

Zhejiang Dahua Technology Co., Ltd.

2018 Third Quarterly Report



October 2018

Section I Important Notes

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this report is authentic, accurate and complete and free of any false records, misleading statements or material omissions, and they will bear joint and several legal liability for such information.

All directors attended the meeting of the Board of Directors for deliberation of this quarterly report.

Fu Liquan, the Company’s legal representative, Wei Meizhong, chief accountant, and Xu Qiaofen, person in charge of accounting institution (Accounting Officer) hereby declare and warrant that the financial statements in the quarterly report are authentic, accurate and complete.

Section II. Basic Information of the Company

I. Key Accounting Data and Financial Indicators

Does the Company need to retroactively adjust or restate the annual accounting data of previous years?

Yes No

	The End of the Reporting Period	The End of the Previous Year		Increase or Decrease at This Period-end Compared to the End of the Previous Year
Total Assets (RMB)	23,415,201,556.89	21,333,478,563.97		9.76%
Net Assets Attributable to Shareholders of the Listed Company (RMB)	11,447,836,224.25	10,466,434,375.19		9.38%
	During this Reporting Period	Increase or Decrease in This Reporting Period Compared to the Same Period of Last year	From the Year-beginning to the End of this Reporting Period	Increase or Decrease during the Period from the Year-beginning to the End of the Reporting Period Compared to the Same Period of Last Year
Operating Revenue (RMB)	5,216,687,713.72	22.50%	15,030,729,066.20	28.21%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	481,764,501.06	4.39%	1,563,681,387.58	8.25%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	515,756,982.03	14.65%	1,623,241,371.03	14.28%
Net Cash Flow Generated by Operational Activities (RMB)	-570,615,032.53	-159.03%	-1,666,971,869.53	-46.01%
Basic Earnings per Share (RMB/Share)	0.17	6.25%	0.54	8.00%
Diluted Earnings per Share (RMB/Share)	0.17	6.25%	0.54	8.00%
Weighted Average ROE	4.30%	-0.66%	14.23%	-2.01%

Items and Amounts of Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item Name	Amount	Note
Profits or Losses from Disposal of Non-Current Assets (Including the	-351,393.89	

Write-Off for the Accrued Impairment of Assets)		
The Government Subsidies Included in the Current Profits and Losses (Excluding the Government Subsidies Closely Related to Regular Businesses of the Company and Issued in the Quota or Quantity Based on the National Standards	19,477,949.01	
Profits and Losses Resulting from the Changes in Fair Value for Holding Trading Financial Assets and Trading Financial Liabilities, and Investment Income from Disposal of Trading Financial Assets, Trading Financial Liabilities, and Financial Assets Available for Trading, Excluding the Effective Hedging Businesses Related to the Regular Business Operation of the Company	-85,492,039.35	
Non-operating Revenue and Expenses Other Than the Above	11,432,160.49	
Other Gains and Losses Items That Fit the Definition of Non-recurring Gains and Losses	733,001.58	
Less: Impact of Income Tax	4,132,626.03	
Impact of Minority Equity (After Tax)	1,227,035.26	
Total	-59,559,983.45	--

For items defined as non-recurring gains and losses according to the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, or non-recurring gains and losses items listed in the said document defined as recurring ones, please specify the reasons.

Applicable Not applicable

During the reporting period, the Company did not define any non-recurring gains and losses items defined and listed in the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, as recurring gains and losses items.

II. Total Number of Shareholders and Particulars of Shareholdings of Top 10 Shareholders at the End of the Reporting Period

1. Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights and Particulars of Shareholdings of Top 10 Shareholders

Unit: Share

Total Number of Ordinary Shareholders at the End of the Reporting Period	102,455	Total Number of Preferred Shareholders with Resumed Voting Rights (If Any) at the End of the Reporting Period	0		
Particulars of Shareholdings of Top 10 Shareholders					
Name of Shareholder	Nature of Shareholder	Shareholding Percentage	Number of Shares	Number of Shares Held with Limited Sales Condition	
				Pledged or Frozen Status	Pledged or Frozen Amount

Fu Liquan	Domestic natural person	38.68%	1,121,181,880	841,961,985	Pledged	116,942,000
Zhu Jiangming	Domestic natural person	5.37%	155,561,490	116,671,117	Pledged	24,154,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.68%	77,708,409	0		
Chen Ailing	Domestic natural person	2.46%	71,262,813	53,447,110	Pledged	11,170,000
Wu Jun	Domestic natural person	2.10%	60,790,886	45,593,164		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	1.37%	39,611,241	0		
Central Huijin Asset Management Limited Liability Company	State-owned legal person	1.08%	31,448,750	0		
Zhejiang Dahua Technology Co., Ltd. - Phase III ESOP (Employee Stock Ownership Plan)	Others	0.91%	26,247,928	0		
BOC - Core Growth Stock Type Security Investment Fund of China International Fund Management	Others	0.82%	23,828,925	0		
GIC PRIVATE LIMITED	Overseas legal person	0.78%	22,491,130	0		
Particulars of Shareholdings of Top Ten Shareholders without Limited Sales Condition						
Name of Shareholder		Number of Shares Held without Limited Sales			Type	

	Condition	Type	Amount
Fu Liquan	279,219,895	RMB common stock	279,219,895
Hong Kong Securities Clearing Company Limited	77,708,409	RMB common stock	77,708,409
China Securities Finance Corporation Limited	39,611,241	RMB common stock	39,611,241
Zhu Jiangming	38,890,373	RMB common stock	38,890,373
Central Huijin Asset Management Limited Liability Company	31,448,750	RMB common stock	31,448,750
Zhejiang Dahua Technology Co., Ltd. - Phase III ESOP (Employee Stock Ownership Plan)	26,247,928	RMB common stock	26,247,928
BOC - Core Growth Stock Type Security Investment Fund of China International Fund Management	23,828,925	RMB common stock	23,828,925
GIC PRIVATE LIMITED	22,491,130	RMB common stock	22,491,130
Chen Ailing	17,815,703	RMB common stock	17,815,703
One One Seven Combination of National Social Security Fund	16,531,387	RMB common stock	16,531,387
Explanation on Associated Relationship or Concerted Actions among the Above-Mentioned Shareholders	Mr. Fu Liquan and Ms. Chen Ailing are husband and wife. The Company has no idea whether the other shareholders are related or are persons acting in concert.		
Explanation on Top Ten Ordinary Shareholders' Participation in Securities Margin Trading (If Any)	N/A		

Whether the Company's top ten ordinary shareholders or top ten ordinary shareholders without limited shares agree on any repurchase transaction during the reporting period

Yes No

None of the Company's top ten ordinary shareholders or top ten ordinary shareholders without limited shares agreed on repurchase during the reporting period.

2. Total Number of Preferred Shareholders and Particulars of Shareholdings of Top 10 Preferred Shareholders of the Company

Applicable Not applicable

Section III Significant Events

I. Changes of Major Financial Data and Financial Indicators during the Reporting Period and Explanation

√ Applicable □ Not applicable

(i) Changes in assets and liabilities and the reasons

1. Monetary funds reduced by 46.03% compared to the period-end of the previous year, which is mainly caused by the expansion of company scale and the increase of investment and expenditures;
2. Other receivables increased by 33.60% compared to the period-end of the previous year, which is mainly caused by the expansion of company scale and increase of margin and payment made and received;
3. The inventory increased by 41.96% compared to the period-end of the previous year, which is mainly caused by the expansion of the sales volume and the increase of inventory;
4. Non-current assets maturing within a year increased by 38.34% compared to the period-end of the previous year, which is mainly caused by the transfer of long-term receivables maturing within a year;
5. Long-term equity investment decreased by 66.09% compared to the period-end of the previous year, which is mainly caused by the investment loss of the confirmed shareholding companies;
6. Projects under construction increased by 128.70% compared to the period-end of the previous year, which is mainly caused by investment increase of the Company in house properties under construction;
7. The goodwill increased by 35.81% compared to the period-end of the previous year, which is mainly caused by the increase of goodwill brought by acquisition of two companies in this period;
8. The long-term prepaid expenses increased by 100% compared to the period-end of the previous year, which is mainly caused by the increase of long-term unamortized decoration fee;
9. The deferred income tax assets increased by 33.42% compared to the period-end of the previous year, which is mainly caused by the increase of deductible temporary difference in this period;
10. Other non-current assets increased by 102.98% compared to the period-end of the previous year, which is mainly caused by the increase of prepayment for long-term assets in this period;
11. The short-term loans increased by 57.92% compared to the period-end of the previous year, which is mainly caused by the increase of borrowings from banks in this period;
12. Financial liabilities measured in fair value with changes recorded into current profit and loss increased by 103.86% compared to the period-end of the previous year, which is mainly caused by the fair value changes of financial derivative instruments;
13. Taxes payable reduced by 32.16% compared to the period-end of the previous year, which is mainly caused by the decrease of payable added-value tax and corporate income tax in this period;
14. Non-current liabilities maturing within a year increased by 100% compared to the period-end of the previous year, which is mainly caused by the transfer of long-term loan maturing within a year;
15. Other current liabilities increased by 35.80% compared to the period-end of the previous year, which is mainly caused by the increase of tax for items to be written off in this period;
16. The anticipation liabilities increased by 43.15% compared to the period-end of the previous year, which is mainly caused by the increase of estimated after-sales maintenance fee for products;
17. Other comprehensive income decreased by 33.56% compared to the period-end of the previous year, which is mainly caused by

the changes of foreign currency statement translation in this period;

18. The equity of minority shareholders increased by 69.01% compared to the period-end of the previous year, which is mainly caused by the increase of investment by minority shareholders in this period;

(ii) Changes of items in the profit statement and the reasons

1. The operating cost increased by 34.04% compared to the same period of last year, which is mainly caused by the corresponding increase of cost brought by income increase;

2. The selling expenses increased by 30.51% compared to the same period of last year, which is mainly caused by the increase of relevant investment in order to promote stable increase of sale volume;

3. The financial expenses decreased by 274.44% compared to the same period of last year, which is mainly caused by the increase of exchange gains in this period;

4. The investment income decreased by 145.46% compared to the same period of last year, which is mainly caused by the increase of investment loss of joint ventures confirmed by the equity method in this period;

5. The income from disposal of assets decreased by 93.22% compared to the same period of last year, which is mainly caused by less loss arising from disposal of fixed assets than the prior period;

6. The non-operating expenses reduced by 79.75% compared to the same period of last year, which is mainly caused by less loss arising from disposal of fixed assets than the prior period;

(iii) Changes of items in the cash flow statement and the reasons

1. The net amount of cash flow generated from operating activities reduced by 46.01% compared to the same period of last year, which is mainly caused by the expansion of business scale and the increase of cash payment during operation;

2. The net amount of cash flow generated from investment activities reduced by 107.25%, which is mainly caused by the increase of long-term assets bought and built and asset acquisition in this period;

3. The net amount of cash flow generated by financing activities reduced by 40.42%, which is mainly caused by the decrease of bank loans in net amount and the increase of dividend in this period.

II. Progress of Significant Events and the Analysis and Explanation of the Influence and Solutions

Applicable Not applicable

1. On January 24, 2017, the Company's holding sub-subsidiary South North United Information Technology Co., Ltd. and its wholly-owned subsidiary Zhejiang Dahua System Engineering Co., Ltd. signed a Cooperation Agreement on PPP Investment in Safe City Project of Shache County with the People's Government of Shache County in Kashgar, Xinjiang, which is just a framework agreement on the PPP project. The agreement stipulates that the service content is the pre-feasibility study of the project and the design of the project, etc. For the implementation of the specific project, it still needs to fulfill related decision-making and approval procedures, such as government procurement.

On July 21, 2017, the Company received the Notification of Award issued by the project purchasing unit, which confirmed that the wholly-owned subsidiary Zhejiang Dahua System Engineering Co., Ltd. (the consortium leader), with the holding sub-subsidiary South North United Information Technology Co., Ltd. (member of the consortium) was the winning bidder for the Safe City Construction Project (PPP) in Shache County. The winning bid amount of the project is RMB 4,314,790,000 (the final amount is based on the signed contract), which is the total amount for construction and operation within 10 years project cooperation period.

On August 4, 2017, the Company's 34th session of the 5th Board of Directors' meeting reviewed and approved the Proposal on Investing to Establish a PPP Project Company in Shache County, Xinjiang, and the Company submitted a bid based on the requirements for the Shache County City Construction Project (PPP). The winning consortium jointly funded the establishment of the

project company, with a registered capital of RMB 335,567,200. Among them, Zhejiang Dahua System Engineering Co., Ltd. contributed RMB 234,897,040, accounting for 70% of the total contribution; South North United Information Technology Co., Ltd. contributed RMB 100,670,160, accounting for 30%. In August 2017, the project company was established and the name of the company approved by the industrial and commercial bureau was Xinjiang Dahua Xinzhi Information Technology Co., Ltd.

On April 18, 2018, the winning bidder received the requirements of Shache Public Security Bureau to stop implementation of Safe City Construction Project (PPP) in Shache County. Near a half of the construction progress during the project construction period has been completed, but no expenses for subsequent equipment replacement, operation and maintenance have been incurred. The actual investment during the construction period will be further accounted and confirmed with the government.

The various activities and construction of this project engaged in by the winning bidder are in compliance with the requirements in PPP-related laws and regulations, but the risk exists that the project will not be furthered and the identifiable income of the Company in the future may be reduced. The Company will actively cooperate with relevant government departments in their work, and timely perform the obligation of information disclosure in accordance with the subsequent progress of the project and the provisions in relevant laws and regulations and the Articles of Association.

2. On January 25, 2018, the Company's 5th session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Adjustment of Joint Investment Plan with Connected Persons and Connected Transactions (I). It's agreed to adjust the contributions to Zhejiang Huaan Technology Co., Ltd. (temporary name) with the connected legal person Zhejiang Huashi Investment Management Co., Ltd., the connected natural person Wei Meizhong and 15 unconnected natural persons. After the adjustment, the Company will contribute RMB 25.5 million with its own funds, accounting for 51% of the registered capital. In March 2018, the project company was established and the name of the company approved by the industrial and commercial bureau is Zhejiang Huaxiao Technology Co., Ltd.

3. On January 25, 2018, the Company's 5th session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Adjustment of Joint Investment Plan with Connected Persons and Connected Transactions (II). It's agreed to adjust the contributions to Zhejiang Huazhi Technology Co., Ltd. (renamed as Zhejiang Dahua Robot Technology Co., Ltd.) with the connected legal person Zhejiang Huashi Investment Management Co., Ltd. and the unconnected persons. After the adjustment, the Company will contribute RMB 25.5 million with its own funds, accounting for 51% of the registered capital; Huashi Investment will contribute RMB 24.5 million in cash, accounting for 49% of the registered capital. In August 2018, the project company was established.

4. On January 25, 2018 the Company's 5th session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Giving up the Shareholding Company's Right to Increase Capital with the Same Percentage and Connected Transactions. It is agreed to give up the right of 8 investors including Ningbo Jinghang Equity Investment Partnership, Ningbo Gulin Equity Investment Partnership and Hangzhou Yixun Investment Management Partnership to increase the capital of Zhejiang Leapmotor Technology Co., Ltd. with the same percentage. The total amount of connected transactions involved in giving up the right to increase the capital with the same percentage is RMB 41,948,300. The change of industrial and commercial registrations for the above matter was completed in March 2018.

5. On February 24, 2018, the Company disclosed the Announcement on Subsidiary's Release of External Guarantees. The Company's subsidiaries, System Engineering, Dahua Zhicheng and Yunnan International Trust Co., Ltd. signed the Pledge Contract on December 6, 2017. System Engineering and Dahua Zhicheng as a pledger provided a pledge guarantee for the debt under the Trust Loan Contract signed between Guangxi Baixing Holdings Co., Ltd. as a debtor and Yunnan International Trust Co., Ltd. as a creditor (with the trust loan principal of RMB 0.23 billion). The collateral in this guarantee was System Engineering and Dahua Zhicheng's accounts receivable income rights. This guarantee responsibility was released on February 22, 2018.

6. On March 6, 2018, the Company's First Extraordinary General Meeting of Shareholders in 2018 reviewed and approved the Management Measures for Core Employee Venture Capital Investment New Businesses (Draft), and decided to implement the core employee venture capital investment new business plan of the Company.

7. On April 17, 2018, the Company's 8th session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Increasing Capital in Holding Subsidiaries and Connected Transactions. The Company and the connected person Mr. Fu Liquan

increased capital in holding subsidiary Hangzhou Huacheng Network Technology Co., Ltd. with the same percentage. Among them, the Company increased the capital by RMB 20.4 million. Upon completion of the capital increase, the registered capital of Huacheng Network was increased from RMB19.6 million. Upon completion of the capital increase, the registered capital of Huacheng Network was increased from RMB 10 million to RMB 50 million. The change of industrial and commercial registrations for the above matter was completed in April 2018.

8. On May 16, 2017, the Company's 2016 Annual General Meeting of Shareholders reviewed and approved the Zhejiang Dahua Technology Co., Ltd. Phase III Employee Stock Ownership Plan (Draft) and its summary, and decided to implement the Phase III Employee Stock Ownership Plan. On June 1, 2017, the Company's Phase III Employee Stock Ownership Plan completed the purchase of the shares through the Caitong Securities Asset Management Dahua No. 3 Directed Asset Management Plan, with an average purchase price of RMB16.83 per share and a purchase volume of 47,000,000 shares. As of June 2, 2018, the lock-up period of the Company's Phase III Employee Stock Ownership Plan expired.

9. On May 17, 2017, the Company's 31st session of the 5th Board of Director's meeting reviewed and approved the Proposal on Increasing Capital in Holding Subsidiaries, and it's agreed that the Company will increase its capital in Dahua Zhilian by RMB 610 million with its own funds. In this capital increase, China Development Bank Development Fund Co., Ltd. gives up the right to increase the capital with the same percentage. Upon completion of the capital increase, the registered capital of Dahua Zhilian will be increased from RMB 500 million to RMB 1.11 billion. The proportion of equity held by the Company will be 90.09%. This capital increase was completed on June 26, 2018.

10. On May 31, 2018, the Company's 11th session of the 6th Board of Director's meeting reviewed and approved the Proposal on Accepting Transfer of Part of the Equity of the Company and Giving up the Priority to Accept Transfer and Connected Transactions. It is agreed to: (1) Accept transfer of 6% equity in HuaRay Technology held by the connected legal person Zhejiang Huashi Investment Management Co., Ltd., and give up the priority to accept transfer of 49% equity in HuaRay Technology by the connected legal person Huashi Investment, the connected natural person Zhang Xingming and other unconnected persons to the connected legal persons and the core employee venture capital investment new business shareholding platform Ningbo Huayu Investment Management Partnership Enterprise (hereinafter referred to as "Ningbo Huayu"); (2) Give up the priority to accept transfer of 49% equity in Zhejiang Huachuang Vision Technology Co., Ltd. held by the connected legal person Huashi Investment and other unconnected natural persons to Ningbo Huayu; (3) Give up the priority to accept proposed transfer of 49% equity in Zhejiang Dahua Security Network Operation Service Co., Ltd. held by the connected legal person Huashi Investment, the connected natural person Wu Jun and other unconnected persons to Ningbo Huayu. In July 2018, the above three matters about equity transfer were completed.

11. On May 31, 2018, the Company's 11th session of the 6th Board of Director's meeting reviewed and approved the Proposal on Making Joint Investment with the Connected Persons and Connected Transactions. It is agreed to jointly fund the establishment of Wuxi Dahua Ruipin Technology Co., Ltd. with the connected legal person Huashi Investment. Among them, the Company contributed RMB 25.5 million with its own funds, accounting for 51% of the registered capital. Huashi Investment contributed RMB 24.5 million by cash, accounting for 49% of the registered capital. In June 2018, the project company was established.

12. On June 21, 2018, the Company's 12th session of the 6th Board of Director's meeting reviewed and approved the Proposal on Giving up the Priority to Accept Transfer and Connected Transactions. It is agreed to give up the priority to accept the proposed transfer of 49% equity in Hangzhou Huacheng Network Technology Co., Ltd. held by the Company's controlling shareholder Fu Liquan to the connected legal persons and the core employee venture capital investment new business shareholding platform Ningbo Huayu. In July 2018, this equity transfer was completed.

13. On July 16, 2018, the Company's 13th session of the 6th Board of Director's meeting reviewed and approved the Proposal on Investing to Build the "Dahua Intelligent Base in West China and the Dahua R&D Center in West China" in Xi'an. It's agreed that the Company will invest about RMB 800 million in the construction of this project. The land use of this project is about 133.64 mu, mainly planned for construction of the R&D and office sites, as well as the supporting facilities. The overall construction period of this project is about 42 months.

14. On September 14, 2018, the Company's 4th extraordinary shareholders' general meeting reviewed and approved the 2018 Incentive Plan for Restricted Shares (draft) and its summary, the Management Measures for Implementation and Assessment of the Incentive Plan for Restricted Shares in 2018, the Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Issues Relating to the Share Ownership Incentive. It's agreed to allow the Company to implement the 2018 incentive plan for restricted shares. Total number of the incentive targets is 3423, and the proposed number of shares to be granted is 121,749,000 (the actual number shall be subject to the actually subscribed amount). Now, the event is still underway.

Overview of the Significant Events	Date of Disclosure	Indexes for Inquiring the Websites Disclosing the Interim Reports
The Announcement on the Signing of the Framework Agreement for the PPP Project by the Subsidiary	January 26, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Advisory Announcement on the Pre-Publicity of the Award of the PPP Project to the Subsidiary	July 18, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Investing to Establish A PPP Project Company in Shache County, Xinjiang,	August 7, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on the Progress of the Subsidiary's PPP Project	April 18, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Adjustment of the Joint Investment Plan with Connected Persons and Connected Transactions (I), Announcement on Adjustment of the Joint Investment Plan with Connected Persons and Connected Transactions (II), and the Announcement on Giving up the Shareholding Company's Right to Increase Capital with the Same Percentage and Connected Transactions	January 26, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Removing the Subsidiary's External Guarantee	February 24, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Management Measures on Core Employees' Venture Capital Investment in New Business (draft)	January 26, 2018	Juchao Information Website http://www.cninfo.com.cn/
Announcement of Resolutions at the First Extraordinary General Meeting of 2018	March 7, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Increasing Capital in a Holding Subsidiary and the Connected Transactions	April 18, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on the Resolutions of	May 3, 2017	Juchao Information Website

the 29th Session of the 5th Board of Directors' Meeting, the Announcement on the Resolutions of the 19th Session of the 5th Board of Supervisors' Meeting, Summary of the Dahua Phase III Employee Stock Ownership Plan (Draft)		http://www.cninfo.com.cn/
The Announcement on the Resolutions of the 2016 Annual Shareholders' General Meeting	May 17, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Increasing Capital in a Holding Subsidiary	May 18, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on the Accomplishment of Purchase for the Phase III Employee Stock Ownership Plan	June 2, 2017	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Accepting the Transfer of Part of the Subsidiary's Equity and Giving up the Priority to Accept Transfer and Connected Transactions, and the Announcement on Joint Investment with Connected Persons and Connected Transactions	June 1, 2018	Juchao Information Website http://www.cninfo.com.cn/
Announcement on Giving up the Priority to Accept Transfer and Connected Transactions	June 22, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Investing to Build the "Dahua Intelligent Base in West China and the Dahua R&D Center in West China" in Xi'an	July 17, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on the Resolutions of the 15th Session of the 6th Board of Directors' Meeting, the Announcement on the Resolutions of the 7th Session of the 6th Board of Supervisors' Meeting, 2018 Incentive Plan for Restricted Shares (draft) and Its Summary, the Management Measures for Implementation and Assessment of the Incentive Plan for Restricted Shares in 2018	August 29, 2018	Juchao Information Website http://www.cninfo.com.cn/
The Announcement on Resolutions of the 4th Extraordinary Shareholders' General Meeting in 2018	September 15, 2018	Juchao Information Website http://www.cninfo.com.cn/

III. Overdue Commitments Not Yet Performed by the Company's De Facto Controller, Shareholders, Connected Parties, Acquirers, the Company, and Other Commitment-related Parties during the Reporting Period

√ Applicable □ Not applicable

Commitments	Giver of Commitments	Types of commitments	Details	Time	Term	Performance
Commitments Made during Initial Public Offerings or Refinancing	Fu Liquan, Zhu Jiangming, Chen Ailing, and Wu Jun	Commitment on restricted shares	The number of shares transferred each year during his/her term of service shall not exceed 25 percent of the total number of shares he/she holds in the Company; he/she shall not transfer his/her shares in the Company within half a year after he/she leaves the Company; within the next twelve months, the number of shares sold through the stock exchange listing transactions shall not exceed 50% of the total shares he/she holds.	July 15, 2007	Long-term	As of the disclosure date of this announcement, the aforementioned commitments are still in strict execution.
Other Commitments to Minority Shareholders of the Company	Fu Liquan, and Chen Ailing	Commitment on horizontal competition	(1) He/she will not directly engage in operational activities that constitute horizontal competition with the stock company's business; (2) for companies he/she held or indirectly held, he/she will fulfill the obligations under this commitment through agencies and personnel (including but not limited to directors and managers); (3) if the stock company further expands its range of products and business scope, he/she and the company held by him/her will not compete with the expanded range of products or businesses of the stock company.	June 30, 2007	Long-term	As of the disclosure date of this announcement, the aforementioned commitments are still in strict execution.
Whether the Commitment Is Fulfilled on Time	Yes					

IV. Forecast on the Company's Operating Results for 2018

Forecasted operating results for 2018: The net profit attributable to shareholders of the listed company is in a positive number, and it's not a circumstance of turning losses into profit.

Amount of Variation in Net Profit Attributable to Shareholders of the Listed Company in 2018	0%	to	15%
Range of Variation in Net Profit Attributable to Shareholders of	237,872.68	to	273,553.58

the Listed Company in 2018 (Rmb10,000)			
Net Profit Attributable to Shareholders of the Listed Company in 2017 (Rmb10,000)			237,872.68
Reasons for the Performance Variation	The Company's sale volume expanded and the operation revenue increased. It's estimated that the net profit attributable to owners of the parent company increased by 0% ~ 15% compared to the same period of last year.		

V. Financial Assets Measured at Fair Value

Applicable Not applicable

Unit: RMB

Asset Class	Initial Investment Cost	Changes in Fair Value Gains and Losses during the Current Period	Cumulative Fair Value Changes in Equity	Amount Purchased During the Reporting Period	Amount Sold During the Reporting Period	Cumulative Investment Income	Amount at the End of the Period	Capital Source
Financial derivative instruments		-64,861,287.24		1,694,800,000.00		-21,635,760.81	1,081,920,000.00	Equity Fund
Total		-64,861,287.24		1,694,800,000.00		-21,635,760.81	1,081,920,000.00	--

VI. Guarantee for Third Parties in Violation of Regulations

Applicable Not applicable

During the reporting period, there was no guarantee for third parties in violation of regulations.

VII. Appropriation of Non-operational Funds of Listed Companies by Controlling Shareholders and Their Connected Parties

Applicable Not applicable

VIII. Entrusted Wealth Management

Applicable Not applicable

Unit: Ten thousand RMB

Specific Type	Funding Source	Entrusted Amount	Unexpired Balance	Overdue Outstanding Amount

Bank financial products	Equity Fund	3,900	0	0
Total		3,900	0	0

Situation of high-risk entrusted WM with significant single amount or low security, poor liquidity and no principal protection

Applicable Not applicable

Cases of entrusted financing expected to be unable to recover the principal or cases that may result in impairment

Applicable Not applicable

IX. Registration Record for Analyst Reception, Communications, Interviews, and Other Activities during the Reporting Period

Applicable Not applicable

Reception Time	Reception Method	Reception Target Type	Index of the Basic Information of Research
July 2, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
July 8, 2018	Communication via phone	Institutional and individual investors	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
July 17, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
July 18, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
August 23, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
August 29, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
August 30, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 6, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 7, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn

September 12, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 13, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 14, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 18, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 19, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 20, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 26, 2018	Communication via phone	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn
September 27, 2018	Field Investigation	Institution	For more information, please see the investor relations activity list in http://www.cninfo.com.cn

Section IV. Financial Statements

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

September 30, 2018

Unit: RMB

Items	Closing Balance	Opening Balance
Current Assets:		
Cash and Bank Balances	1,950,080,565.32	3,612,937,164.14
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets		
Notes Receivable and Accounts Receivable	11,724,224,390.52	9,971,240,927.27
Notes Receivable	2,158,210,607.00	2,431,296,170.58
Accounts Receivable	9,566,013,783.52	7,539,944,756.69
Prepayments	172,563,190.47	154,357,171.13
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	390,477,962.01	292,278,208.02
Buying Back the Sale of Financial Assets		
Inventories	3,983,493,620.76	2,806,142,598.65
Assets Held for Sale		
Non-current Assets Due within 1 Year	508,123,156.73	367,302,811.80
Other Current Assets	334,398,018.68	352,055,656.65
Subtotal of Current Assets	19,063,360,904.49	17,556,314,537.66
Non-current Assets:		
Loans and Advances		
Financial Assets Available for Sale	82,970,227.00	77,970,227.00
Held-to-maturity Investments		

Long-term Receivables	1,676,664,764.93	1,480,947,137.80
Long-term Equity Investment	20,778,210.52	61,272,885.41
Investment Property	186,682,164.13	181,050,142.29
Fixed Assets	1,301,919,596.37	1,248,305,165.77
Projects under Construction	134,426,331.91	58,779,225.41
Productive Biological Assets		
Oil and Gas Assets		
Intangible Assets	293,554,853.39	253,357,254.66
Development Expenditure		
Goodwill	96,540,278.38	71,083,281.09
Long-term Prepaid Expenses	34,163,106.29	
Deferred Income Tax Assets	335,482,309.11	251,453,971.05
Other Non-current Assets	188,658,810.37	92,944,735.83
Subtotal of Non-current Assets	4,351,840,652.40	3,777,164,026.31
Total Assets	23,415,201,556.89	21,333,478,563.97
Current Liabilities:		
Short-term Borrowings	2,796,729,838.96	1,770,924,255.90
Borrowings from the Central Bank		
Deposit Taking and Interbank Deposit		
Borrowings from Banks and Other Financial Institutions		
Financial Liabilities Measured at Fair Value with Changes Recorded into Current Profit and Loss	127,311,287.24	62,450,000.00
Derivative Financial Liabilities		
Notes Payable and Accounts Payable	6,352,341,522.39	6,136,607,389.03
Received Prepayments	461,813,353.75	461,715,422.38
Financial Assets Sold for Repurchase		
Service Charge and Commission Payable		
Employee Compensation Payable	603,163,381.51	851,146,379.97
Tax Payable	325,332,337.92	479,536,571.45
Other Payables	131,404,867.44	107,991,640.10
Reinsurance Accounts Payable		
Insurance Contract Reserves		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		

Liabilities Held for Sale		
Non-current Liabilities Due within 1 Year	25,500,000.00	
Other Current Liabilities	62,391,071.01	45,941,962.85
Subtotal of Current Liabilities	10,885,987,660.22	9,916,313,621.68
Non-current Liabilities:		
Long-term Borrowings	179,500,000.00	230,000,000.00
Bonds Payable		
Including: Preferred Shares		
Perpetual Bonds		
Long-term Payables		
Long-term Employee Compensation Payable		
Expected Liabilities	183,227,904.04	127,998,889.61
Deferred Income	59,486,689.27	61,866,156.88
Deferred Income Tax Liabilities	57,617,847.02	45,468,946.77
Other Non-current Liabilities	387,253,299.37	358,600,936.54
Subtotal of Non-current Liabilities	867,085,739.70	823,934,929.80
Total Liabilities	11,753,073,399.92	10,740,248,551.48
Shareholders' Equity:		
Share Capital	2,898,756,130.00	2,898,756,130.00
Other Equity Instruments		
Including: Preferred Shares		
Perpetual Bonds		
Capital Reserves	593,047,746.10	593,340,751.52
Less: Treasury Share		
Other Comprehensive Incomes	4,424,881.94	6,660,189.04
Special Reserves		
Surplus Reserves	971,547,268.36	971,547,268.36
General Risk Reserves		
Undistributed Profits	6,980,060,197.85	5,996,130,036.27
Total Shareholders' Equity Attributable to the Parent Company	11,447,836,224.25	10,466,434,375.19
Minority Shareholders' Equity	214,291,932.72	126,795,637.30
Total Shareholders' Equity	11,662,128,156.97	10,593,230,012.49
Total Liabilities and Shareholders' Equity	23,415,201,556.89	21,333,478,563.97

Legal representative: Fu Liquan Person in charge of accounting: Wei Meizhong Person in charge of the accounting institution:

Xu Qiaofen

2. Balance Sheet of the Parent Company

Unit: RMB

Item Name	Balance at the End of the Period	Balance at the Commencement of the Period
Current Assets:		
Cash and Bank Balances	71,405,246.50	528,918,086.71
Financial Assets at Fair Value through Profit or Loss		
Derivative Financial Assets		
Notes Receivable and Accounts Receivable	3,426,033,208.87	5,961,186,747.25
Notes Receivable	809,348,902.91	28,625,396.43
Accounts Receivable	2,616,684,305.96	5,932,561,350.82
Prepayments	25,728,385.69	60,553,036.53
Other Receivables	6,709,796,459.94	2,745,958,536.36
Inventories	163,606,404.79	155,981,228.49
Assets Held for Sale		
Non-current Assets Due within 1 Year	13,876,282.77	721,747.17
Other Current Assets	2,029,756.40	613,008.35
Subtotal of Current Assets	10,412,475,744.96	9,453,932,390.86
Non-current Assets:		
Financial Assets Available for Sale	80,496,000.00	75,496,000.00
Held-to-maturity Investments		
Long-term Receivables	103,462,663.88	2,900,649.67
Long-term Equity Investment	2,801,028,137.56	2,492,439,607.09
Investment Property	185,678,627.21	188,865,490.54
Fixed Assets	481,168,448.33	457,103,573.22
Projects under Construction	71,884,083.59	32,179,351.04
Productive Biological Assets		
Oil and Gas Assets		
Intangible Assets	175,680,461.28	183,721,662.56
Development Expenditure		
Goodwill		
Long-term Prepaid Expenses	27,404,226.91	

Deferred Income Tax Assets	40,923,167.45	36,986,523.59
Other Non-current Assets	4,975,897.63	3,611,195.07
Subtotal of Non-current Assets	3,972,701,713.84	3,473,304,052.78
Total Assets	14,385,177,458.80	12,927,236,443.64
Current Liabilities:		
Short-term Borrowings	1,238,603,047.41	700,000,000.00
Financial Liabilities Measured at Fair Value with Changes Recorded into Current Profit and Loss		
Derivative Financial Liabilities		
Notes Payable and Accounts Payable	671,719,813.13	524,188,372.26
Received Prepayments	52,538,394.26	87,898,434.50
Employee Compensation Payable	454,065,987.85	632,166,128.79
Tax Payable	144,004,473.39	346,992,152.22
Other Payables	147,322,352.42	137,023,150.55
Liabilities Held for Sale		
Non-current Liabilities Due within 1 Year		
Other Current Liabilities	1,622,539.72	67,347.75
Subtotal of Current Liabilities	2,709,876,608.18	2,428,335,586.07
Non-current Liabilities:		
Long-term Borrowings		
Bonds Payable		
Including: Preferred Shares		
Perpetual Bonds		
Long-term Payables		
Long-term Employee Compensation Payable		
Expected Liabilities	866,100.00	925,500.00
Deferred Income		
Deferred Income Tax Liabilities	43,435.80	43,435.80
Other Non-current Liabilities	13,713,673.83	452,397.55
Subtotal of Non-current Liabilities	14,623,209.63	1,421,333.35
Total Liabilities	2,724,499,817.81	2,429,756,919.42
Shareholders' Equity:		
Share Capital	2,898,756,130.00	2,898,756,130.00
Other Equity Instruments		

Including: Preferred Shares		
Perpetual Bonds		
Capital Reserves	589,258,331.39	589,895,836.49
Less: Treasury Share		
Other Comprehensive Incomes		
Special Reserves		
Surplus Reserves	971,547,268.36	971,547,268.36
Undistributed Profits	7,201,115,911.24	6,037,280,289.37
Total Shareholders' Equity	11,660,677,640.99	10,497,479,524.22
Total Liabilities and Shareholders' Equity	14,385,177,458.80	12,927,236,443.64

3. Consolidated Income Statement during the Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Total Operating Revenue	5,216,687,713.72	4,258,629,946.91
Including: Operating Revenue	5,216,687,713.72	4,258,629,946.91
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	4,924,556,705.48	3,988,697,415.89
Including: Operating Cost	3,333,731,189.72	2,614,967,687.65
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount Withdrawn for Insurance Contract Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	41,313,194.06	29,265,243.65
Sales Expenses	823,964,851.51	644,345,628.10
Administrative Expenses	208,144,671.11	164,459,090.85
Research and Development Expense	646,771,713.83	414,353,282.97
Financial Expenses	-166,844,524.16	60,123,771.90

Interest Expenses	29,722,966.77	17,142,477.83
Interest Income	-29,379,494.71	-10,325,899.80
Losses on Assets Impairment	37,475,609.41	61,182,710.77
Add: Other Incomes	182,833,069.63	167,151,052.30
Investment Income (Mark "-" for Loss)	-31,254,782.85	-7,216,081.77
Including: Investment Income from Affiliates and Joint Ventures	-6,657,627.72	-9,622,121.02
Incomes from Changes in Fair Value (Mark "-" for Losses)	-23,528,521.97	
Exchange Gains (Mark "-" for Losses)		
Asset Disposal Income (Mark "-" for Loss)	30,560.71	24,143.20
III. Operating Profit (Mark "-" for Loss)	420,211,333.76	429,891,644.75
Add: Non-operating Revenues	19,971,732.76	17,373,984.31
Less: Non-operating Expenses	330,608.26	10,761,224.43
IV. Total Profit (Mark "-" for Total Loss)	439,852,458.26	436,504,404.63
Less: Income Tax Expense	-47,525,102.25	-27,577,340.21
V. Net Profit (Mark "-" for Net Loss)	487,377,560.51	464,081,744.84
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	487,377,560.51	464,081,744.84
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
Net Profit Attributable to the Parent Company's Owner	481,764,501.06	461,492,620.03
Minority Shareholders' Profit and Loss	5,613,059.45	2,589,124.81
VI. Net Amount of Other Comprehensive Incomes after Tax	-10,629,067.12	670,976.56
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	-10,629,067.12	670,976.56
(I) Other Comprehensive Incomes That Cannot Be Subsequently Reclassified as P/L		
1. Changes Arising from Remeasurement of Net Liabilities or Net Assets in Defined Benefit Plans		
2. Share in Other Comprehensive Incomes of the Investee That Cannot Be Reclassified as P/L under the Equity Method		
(II) Other Comprehensive Incomes That Will Be Subsequently Reclassified as P/L	-10,629,067.12	670,976.56
1. Share in Other Comprehensive Incomes of the Investee That Will Be Subsequently Reclassified as P/L under the Equity Method		
2. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
3. Profit or Loss Arising from Reclassifying Investments Held to Maturity as Financial Assets Available for Sale		

4. Effective Part of Profit or Loss from Cash Flow Hedging		
5. Currency Translation Difference	-10,629,067.12	670,976.56
6. Others		
Net Amount of Other Comprehensive Incomes after Tax Attributable to Minority Shareholders		
VII. Total Comprehensive Income	476,748,493.39	464,752,721.40
Total Comprehensive Income Attributable to the Parent Company's Owner	471,135,433.94	462,163,596.59
Total Comprehensive Income Attributable to Minority Shareholders	5,613,059.45	2,589,124.81
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.17	0.16
(II) Diluted Earnings per Share	0.17	0.16

For consolidation under the same control in this period, the net profit realized by the consolidated party before consolidation is: RMB. The net profit realized by the consolidated party in previous period is: RMB.

Legal representative: Fu Liquan Person in charge of accounting: Wei Meizhong Person in charge of the accounting institution: Xu Qiaofen

4. Income Statement of the Parent Company during the Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Operating Revenue	1,792,844,785.59	1,485,813,679.96
Less: Operating Cost	287,661,878.89	92,090,181.65
Taxes and Surcharges	22,733,401.39	22,839,772.98
Sales Expenses	488,743,169.47	401,932,848.45
Administrative Expenses	99,149,898.12	82,010,686.04
Research and Development Expense	589,456,757.42	374,797,651.53
Financial Expenses	5,462,603.59	9,035,089.64
Interest Expenses	8,996,914.10	7,996,610.52
Interest Income	-4,962,437.30	-547,735.65
Losses on Assets Impairment	-44,895,002.92	10,477.35
Add: Other Incomes	171,234,834.51	165,899,068.25
Investment Income (Mark "-" for Loss)	-6,657,627.72	-5,886,140.85
Including: Investment Income from Affiliates and Joint Ventures	-6,657,627.72	-9,814,908.55
Incomes from Changes in Fair Value (Mark "-" for Losses)		

Asset Disposal Income (Mark "-" for Loss)	21,718.55	24,143.20
II. Operating Profit (Mark "-" for Loss)	509,131,004.97	663,134,042.92
Add: Non-operating Revenues	17,831,075.48	8,466,711.09
Less: Non-operating Expenses	245,021.42	9,804,377.97
III. Total Profit (Mark "-" for Total Loss)	526,717,059.03	661,796,376.04
Less: Income Tax Expense	-110,393,938.26	7,148,065.16
IV. Net Profit (Mark "-" for Net Loss)	637,110,997.29	654,648,310.88
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	637,110,997.29	654,648,310.88
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes after Tax		
(I) Other Comprehensive Incomes That Cannot Be Subsequently Reclassified as P/L		
1. Changes Arising from Remeasurement of Net Liabilities or Net Assets in Defined Benefit Plans		
2. Share in Other Comprehensive Incomes of the Investee That Cannot Be Reclassified as P/L under the Equity Method		
(II) Other Comprehensive Incomes That Will Be Subsequently Reclassified as P/L		
1. Share in Other Comprehensive Incomes of the Investee That Will Be Subsequently Reclassified as P/L under the Equity Method		
2. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
3. Profit or Loss Arising from Reclassifying Investments Held to Maturity as Financial Assets Available for Sale		
4. Effective Part of Profit or Loss from Cash Flow Hedging		
5. Currency Translation Difference		
6. Others		
VI. Total Comprehensive Income	637,110,997.29	654,648,310.88
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.22	0.23
(II) Diluted Earnings per Share	0.22	0.23

5. Consolidated Income Statement from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item Name	This Period's Amount of	Previous Period's
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	Occurrence	Amount of Occurrence
I. Total Operating Revenue	15,030,729,066.20	11,723,294,881.29
Including: Operating Revenue	15,030,729,066.20	11,723,294,881.29
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	13,709,855,396.51	10,666,539,007.22
Including: Operating Cost	9,563,851,634.78	7,135,008,488.79
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount Withdrawn for Insurance Contract Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	104,005,456.03	83,288,603.07
Sales Expenses	2,076,706,752.34	1,591,164,605.13
Administrative Expenses	477,344,075.64	386,655,575.69
Research and Development Expense	1,511,900,765.92	1,210,847,177.33
Financial Expenses	-189,724,920.01	108,763,323.85
Interest Expenses	78,284,369.59	55,665,027.12
Interest Income	-80,171,832.38	-41,353,705.55
Losses on Assets Impairment	165,771,631.81	150,811,233.36
Add: Other Incomes	467,750,068.56	511,561,355.58
Investment Income (Mark "-" for Loss)	-52,122,659.16	-21,234,624.42
Including: Investment Income from Affiliates and Joint Ventures	-32,224,908.63	-28,341,585.19
Incomes from Changes in Fair Value (Mark "-" for Losses)	-64,861,287.24	
Exchange Gains (Mark "-" for Losses)		
Asset Disposal Income (Mark "-" for Loss)	17,535.97	258,708.67
III. Operating Profit (Mark "-" for Loss)	1,671,657,327.82	1,547,341,313.90
Add: Non-operating Revenues	25,206,031.85	34,817,551.32
Less: Non-operating Expenses	2,525,495.61	12,470,065.49
IV. Total Profit (Mark "-" for Total Loss)	1,694,337,864.06	1,569,688,799.73
Less: Income Tax Expense	118,196,431.38	125,783,329.50

V. Net Profit (Mark "-" for Net Loss)	1,576,141,432.68	1,443,905,470.23
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,576,141,432.68	1,443,905,470.23
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
Net Profit Attributable to the Parent Company's Owner	1,563,681,387.58	1,444,493,831.26
Minority Shareholders' Profit and Loss	12,460,045.10	-588,361.03
VI. Net Amount of Other Comprehensive Incomes after Tax	-2,235,307.10	1,037,096.85
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	-2,235,307.10	1,037,096.85
(I) Other Comprehensive Incomes That Cannot Be Subsequently Reclassified as P/L		
1. Changes Arising from Remeasurement of Net Liabilities or Net Assets in Defined Benefit Plans		
2. Share in Other Comprehensive Incomes of the Investee That Cannot Be Reclassified as P/L under the Equity Method		
(II) Other Comprehensive Incomes That Will Be Subsequently Reclassified as P/L	-2,235,307.10	1,037,096.85
1. Share in Other Comprehensive Incomes of the Investee That Will Be Subsequently Reclassified as P/L under the Equity Method		
2. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
3. Profit or Loss Arising from Reclassifying Investments Held to Maturity as Financial Assets Available for Sale		
4. Effective Part of Profit or Loss from Cash Flow Hedging		
5. Currency Translation Difference	-2,235,307.10	1,037,096.85
6. Others		
Net Amount of Other Comprehensive Incomes after Tax Attributable to Minority Shareholders		
VII. Total Comprehensive Income	1,573,906,125.58	1,444,942,567.08
Total Comprehensive Income Attributable to the Parent Company's Owner	1,561,446,080.48	1,445,530,928.11
Total Comprehensive Income Attributable to Minority Shareholders	12,460,045.10	-588,361.03
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.54	0.50
(II) Diluted Earnings per Share	0.54	0.50

Occurred enterprise consolidation under the same control during this period, the net profit realized by consolidated party before consolidation is: RMB. The net profit realized by the consolidated party during previous period is: RMB.

6. Income Statement of the Parent Company from the Beginning of the Year to the End of the Reporting Period

Unit: Yuan

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Total Operating Revenue	5,576,992,611.46	4,043,735,258.60
Less: Operating Cost	1,455,015,004.83	288,635,592.04
Taxes and Surcharges	67,645,018.11	66,811,843.17
Sales Expenses	1,173,616,922.24	1,014,775,829.54
Administrative Expenses	224,057,849.24	201,962,723.77
Research and Development Expense	1,347,566,767.39	1,104,532,182.66
Financial Expenses	-5,455,841.16	23,023,817.59
Interest Expenses	25,612,631.49	20,829,917.99
Interest Income	-32,752,271.20	-1,575,603.23
Losses on Assets Impairment	-33,694,833.36	11,203,668.00
Add: Other Incomes	443,719,222.41	492,967,360.46
Investment Income (Mark "-" for Loss)	-30,125,038.40	-18,924,742.01
Including: Investment Income from Affiliates and Joint Ventures	-31,510,214.43	-28,397,370.97
: Incomes from Changes in Fair Value (Mark "-" for Losses)		
Asset Disposal Income (Mark "-" for Loss)	8,194.76	174,322.85
II. Operating Profit (Mark "-" for Loss)	1,761,844,102.94	1,807,006,543.13
Add: Non-operating Revenues	20,752,070.15	20,965,767.64
Less: Non-operating Expenses	573,768.45	10,098,026.68
III. Total Profit (Mark "-" for Total Loss)	1,782,022,404.64	1,817,874,284.09
Less: Income Tax Expense	38,435,556.77	135,263,469.24
IV. Net Profit (Mark "-" for Net Loss)	1,743,586,847.87	1,682,610,814.85
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,743,586,847.87	1,682,610,814.85
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes after Tax		
(I) Other Comprehensive Incomes That Cannot Be Subsequently Reclassified as P/L		
1. Changes Arising from Remeasurement of Net Liabilities or Net Assets in Defined Benefit Plans		
2. Share in Other Comprehensive Incomes of the Investee That Cannot Be Reclassified as P/L under the Equity Method		

(II) Other Comprehensive Incomes That Will Be Subsequently Reclassified as P/L		
1. Share in Other Comprehensive Incomes of the Investee That Will Be Subsequently Reclassified as P/L under the Equity Method		
2. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
3. Profit or Loss Arising from Reclassifying Investments Held to Maturity as Financial Assets Available for Sale		
4. Effective Part of Profit or Loss from Cash Flow Hedging		
5. Currency Translation Difference		
6. Others		
VI. Total Comprehensive Income	1,743,586,847.87	1,682,610,814.85
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.60	0.58
(II) Diluted Earnings per Share	0.60	0.58

7. Consolidated Cash Flow Statement from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Cash Flow from Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	14,096,899,342.48	10,440,057,304.60
Net Increase in Customer's Bank Deposits and Interbank Deposits		
Net Increase in Borrowings from the Central Bank		
Net Increase in Borrowings from Other Financial Institutions		
Cash Arising from Receiving Premiums for the Original Insurance Contract		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Net Additions to Financial Assets from Disposal at Fair Value Measurement and Its Inclusion in Current Profit or Loss		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Tax Refund	1,175,466,753.02	1,067,052,799.19

Other Received Cashes Related to Operational Activities	179,706,020.35	55,867,722.02
Subtotal of Operational Activities Free Cash Inflow	15,452,072,115.85	11,562,977,825.81
Cash Paid for Merchandise and Services	11,313,035,144.29	8,177,127,518.54
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Original Insurance Contract Claims		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	3,147,424,488.01	2,225,705,207.91
Cash Paid for Taxes and Surcharges	1,148,544,384.30	1,009,317,685.70
Other Paid Cashes Related to Operational Activities	1,510,039,968.78	1,292,520,319.37
Subtotal of Operational Activities Free Cash Outflow	17,119,043,985.38	12,704,670,731.52
Net Cash Flow from Operational Activities	-1,666,971,869.53	-1,141,692,905.71
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	146,950,000.00	62,960,476.45
Cash Arising from Investment Incomes	1,738,010.28	8,104,273.12
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	552,893.76	1,552,766.02
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities	3,254,123.87	33,252,642.22
Investment Activities Free Cash Inflow Subtotal	152,495,027.91	105,870,157.81
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	389,636,120.07	242,841,832.28
Cash Paid for Investments	144,300,000.00	121,796,449.00
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units	56,408,605.39	
Other Paid Cashes Related to Investment Activities	100,527,143.08	997,312.35
Investment Activities Free Cash Outflow Subtotal	690,871,868.54	365,635,593.63
Net Amount of Cash Flow from Investment Activities	-538,376,840.63	-259,765,435.82
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	77,742,285.10	40,773,116.00
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	77,742,285.10	40,773,116.00

Cash Arising from Borrowings	4,608,755,547.11	3,423,644,986.19
Cash Arising from Bonds Issue		
Other Received Cashes Related to Financing Activities	1,073,755,819.97	364,546,900.00
Financing Activities Free Cash Inflow Subtotal	5,760,253,652.18	3,828,965,002.19
Cash Paid for Debts Repayment	3,615,177,763.81	1,878,090,687.31
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	650,902,100.63	344,872,157.65
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Paid Cashes Related to Financing Activities	912,488,000.04	629,723,815.79
Financing Activities Free Cash Outflow Subtotal	5,178,567,864.48	2,852,686,660.75
Net Amount of Cash Flow from Financing Activities	581,685,787.70	976,278,341.44
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	59,968,947.69	-49,317,751.79
V. Net Increase in Cash and Cash Equivalents	-1,563,693,974.77	-474,497,751.88
Add: Cash and Cash Equivalents at the Commencement of the Period	3,062,678,993.88	2,075,176,785.56
VI. Cash and Cash Equivalents at the End of the Period	1,498,985,019.11	1,600,679,033.68

8. Cash Flow Statement of the Parent Company from the Beginning of the Year to the End of the Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Cash Flow from Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	8,565,255,144.00	3,151,052,612.32
Tax Refund	440,611,381.06	492,967,360.46
Other Received Cashes Related to Operational Activities	21,008,777.53	16,687,704.93
Subtotal of Operational Activities Free Cash Inflow	9,026,875,302.59	3,660,707,677.71
Cash Paid for Merchandise and Services	1,529,294,174.11	87,945,929.82
Cash Paid to and for Employees	1,986,373,244.95	1,510,598,490.80
Cash Paid for Taxes and Surcharges	839,005,205.65	796,146,139.81
Other Paid Cashes Related to Operational Activities	800,738,387.79	740,565,784.34
Subtotal of Operational Activities Free Cash Outflow	5,155,411,012.50	3,135,256,344.77
Net Cash Flow from Operational Activities	3,871,464,290.09	525,451,332.94
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	107,950,000.00	52,912,476.45

Cash Arising from Investment Incomes	1,385,176.03	5,627,365.05
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	66,112,836.14	529,006.41
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities	29,536,675.15	1,592,642.22
Investment Activities Free Cash Inflow Subtotal	204,984,687.32	60,661,490.13
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	91,063,022.15	108,818,341.54
Cash Paid for Investments	453,686,250.00	736,185,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities		
Investment Activities Free Cash Outflow Subtotal	544,749,272.15	845,003,341.54
Net Amount of Cash Flow Generated by Investment Activities	-339,764,584.83	-784,341,851.41
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		
Cash Arising from Borrowings	1,488,603,047.41	690,000,000.00
Cash Arising from Bonds Issue		
Other Received Cashes Related to Financing Activities	111,547,737.65	77,735,148.36
Financing Activities Free Cash Inflow Subtotal	1,600,150,785.06	767,735,148.36
Cash Paid for Debts Repayment	950,000,000.00	550,000,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	602,162,751.51	311,948,216.34
Other Paid Cashes Related to Financing Activities	4,041,706,031.13	398,406,311.70
Financing Activities Free Cash Outflow Subtotal	5,593,868,782.64	1,260,354,528.04
Net Amount of Cash Flow from Financing Activities	-3,993,717,997.58	-492,619,379.68
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-115,776.35	-128,479.57
V. Net Increase in Cash and Cash Equivalents	-462,134,068.67	-751,638,377.72
Add: Cash and Cash Equivalents at the Commencement of the Period	524,670,812.68	792,226,544.55
VI. Cash and Cash Equivalents at the End of the Period	62,536,744.01	40,588,166.83

II. Audit Reports

Has the Third Quarter Report been audited?

Yes No

The Third Quarter Report of the Company has not been audited.

Zhejiang Dahua Technology Co., Ltd.

Chairman: Fu Liquan

October 26, 2018