjustment to accounting errors in prior periods is in compliance with the relevant provisions and requirements of Accounting Standards for Business Enterprises, “Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors” and “Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 19 – Correction of Financial Information and Relevant Disclosure”, which can better reflect the financial position of the

Company in a more objective and fairer manner. The procedures for considering and voting of this correction of and retrospective adjustment to accounting errors adopted by the Company have complied with the relevant regulatory provisions, without prejudice to the interests of the Company and the shareholders (especially medium and minority shareholders) as a whole. Therefore, the independent directors of the Company approved this correction of and adjustment to the accounting errors in prior periods.

(IV) Opinion of the accountants

Ruihua Certified Public Accountants, LLP issued the “Special Assurance Report on the correction of accounting errors of Hisense Home Appliances Group Co., Ltd. in prior periods” * (No. 瑞華核字【2019】95020005號).

By order of the Board
Hisense Home Appliances Group Co., Ltd.
Tang Ye Guo
Chairman

Foshan City, Guangdong, the PRC, 28 March 2019

As at the date of this announcement, the Company’s executive directors are Mr. Tang Ye Guo, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui Zhong and Mr. Wang Yun Li; and the Company’s independent non-executive directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.

**English translations are for identification purposes only.*