

Zhejiang Dahua Technology Co., Ltd.

2020 Annual Report



Stock code: 002236

Stock Abbreviation: Dahua

Date of Disclosure: March 2020

This document is a translated version of the Chinese version 2020 Annual Report (“2020 年年度报告全文”), and the published annual report in the Chinese version shall prevail.
The complete published Chinese 2020 Annual Report may be obtained at <http://www.cninfo.com.cn>.

Section I Important Notes, Contents And Definitions

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 shall be authentic, accurate and complete and free of any false records, misleading statements or material omissions, and they will bear joint and several liability for such information.

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

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

During the reporting period, there was no significant change in the risks faced by the Company. The Company has been trying to identify all kinds of risks and actively take countermeasures to avoid and reduce the risks:

1. Risk of technology upgrading: the video surveillance industry is a typical technology-intensive industry, which is upgraded extremely fast. If the Company is unable to keep up with development trends in the industry's technology, to pay full attention to customers' diversified individual needs, and to be followed by sufficient R&D investments, it will still face the risk of losing market competitiveness due to discontinuous innovation.

2. Risk of business model change: with the development of network communications, cloud computing, big data, AI and other technologies, as well as the upgrades of smart phone applications, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise cannot grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market structure might be upended.

3. Risk of product safety: the Company attaches great importance to and continuously strengthens resource investment to ensure safe and reliable operations of the security system so as to respond to the product security risks on the Internet. However, hackers attacks, computer viruses, physical security vulnerabilities, natural disasters, accidents, power interruptions, telecommunications failures, terrorism, and warfare events may still occur from time to time, resulting in security vulnerabilities, system failures, or service interruptions.

4. Intellectual property risk: the promotion of the company's globalization and self-owned brand strategy will likely bring about intellectual property risks and patent infringement, which may cause fluctuation in business relations and public opinions, increasing lawsuits and rising costs.

5. Exchange rate risk: The Company's export transactions are mostly settled in United States Dollars ("USD"), while overseas sales have increased continuously. Therefore, fluctuations in the foreign exchange rate have the potential to affect the profits of the Company.

6. Risk of decline in local fiscal solvency: at present, some local governments have high level of fiscal debts. If the solvency declines, it may lead to the slowdown in the growth of some industry demands, prolonged construction projects, extended corporate capital return cycles, and delays in customers payments.

7. Risk of international operation: the Company's products and solutions cover over 100 countries and regions overseas, and its international business operation may face the risk of trade protection in those countries and regions.

8. Supply chain security risk: in terms of supply security, the Company has comprehensively reviewed all types of potential supply risks through dedicated operations, and has strengthened its ability to continuously supply key materials safely by means of developing backup solutions and diversifying supply sources to ensure supply chain security.

The above points might not be all-inclusive of all other potential risks, please pay

attention to the potential investment risk.

The profit distribution proposal approved by the board of directors is: Taking 2,995,579,590 as the basis, RMB 2.68 (tax included) of cash dividend and 0 bonus share (tax included) for every 10 shares will be distributed to all shareholders, instead of common reserve capitalizing.

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Definitions

Item	Refers To	Definitions
Reporting Period	Refers To	From January 1, 2020 to December 31, 2020
Dahua, company, the company	Refers To	Zhejiang Dahua Technology Co., Ltd.
Dahua System Engineering, System Engineering Company	Refers To	Zhejiang Dahua System Engineering Co., Ltd.
Dahua Vision Technology	Refers To	Zhejiang Dahua Vision Technology Co., Ltd.
Dahua Zhilian	Refers To	Zhejiang Dahua Zhilian Co., Ltd.
Dahua Security Network, Operation Company	Refers To	Zhejiang Dahua Security Network Operation Service Co., Ltd.
Dahua Storage	Refers To	Zhejiang Dahua Storage Technology Co., Ltd.
Vision Technology	Refers To	Zhejiang Fengshi Technology Co., Ltd.
Huachuang Vision	Refers To	Zhejiang Huachuang Vision Technology Co., Ltd.
Huafei Intelligent	Refers To	Zhejiang Huafei Intelligent Technology CO., LTD.
HuaRay Technology	Refers To	Zhejiang HuaRay Technology Co., Ltd.
Huaxiao Technology	Refers To	Zhejiang Huaxiao Technology Co., Ltd.
Dahua Automobile, Huaruijie Technology	Refers To	Zhejiang Dahua Automobile Technology Co., Ltd. (renamed Zhejiang Huaruijie Technology Co., Ltd.)
Dahua Robot, Huaxuan Technology	Refers To	Zhejiang Dahua Robot Technology Co., Ltd. (renamed Zhejiang Huaxuan Technology Co., Ltd.)
Huakong Software	Refers To	Zhejiang Huakong Software Co., Ltd.
Huajuan Technology	Refers To	Hangzhou Huajuan Technology Co., Ltd.
Dahua Jinzhi	Refers To	Zhejiang Dahua Jinzhi Technology Co., Ltd.
Dahua Ju'an	Refers To	Zhejiang Dahua Ju'an Technology Co., Ltd.
Dahua Security	Refers To	Zhejiang Dahua Security Service Co., Ltd.
Dahua Investment, Dahua Investment Management	Refers To	Zhejiang Dahua Investment Management Co., Ltd.
Hangzhou Huacheng, Huacheng Network	Refers To	Hangzhou Huacheng Network Technology Co., Ltd.
Huacheng Software	Refers To	Hangzhou Huacheng Software Technology Co., Ltd.
Xiaohua Technology, Hangzhou Xiaohua	Refers To	Hangzhou Xiaohua Technology CO., LTD.
Fuyang Hua'ao	Refers To	Hangzhou Fuyang Hua'ao Technology Co., Ltd.
Beijing Huayue	Refers To	Beijing Huayue Shangcheng Information Technology Service Co., Ltd.
Chengdu Zhian	Refers To	Chengdu Dahua Zhian Information Technology Service Co., Ltd.
Chengdu Zhilian	Refers To	Chengdu Dahua Zhilian Information Technology Co., Ltd.
Chengdu Zhishu	Refers To	Chengdu Dahua Zhishu Information Technology Service Co., Ltd.

Chengdu Smart	Refers To	Chengdu Huishan Smart Network Technology Co., Ltd.
Chengdu Zhichuang	Refers To	Chengdu Zhichuang Yunshu Technology Co., Ltd.
Zhongcheng Technology	Refers To	Dahua Zhongcheng (Beijing) Technology Co., Ltd.
Guangxi Security	Refers To	Guangxi Dahua Security Service Co., Ltd.
Guangxi Dahua Technology	Refers To	Guangxi Dahua Technology Co., Ltd.
Guangxi Dahua Information	Refers To	Guangxi Dahua Information Technology Co., Ltd.
Guangxi Zhicheng, Dahua Zhicheng	Refers To	Guangxi Dahua Zhicheng Co., Ltd.
Dahua Zhongzhi	Refers To	Guangxi Dahua Zhongzhi Technology Co., Ltd.
Guangxi Huacheng	Refers To	Guangxi Huacheng Technology Co., Ltd.
Guizhou Dahua	Refers To	Guizhou Dahua Information Technology Co., Ltd.
Guizhou Huayi	Refers To	Guizhou Huayi Shixin Technology Co., Ltd.
Meitan Dahua Technology	Refers To	Guizhou Meitan Dahua Information Technology Co., Ltd.
Henan Dahua	Refers To	Henan Dahua Zhilian Information Technology Co., Ltd.
Hunan Dahua Zhilong, Dahua Zhilong	Refers To	Hunan Dahua Zhilong Information Technology Co., Ltd.
Inner Mongolia Zhimeng	Refers To	Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.
Shanghai Huashang	Refers To	Shanghai Huashang Chengyue Information Technology Service Co., Ltd.
Dahua Guangxun	Refers To	Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.
Tianjin Dahua Information, Tianjin Dahua	Refers To	Tianjin Dahua Information Technology Co., Ltd.
Wuxi Ruipin	Refers To	Wuxi Dahua Ruipin Technology Co., Ltd.
Xi'an Dahua Zhilian, Xi'an Dahua	Refers To	Xi'an Dahua Zhilian Technology Co., Ltd.
Xinjiang Huayue	Refers To	Xinjiang Dahua Huayue Information Technology Co., Ltd.
Xinjiang Xinzhi	Refers To	Xinjiang Dahua Xinzhi Information Technology Co., Ltd.
Xinjiang Zhihe	Refers To	Xinjiang Dahua Zhihe Information Technology Co., Ltd.
Xinjiang Zhitian	Refers To	Xinjiang Dahua Zhitian Information Technology Co., Ltd.
Xinjiang Information	Refers To	Xinjiang Dahua Zhixin Information Technology Co., Ltd.
Yunnan Zhili	Refers To	Yunnan Zhili Technology Co., Ltd
Zhoushan Operation	Refers To	Zhejiang Zhoushan Digital Development Operation Co., Ltd
China Standard Intelligent Security	Refers To	China Standard Intelligent Security Technology Co., Ltd.
Leapmotor Technology	Refers To	Zhejiang Leapmotor Technology Co., Ltd.
Leapmotor	Refers To	Leapmotor Automobile Co., Ltd.
Dahua Hong Kong, Dahua (HK) Limited	Refers To	Dahua Technology (HK) Limited
Dahua Argentina	Refers To	Dahua Argentina S.A.
Dahua Europe	Refers To	Dahua Europe B.V.
Dahua Turkey	Refers To	Dahua Guvenlik Teknolojileri Sanayi Ve Ticaret A.S.
Dahua Spain	Refers To	Dahua Iberia, S.L.
Dahua Malaysia	Refers To	Dahua Security Malaysia Sdn. Bhd.
Dahua Australia	Refers To	Dahua Technology Australia Pty Ltd
Dahua Brazil	Refers To	Dahua Technology Brasil Comércio E Serviços Em Segurança Eletrônica

		Ltda
Dahua Bulgaria	Refers To	Dahua Technology Bulgaria Eood
Dahua Canada	Refers To	Dahua Technology Canada Inc.
Dahua Chile	Refers To	Dahua Technology Chile Spa
Dahua Sri Lanka	Refers To	Dahua Technology China (Pvt) Ltd
Dahua Colombia	Refers To	Dahua Technology Colombia S.A.S
Dahua Czech	Refers To	Dahua Technology Czech S.R.O.
Dahua Denmark	Refers To	Dahua Technology Denmark Aps.
Dahua France	Refers To	Dahua Technology France
Dahua Germany	Refers To	Dahua Technology Gmbh
Dahua Technology Holdings	Refers To	Dahua Technology Holdings Limited
Dahua Hungary	Refers To	Dahua Technology Hungary Kft
Dahua India	Refers To	Dahua Technology India Private Limited
Dahua Israel	Refers To	Dahua Technology Israel Ltd.
Dahua Technology Italy	Refers To	Dahua Technology Italy S.R.L.
Dahua Japan	Refers To	Dahua Technology Japan
Dahua Kazakhstan	Refers To	Dahua Technology Kazakhstan Llp
Dahua Kenya	Refers To	Dahua Technology Kenya Limited
Dahua Korea	Refers To	Dahua Technology Korea Company Limited
Dahua Mexico	Refers To	Dahua Technology Mexico S.A. De C.V
Dahua Middle East	Refers To	Dahua Technology Middle East Fze
Dahua Morocco	Refers To	Dahua Technology Morocco Sarl
Dahua Netherlands	Refers To	Dahua Technology Netherlands B.V.
Dahua New Zealand	Refers To	Dahua Technology New Zealand Limited
Dahua Nigeria	Refers To	Dahua Technology Nigeria Representative Ltd
Dahua Pakistan	Refers To	Dahua Technology Pakistan (Private) Limited
Dahua Panama	Refers To	Dahua Technology Panama S.A.
Dahua Peru	Refers To	Dahua Technology Perú S.A.C
Dahua Poland	Refers To	Dahua Technology Poland Sp. ZO.O.
Dahua Russia	Refers To	Dahua Technology Rus Limited Liability Company
Dahua Romania	Refers To	Dahua Technology S.R.L
Dahua Singapore	Refers To	Dahua Technology Singapore Pte. Ltd.
Dahua South Africa	Refers To	Dahua Technology South Africa Proprietary Limited
Dahua Serbia	Refers To	Dahua Technology SRB D.O.O.
Dahua Tunisia	Refers To	Dahua Technology Tunisia
Dahua UK	Refers To	Dahua Technology Uk Limited
Dahua USA	Refers To	Dahua Technology USA Inc.
Dahua Thailand	Refers To	Dahua Technology(Thailand) Co.,Ltd.
Dahua Uzbekistan	Refers To	Dahua Vision Llc
Huacheng Netherlands	Refers To	Imou Network Technology Netherlands B.V.
Dahua Lorex (US) Corporation	Refers To	Lorex Corporation
Dahua Lorex (Canada) Corporation	Refers To	Lorex Technology Inc.

Dahua Lorex (UK) Corporation	Refers To	Lorex Technology Uk Limited
Dahua Indonesia	Refers To	Pt. Dahua Vision Technology Indonesia
UOB Mexico Service	Refers To	Vismextech Dhm Servicios, S.A. De C.V.
Huatu Microchip	Refers To	Zhejiang Huatu Microchip Technology Co., Ltd.
Xinsheng Electronic	Refers To	Zhejiang Xinsheng Electronic Technology Co., Ltd.
Guizhou Intelligence	Refers To	Guizhou Dahua Intelligence Technology Co., Ltd.
Tecomore Technology	Refers To	Hangzhou Tecomore Technology Co., Ltd.
South North United	Refers To	South-North United Information Technology Co., Ltd.
Xinjiang Dahua Information	Refers To	Xinjiang Dahua Information Technology Co., Ltd.
Xinjiang Intelligence	Refers To	Xinjiang Dahua Intelligence Technology Co., Ltd.

Section II Company Profile and Key Financial Indicators

I. Company Information

Stock Abbreviation	DAHUA	Stock Code	002236
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	浙江大华技术股份有限公司		
Company Abbreviation in Chinese	大华股份		
Company Name in Foreign Language (If any)	ZHEJIANG DAHUA TECHNOLOGY CO., LTD.		
Legal Representative	Fu Liqun		
Registered Address	1187 Bin'an Road, Binjiang District, Hangzhou City, Zhejiang Province, China		
Post Code of Registered Address	310053		
Office Address	No. 1199 Binan Road, Binjiang District, Hangzhou City, Zhejiang Province		
Post Code of Office Address	310053		
Website	www.dahuatech.com		
E-mail	zqsw@dahuatech.com		

II. Contact Person and Contact Information

	Secretary of the Board	Representative of Securities Affairs
Name	Wu Jian	Zhu Leiqian
Contact Address	No. 1199 Binan Road, Binjiang District, Hangzhou City, Zhejiang Province	No. 1199 Binan Road, Binjiang District, Hangzhou City, Zhejiang Province
Tel.	0571-28939522	0571-28939522
Fax	0571-28051737	0571-28051737
E-mail	zqsw@dahuatech.com	zqsw@dahuatech.com

III. Information Disclosure and Location

The Media Selected by the Company for Disclosure	Securities Times
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Website Designated by CSRC for Publishing Annual Report	http://www.cninfo.com.cn
Location for Annual Report of the Company	Securities Investment Department

IV. Registration Change

Organization Code	91330000727215176K
Changes in Main Business Since Listing (If any)	No Change
Change of Controlling Shareholders (If any)	No Change

V. Other Related Information

Accounting Firm Hired by the Company

Name of the Accounting Firm	BDO China Shu Lun Pan CPAs (special general partnership)
Office Address of the Accounting Firm	4/F, New Huangpu Financial Plaza, No.61, Nanjing East Road, Shanghai
Name of Certified Public Accountant	Zhong Jiandong, Zhang Junhui

The sponsor institution hired by the company to perform the continuous supervision in the reporting period

Applicable Not applicable

The financial adviser hired by the company to perform the continuous supervision in the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

Whether the Company needs performed retroactive adjustment or restatement of accounting data in prior years or not

Yes No

	2020	2019	Increase/decrease compared with previous year	2018
Operating income (RMB)	26,465,968,181.10	26,149,430,652.42	1.21%	23,665,688,106.22
Net profit attributable to shareholders of the listed Company (RMB)	3,902,778,775.35	3,188,144,692.55	22.42%	2,529,426,468.61
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,735,061,861.04	3,016,953,888.25	-9.34%	2,495,121,029.76
Net cash flow generated by operational activities (RMB)	4,401,533,068.39	1,600,604,287.70	174.99%	955,315,978.17

Basic Earnings per Share (RMB/Share)	1.34	1.10	21.82%	0.87
Diluted Earnings per Share (RMB/Share)	1.33	1.10	20.91%	0.87
Weighted Average ROE	22.09%	22.74%	-0.65%	22.16%
	End of 2020	End of 2019	Increase/Decrease at the end of the current year compared with the end of the previous year	End of 2018
Total assets (RMB)	36,595,034,080.75	29,564,650,212.93	23.78%	26,350,599,778.15
Net assets attributable to shareholders of the listed company (RMB)	19,773,030,426.40	15,643,007,027.91	26.40%	12,618,758,918.48

The lower of the Company's net profit before and after deduction of non-recurring profit and loss for the last three fiscal years is negative, and the audit report for the latest year shows that there is uncertainty about the Company's ability to continue operating

Yes No

The lower of net profit before and after deduction of non-recurring profit and loss is negative

Yes No

VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to international accounting standards and Chinese accounting standards.

(2) Differences between the net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese accounting standards

Applicable Not applicable

(2) During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to overseas accounting standards and Chinese accounting standards.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	3,501,562,275.80	6,336,766,577.82	6,327,875,819.49	10,299,763,507.99
Net profit attributable to shareholders of the listed company	317,916,471.89	1,051,057,892.55	1,456,149,999.41	1,077,654,411.50
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	300,408,224.85	989,850,560.25	446,072,294.69	998,730,781.25
Net cash flow generated by operating activities	-1,190,517,598.97	1,083,589,635.02	1,374,884,709.97	3,133,576,322.37

Whether the above financial indicators or their totals are significantly different from the financial indicators disclosed in the Company's quarterly and semi-annual reports

Yes No

IX. Non-recurring Gains and Losses Items and Their Amounts

Applicable Not applicable

Unit: RMB

Item	Amount in 2020	Amount in 2019	Amount in 2018	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	1,136,183,266.58	10,755,526.46	-257,185.57	
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)	207,848,405.50	164,079,473.51	78,342,817.78	
Gains or losses from investment or asset management entrusted to others	9,327,707.25			
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities,	196,450,796.20	51,518,752.09	-83,285,344.55	

and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company				
Reversal of the receivables and contract assets depreciation reserves for separate impairment test	2,384,082.35	3,383,257.76		
Non-Operating Revenue and expenses other than the above	-9,645,488.43	-2,958,714.67	68,947,139.26	
Other gains and losses items that fit the definition of non-recurring gains and losses	-92,017,627.11	308,838.52	733,001.58	
Less: Impact of income tax	254,721,170.78	35,447,376.02	13,376,532.24	
Impact of minority equity (after tax)	28,093,057.25	20,448,953.35	16,798,457.41	
Total	1,167,716,914.31	171,190,804.30	34,305,438.85	--

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

In 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.

Section III Corporate Business Overview

I. The Principal Business of the Company during the Reporting Period

1. Main business and products

1.1 Main business

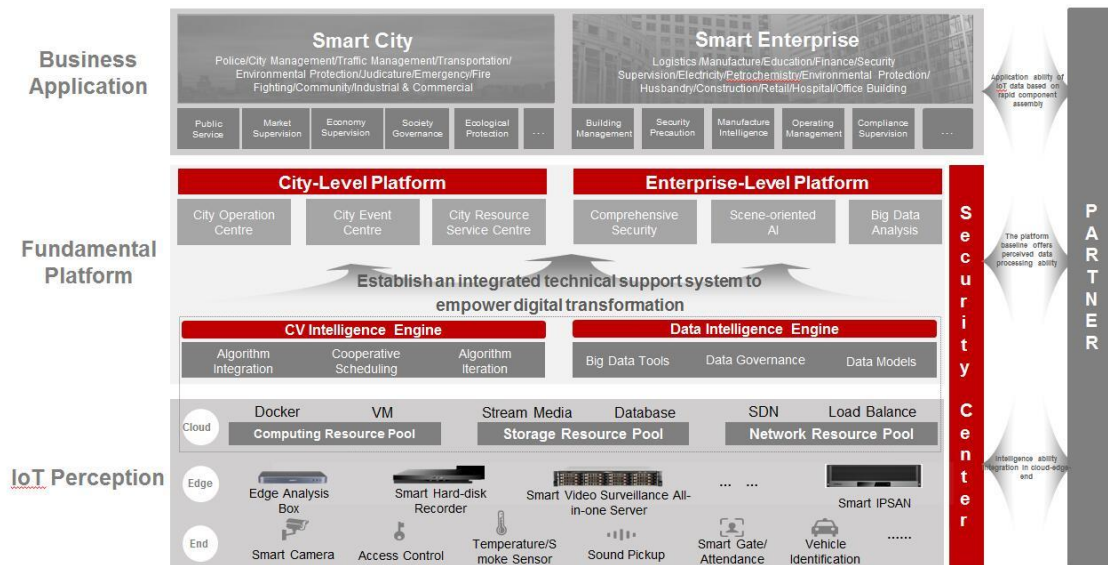
The spread of the Covid-19 pandemic in 2020 had a broad and far-reaching impact on the global economy and society, the digital economy, and the development of the smart IoT industry, with accelerated digital transformation and upgrading, and rapid increase in business complexity and differentiation.

In this context, the Company has further strengthened and deepened its strategy of being a video-centric smart IoT solution provider and service provider. Relying on the "one system and two platforms" architecture, the Company has consolidated its digital base and data center capabilities to meet the business characteristics and development needs of the digital transformation of the whole industry, accelerated the establishment of an agile, efficient and replicable business development model, continued to build a full-chain technology open system around customer service, and comprehensively expanded the application and depth of IoT data in the city-level and enterprise-level markets, providing one-stop smart IoT services and solutions for the digital transformation of cities, enterprises, and families.

"One system" refers to the integrated technical support system built for digital transformation, "from the basic IoT sensing, end-edge intelligent collaboration and integration, intelligent data processing, to full-chain information security protection". Comprehensively build a unified, massive, and open IoT access system, establish an intelligent algorithm ecology from "software-hardware integration" to "software-hardware decoupling", and help customers develop the flexible and advanced sensing capability "from online sensing to online and offline data integration" and "from single-dimensional data and feature sensing to scenario integrated situational research and judgment".

The Company continues to upgrade and iterate the "Smart View Engine" and "Smart Data Engine" to drive the collaboration and harmonious distribution of algorithms, computing power, data, and tasks of cloud-edge-end and achieve the maximum utilization of digital resources. The Company strengthens the construction and reuse of the industry's basic common capability set, so as to provide users with unified data management, governance, and application decision-making services, realize the maximum mining of data value, and promote the industry's advance from the "perceptual intelligence" of digitalization-intelligence integration to the "cognitive intelligence".

"Two platforms" refer to the construction of a component-based and modular application platform for cities and



enterprises by comprehensively implementing the idea of unified software base and module reuse in the face of the significantly increased business complexity, so as to enhance the agility and user experience of the integrated service of solutions, and comprehensively release IoT data application capability. Fully decouple the software framework to realize the flexible modular assembly of subsystems, enhance the maintainability and scalability of platforms, and improve the agility of service response. Based on business understanding, continuously accumulate common value business, realize the productization and reusability of industry paradigm applications, and build application software platforms for urban and enterprise business.

The Company accelerates the building of the digital industry cooperation ecology, continues to build an open system around business values, accelerates the full-chain opening up design of IoT sensing access and integration, data processing, data application, and scenario solution implementation, and joins hands with partners to provide customers with richer and more efficient closed-loop service of IoT infrastructure and solutions, creating new value for services.

In the field of intelligent hardware, the Company takes video sensing as the core, and maintains its industry leadership in products through continuous upgrading of video sensing capability; relying on multidimensional sensing capability and all-round multimodal sensing data, it thus realizes data fusion application innovation. Take advantage of scenario-defined products to accelerate the industrial application and popularization of artificial intelligence. Provide sensing data collection, connection, aggregation, computing, and application capabilities for various industry solutions, build smart IoT sensing devices with rich forms and end-edge-cloud systematization, and lead the development trends of products, technologies, and applications of the industry.

2. Software platforms and solutions

Following the "business-driven, scenario-based, demonstration first" principle, the Company accelerates the large-scale integrated application of new technologies such as IoT, AI, big data, and 5G in various industries, and builds an all-factor, all-process solution system of IoT sensing, real-time analysis, automatic execution, and decision optimization for urban governance and services, as well as corporate production and operation, so as to promote the comprehensive application of new technologies such as AI, and facilitate the digital transformation of various industries.

2.1 Technical capability support

2.1.1 Scenario-based AI capability

AI is one of the Company's core strategic investments. Currently, the Company has an AI R&D team of over 1,000 people, over 98% of whom have master's or doctoral degrees. It also has national enterprise technology centers, national postdoctoral research stations, Zhejiang Provincial Enterprise Research Institute, and Zhejiang Provincial Engineering Research Center. The Company has carried out a multi-faceted layout in the research of AI technology, including algorithms such as intelligent view detection analysis and recognition, intelligent audio algorithms, multidimensional sensing analysis and fusion algorithms, 3D analysis algorithms, data mining, and intelligent coding and decoding.

In 2020, the Company's AI R&D team, committed to the world's leading AI technology research and innovation, won more than 10 prizes in major algorithm competitions and awards at home and abroad, including the first prize in the Traffic Sensing AI Algorithm Competition of the Smart Highway Innovation Competition, 13 first prizes in various AI algorithm performance rankings around the world, the first prize in scene parsing by ADE20K (MIT Scene Parsing Benchmark), and the first prize in semantic parsing by Cityscapes. In the field of face recognition technology, it was ranked second globally by NIST (National Institute of Standards and Technology) FRVT 1:1 in 2019. By continuously increasing the investment in the research and development of AI technology, the Company ensures its industry leadership in AI technology. With the continuous development of intelligent chips, the Company accelerates the industrialization of AI for applications in numerous scenarios in the process of the digital intelligence upgrading for various industries, thus further enhancing the competitiveness of the Company's intelligent products and solutions.

In 2020, facing the opportunities of global digital transformation, the Company continuously expanded and further refined its industry business in the field of AI. It has developed algorithm solutions for more than 20 industry segments and more than 100 scenario-based algorithm functions. Together with customers, the Company works to establish a leading edge in intelligent applications, which not only strengthens customer stickiness, but also taps into new market

opportunities in such directions as smart manufacturing, smart petrochemical, smart agriculture, and smart education, thus breaking through the traditional security business to better explore customers' operational processes and needs in depth so as to deliver profound and comprehensive industry solutions.

To expand the industrial application, the Company continued to make AI-enabled innovations combined with industrial application scenarios, and further broadened its AI scenario-based capabilities to achieve coverage of industrial applications, such as retail customer flow statistics, pig quantity statistics in the agriculture and animal husbandry industry, tourist density warnings in the tourism industry, vessel counting in the water conservancy industry, chef dress compliance in the catering industry, transparent maintenance in the retail automobile industry, security compliance in the real estate industry, rat invasion monitoring in the catering industry, aircraft control in airports, and engineering vehicle control in the power industry.

In terms of in-depth refinement of the industry business, the Company continued to optimize management efficiency by deeply integrating the customer's production management process with AI technology. Taking the intelligent application in the power industry as an example, the digital business has been loaded with a large number of AI technologies to significantly save management costs and improve digital management capability and efficiency, including meter reading recognition, equipment status identification, equipment defect detection, appearance recognition, and equipment intelligent diagnosis, thus realizing remote digital inspection and equipment diagnosis. From equipment digitization to operation and maintenance (O&M) digitization, and further to business digitization, it empowers the digital transformation of the Company.

In terms of AI infrastructure capacity building, the Company developed the industry-leading "Genius" AI open platform, and completed a comprehensive upgrade of the "Genius" platform in 2020, realizing one-stop algorithm and solution development and delivery. The "Genius" platform adopts an integrated cloud computing platform for training, inference, calculation, and storage, integrates a high-precision real-world algorithm warehouse with a modular visual algorithm development kit, supports cross-platform one-click payment of mainstream smart chips and online simulation and verification of real scenarios, and comprehensively implements the full-chain technical R&D and closed-loop management in data management, algorithm training, AI application development, cross-platform deployment, product simulation and verification, and release and delivery, ensuring agile and high-quality delivery of algorithms and effectively improving the efficiency of algorithm industrialization.

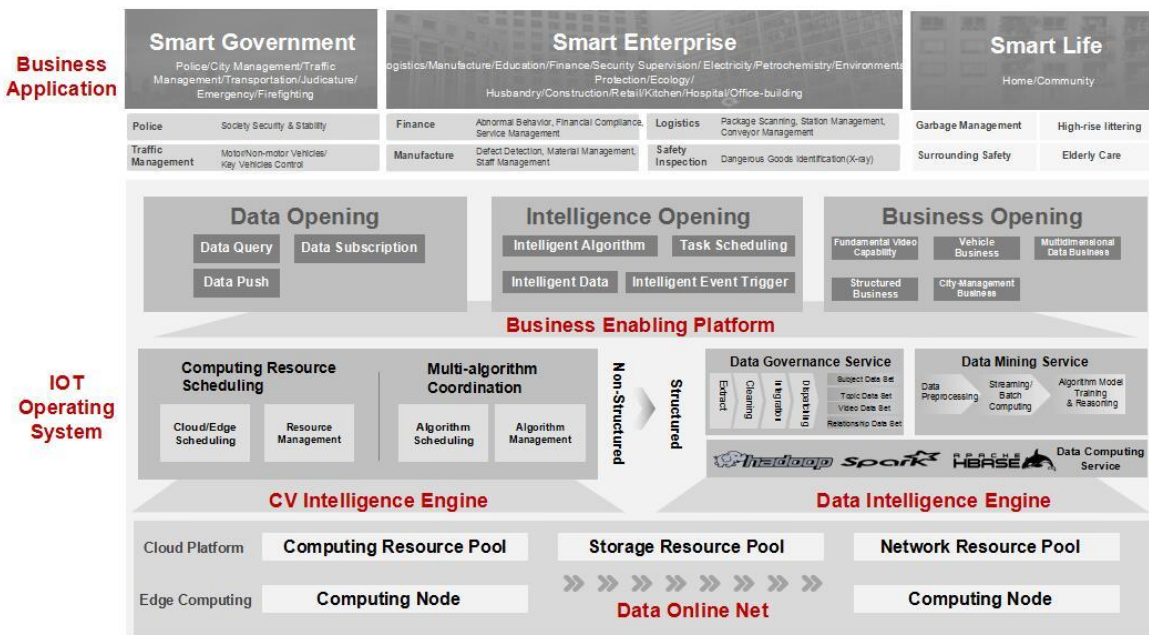
In the future, the Company will continue to ramp up investment in AI, focus on technology research and innovation, enhance AI technology capabilities, explore broader industry application scenarios in a deeper and more detailed manner,

and speed up the industrialization of intelligent applications, so as to strengthen the core competitiveness of the Company's intelligent products and solutions.

2.1.2 Cloud computing and big data

Based on cloud computing and big data technology, the Company focuses on video IoT scenarios with business at the center to build up data storage, calculation, analysis, modeling, and sharing capabilities with the goal to achieve online data, value calculation, and business enabling. With the big data research institute as the carrier, the Company keeps up its investment into R&D of cloud computing and big data technology and product to drive the closed loop of data value chain.

The Company's cloud computing and big data product system builds a video-centered intelligent IoT big data platform, including the IaaS layer, general PaaS layer, industry PaaS layer, and DaaS layer. The Company integrates the technical advantages of cloud computing and big data, componentized and flexible architecture and deep insight into video IoT business, and also takes into consideration the layered decoupling and vertical closed-loop capabilities of the software



architecture. Centering around the three key processes for realizing the value of data, namely, online data, value calculation, and business application, the video-centric smart IoT big data platform is constructed.

The Company continues to invest more resources in the research and development of big data technology. It has built a new big data experiment center for large-scale data testing and verification, focusing on the research of city-level large-scale storage, computing, analysis, mining, and other related products and technologies, continuing to solidify the

base of the big data platform, and accelerating the progress towards value computing.

In 2020, the big data business of the Company achieved outstanding results in both technology breakthroughs and market performance:

1) Online data network, building a collaborative architecture for agile edge and central computing and storage

The Company improved agile edge computing and view offsite multi-domain storage, built the agile edge computing and central computing platform to provide cloud-edge computing resources with container cloud as the core, and realized online and flexible application of computing resources through a unified resource management platform. A data network was developed featuring a wide range of connections, highly reliable storage, and high-performance access through a unified and flexible architecture, realizing efficient aggregation of IoT sensed data, improving network compatibility, and reducing management difficulty.

Dahua accumulated the connection and convergence capabilities of over 100 kinds of IoT sensing devices, 10 million devices, and EB-level data, with unified architecture and converged space-time characteristics, built the industry-leading, ultra-large, four-level reliable data storage capability, and further improved capabilities in terms of multi-cloud, proximity storage, heterogeneous compatibility, and unified management, laying a solid foundation for data fusion applications.

2) Smart view engine, injecting new power for the era of digital intelligence

In 2020, Dahua released a series of cloud computing full network architecture products to realize decoupling of software and hardware, decoupling of algorithm and computing power, and decoupling of algorithm business by building an intelligent cloud with multidimensional collaboration of algorithm, computing power, and data in the cloud, edge, and end.

Through scenario-oriented algorithm iteration and intelligent scheduling, the algorithm capability is more suitable for business scenarios. Manage multiple algorithms in a unified way through the algorithm warehouse and enrich the algorithm ecology to realize the advantage complementarity of multiple algorithm ecologies. Through cloud-edge-end data collaboration, the calculation results at the edge-end can be directly reused by the center, avoiding secondary analysis, bringing into play the cloud-edge synergy effect, and protecting customers' investment value.

Through cloud-edge-end algorithm and task synergy, Dahua provides scenario-oriented intelligent analysis and collaborative applications, enabling flexible and diverse scenario-based analysis capabilities. The scenario-based, networked and ecological smart view engine makes full use of the full intelligent cloud-edge-end computing power, breaks through the shortcomings of traditional intelligent construction, builds a four-in-one synergy of algorithm, computing power, data, and task in cloud, edge, and end, and forms an intelligent cloud. The computing efficiency, algorithm utility, and

investment conversion rate have been effectively improved, further promoting the intelligent development of the industry.

3) Smart data engine, a full-fledged integration architecture of intelligent computing and data computing

The smart data engine solution is a digitalization-intelligence fusion computing engine of smart computing and data computing, including one-stop data development and operation platform, exploration platform, and computing storage engine.

The one-stop data development and operation platform can accommodate the life cycle management system of data including data collection, governance, computing, service, and asset operation. The exploration platform enables the exploration of mysteries of heterogeneous data in real time by visual scheduling of unstructured and structured data of videos and pictures, and expresses users' complete business logic reasoning process. The computing and storage engine enables large-scale storage, real-time fusion computing and offline computing of large-scale spatio-temporal data and information data, and interactive analysis.

The smart data engine has achieved over 1,500 data standards, over 10,000 data tags, and over 1,300 professional models through the accumulation of projects in government related fields such as smart city, municipal governance, and smart public security, and digital transformation of enterprises.

4) Business enablement platform, featuring open base capabilities to boost industry digitalization and intelligent transformation

In 2020, Dahua launched the digital-intelligent enablement platform, featuring a comprehensive open capability system from resources to video IoT basic applications, which mainly includes open video capability, open AI capability, open data development capability, open data resources, open computing resources, and open storage resources. Generally based on the business practice accumulation of the video industry, the deep understanding and practice of Cloud Native and the whole ecological concept of open sharing, the enablement platform builds a "digital-intelligent central system", providing more comprehensive ecological capabilities for agile business iteration and boosting the industry's transformation to digitalization and intelligence.

The business enablement platform empowers industry partners in industries such as smart city, smart police, and smart transportation to boost customers' digital and intelligent transformation, enrich their application ecology, and gradually accumulate application ecology partners in each industry.

Based on the video IoT big data platform architecture, Dahua continues to launch products and services with technical competitiveness and product differentiation advantages, and has achieved significant practical business results in the global market. The Company facilitates industry digitalization and intelligence in terms of smart city, smart police,

smart transportation, smart justice, emergency management, and smart buildings. Up to now this architecture platform has been successfully delivered in over 3,000 projects.

2.1.3 Data security and privacy protection

The Company pays high attention to data security and privacy protection and takes it as one of its guiding principles. Dahua has always been keeping positive and practical attitude and strategies in response to the *Cyber Security Law of the People's Republic of China*, *GB/T 35273 Information Security Technology – Personal Information Security Specification*, and General Data Protection Regulation (EU GDPR). The Company has established a dedicated cyber security and privacy protection committee responsible for closely following global laws and regulations, conducting compliance audit, and positively promoting compliance construction.

After being the first batch passing the protected privacy IoT product certification and the protected privacy IoT service certification of German TÜV Rheinland, Dahua also passed the ETSI 103645 certification (IoT Cyber Security and Data Security Standard), ISO 27701 privacy information management system certification, and ISO 27018 cloud privacy protection certification, successively, in 2020. In December 2020, Dahua was awarded the BSI Privacy Strategy Contribution Award for its outstanding contribution to data security and privacy protection.

In addition to actively achieving such certificates, to further enhance the privacy protection level of products and services and better help customers observe compliance, Dahua has formulated the *Personal Data and Privacy Protection Standard* based on product privacy requirements, privacy design principles, personal information security specifications, and GDPR rules, and introduced the privacy baseline at the stage of product demand and design to provide overall specification and guidance on data processing in terms of privacy policy, privacy preference setting, data acquisition, data transmission, data storage, and data deletion. It promotes the in-depth integration of the STRIDE threat model and PIA risk assessment, and continues to practice "Privacy by Design" and "Privacy by Default". Dahua also integrates data desensitization, data encryption, trusted computing and other privacy protection technologies and applications into the products.

Under the guidance of the cyber security and data protection committee and data protection officer (DPO), the Company has established a data security incident response handling mechanism to realize timely protection and decisive handling. Dahua has also established a special contact-responsibility mechanism to provide professional answers to any questions or suggestions on personal data processing from customers. Data Protection Incident Response Team (DPIRT), as the only outlet for disclosure of data security incidents, is responsible for receiving, handling and reporting data security incidents.

2.1.4 Open cooperation ecology

Adhering to the concept of customer value as the core, the Company has fully initiated the intelligent IoT strategy. With full sensing, full connectivity, full intelligence, full computing, and full ecology as the guide, we seek development and build ecology with the whole industry, join hands with customers, and dedicated ourselves to exploring the value of the industry.

The solutions and technology system of the Company have been upgraded comprehensively, taking security video as the seed and open cooperation as the nutrition to grow fully towards the intelligent IoT ecology. For the ToG industry, we internalize the advantages of subdivision areas through in-depth industry understanding, and provide high-value solution products for the industry by forming complementary advantages with partners. For the ToB industry, we broaden the business of subdivision areas and allow more partners to integrate into the ToB industry to form a richer solution ecology. For the SMB industry, we push for the variation of subdivision industries and boost the rapid adaptation capability of standard solutions to hot scenarios.

The open product platform forms four layers of capability opening from the bottom up. At the first layer, intelligent hardware products provide rich access to IoT sensing devices and flexible loading of intelligent algorithms, enabling software and hardware decoupling to provide infrastructure-level computing, storage, and network cooperation. At the second layer, AI and data services provide perceptual data processing capabilities to achieve rich view data analysis and powerful IoT data analysis and computing capabilities, and, together with data vendors, extract data value for users and create business data models for various businesses. At the third layer, the basic capability set provides processing and application capabilities based on specific kinds of IoT data, and hundreds of IoT SaaS API are available for partners to fill the capability gap including view for application partners and achieve rapid launch of new capabilities. At the fourth layer, industry scenario solutions provide the understanding and system implementation capability of closed-loop industry paradigms based on typical scenarios to help partners accomplish closed-loop scenario solutions.

The open product platform features a rich pool of ecological resources from industry applications, subsystems, to IoT devices in the whole domain, so as to cut into scenarios with the best combination and quickly meet customer demands. We provide an open foundation platform with the ability to load industry-specific applications, combining with customer scenarios to load characteristic services such as segmentation characteristics and private data; provide access to information systems such as ERP, OA, and Mes, and integrate into the original information systems of partners, becoming a bridge to connect data silos and enabling them to integrate data between systems; provide service module access capability for rapid access to 3D visualization views in place of the original 2D raster maps; provide access and

management capabilities for massive IoT devices, strengthen system sensing capabilities through multiple IoT devices, and refine data of subdivision industries to ensure business accuracy.

Centered on the construction of the open algorithm capability, the Company completed the development of online training platform and stand-alone training server in 2020; established AI data warehouse for the unified management of algorithm models, training models, scene data, and intelligent business APPs; realized the implementation of "end and edge" products in the intelligent algorithm dynamic loading function. Through the industry SDT platform, the training, data, and sensing end are organically combined to establish a robust AI open intelligent IoT solution from training, scheduling, and deployment, forming rapid intelligent business customization capabilities, providing customers with effective technical support of on-site customization, on-site optimization, and on-site verification, quickly realizing and solving customers' differentiated needs in intelligent security, and promoting the realization of customer value.

Relying on the DHOP technology of the Company's open product platform, the intelligent hardware products complete the full-chain product open support from front-end acquisition to back-end storage and central intelligent security, satisfying the customized development needs of customers in each link of the security chain in the form of development and installation of APP extension, achieving 500% growth in the number of cooperative customers. The Company has joined hands with integration customers, and higher research institutes and universities to take DHOP technology as a blueprint and lead the establishment of an open standard for IoT view intelligence, to build a unified order for the video-centric smart IoT market and promote maximum social benefits.

2.2 Software platform

2.2.1 Unified technical architecture

The Company has established an integrated technology support system to empower the digital transformation of the industry and provide two basic platform technology systems at the city level and enterprise level for customers' applications. The Company's big data and AI capabilities support intelligent IoT sensing and computational analysis capabilities at the cloud-edge-end; meanwhile, the Company attaches great importance to data security and privacy protection to ensure business compliance.

The government sector provides a city-level platform based on an integrated and shared technical architecture, including an urban resource service center to provide key technical foundation support, to unify resource portals, and achieve holistic management of all data, capabilities, and application resources.

The urban incident center features core businesses such as public services, market supervision, social governance,

and ecological and environmental protection, setting up a unified incident flow platform, and building a hierarchical classification and warning mechanism to make incident perception intelligent, incident reporting regular, and incident center standardized, establish incident linkages, and facilitate closed-loop businesses.

The urban operation center, as a management unit, has the core businesses of urban situation analysis, efficiency supervision, emergency management, and livelihood services, creating an intelligent digital government system architecture that communicates, makes decisions, and manages based on data.

The enterprise sector provides an enterprise-level platform that integrates AI, IoT, and big data, among other resources from the top down, and opens standard API interfaces from the bottom up, to accumulate and reuse the common industry knowledge kit, and rapidly support the development and expansion of N types of industry applications through the three core capabilities of the enterprise-level platform (comprehensive security, scenario-based AI, and big data analysis).

The comprehensive security capability achieves full IoT access to the center, enabling enterprises to connect the digital tags of scattered devices, sense the massive amount of data, and increase revenue and improve efficiency. The scenario-based AI capability center and its end-edge-cloud intelligence capability enable enterprises to expand the scope of intelligent deployment, reduce labor operation costs, and improve operational efficiency. The big data analysis and processing center and the open data platform help enterprises effectively integrate business data, extract data value, and facilitate business decisions.

The enterprise-level platform provides a common, scalable, and integrated core business and system integration framework for enterprises so that they can quickly respond to market changes and achieve industry scenario coverage.

2.2.2 Organizational restructuring with agile services

Strategic adjustments, with customer orientation and front-end deployment of capabilities, are made to support the front line and reshape the business front platform and middle platform organization of capabilities. The middle platform organization is responsible for technology evolution and business accumulation, building industry IoT cloud base, and formulating industry strategies to direct national campaign operations. The business front platform organizes multi-facet group operations to face customers directly and respond quickly, offering agile services that are flexible and effective. The middle platform organization summarizes and extracts the successful practice of the front platform, formulates strategic and tactical plans, and completes the intelligent scheduling combination of middle platform capabilities of different businesses, so as to provide rapid solutions and intelligence services to the front platform teams and form a virtuous cycle.

In order to align with the corporate strategy, the Company's software business has been restructured simultaneously with the unification of software architecture, and the software business is divided into three parts: public software development, industry platform software development, and provincial software development. The public software development focuses on continuous technology evolution and the construction of a stable software base; the industry platform software development focuses on the competitiveness of the industry platform and module reuse for customers; and the provincial software development is rooted in first-tier provinces and regions to provide agile and customized services. In 2020, hundreds of R&D personnel was deployed to the front lines based on the business characteristics of each province and region.

Through the restructuring of organizational capabilities, the Company has rapidly improved its ability to quickly meet customers' software needs, enabling more accurate and efficient overall collaboration and smoother business advancement.

2.2.3 Large module reusability building

With a unified technology middle platform in the Company, protocols are unified and business modules can be efficiently accumulated and reused. Through the building of large module reusability, reduce development costs, improve product ease of use, ensure rapid incubation of baseline products, complete regional empowerment, and facilitate regional R&D centers to quickly realize customer business based on headquarters capabilities, while supporting the fast delivery of large projects and accelerating customers' information construction.

1) Efficient replication of software business modules

To build end-to-end customer-facing software service capabilities, the Company allocates R&D resources to the front lines that can respond to customer needs the fastest. Several provincial and regional software development centers have been established, with the ability to develop business layer software modules and complete module customization, subsystem development, and project delivery in combination with the basic functional components provided by the headquarters to quickly respond to the scenario-based business needs of customers. The industry product team has continuously accumulated the common requirements of industry business into the product baselines, and has now accumulated nearly 1,000 small-scene industry modules. Meanwhile, it has made hundreds of advanced API protocols available to provincial and regional development centers and partners to form the digital accumulation of customer business understanding.

2. Modular assembly of industry platform products to enable rapid product iteration and release

Based on a unified intelligent IoT cloud base, the industry platform software shields the technical differences of the

underlying IoT devices and builds a technical middle platform that supports rich industry data calculation and application. The software products of various industries summarize the successful practice of the front platform into highly standardized, modeled business modules, providing a rich and effective library of common modules, unifying front-end interaction and back-end frameworks, strengthening reuse of common service components, developing agile products, and increasing release efficiency by more than 40%.

For example, in the traffic police sector, we have built business modules such as multi-map integrated scenes, holographic intersection scenes, traffic incident detection scenes, police marking scenes, traffic prediction scenes, information release scenes, signal optimization scenes, adaptive scenes, and green parking scenes. In the transportation sector, we have built business modules such as staff channel scenes, traffic flow analysis scenes, passenger flow analysis scenes, and control center scenes. In the enterprise sector, the Company have built business modules such as visual intercom scenes, AR panoramic scenes, 3D visualization scenes, integrated communication scenes, emergency command scenes, and power environment monitoring scenes.

With the huge business volume and R&D workforce, the Company has accumulated rich resources of reusable business modules in a short period of time. A large number of new projects can fully polish and verify the existing business modules, enhance the module reuse efficiency, and reduce the marginal cost of products.

3) Cross-provincial reuse of custom provincial software to reduce the marginal cost of software

For the practical enhancement of customer service capabilities, the Company has established provincial and regional software centers, optimized the customization process, allocated R&D resources to front lines, shortened the average development cycle by 5 days, and improved customer response timeliness by 42%. The software customization modules of each province and region form a shared shelf mall, and the software customization modules of different users are shared and reused nationwide, enabling new projects to make full use of the existing custom components, and thus form a virtuous cycle.

2.2.4 Digital applications in various industries

The digital twin of cities is everywhere, from digital government to digital retail. With insightful view data, Dahua creates data value for its users. The software platform has been widely applied in various industries, with its business scope extended from traditional security monitoring to all aspects of customer business application and production operation.

Take the following fields for examples:

1) Smart public security

Based on video networking, and combined with IoT data aggregation, and police data docking and governance, the Company extract practical data from massive view data by using increasingly mature AI recognition algorithms for multi-algorithm multi-dimensional fusion means, to provide information fusion search, relationship mapping, tagging system, and big data collision and fusion for police applications, thus solving the existing pain points of inadequate fusion, insufficient intensity, data dispersion, and poor real-time management of the existing public security system. For example, the intelligent project on city order management has significantly reduced the manual inspection workload and improved management efficiency through big data and intelligent technology.

2) Smart traffic management

Build a city-level comprehensive traffic management system centered on the three major areas of "safety, smooth flow, and convenience".

In the field of security, police data are docked and aggregated to establish a three-color code file for each traffic participant that has appeared in the city, while the five-color map is assigned to the management of enterprises, villages and communities, and streets and towns in the city based on the three-color code. Through a map and a code, the traffic safety big data system is constructed to achieve precise management of key objects and reduce the scope of police control. For each traffic accident, traceability analysis is conducted to achieve precise detection of road hazards, improve the capital input-output ratio, and make every penny invested more valuable.

In the field of smooth flow, the integrated equipment of law enforcement, guidance, and induction is adopted, and the four technological means of signal machine phase optimization, intelligent reversible lanes, artery green wave/red wave belts, and intelligent induction are used as carriers to employ devices at technological intersections and technological road sections, and achieve technological law enforcement and technological congestion control, thus ensuring smooth travel of the public.

In the area of convenience, the "Green Parking" application, which integrates on-site parking, timing, and online cell phone reminder, has been launched to effectively alleviate the difficulty in temporary parking for the public and allow people traveling by car to enjoy more convenient services.

3) Smart park

The Company has achieved intelligent upgrade of park management relying on AI, IoT, and big data technologies, and build private IoT sensing networks through local networks and IoT sensing devices, so as to realize localized integrated security management, fire management, and closed-loop park energy consumption management and park business management, and thus meeting the needs of parks for video intelligence, active fire protection, data application,

and energy consumption control. We have successfully built smart systems for major factories in a number of production park projects, including smart parking systems, smart access control systems, smart visitor systems, smart consumer systems, smart fire systems, and smart energy management systems, realizing the safe management of employees and visitors in and out, and reducing labor management costs by nearly 50%. Meanwhile, we have unlocked the data flow of human resources systems, realizing the synchronization of information on incoming and outgoing personnel, and greatly improving the office efficiency of HR departments. Equipped with a fire IoT platform for operation and maintenance management, front-end devices can be monitored in real time for timely early alerts, enabling the upgrade of passive fire protection of parks to active fire protection mode.

4) Smart energy

The Company has built a smart energy security technology protection system from three dimensions, namely, three-dimensional intelligent IoT perception, business management and expert model, and intelligent decision-making, to facilitate smart and safe energy production and realize online and efficient data operation. Among them, smart production includes the patrol inspection of major energy production equipment, and expert diagnostic models and forecasting. Examples include visual state modeling, analysis, and expert diagnosis of major equipment such as power equipment, oil pipelines, and refineries; monitoring of blast furnace coal combustion efficiency for refineries and steel; intelligent quality inspection of digital chemical fiber polyester DTY; intelligent assistance for one-key smooth control of power; and automatic adjustment of coal transportation belt transmission load and abnormalities. In a southern power grid project, intelligent reconstructions such as intelligent patrol inspection of substations, infrared temperature diagnosis, and remote operation confirmation and judgment have been carried out to achieve quality and efficiency improvement in the energy production process and reduce operational risks by replacing people with machines.

5) Smart breeding

Centered on the business scenarios of pig (cattle and sheep) breeding, the video intelligent algorithm capability has been combined for the management of pig houses, pens, and pigs to reduce the cost of human management inputs. By taking into account of the safety management of people and vehicles in pig farms, the production safety management system such as red zone isolation process, spraying disinfection process, and vehicle decontamination process has been established. The platform integrates a variety of data such as pig farm distribution, number of pig farms, sow resources, fattening and inventory, epidemic detection, and market information to provide all-round and scenario data-based supervision of farms, and provide managers with accurate information and the basis for decision making.

6) Smart water conservancy

According to China's three-year action plan for water conservancy, and supported by IoT sensing devices such as drones, robots, cameras, and moving rings, build an integrated air, sky, and ground water conservancy sensing network, including engineering construction, flood and drought disaster management, water environment supervision, and ecological supervision of rivers and lakes, at rivers, lakes, reservoirs, hydropower stations, water gates, inspection stations, and water intakes, among others, so as to enable business capabilities such as 3D simulation maps, human and vehicle management, video inspection, event handling, and emergency command, and build a smart water conservancy brain. For example, in a project in Jiangsu, the inspection list can be automatically generated through the inspection plan and work tasks, and the on-site inspection work can be carried out through intelligent analysis assistance, thereby reducing the workload of inspectors, quickly and accurately locating violations, and providing warnings of safety risk events in advance. In the supervision of river sand mining, the AI technology enables the identification of illegal vessels at the sand mining stage and illegal vehicles at the sand transportation stage, realizing 24-hour all-weather online real-time warning, creating integrated air, sky, and ground scheduling and enforcement, and solving the supervision problem of illegal sand mining.

7) Smart finance

Through the multi-dimensional financial big data integration and application, the Company aggregates the security data of each subordinate branch, data of other bank business systems, and non-bank third-party data (public security organs, procuratorate organs, and courts) for multi-dimensional data collision analysis. Through the analysis, it generates new warnings to enhance banks' security risk prevention and control capability, produce visual charts for decision making reference, and analyze and generate personnel portraits to provide data services for business. For example, in a project in Sichuan, the Company has been responsible for the construction of intelligent devices in 213 branches in four cities across the province, providing data support for branch operations and realizing consumer-focused data insights.

2.3 City-level business solutions: enabling digital and intellectual urban governance

2.3.1 Business overview

With the undergoing modernization of government governance and the rise of the technological revolution represented by a new generation of information technology, the use of big data, IoT, cloud computing, and AI, among other cutting-edge technologies, to advance the means of urban management, management mode, and management concept innovation, from digitalization to intelligence to intellectualization, is the only way to boost the modernization of the urban governance system and governance capacity.

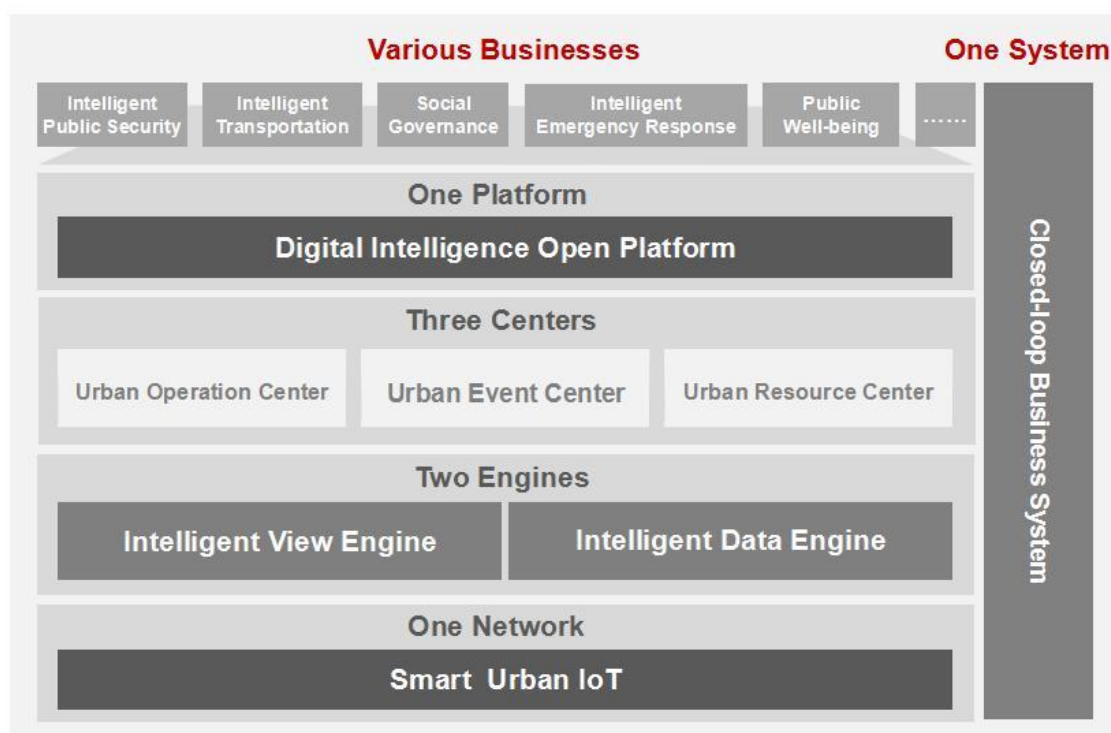
The Company's government business continues to cultivate insight into business scenarios in the government

industry, facilitating the comprehensive upgrade of the government from informationization to digitalization. It joins hands with government customers to promote innovation, boost the matching of products with scenarios, and solutions with values, and provide intelligent solution capabilities in various business areas such as market supervision, social governance, public services, and environmental protection, so as to enable the wise government urban governance.

2.3.2 Core strategy

We actively respond to the industry market opportunity of government digital transformation, and continue to explore the application of new technologies in government business scenarios based on government digital transformation, and build a city-level holistic solution of "one network, two engines, three centers, one platform, and N applications".

The government business adheres to the main course while emphasizing the diversity of demands. It has built solutions for various industries around different business fields such as intelligent public security, intelligent transportation, social governance, and intelligent emergency, and constructed a rapid closed-loop business operation system. Meanwhile, it continues to empower various industries by expanding the scope of accessible capabilities and deepening the



ecological open strategy targeting government customers, industry vendors, and partners, and always practices the value proposition of "full sensing, full connectivity, full intelligence, full computing, and full ecology".

- **One network - Full coverage of scenarios**

Through the accumulation of actual operations around the world, and deep insight into more than 5,000 urban scenarios, key points such as the characteristics of each scenario, operational objectives, operational sites, operational objects and operational processes have been extracted and summarized, resulting in 6 major categories, 26 minor categories and 147 sub-categories of scenarios. In each scenario, suitable multi-dimensional sensing devices are adapted to maximize the value of products and complete the meticulous coverage of scenarios.

- **Two engines - Full integration of data**

With data as the foundation and business as the traction, we drive the upgrade from sensing to cognition through the integration of digitalization and intelligence.

The smart view engine mainly improves the data availability index with the help of AI, provides capabilities such as intelligent algorithm warehouse and task scheduling management, carries out harmonious distribution and reasonable allocation of computing power, and thus maximizes the utilization of resources.

The smart data engine mainly completes data intelligence transformation with the help of big data, provides data management, data governance and data intelligence services for users, integrates view sensing data, registration data, and business data, among others, to deeply extract the facts and logic behind the data and thus maximize data value.

- **Three centers - Full management**

The intelligent decision-making hub is built to provide comprehensive supervision, auxiliary decision-making, command and dispatch, public services and other applications through the operation center, event center and service center, to complete centralized dispatching and efficient operation.

- **One platform - Full opening-up of capabilities**

Through the capability precipitation and experience opening-up, we build a unified capability opening-up component to facilitate the rapid implementation of closed-loop business.

The platform provides functions such as standardized development interface, process-oriented resource application, refined permission management and standardized behavior supervision to simplify the application development and achieve rapid iteration and agile development of applications.

- **N applications - Full online business**

With scenarios as the carrier and data as the basis, business is made online to make management more focused and solid, so as to strengthen business implementation and closed loop.

With services and management objects as the center, business online creates solutions for various industries around such business fields as smart public security, smart transportation, social governance, smart applications, and public livelihood, to boost digitalization and intelligence upgrading, and accomplish load reduction, quality improvement and

efficiency enhancement.

2.3.3 Industrial value practices

Dahua is committed to the continuous implementation of business fields including public safety, traffic and transportation, urban governance, and natural resources, building solutions for different scenarios in various industries on the government side, and always practicing the social mission of "making cities safer, transportation smoother, governance more efficient, and life better".

Make cities safer

"The safety of people's lives and property comes before everything else." Bearing in mind the mission to enhance social security, the Company provides comprehensive public safety solutions and services for public safety, traffic safety, production safety, fire safety, and natural disaster emergency response, so as to make cities safer.

Through data police and machine police, the industry solutions for public security can improve the combat and prevention capabilities of public security organs and create the safest cities by decreasing the number of police cases and increasing the number of "cases solved and violators punished". Build district ecological checkpoints for people and vehicles and security checkpoints verification systems, and set up solid urban security moats. Provide control systems for street patrol, social units, districts, and rental houses, with refined unit security protection. Equipped with systems including a comprehensive video application platform, multi-dimensional integration combat platform, intelligence command integration platform, and large-scale event security system, the precision element management closed-loop takes shape to contribute to the maintenance of social security and stability, and ensure that people live and work in peace and happiness.

The industry solution for traffic safety focuses on the two major directions of "source control" and "risk warning", and makes full use of AI, IoT sensing and other new technical means for the three major scenarios of cities, highways and rural areas, providing more than 30 kinds of precise crackdown functions on violations such as running red lights, not wearing seat belts, using phones while driving, not letting pedestrians go first, not using lights according to regulations, and management of people with non-compliant driving behaviors, as well as more than ten active risk warning functions including the warning and reminding of incoming traffic on curves, reminding of non-motorized vehicles crossing the line, reminding of blind spots of large trucks turning right, monitoring and warning of bad weather, and warning of pedestrians on overheads, helping improve the urban traffic safety index and securing the smooth travel of the public.

The solution for the monitoring and early warning of production safety risks focuses on the safety risks in key areas such as hazardous chemical enterprises, major hazard sources, non-coal mining enterprises, and industrial and trade

enterprises, forming a hierarchical control and dynamic monitoring and early warning from enterprises and parks to local emergency management departments. By providing intelligent video analysis functions such as wearing compliance monitoring, smoke/flame identification, dangerous area call/smoking detection, personnel on and off duty monitoring, and fire truck channel occupancy detection, we continuously improve the informationization, networking, and intelligence level of safety supervision, promote the accountability within enterprises, effectively resolve major safety risks, curb major accidents, and protect people's lives and property.

The solution for comprehensive emergency command of natural disasters focuses on "monitoring and early warning" and "command and rescue" of natural disaster scenarios, and realizes monitoring and early warning through resource integration, IoT online monitoring of natural disaster risks, and video AI intelligent assistance. In case of emergency, cross-departmental coordination and cooperation are realized by means of integrated communication, and online visual command is enabled through an emergency map. Meanwhile, via mobile audio and video equipment such as drones/individual devices/surveillance balls, we can achieve full coverage of rescue site sensing, improve the ability of early warning and control of risks and hazards, and enhance the capability of disaster emergency rescue and handling, thus facilitating the development of "urban resilience".

The integrated solution for fire safety is closely oriented to the fire safety management requirements of governments at all levels, fire rescue agencies, social units, small places, and so forth. Relying on the Company's technical advantages in videos, closed-loop management of early warning sensing visualization, security and firefighting integration, event handling, and industry supervision are realized, which provides cities with a map of the security situation of firefighting big data supervision, achieves full sensing of the hidden danger situation, and provides effective decision support for precise law enforcement.

Make transportation smoother

The Company contributes to the construction of intelligent transportation and provides urban transportation wisdom solutions and services such as traffic management, integrated road networks, and integrated hubs, making transportation smoother.

Based on the concept of "safety, smooth flow, and convenience", the industry system construction solutions for traffic management provides system solution capabilities for dangerous driving, signal management, roadway event warning, green belt, and key roadway control capabilities; enable networking front-to-end system building capabilities for traffic operation analysis and key operating vehicles management, including urban operating vehicle status monitoring, real-time passenger flow, dangerous driving behavior analysis, and other vehicle control capabilities.

The solutions for building comprehensive road network systems offer overall solution support capabilities for "dynamic traffic" and "static traffic" information construction for highways, roads, railroads, railroads, airlines, ports and shipping scenarios, as well as the front-to-end system construction capabilities for smart road networks, smart vehicles, and cloud control platforms, including traffic situational sensing, traffic event warning analysis, intelligent front-end data analysis, holiday traffic flow and congestion prediction, intelligent traffic emergency guide, overweight and over-limit detection, advanced assisted driving systems, driver status monitoring systems, and cloud control platforms. Focusing on the four goals of "all-weather security protection, all-round travel services, all-digital operation and maintenance, and all-life green construction and management", the Company builds intelligent transportation networks for highways, roads, urban transportation, ports and shipping. Guided by the development concept of integration, security, sharing, standardization and efficiency, the Company integrates new technologies of cloud computing, 5G, big data, IoT and mobile Internet, and incorporates data resources and application resources of the transportation industry, effectively enhancing traffic supervision, disposal and service capabilities.

The solutions for integrated transportation hubs feature comprehensive control capabilities including pedestrian guidance, vehicle guidance, parking management, transfer guidance, business management, abnormal behavior analysis, AR panoramic command, emergency disposal, intelligent security inspection, and control of hazardous vehicles, to ensure efficient operation of integrated transportation hubs around the goal of "intelligence, convenience, and safety control".

Make governance more efficient

"Empowered by technology, shape a new pattern of intelligent governance." The Company provides intelligent sensing and fine management service capabilities for urban governance, street and town governance innovation, and community management services, to help make social governance more efficient.

Relying on the view IoT sensing capability and big data analysis technology, the solution for comprehensive urban governance builds a smart IoT sensing network to realize real-time early warning of people, vehicles and other objects, and enhance the intelligent monitoring and dynamic sensing capability of urban governance. Through AI-enabled urban governance, it realizes automatic monitoring and early warning of governance events such as store operation, mobile vendors, illegal parking, littering, spilling and dripping, so as to "replace people with machines" and facilitate the fine urban governance.

By actively exploring the new mode of grassroots governance of "sensing, intelligence and governance", the solution for street and town governance innovation is to create a comprehensive platform of comprehensive sensing, intelligent early warning, collaborative linkage and multi-dimensional visualization of street and town-level intelligent

governance, realizing real-time sensing of street and town operation, global scheduling of grassroots forces, prediction and early warning of abnormal situations and rapid intervention in emergencies, solving the prominent problems of weak informatization construction of grassroots governance and lack of governance means, improving the management efficiency of streets and towns, and boosting the modernization of grassroots social governance.

The solutions oriented to community governance are dedicated to improving community management services and enhancing the quality of life of residents. With the continuous exploration into "public security, public management, and public services", and centering on the construction of IoT sensing and big data analysis, the Company fully utilizes information technology and intelligent means to help communities realize the collaborative and innovative application of personnel, vehicles, and houses, and realize the intelligent prediction and early warning of abnormal behaviors, events, and situations in communities, so as to boost the level of fine and comprehensive management of communities.

Make life better

We provide intelligent solutions and services related to livelihood-related and ecological-related fields such as natural resources, water conservancy, ecological environment, agriculture and rural areas, and intelligent market supervision to make nature more harmonious and life better.

For the natural resources sector, we provide comprehensive forest fire prevention solutions such as fire risk source supervision, fire early warning and positioning, fire early warning research and judgment, fire spread analysis, and command and scheduling, to realize the close-loop business process. We have fully participated in the national forest fire prevention pilot, to build a sky-tower-ground integrated forest fire prevention monitoring and sensing system, and realize the "early response, reduction and elimination" of forest fire risks. We provide intelligent supervision solutions for plant and animal monitoring, rare species detection and identification, vegetation disease and pest control, ecological factor monitoring, field patrol management, biodiversity protection, and human activities supervision to help build a new forest and grass ecological network sensing system. We provide intelligent land solutions with the capabilities of intelligent early warning of illegal constructions, construction supervision of farmland, detection and collection of irregularities, and video supervision of comprehensive law enforcement to guard permanent basic farmland. We also provide top-level planning and design of national parks and big data analysis services such as investigation, evaluation and monitoring, construction of regulatory systems, disaster emergency command, popular science education and publicity, and industrial upgrading and auxiliary energy to preserve the ecological red line and promote the harmonious development of man and nature.

For the water conservancy business sector, we provide intelligent river and lake supervision solutions such as river and lake visualization supervision, intelligent river patrol, sand mining control, river cleaning, and water shoreline safety

management to achieve efficient and normal management of rivers and lakes. We have already implemented typical applications such as embankment fine management, water irregularities supervision, and personnel safety protection in the Yangtze River protection project. We provide intelligent construction and operation management solutions for water conservancy projects, such as safety supervision of water conservancy projects under construction, intelligent visual supervision of water conservancy project operation, and dam safety monitoring, to improve intelligent and fine management of water conservancy projects and reduce management costs. We also provide water and drought disaster prevention and management solutions such as water and rain monitoring and early warning, ecological flow monitoring of small and medium-sized reservoirs, early warning and forecasting of urban flooding, and water conservation management of irrigation districts to enhance disaster emergency management capabilities, promote the improvement of the water information framework, and advance the construction of intelligent water conservancy.

For the ecological environment business field, we provide air environment monitoring and protection capabilities such as the key vehicles control in heavily polluted weather, site dust and noise control, open-air burning control, and black smoky vehicles road monitoring; water environment monitoring and protection capabilities such as drinking water source monitoring and protection and floating waste monitoring; enterprise pollution source control capabilities such as wastewater and waste gas emissions, compliance operations of pollution source monitoring stations, hazardous solid waste supervision, pandemic-related medical hazardous waste supervision, and key link control of major pollution enterprises; as well as capabilities and services for ecological and environmental video IoT, intelligent analysis of professional scenarios, data governance research and judgment for provinces, cities, counties, enterprises and pollution sources. Ultimately, we promote the construction of ecological and environmental data and the continuous optimization and improvement of the habitat and natural environment. The Company has assisted the ecological and environmental departments of Fujian and Henan provinces to build an ecological and environmental video capability platform with intelligent interconnection, information sharing, and business collaboration, which brings together video IoT sensing data, deeply explores data value, promotes business coordination and handling, better addresses the long-lasting pollution problem, and improves the efficiency of pollution prevention and control supervision and "Qinqing Service, or Pro-Clean Service" capability.

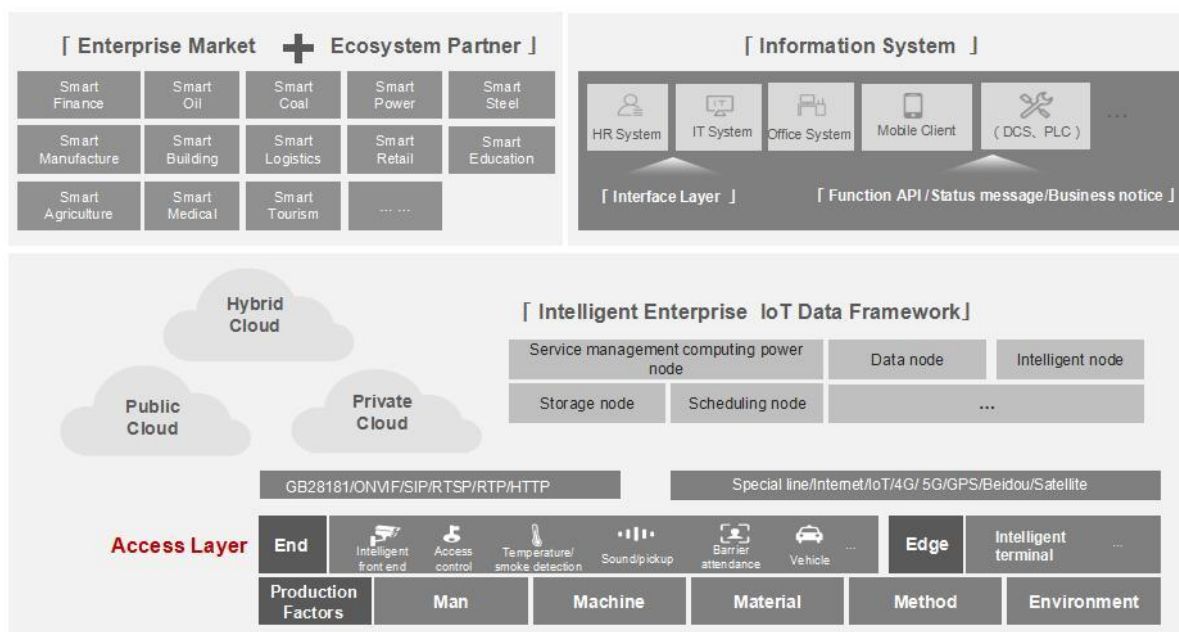
For the agricultural and rural business sector, we provide intelligent supervision solutions for the 10-year fishing ban on the Yangtze River to achieve all-weather intelligent visual supervision of illegal behaviors such as illegal fishing operations and non-recreational fishing. In key sections of the Yangtze River, we have worked with local authorities to create a multi-dimensional fishing ban monitoring system and carry out joint fisheries enforcement. By adopting the fishing ban solution provided by the Company, the fine management of fishing ban areas has yielded good results and provided a

robust technical guarantee system to promote the implementation of the 10-year fishing ban on the Yangtze River.

For the market supervision and management business field, the livelihood project for the "Shopping Basket" provides efficient and accurate ability for the normalized pandemic prevention and control such as human body temperature measurement and mask wear check; intelligent sanitary environment detection capability such as unauthorized vehicle parking at the entrance, and garbage scattering and overflowing; standardized management capabilities such as three preventions and three protections, and stall operation; security risk prevention capabilities such as smoking detection and fire prevention, and operational efficiency enhancement capabilities such as passenger flow statistical analysis and live information propaganda. We have also assisted in the construction and implementation of intelligent supervision systems in Hangzhou, Ningbo, Huzhou and other key farmers' markets to speed up the intelligent construction and upgrading of farmers' markets, as well as safe and efficient operation, to ensure the safe and stable supply of "shopping baskets" and better service to people's livelihood.

2.4 Industry-level business solutions: Enabling enterprises to increase revenue and improve efficiency

In the business cycle of the new digital economy, enterprises have started to develop from extensive management to



fine management, from labor-intensive industry to technology-intensive industry, and to acquire higher productivity and benefits by applying technological innovations. Dahua has exploited customer value demands through the insights into the industry trend, and entered the enterprise digital transformation market by taking video IoT and scenario intelligence as the opportunity to provide one-stop solutions for manufacturing, logistics, energy, construction, culture, education and

health, finance and other industries, and realize the closed-loop of enterprise customer value chain.

2.4.1 Industry value

With customer demand as the guide and business value as the yardstick, facing the enterprise market and focusing on manufacturing, logistics, energy, construction, culture, education and health, finance, and other subdivided industries, Dahua has cultivated industry business in depth and created a value business system oriented by "improving management level, improving production capacity, optimizing safety system" around enterprise safety, production, operation, and management to promote enterprises to realize digital transformation.

2.4.2 Technical capabilities

There are many subdivided industries of enterprises with different production processes and management modes. Digital transformation is technically complicated and difficult. Dahua provides technical support of digital transformation for a large number of enterprises with its scenario perception capability, IoT integration capability, data service capability, and business service capability.

(1) Scenario perception capability

Facing a large number of fragmented scenario demands of enterprises, Dahua focuses on the core business of customers, goes deep into the nerve endings of enterprise scenarios, makes use of Dahua's industrialization capability, provides a large number of industry-exclusive perception devices, and is capable of loading customized industry algorithms.

For example, in the coal industry, there are underground scenarios characterized by a lot of gas, heavy dust, and weak light. Dahua has launched intrinsically safe intelligent perception equipment which integrates high-precision temperature measurement, belt deviation detection, operator headcount and other intelligent algorithms to realize remote monitoring of mining equipment, main conveying belt abnormality, and regulation violations by operators.

For example, in the industries of manufacturing, energy, and construction, in response to a lot of operation scenarios characterized by instable network access and frequent power blackout, Dahua has rolled out with a purpose-made mobile tracking camera solution which integrates intelligent algorithms of safety helmet detection, single-person operation inspection, and operation sign inspection to realize the recording of operation process and supervision of operation behaviors and safety measures.

(2)IoT integration capability

Dahua has gained access to various industry segments of enterprises relying on the IoT integrated management

platform and multi-scenario perception equipment such as human perception, behavior perception, fire perception, environment perception, defect perception, and hidden danger perception to retrieve business scenario data of various industries to realize the collection, aggregation and integration of IoT perception. At the same time, Dahua provides open, flexible, and plug-and-play intelligent IoT capability to achieve real-time and dynamic presentation of perception data, business applications and loop closing.

The platform is based on the advanced concept of "unified software technology structure", adopts business component technology to meet the needs of elastic expansion of the platform in the business, provides middle platform services to achieve flexible business expansion. Application integration, process integration, and information integration can be expanded on demand. The platform is also an open IoT framework compatible with the data platforms of other manufacturers with standard/non-standard docking protocols and interfaces to achieve data sharing and operation, respond to the future information system platform docking (such as OA system, financial system, WMS system, MES system, etc), avoiding the repeated cost investment resulted from the closed construction platform of enterprises in the future, and reducing their digital transformation cost.

Dahua always adheres to the concept of openness, integration and ecological cooperation, takes the intelligent IoT integrated management platform as the core of IoT integration capability, provides abundant interface services to realize overall open-up of intelligent IoT perception integration capability, help ecological partners to integrate fast, conveniently, and safely, integrates intelligent IoT data and applications to enable more enterprises to provide comprehensive and differentiated software services according to the actual business scenario demands of different customer groups on this platform.

(3) Data service capability

Data service capability refers to cloud computing storage capability required by the growing business scale of enterprises, intelligent service capability of customers in multiple formats and scenarios, and big data analysis capability which meets the management of all business fields and innovation business of enterprises. Dahua applies its self-developed cloud storage technology to provide massive data storage for enterprises and realize equipment-level fault tolerance and high security.

Based on the intelligent algorithms of application scenario research and the training engine which integrates the overall development elements of artificial intelligence, Dahua builds the lightweight AI training platform for enterprises, improves the development efficiency and quality of AI algorithms in the subdivided scenarios to safeguard data security under the information security management of enterprises and give full play to the intelligent application value of data.

By deploying big data computing system for enterprises, providing big data computing engines and big data application service capabilities, Dahua collects and gathers all kinds of data and to conduct in-depth integration analysis on rule engines to maximize the data value and provide data analysis results for enterprise customers to achieve business applications.

(4) Business service capability

Dahua helps consolidate the foundation of basic business of enterprises, empower enterprises to deepen their business, and provide deployment service capabilities of private and cloud business.

Dahua Intelligent IoT Integrated Management Platform serves as the fundamental business base for enterprise services, provides open, flexible, plug-and-play intelligent IoT services and assumes the responsibility for data access and transmission of IoT devices. The intelligent IoT integrated management platform is an important infrastructure built by Dahua for digital transformation of enterprise customers.

Dahua provides business service capabilities of enterprise privatization and lightweight cloud deployment to adapt to multiple development modes of enterprise localization and collectivization. In response to the deployment demand of enterprise privatization, on the base of intelligent IOT integrated management platform, Dahua has created business applications which meet the demands of all industries, such as safe production management application of energy, industrial Internet application of manufacturing, digital campus application of education, etc., by continuously improving interfaces. In response to the cloud deployment demand of enterprise light-weight business, Dahua provides Yunrui platform which integrates AIoT capability, AI capability and big data analysis capability to unify the construction of enterprises business cloud middle platform, and quickly incubates enterprise business applications through the powerful cloud middle platform capability to realize the rapid cloud deployment of enterprise light-weight business. At present, Yunrui has served tens of thousands of enterprises and millions of users.

Dahua adheres to the concept of openness and integration, provides abundant interface services, realizes the complete opening of capabilities, helps ecological partners quickly, conveniently and safely to integrate intelligent IoT applications, and allows more enterprises to use Dahua's perception, data, intelligence and business capabilities to form their own business applications, and jointly empower the digital transformation of enterprises.

Improving the management level

(1) Operation management

Dahua has made full use of video-centric scenario perception capability and IoT integration capability in combination with data service and business service capabilities to provide managers at all levels with "visualization", "sand table",

"online" and other technical methods of management and assist enterprise operation and management.

For managers at all levels, Dahua provides 3D visualization management and magic data wall to achieve the overall control of enterprise operation status. For example, in a production park, the magic data wall can intuitively display all kinds of indicators including the energy consumption trend, number of workers, production reports, warehouse status, so as to realize full online enterprise management, and full control of operation data. The magic data wall also enables hierarchical classification, different granularity and business dimensions of different managers to realize fine management.

For the management of specific affairs, Dahua applies video AI and all kinds of IoT technologies to realize the automation, standardization, and online management of production equipment, environment, process, quality and other aspects. For example, in the power industry, the integration of equipment intelligent inspection, thermal imaging online temperature measurement, and personnel operation supervision leads to early detection of defects and hidden dangers, supervision of operation process, well-grasped personnel distribution, and decision-making and command based on effective means and solid basis. In the catering chain industry, through the sunshine kitchen scheme, various kinds of abnormalities in the kitchen scene, such as people's wearing (masks, cooks' hats, etc.), behaviors (smoking, leaving the fire unattended, etc.), environment (refrigerated temperature, rodents, etc.), health (temperature measurement, etc.) can be detected, and a visual online management system is created through data aggregation, so as to improve the supervision capability and protect food safety.

(2) Personnel management

Based on artificial intelligence, IoT, and other technologies, Dahua integrates information management systems to achieve visual online management of personnel through overall management of personnel access, attendance, positioning, abnormal behaviors, etc. For example, in the school dormitory scenario, automatic management of teachers and students in the dormitory, visitors from outside, and strangers is realized through the smart dormitory management system, and all kinds of data applications such as no return for days and warnings of no access are also provided to improve the management of school dormitory. In addition, within the enterprise, face recognition attendance machine and passage equipment are deployed to solve daily administrative management problems such as check-in/out for others employees and forgetting check-in/out, improving the efficiency of enterprise personnel management and convenience of employees' work.

(3) Compliance management

Video AI and other technologies are applied to realize the automatic compliance detection of production operation.

For example, in response to the hierarchical management operation requirements in the production area of breeding enterprises, intelligent access control, entrance and exit barrier gate, intelligent camera and other functions are applied to realize the washing and disinfection process management of people, vehicles, and objects in the production area, compliance inspection of personnel dressing, cross-area operation supervision, and other functions, so as to standardize the operation process and ensure the compliance and safety of production operation. In addition, in response to a large number of subdivided scenarios in the production workshop such as smoking against the rule, electrostatic clothing wearing, elevator operation, dedicated solutions are provided to help enterprises realize automation and visualization of compliance management.

Improve production capability

In response to the production business demand and digital transformation objectives of enterprises, Dahua has been profoundly engaged in the core areas of enterprise production and promoted the upgrading of the enterprise's core production competitiveness from multiple value dimensions of production quality, production efficiency, production cost, and production service by means of intelligent operation, intelligent detection, intelligent logistics, and intelligent management.

(1) Production quality: reduce missed inspections, improve quality and efficiency, promote high-end manufacturing of products

In terms of production quality improvement, Dahua has been profoundly engaged in 3C, automobile, energy, food and beverage, logistics, agricultural and other industries. In response to the quality pain points of false and missed inspections of product appearance defects, structural defects and assembly defects in the process of production, Dahua regards intelligent detection as the core to realize automatic intelligent detection by replacing human with machine, keep quality risk under control in the production link, provide better products of better quality to customers, greatly reduce the customer complaint risk, and continuously build the high-end manufacturing image. Taking the chemical fiber defect detection system for textile and garment enterprises for example, the detection rate of chemical fiber defect reaches 99.5%, with 9 people's work load reduced for a single line, significantly reducing the detection cost.

(2) Production efficiency: Automatic means such as visual inspections are applied to promote operation automation and improve production efficiency

In terms of production efficiency improvement, Dahua takes the integration of robot and vision as the core and implements overall intelligent upgrading for many production operation links including warehouse inspection, logistics automatic sorting, digital platform scheduling, high-speed code reading from six sides to greatly reduce the workload of

personnel and improve the operation efficiency in production. For example, the logistics industry applies high-speed code reading from six sides and automatic sorting to greatly improve the efficiency of parcel sorting in the logistics industry, and improve the logistics operation efficiency.

(3) Production cost: Through the coordination of vision and AGV, reduction of production and logistics cost is promoted and enterprise expenditure is saved

For production cost reduction, Dahua regards AGV system and vision as the core and has been profoundly engaged in 3C, clothing and textiles, automobile, mechanical equipment, household appliances, pharmaceutical and logistics, and promoted multiple scenario-based intelligent operation applications from production workshop, semi-finished product warehouse, finished product warehouse, and logistics warehouse, which has greatly reduced production cost of customers and won the trust of users. Taking a textile industry project as an example, when customers were confronted with the problem of high labor intensity, high labor cost and inventory cost in printing and dyeing cloth transfer, 34 sets of waterproof hand hydraulic carrier AGVs were deployed to complete the indoor and outdoor mixed intelligent transfer of printing and dyeing cloth in three workshops based on the AGV intelligent scheduling platform and docking with MES, which reduced the labor cost of 54 workers and 2/3 of inventory. At the same time, the high-end manufacturing application has driven the order growth and created annual revenue of more than 5 million yuan for the customer. Taking the automobile industry as an example, it is easy for the oxygen pipe of welding robot to overheat and get damaged while working at high frequency. Based on the dynamic identification of thermal imaging temperature sensing, the welding robot operation can be optimized and scheduled, which can greatly reduce in-process loss.

(4) Production service: Promote the upgrading of production service based on intelligent management

In terms of intelligent management, Dahua has promoted businesses of video intelligent tracking, face verification of key process, labor management, smart dormitory management, and smart retail around the links of production process, marketing, logistics management service, continuously serves enterprises and has gradually developed from person-to-person management into digital management and humanized service stage to improve the management efficiency and sense of responsibility and belonging of employees. Taking the pharmaceutical industry as an example. Because the whole decocting process of traditional Chinese medicine cannot be traced visually, some customers are worried when purchasing prescript traditional Chinese medicine, which brings market pressure. Intelligent video slicing technology is applied to connect with the enterprise order management system and bind the operation process with the order one by one. Public cloud is applied to share the information in the mobile terminal for customers to trace the whole production process of traditional Chinese medicine order, leading to the assurance for the purchase and use and assistance in promoting the upgrade of market consumption.

Dahua has been deeply involved in the whole production process of enterprise customers. In addition to empowering enterprises from the production process, Dahua has fully penetrated into the intelligent empowerment of terminal products and intelligent terminal empowerment of retail to promote the full upgrading of enterprise customers from production to the digital transformation of terminal services and assist in promoting enterprises to complete the upgrading of digital transformation with value drive as the core.

Optimize the safety system

Safety, the cornerstone to ensure the stable operation and production of enterprises, is related to the harmonious development of social economy. In response to different security situation requirements of various enterprises, Dahua applies intelligent and digital technological means combined with its own decades of precipitation and accumulation in the field of security protection to create a comprehensive security technology system around the personnel, devices, operations, etc., of enterprises.

(1) Personnel safety

Combing with the safety requirements of production process in depth, Dahua provides technical means of early warning for standard personnel dress code, standard use of tools, and the behaviors of personnel crossing the border and falling to the ground to realize the process supervision planning, remote safety supervision and intelligent operation supervision. For example, in the scenario of construction site, intelligent algorithm is used to identify the wearing of safety helmet give early warning when necessary, and the personnel under the tower crane to improve the personnel safety level and ensure the production process safety under control.

(2) Device safety

Based on the multi-dimensional application of machine vision, identification of device operation status, fault/defect diagnosis and equipment life cycle control are completed around the whole process of device operation. In the power industry, inspection robot and other means are applied to accurately monitor the equipment operation status, and realize automatic early warnings of equipment failures; in the petrochemical industry, real-time monitoring of running, falling, dripping and leaking defects is implemented to realize the remote operation and build a new line of defense for equipment safety.

(3) Biological safety

In the breeding industry, based on AI temperature measurement, livestock and poultry detection, breeding operation compliance detection and other technical solutions, intelligent means of breeding are improved for a number of leading enterprises to load biological safety prevention and control schemes, standardize the operation process, prevent disease

occurrence and reduce losses of enterprises.

(4) Public safety

In the enterprise park, the ± 0.3 °C high-precision human body temperature measurement scheme is applied to realize accurate control of epidemic prevention in the park; smart fire IOT solution is applied to realize the real-time fire monitoring of enterprises; man-and-vehicle entrance and exit system and the perimeter acoustic-optic warning system are applied to achieve the hierarchical management of people and vehicles in the park. Dahua provides all-round protection of public security for enterprise operation, management, and security through a complete technical system to enhance the emergency response capability.

2.4.3 Major resolutions

Based on the demand of digital transformation of enterprise industry business, Dahua has specially built an intelligent IoT management platform with unified technical architecture, which has fully opened up a set of platforms of cross-industry business, rapidly reused the solution capabilities of various industries, greatly reduced the repeated construction cost of enterprise digitalization, and improved the deployment efficiency and quality of Dahua for customer service. In the face of trillion-yuan worth of intelligent IoT market of enterprise business, Dahua has seized the development opportunity of enterprise digital transformation, built expert teams and industrial solutions, continuously accumulated and served the differentiated demands of thousands of industries, and continued to provide high-quality intelligent IOT solution service for customers. Take the following industries for example:

Smart manufacturing——From low-end processing and production to high-end smart manufacturing

With visual IoT as the core, the robot and machine vision have been developed in a coordinated way. Dahua has been deeply involved in the industries of manufacturing 3C, mechanical equipment, automobile, clothing and textile, food and beverage, household appliances, pharmaceutical, medical devices to help customers improve their capabilities of safety protection, production efficiency and operation management, and help manufacturing enterprises carry out digital transformation centering on the core business of safety, production and operation.

In the basic security business of enterprises, AI intelligent active defense capability is applied to help customers upgrade their security management. In addition to traditional security such as intelligent perimeter and video networking, large-scale intelligent attendance and video cloud storage projects have been built to help customers pass through safely and efficiently, improve attendance management and ensure centralized, safe, and efficient management of video data. Meanwhile, 5G technology is also integrated to complete the layout of 5G smart industrial park construction.

In terms of enterprise production business, Dahua has been profoundly engaged into the production business

scenarios, made breakthroughs and layout around production operation, production detection, process logistics, production management, etc., reshaping the core competitiveness of enterprises. 3C, clothing and textile, automobile, machinery and equipment, household appliances and other industries have been explored in depth and applications have been implemented. For example, the application of visual management of household appliance industry has greatly improved the efficiency of abnormal response and backtracking; the application of robot welding temperature abnormality perception in the automobile industry has reduced robot welding fault and maintenance cost; the application of 3C industry LCD defect detection has reduced the occurrence of missed detection and improved the quality of LCD panel; the application of intelligent logistics in the printing and dyeing workshop in the clothing and textile industry has reduced the labor cost and on-site inventory, saved a lot of cost for enterprises every year, and meanwhile driven the order growth of customers; moreover, the anti-static detection business has been arranged in the 3C industry to drive further opening of industrial products and scenarios of solutions.

In terms of business operation, business development of smart office, smart retail, product traceability and industrial tourism have been promoted. For example, visualization of the production process is applied in the automobile industry tourism project to promote the marketing growth; one-to-one backtracking of users' prescriptions of Chinese medicine has been realized by binding video clips with Chinese medicine order in the traditional Chinese medicine decocting project to improve the service quality for users, promote drug safety management and drive the order growth.

Dahua's smart manufacturing business revenue has increased by more than 60% by continuously penetrating into customers and promoting industry applications. At the same time, in response to the deepening of digital transformation of manufacturing enterprises, Dahua has carried out the construction layout of industrial Internet platform, and been selected as a service provider for the key construction project of industrial Internet platform in Zhejiang Province in 2021. In the future, Dahua will continue to cultivate the manufacturing industry, strengthen the capability construction of industry solutions, and help enterprises realize the integration of production data, flexible manufacturing, product personalization, and intelligent management.

Smart logistics——From manual handling to "digital and intelligent" logistics

Aiming at four major links of logistics transportation, storage, transfer, and distribution, scenario-based end-to-end solutions are provided by means of automation, intelligence, and visualization around three major aspects of safety, production, and operation to realize the management of four objects including people, vehicles, goods and yards, improve the time efficiency of goods transfer in the distribution center, and build intelligent logistics digital operation management system.

Smart logistics solutions are committed to improving the operation and transfer efficiency of customers in the logistics industry. For example, a leading enterprise in the logistics industry has created digital distribution through the application of intelligent logistics solutions, effectively solved the disorder and congestion of loading and unloading vehicles in the park, improved the traffic efficiency of vehicles in the park, and reduced the waiting time of vehicles.

Dahua continuously focuses on the operation quality improvement and safety management of users in the logistics industry. Intelligent AI applications are applied to effectively manage violations and abnormal situations such as violent sorting, crossing conveyor belts and assembly line congestion, so as to ensure the safety of packages and operators.

Smart power——From basic power supply to power IoT

Guided by users' demand of improving quality and efficiency, based on the five major links of production business scenario including power generation, power transmission, power transformation, power distribution and consumption, Dahua applies artificial intelligence technologies of innovative machine vision and AI recognition to realize the full perception of power equipment status, full online enterprise management and full control of operation data, and improve the operation risk control capability, production command penetration capability and emergency response capability, and help the construction of power IoT.

Generally, "substations" are widely distributed and relatively remote with high voltage level, long manual inspection cycle and low efficiency. In order to ensure the stable operation of the substation equipment, the intelligent inspection scheme of intelligent substation can detect in time the abnormal switch opening and closing state, excessive current, unstable voltage, respirator discoloration, bird's nest on the tower, kite hanging and other abnormalities in the substation, so as to ensure the normal power supply of the city.

Smart petrochemical——From traditional production capacity to "smart" petroleum

In the petrochemical industry, Dahua will continue to enrich solutions for smart oil fields, smart pipelines, smart refining and chemical industry, and intelligent gas stations to further expand the fields of natural gas, gas, clean energy and new energy. Based on the IoT technology with video as the core, combined with AI technologies such as intelligent behavior analysis, Dahua provides effective personnel management, operation management and control, equipment inspection, hazard detection, safety supervision, process quality inspection and other solutions to effectively prevent accidents, ensure personal safety and reduce the damage of equipment and facilities. At the same time, Dahua pays attention to environmental emissions, and strives to build a sensitive and efficient pollution detection system to assist management and decision-making. In terms of assembly line automation, Dahua has increased the in-depth application of intelligent warehousing and defect detection to help the development of "intelligent factory".

For example, in the smart gas station projects in Jiangsu, Zhejiang, and other places, Dahua has provided the one-stop license plate recognition technology, and provided car owners with "license plate payment" experience without getting off the car from vehicle guidance to parking to refuel. In an oilfield project in Shaanxi Province, the intelligent inspection scheme provided by Dahua imitates the external operators to inspect the equipment regularly to detect abnormal pressure, flow and liquid level in time, improving the working environment of inspectors and reducing their workload.

Smart coal——From comprehensive mechanized mining to intelligent mining

Dahua makes full use of the advantages of visualization and intelligence to implement the time-space and real-time perception of coal mines up and down to achieve the closed-loop management and control of potential safety hazards, realize the intelligence of the whole production process of coal mining, excavation, machinery, transportation, and communication, and improve the level of safety production.

For example, in Anhui, Shanxi, Shandong, and other places, many coal mines are underground from 500 meters to 1000 meters. Dahua provides the aurora low-illuminance technology and thermal imaging technology which are integrated into the coal mine explosion-proof products, which provides bright eyes for remote operation under the coal mines. For example, in response to the phenomenon of "three violations" in the coal mines, in the past, the personnel in a video office had to manage hundreds of videos, and the average time for a person to stay in one picture was only a few minutes. Dahua's intelligent solution for "three violations" in the underground coal mines can intelligently identify the "three violations" in 24 hours for the video personnel of "anti-three violations" to audit, which has greatly improved the work efficiency and built a barrier for safety production.

Smart metallurgy——From rough production to collective intelligent manufacturing

Dahua has been deeply involved in the iron and steel production business, and adopted scenario-based solutions of operation supervision, equipment inspection, and defect identification relying on the advanced technologies of Internet, big data and machine vision to help metallurgical enterprises reduce production accidents, improve production efficiency and product quality, and enhance core competitiveness. The standardization of enterprise operation, digital supervision and intelligent production have been promoted, and intelligent transformation of the industry has been accelerated to realize sustainable development.

In the iron and steel enterprises, there are a lot of high-temperature places in the workshops of blast furnace, converter, and hot rolling. The temperature of molten iron exceeds 1,000 degrees and the air temperature at short range is more than 100 degrees. The working environment is horrible for personnel to approach. Dahua has specially developed a

"refrigerated" high-definition video camera exclusively for the iron and steel. On the one hand, the camera can resist high temperature, and on the other hand, it can see the key production process of hot steel, which provides great help for remote operations.

Smart medical care—From informatized hospital to smart hospital

Dahua takes new medical infrastructure and smart hospital construction as the opportunity to cultivate the medical industry. Through the rapid intelligent transformation of security inspection at the entrance and exit of hospitals, Dahua applies AI artificial assistance and automatic identification of contraband to realize the safety detection of the personnel in hospitals, and improve the safety level and intelligent prevention and control level of hospitals.

Dahua has strengthened the cooperation with medical institutions to explore AI + medical applications, such as pain analysis, HRV (heart rate variability) analysis, etc. Dahua applies AI algorithms to assist patients in the "perioperative period" and "nursing period" in medical diagnosis, and provides decision-making reference, which has played a positive role in improving medical treatment quality and nursing rehabilitation.

Smart architecture—From intelligent buildings to digital operation

Dahua has been profoundly engaged in the scenarios of construction sites, residential real estate, and commercial real estate. Dahua helps the supervision units or other construction enterprises change the traditional supervision modes through the real name of labor services, environmental monitoring and special equipment supervision at the construction site to reduce the allocation of inspectors at the site and improve the management efficiency. In residential real estate scenarios, Dahua has reduced operating costs, promoted brand value and empowered the digital upgrading of enterprises through One Face, AI intelligent management and Yunrui video networking. In commercial real estate scenarios, passenger flow statistics and heat analysis, parking lot operation, commercial display, visitor management, AI elevator control and other solutions have been applied to improve the operation level, attract passenger flow, and improve customer satisfaction.

The construction site environmental monitoring project has implemented the guidance of the Central Environmental Protection Supervision Group on the local and municipal environmental governance, and built the dust and noise monitoring and video monitoring system on the construction site to carry out real-time monitoring and supervision on construction site environment. In an intelligent construction site project in Hunan, Dahua created intelligent AI monitoring, labor real-name system, environmental monitoring, special equipment management, personnel positioning, vehicle management, fire prevention and other businesses to improve the efficiency of construction site operation supervision, enhance the lean management level of engineering projects, and enhance the industry supervision and service

capabilities.

Smart community or smart neighborhood with visual intercom, smart access control, parking management, visitor system and community cloud included creates safe, intelligent and convenient residential life experience and high-quality property services for customers.

In terms of commercial real estate, taking a large square project as an example, Dahua built a shopping mall passenger flow statistics system to provide real-time passenger flow statistics, trend analysis and visual reports, which provided rich data analysis results for business management and management decision-making and business adjustment for operation departments.

Smart cultural tourism——From the informatization of scenic spots to the digital intelligence of scenic spots

With its own video IoT and AI algorithm technology as the core, around the business scenarios of "food, housing, transportation, tourism, shopping and entertainment", combined with the business needs of intelligent marketing, intelligent management and intelligent service of scenic spots, Dahua applies intelligent ticketing, intelligent access control, live broadcast of scenic spots, intelligent parking, passenger flow statistics, crowd density analysis, information release, smoking monitoring, forest fire prevention and intelligent public toilets, tour guides, big data analysis and other applications to assist in the digital transformation of scenic spots, make the operation of scenic spots more efficient and more convenient and the services to tourists more considerate.

Taking a domestic 5A scenic spot as an example. With the help of Dahua, the scenic spot has intelligently upgraded the management of people, vehicles, objects and events. The detection of the elderly and children's loss, illegal stop detection of the tour line, lake water level overrun, and forest fire warning have been realized. The inspection burden of scenic spot management personnel has been reduced, so has the cost of human resources. The efficiency of emergency handling has been improved by making full prevention in advance, timely handling of the incidents and tracing effectively afterwards.

Smart agriculture——From agriculture visualization to agriculture digitization

Relying on the capabilities of video perception and environmental data collection in multiple scenarios such as greenhouse, farmland planting, livestock and poultry breeding, and aquaculture, Dahua makes use of new technologies such as IoT, big data, artificial intelligence to improve the intelligent perception algorithm applications in various agricultural planting and breeding scenarios. In terms of digital business of smart agriculture, Dahua has deeply cultivated the livestock breeding business. Based on the AI temperature measurement, livestock and poultry detection, breeding operation compliance detection and other technologies and solutions, intelligent means of breeding can be improved to

help breeding enterprises improve production efficiency, save breeding costs, improve biological safety, enhance disease prevention ability, and promote the rapid development of breeding industry. Dahua has cooperated with breeding enterprises in Henan, Sichuan, Jiangxi and many other provinces and regions, horizontally focused on the digital transformation of agricultural production and operation, expanded the business of planting informatization, animal husbandry intelligence, fishery intelligence, and digital farmland, and provided the capability of video and IoT scenario scheme of the whole agricultural industry chain.

Dahua has launched a pilot project of AI temperature measurement and biological safety for the leading customers in the breeding industry. Thermal imaging technology is applied to measure the temperature of pigs so that sick pigs can be found in time and effective prevention and control can be achieved; the rail robot inspection is applied to improve the inspection efficiency effectively; by monitoring the length of the washing and decontamination process of people and vehicles and the clothing of the operation, cross regional operation can be realized, and the supervision of illegal operation can effectively improve the operation standard of operators.

Smart retail——From online retail to online and offline integration

In recent years, the total sales of global retail has been growing. With offline scenarios as the starting point, Dahua applies the integration of intelligent perception and cloud edge to realize the data insight of "people", "goods" and "fields"; each isolated data island in the offline physical scenarios is connected and converged to the cloud "data brain". Focusing on the automobile 4S industry, supermarket and department store, brand chain, catering, pharmaceutical, community group purchase, beauty and hairdressing, home furniture, cinema and other industries, Dahua has expanded key businesses. Based on three directions of safety and loss prevention, store management and precision marketing, Dahua has carried out in-depth business exploration to help chain enterprises realize "opening up resources, reducing costs and improving efficiency".

For example, in the 8,000 stores of a leading electric vehicle enterprise in China, Dahua has completed the construction of remote shop inspection management and safety and fire protection linkage, which has improved the management efficiency of chain stores and reduced potential safety hazards. For a leading food chain enterprise, transparent kitchen construction has been carried out by Dahua in more than 800 stores across the country to protect the health and safety of the branded food. In the automobile 4S shops, Dahua built digital exhibition halls and transparent workshops (station detection and station utilization) to improve the quality of sales service and customer satisfaction on experiences.

Smart education——From digital campus to smart campus

Adhering to the vision of "ensuring safety, providing service and promoting teaching", Dahua has formed a "3+1+X" business system based on three major business sectors of security, logistics and teaching with the middle platform of data as the direction to help with the integration of production, education and talent cultivation, and to form a business system based on the campus scenarios of "people, vehicles, subjects, food, housing, transportation, teaching, studying and research". In terms of security, intelligent business or integration applications of all kinds of scenarios such as campus AR, safety and fire fighting interaction, emergency command, risk management have been built to provide corresponding products and solutions for a large number of education authorities and safe campus projects. In terms of logistics management, Dahua has created bright kitchen, smart dormitory, school bus management and other businesses to help the campus service upgrade in all aspects of traffic, diet, consumption and accommodation, and improve the sense of safety and happiness of teachers and students. In terms of education and teaching, the "three classrooms" business with smart classroom as the core has been created to serve teachers, students and education administrators, and promote the improvement of teaching environment, teaching management and teaching quality.

In terms of security, the emergency command business has been implemented in the education committee of first-tier cities and the top 985 universities, which has greatly improved the response and processing speed of the security department for emergencies. In addition, in the field of general education networking, district- and county-level networking of lots of education bureaus has been covered. For example, in the epidemic control project of an Education Bureau in Zhejiang Province, Dahua carried out temperature measurement data networking for the primary and secondary schools under its jurisdiction to help schools resume its work and schooling. At the same time, a temperature monitoring system was established to effectively control the influenza and other trends.

In terms of logistics management, in some colleges and universities, the application of artificial intelligence and IoT technology has effectively controlled the entrance and exit of dormitory personnel, greatly reduced dormitory theft and other incidents, and improved dormitory security control. At the same time, combined with the data of entrance and exit, early warning of abnormal situations can be provided to assist the school management.

In terms of education and teaching, Dahua has deployed teaching video and corresponding resource management platforms in many colleges and universities. At the same time, combined with high-quality classroom resources in the colleges and universities, online learning, review and other functions have been provided for students to help them with their daily study.

Smart finance—From offline marketing to digital marketing

In recent years, emerging technologies such as mobile Internet, AI artificial intelligence, machine learning, face recognition, voice recognition, image recognition, VR / AR, IOT and blockchain, etc., have been continuously integrated into the financial scenarios to innovate financial products and services by using various technological means. Through the deep integration of financial technology and banking business scenarios, commercial banks have been promoted to accelerate the digital, intelligent and ecological development.

Dahua has profoundly cultivated the financial security business. Based on the technologies and solutions of software platform, end-to-end cloud intelligence and big data analysis, the level of financial security management has been improved, the probability of risk occurrence has been reduced, and the timeliness of case detection has been improved. Dahua has expanded its financial technology business horizontally, continuously explored the implementation scenarios of financial technology in the direction of smart IOT, smart marketing, smart management and smart risk control, and provided intelligent analysis solutions for IOT terminals and centers. Dahua has used scientific and technological means to reduce costs and improve efficiency for banking business operation and site operation, and provide comprehensive data support for business risk control and compliance risk management.

For example, in the construction project of national networking platform of a joint-stock bank, the target recognition, license plate recognition, behavior analysis algorithm, mobile application and other advanced technologies and products have covered every bank branch by relying on the software platform. The prediction of abnormal personnel, vehicles and behaviors at the earliest time in the bank branches and self-service banks has been realized, and so has the transformation from notification of abnormal events afterwards to warning in advance. In a state-owned bank branch business compliance intelligent project, Dahua was considerably engaged in the risk control process of banking business, getting through the banking business system. Combining with artificial intelligence algorithm to alert and record the multiple risk business events in a real-time or after-the-event manner, Dahua helped the bank further improve business risk control.

2.5 Small and medium-sized business (SMB): Empower with digital intelligence to build a win-win cooperation ecosystem

With the continuous increase of labor costs, cost reduction and efficiency improvement have become the rigid demands of enterprises, and digital transformation of small and medium-sized enterprises has been accelerating continuously. When SMBs are confronted with the long tail market of thousands of industries, the scale effect is obvious. Dahua has cooperated with the majority of partners to complete a wide coverage of the long tail market and achieve

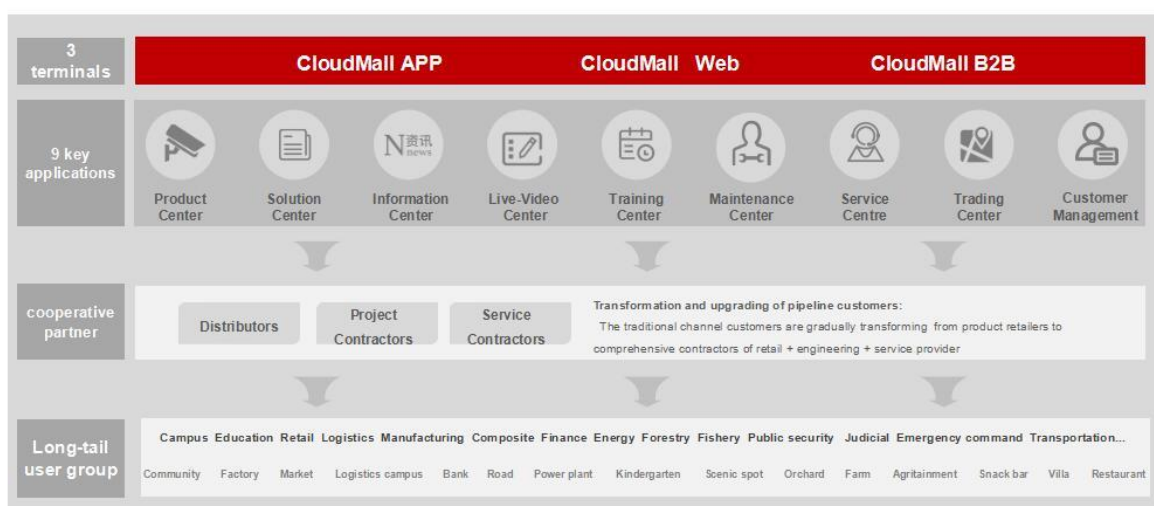
mutual construction, sharing, and a win-win situation.

(1) SMB product solution service system shaping

Under the impact of the epidemic, the investment budget and project construction of small and medium-sized enterprises tend to be steady. The cloud and modular construction modes can reduce the one-time purchasing capital pressure of small and medium-sized enterprises and improve their capabilities to resist risks. Relying on the deep accumulation in AIoT, intelligent hardware, cloud and big data, Dahua has built a solution system of "combination, integration, cloud, wisdom, ease" around the demands of users to provide customers with one-stop products and solution services, effectively helping small and medium-sized enterprises in digital transformation to achieve cost reduction and efficiency.

(2) Digital win-win ecological construction of cloud commerce

With the further development of the Internet, the purchasing habits of SMB users tend to be flat, and the business models of channel customers are constantly changing from the tradesman to itinerant trader, and from product retailer to retail +service provider, Dahua cloud commerce emerges as the times require. Cloud commerce digital marketing service platform has created business segments such as information center, product center, solution center, training center, trading center, service center, operation and maintenance center, joint ecological construction, etc., to help partner enterprises improve operation efficiency, promote industry collaborative progress, establish symbiotic industrial environment and win-win business ecosystem, and realize win-win of social values and business values.



3. Core hardware products

In 2020, Dahua kept focusing on the video IoT business, explored the needs of the industry in depth, achieved further AI applications, comprehensively upgraded the capabilities of perception, intelligence and computing, and established serialized product layout. The multidimensional perception layer plays particular emphasis on the collection of multi-dimensional perception data and intelligent processing, the edge processing layer plays particular emphasis on data aggregation, storage, processing and application, and the cloud center layer plays particular emphasis on centralized storage, intelligent integrated computing and multidimensional data application exploration. The rich and sound product series provide strong support for the rapid implementation of video IOT solutions.

3.1 Multidimensional perception products

Dahua's multidimensional perception products focus on the improvement of perceived adaptability and perceived integration, and the product intelligence is stratified and graded according to the subdivided requirements of different industries and scenarios. The ability of full computing and full intelligence of multidimensional perception products has been continuously evolving and deepening. In terms of perceptual adaptability, Dahua focuses on improving capabilities in space adaptation, mobile target adaptation and low light environment adaptation, which can help accurately obtain the information of three-dimensional world in different environments and climate conditions. The improvement of perceptual fusion capability has expanded the range of perception through multi-camera fusion linkage, multi-spectrum data collection and three-dimensional information perception. Intelligent layering includes combined intelligence, full intelligence, integrated intelligence, easy intelligence and professional intelligence, which can better adapt to fragmented market applications, meet the needs of customers in different industries, and accelerate the implementation and popularization of AI.

- **Front camera**

Dahua scene-defined camera 2.0 has been continuously evolving, and the serialized layout and technical upgrading have been completed. The Hubble Watcher ultra-high-pixel panoramic mosaic has realized full-scene coverage, and integrated multi-algorithm applications such as passenger flow situation, traffic flow situation and traffic incidents; 8K 5G Tianying has realized ultra-high-pixel full-scene intelligent application to achieve more convenient deployment and complete the implementation of 5G+AI+8K; the supreme version of Tianque relies on Dahua's original patent technology of hyperfocal scene to realize the clear capture of people and vehicles in the whole scene; the high-end series of Lingxi adopts three-layer body structure design equipped with the upper layer of 120 to multi-point camera, the middle layer of

180-phase or 360-phase panoramic mosaic, and the lower layer of 360 connected with high-rate dome camera, which can be combined to adapt to the most suitable product type of customer value; the middle and low end of Lingxi are equipped with innovative soft light compensation system and built-in double PTZ circular control system combined with the design of panoramic and detail double-zoom lens to effectively increase the coverage; Aurora 3.0 and Eco 2.0 products continue to innovate in technology, break through the low light limit, and provide full-color high-definition images at night; city parking, high-altitude parabolic aerial, detection of electromobile access to the elevator, and other products have been thoroughly engaged in the subdivided applications of the industry. Dahua makes innovation of technology research and development, and the layout of serialized product solutions to help the industry continuously iterate and upgrade and realize the leading technology, multi-scene adaptation, and application in diversified industries.

The coaxial products have extensively applied HDCVI 6.0 technology and made full use of the technical advantages of coaxial high-definition transmission to launch 4K real-time, full-color and TIOC products. 4K products provide HD real-time and smooth video stream, full-color products realize all-day high-quality full-color monitoring, and TIOC products support the accurate identification and early warning of events.



● Thermal imaging

At the beginning of 2020, COVID-19 broke out all around the world. The thermal imaging thermometer as an important primary screening device for temperature has been extensively applied worldwide. Dahua launched hundreds of styles of human temperature measuring devices in a short time with the accuracy of $\pm 0.3^{\circ}\text{C}$. Based on innovative technologies and excellent performance, Dahua's products have won the recognition of global customers and contributed to the global anti-epidemic efforts. Dahua's products have won a number of major awards, such as "Zhejiang Computer Federation, Zhejiang Computer Industrial Association 2020 Outstanding Product Award", "First Prize of Zhejiang Top Ten Innovative Achievements of Annual Outstanding Enabling Epidemic Prevention and Control", "Innovative Product Award

of the Shenzhen AI Anti-pandemic Symposium & Scientific and Technological Achievements Exhibition 2020", etc. Dahua led or participated in the formulation of a number of standards related to human temperature measurement, such as "T/ZJAF 3 Technical Specifications for Thermal Imaging Human Body Temperature Measurement and Alarm System", "Technical Review Requirements for Medical Infrared Human Body Temperature Measurement and Imaging Equipment (Trial)", "T/CESA 1108 Technical Requirements and Testing and Evaluation Methods for Intelligent Human Body Temperature Detection and Identification System", "T/VSTR 004 Technical Requirements of Infrared Intelligent Temperature Measuring System for Rail Transit Station", and "T/SZSSIA 002 Technical Specification for Access Control System of Body Temperature Measurement", etc.



● Intelligent Traffic

In the field of intelligent transportation, Dahua integrates video and multidimensional perception technology, and continues to launch edge computing fusion product package composed of intelligent transportation cameras and road intelligent terminals. Ecological family products, such as ecological electric police, ecological mount, ecological light truck/intelligent monitoring, are committed to solving the problem of light pollution.

In terms of comprehensive management of road traffic, Dahua has developed new business applications such as the management and control of non-motor vehicle illegal performance, "sentry" camera of binocular mount, whistle capture system, "sentry" integrated intelligent pedestrian light, warning for pedestrian running red light, reminder of giving way to pedestrians, etc. to deeply integrate into the construction of urban civilization. Through the deep integration of millimeter-wave radar technology and video technology, the "sentry" radar-and-video integrated machine breaks the technical bottleneck of traditional video technology single-dimensional data, realizes all-day, full-scene, multi-objective, multi-lane, high-precision and high-speed traffic information detection, and effectively empowers traffic safety warning,

traffic event detection, traffic flow detection and other services, which has further improved the road capacity.

In the field of static transportation, the technical advantages of AI, RF technology and cloud are integrated to launch a new generation of parking product solution, improve the efficiency of parking management and user experience. The traditional barrier and license plate recognition technology are deeply integrated to launch serialized barrier integrated machines, which has effectively reduced the construction cost and improved the image of the entrance and exit; the millimeter-wave radar technology is applied to realize "decoilization" to reduce the construction difficulty and maintenance cost; the sentry box level parking management terminal is launched to improve the stability and ease of using parking management system and ensure the business continuity of the owners.

Intelligent Transport Products



Intelligent Parking Products



- **Intelligent building**

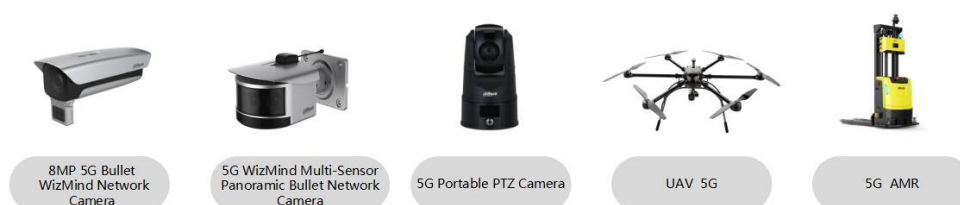
COVID-19 has swept the world, and Dahua has rapidly launched a series of anti-pandemic intelligent access control temperature measurement products to achieve non-contact temperature measurement. This series of products integrates

the advantages of video and algorithm providing intelligent identification of high accuracy and fast speed. At the same time, it supports human body temperature measurement, health code authentication, ID card verification, mask recognition, call intercom, attendance check, access control authority verification and other functions. It is widely used at the entrance and exit of crowded schools, communities, hospitals, enterprises, governments to effectively protect people's lives and property, and sells well all over the world.

Intelligent building products provide users with a full range of service support from products, product portfolio solutions to system solutions, and meet the needs of customers from all walks of life for access control products. Intelligent building products have been successfully applied in the scenarios of new intelligent communities, access control transformation in the old residential communities, campus face-to-access upgrade, digital transformation of enterprise parks, intelligent office buildings, hospital "epidemic prevention" safe passage, and safe passage of rail transit.

● 5G products

5G is the core technology in the field of video IoT. Dahua has completed further layout to improve 5G series products, and launched serialized innovative solutions and application innovations. In 2020, Dahua made breakthroughs in many technical problems such as efficient transmission, broadband antenna and adaptive transmission, and launched various products such as 5G + 4K ultra-high-definition network camera, 5G tracking camera, 5G UAV and 5G inspection robot,



which had been widely applied in different industries such as smart policing, smart storage, smart finance and smart energy.

3.2 Edge processing products

● Edge intelligent computing products

Edge-side intelligent products continue to promote the implementation of various industries, improve product performance and enhance product competitiveness. Dahua has launched "Ruisi" series IVSS, EVs, intelligent analysis box, intelligent coaxial high-definition XVR, intelligent security server, face recognition metal detection door, intelligent traffic products, intelligent integrated vehicle recorder and other products.

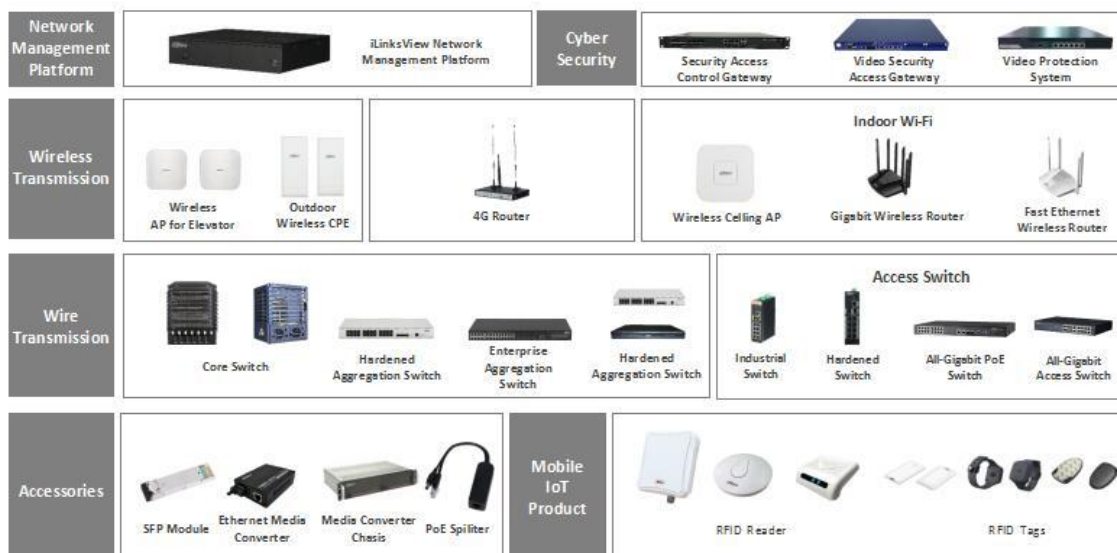
IVSS series products continue to upgrade the performance of deep learning algorithm, realize the highlight functions

of single-card multi-intelligence, intelligent round inspection, secondary extraction, tidal intelligence, face & human body correlation, promote the comprehensive construction of intelligent solutions; many kinds of industrial intelligence including AI coding, animal, instrument, fireworks, behavior have been explored, thousands of industries have been empowered through AI to help enterprises reduce costs and increase efficiency. EVS series products are based on the brand new RAID, high-density storage, unified cluster and other technologies to ensure safe and reliable data storage; combined with the technologies of intelligent analysis of major routes, rapid data structuring, integration of storage and intelligence management, the EVS series products can realize fast retrieval of target data, long-term storage of valued data, closed-loop of edge data business, and give new value to centralized data storage.

Dahua coaxial HD hard disk video recorder XVR, equipped with self-developed AD chip and self-developed deep learning algorithm, supports audio and video composite stream preview, hard disk storage and video playback, realizes acousto-optic linkage alarm in advance and accurate search of people and vehicles afterwards, and supports 4K HD real-time preview, AI intelligent coding and SMD intelligent dynamic inspection. NVR can meet the intelligent applications of perimeter active perimeter prevention, intelligent recognition and video structure in various scenarios of monitoring. The edge computing analysis box IVD provides various customized intelligent services for customers, realizes the docking of devices in the whole industry chain, and provides the capabilities of intelligent transformation, computing power supplement and business expansion.

● **Network transmission and security products**

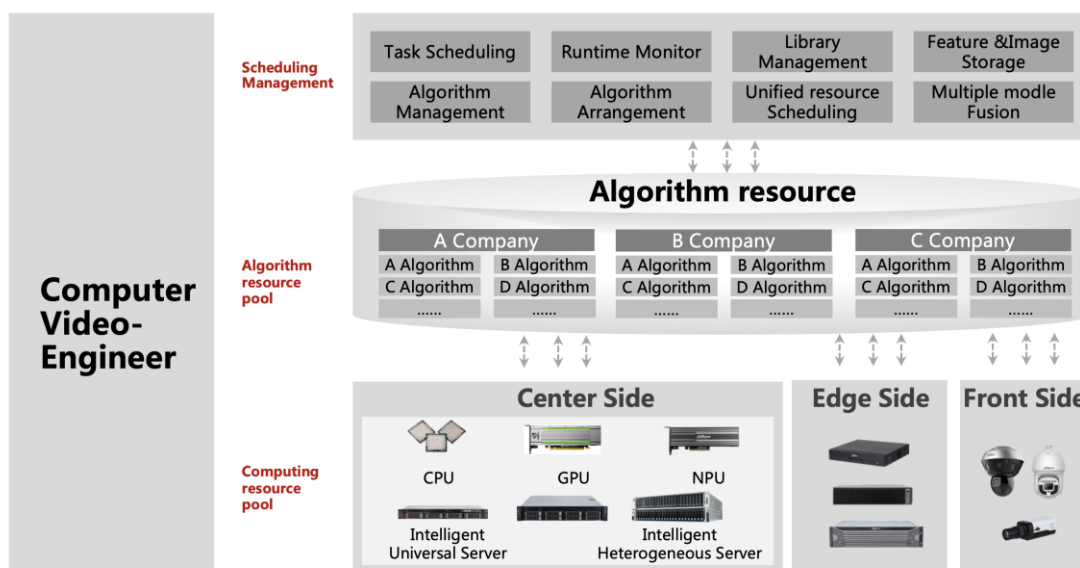
In the node of "edge", a series of Dahua's products such as wireless bridge, professional PoE switch and quasi-industrial-level aggregation switch realize end-to-end full-scene coverage to ensure high-speed and reliable data transmission in various harsh environments. In the "cloud" center, the new generation of ultra-10,000 route level and data center level core switching and security access gateway products thoroughly integrate data transmission and cyber



security to provide customers with high-speed and reliable data transmission and comprehensive data and video security protection.

3.3 Cloud center products

Dahua intelligent computing unifies software architecture, and constructs the open architecture based on smart view



engine through modular architecture. Dahua intelligent computing supports the virtual deployment of video cloud and cloud container, quickly realizes the full compatibility of high-performance computing resources, adapts to all kinds of CPU, GPU and NPU, and provides stronger, faster, safe and reliable computing power support for multiple fields.

Central intelligent full resolution products cover the mainstream X86, ARM platforms and high-performance AI computing platforms. The independent research and development of intelligent resolution card expands the ecological compatibility in the field of cloud computing and provides faster computing power. Central intelligence full comparison products combine with high-performance computing chips and storage-calculation integrated technology. Smart comparison card has been independently developed, data processing algorithm has been optimized, and second-level comparison capability of 100 billion data is provided to provide extremely fast computing capability for the large-scale data processing business, which can comprehensively improve the intelligence of perceptual data, and serve big data applications at the city level and in various industries.

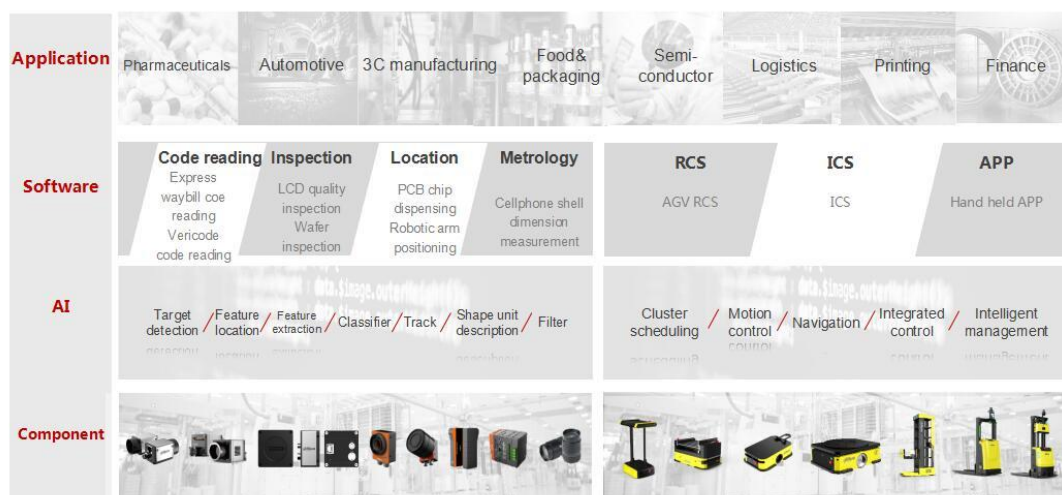
The video cloud storage system supports protocol access and streaming media processing of more than 100 kinds of IoT devices, supports online storage of tens of millions of devices and EB-scale storage, and provides online and fusion retrieval capabilities of data for large-scale IoT sensing devices. Through the one-stop intelligent data operation and

development platform, Dahua provides a complete set of big data base and data operation capabilities of data integration, data governance, data development, data service, data sharing and exchange, data exploration, calculation and storage engine, and meanwhile provides systematic data governance service to realize integrated data warehouse architecture which regards all resources, resource cataloging, catalog globalization and global standardization as the guiding principle, extracts higher data value according to the demands of business scenarios, adheres to the concept of full ecology, opens data and computing power, and realizes the data application ecology of customers.

4. Innovative Business

4.1 Industrial Internet

In the field of industrial Internet, Dahua focuses on intelligent manufacturing and materials handling with two major businesses: machine vision and AGV robots. Relying on independent research and development capability, a solution system with software algorithm and scheduling platform as the core, including industrial cameras, intelligent cameras, AGV robots and other product series, has been formed. The application of product solutions is as follows:

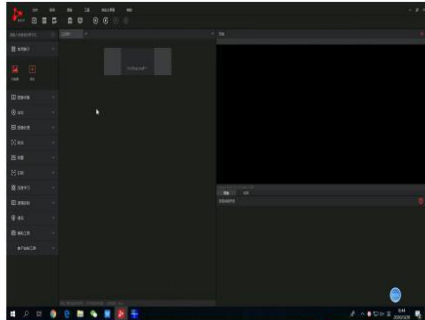




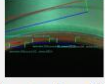


In 2020, 600-megapixel industrial cameras were released and applied in testing projects of mainstream panel manufacturers; embedded intelligent line-scan cameras of 8,000 pixels and code readers with a reading accuracy of 0.2 mm DPM further enriched the product series of intelligent cameras. Industrial cameras have added Gigabit Ethernet interface products, and introduced high-speed portable scanners used at logistics stations and transceiving outlets.

With algorithm platform software as the core, industrial cameras, smart cameras, line-scan cameras, smart sensors,

3D cameras, lenses and other products are added to provide customers with one-stop shopping and segmented industry vision solutions, which are widely used in panels, food packaging, 3C, chemical fiber and logistics industries. The single-piece separator vision solution and six-sided code reader based on deep learning are widely used in logistics sorting centers for automation; Robot positioning and guidance system helps automate the factory assembly and loading and unloading, making production more flexible; The visual inspection solution of DTY/FDY based on AOI deep learning was deployed in batches to continuously provide end-to-end industrial vision solutions for "Industrial AI +".

Introduction to Characteristics and Functions of Algorithm Platform:

<p>Visual development</p> <ul style="list-style-type: none"> Convenient parameter adjustment , Simplify development and improve efficiency <p>No need programming foundation</p> <ul style="list-style-type: none"> Complete logical operator The operators connect freely to build a visual process <p>Powerful customized development ability</p> <ul style="list-style-type: none"> Bottom operator , independent research and development Quickly develop tools and solutions for special needs 		<p>Multitasking synchronization</p> <ul style="list-style-type: none"> Handle multiple visual processes at the same time All processes are completed and the results are processed uniformly <p>Multi-process asynchronous</p> <ul style="list-style-type: none"> Multiple processes are handled separately Handle multiple different visual processes simultaneously, multiple tasks <p>Abundant communication protocol</p> <ul style="list-style-type: none"> Ethernet, serial port, MC, Modbus, TCP/IP R&D fast docking with other protocol 		
<p>Position</p>  <ul style="list-style-type: none"> Size accuracy : 0.02 pixel Positioning angle accuracy : 0.05° 	<p>Code reading</p>  <ul style="list-style-type: none"> Code type : Support QR, Micro QR, DM, Vericode ; Code reading rate : 99.99% 	<p>Measurement</p>  <ul style="list-style-type: none"> Size accuracy : 0.02 pixel Measure angle accuracy : 0.05° 	<p>OCR</p>  <ul style="list-style-type: none"> Character type : Standard characters , complex characters OCR accuracy rate : 99% 	<p>Deep learning</p>  <ul style="list-style-type: none"> Deep learning : OCR, Identify, defect detection, target classification, graphics segmentation

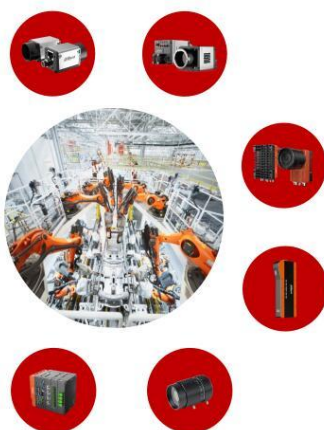
The Whole Family of Product Series:

Area scan camera
Global : 0.3MP~12MP
Rolling : 2MP~20MP

Line scan camera
2K*1/2K*2
4K*1/4K*2
8K*1/8K*2/8K*4
16K*4

Code reading camera
Global : 0.5MP~2MP

X86 Vision Controller
Inter atomX5-E3940 processor
4G/8G RAM , 64G/128G SSD
Support 1080P video output on VGA/HDMI



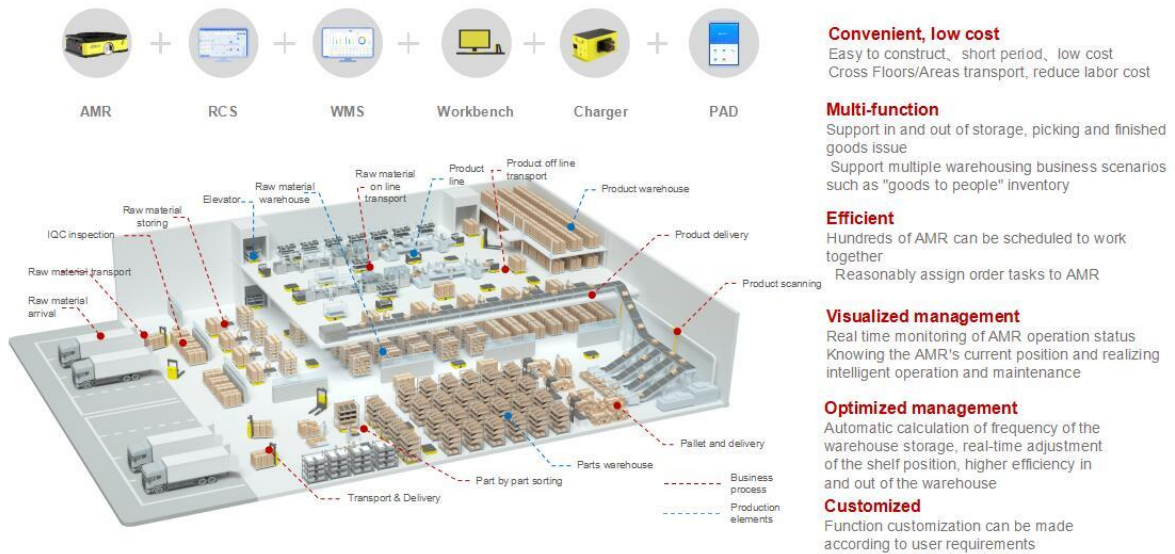
Large area scan camera
Global : GigE 12MP/25MP/29MP/31MP/43MP
CameraLink 29MP/31MP/65MP
CoaXPress 12MP/25MP/50MP/151MP

Smart camera
Movidius VPU platform : embedded algorithm
Global : 0.5MP~5MP
Rolling : 6MP/12MP/20MP
Intel Apollo Lake platform : easy for secondary development
Global : 1.3MP~12MP

3D camera
Measurement in mm level

Lens
S series : 1/1.8" , ≤5MP,6mm-35mm, C mount
M series : 2/3" , ≤8MP,8mm-50mm, C mount
X series : 1" , ≤10MP,8mm-75mm, C mount
X series : 1.1" , ≤12MP,16mm-35mm, C mount
K series : 4/3" , ≤10MP,12mm-50mm, C mount

AGV robots focus on the development and implementation of scheduling algorithm platform on automatic navigation,



AGV products, and relevant accessories, providing robot scheduling solutions for intelligent factory automation.

AGV robots, such as tour-inspection robots, latent robots, hand hydraulic carrier robots, forklift robots, transfer robots, traction robots and sorting robots, have been equipped with independently developed AGV dispatching systems and intelligent charging systems. Such robots can be widely used in warehouse management systems. The tour-inspection robot works with an intelligent scheduling platform to realize visual inspection in fields of electric power and animal husbandry; Latent robots have gears of 300kg, 600kg and 1 ton, and integrate navigation technologies such as two-dimensional code, laser, and texture recognition; 5G-communication dispatching forklifts widely used in the textile industry feature small control delay, and provide services from indoor to outdoor; AGV robot products are more abundant with more mature technology. They have been widely used in auto parts, 3C, panel, lithium battery, photovoltaic and other industries.

Latent lift AMR

Visual navigation+ Inertial guide/Laser SLAM navigation+ Inertial navigation
Load navigation : 600kg/1000kg
Maximum operating speed : 1.5m/s
Can be adapted to different shapes of pallets or shelves

Transport AMR

Visual navigation +Inertial/Laser SLAM navigation+ Inertial navigation
Maximum operating speed : 1.5m/s
Load navigation : 300kg
Support all kinds of roller, belt and other vehicles

Towing AMR

Visual navigation+ Inertial guide/Laser navigation + Inertial navigation
Light load of traction : 300kg
Overloaded traction : 2000kg/3000kg
Maximum operating speed:1.5m/s

Lightweight AMR

Visual navigation+ Inertial guide
Efficient loading of goods to meet the point to point transport, the maximum speed is 3M/s, and the cluster scheduling capacity is 300 units.

Forklift AMR

Laser SLAM navigation+ Inertial guide
Load navigation : 1500kg, 2000kg, 3000kg
Applicable to different scenarios
Independent pallet recognition, pallet offset automatic adjustment and flexible docking

Pallet jack AMR

Laser SLAM navigation+ Inertial guide
Load navigation : 1000kg
General type : Channel width as low as 2200mm
Climbing type : Can climb up to 10° slope
Tall type : Support 1000mm height stacking

Workbin handing AMR

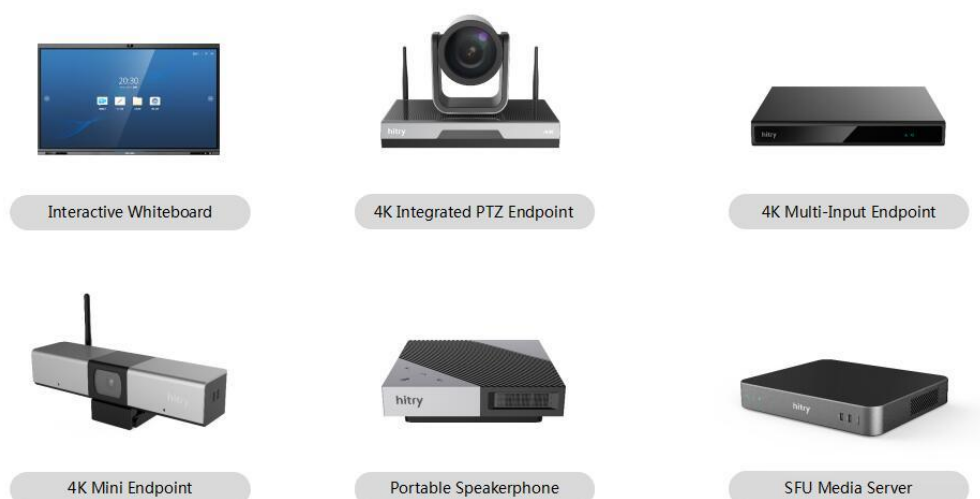
Visual navigation+ Inertial guide
Load navigation : The lift trar 30kg , Clip hold type 50kg*5 layers
Maximum operating speed : 1.5m/s
Maximum acceleration : 1.0m/s²
The versatility is enhanced to meet the requirements of narrow-channel application scenarios

4.2 Video Collaboration

In 2020, Dahua launched a cloud communication and collaboration platform, which supports online interaction and collaboration of up to 5,000 parties in a single conference, and is open to all sectors of society free of charge during the epidemic. In this way, it has facilitated the remote communication and information transmission for many local governments, health care commissions, and enterprise users, and improved the efficiency of their resumption of work and economic recovery.

The integrated 4K PTZ conference collaboration terminal greatly simplified the deployment and implementation of 4K communication and collaboration. Through deep optimization of human voice, the self-developed audio 3A algorithm has enabled new industry-leading products such as 4K integrated, 4K split, 4K mini conference collaboration terminals, mini pickup speaker, and interactive intelligent tablet. SFU and MCU architecture hardware servers deployed based on the privatization of the cloud conference collaboration platform further enriched the product line of conference collaboration, and 5G technology was loaded to popularize 4K conference collaboration applications.

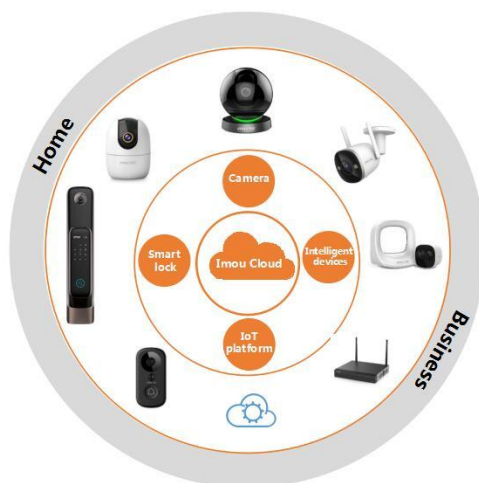
Collaborative communication products and solutions centered on advanced audio and video technologies are widely used in the fields of city governance, security and stability, law-based society, reform and efficiency improvement, improvement of people's livelihood, beautiful countryside, big data service, intelligent education, etc. With quality products and convenient and easy-to-use experience, they have won a good reputation in the market.



4.3 Imou Household

IMOU for civil consumption provides global users with intelligent IoT services around the scenes of homes, shops and small and micro enterprises. A trinity of "Imou, Intelligent Hardware and Intelligent Technology" business ecology was built

to continuously combine released products with ecology, providing users with better and safer civil IoT security solutions.



Continuously expand the intelligent security IoT ecology around civil scenes

In recent years, the growth of home security cameras and smart door locks is particularly prominent amid the explosive growth of smart home IoT products. In 2020, Dahua released a number of smart cameras for home use with the pixel increased from 1080P to 2K, black-and-white night vision upgraded to full-color night vision, and AI algorithm added. Pocket camera, PTZ camera, outdoor bullet camera, outdoor PTZ, and battery camera are included. In addition, products are connected with users based on Imou, so that users can perform remote audio and video monitoring, and experience cloud services such as video cloud storage and telephone alarm.

A full range of intelligent lock products based on video technology and face recognition technology were successively introduced based on the rich products and diversified technical research on the category of intelligent door locks. Dahua is the first in the industry to introduce the intelligent video lock centered on video. As the mainstream direction, video locks will greatly improve the user experience. By loading video technology and connecting with IoT platform, local interaction is changed to remote visual interaction.

Imou Cloud: AIoT Cloud with Both Internal and External Considerations

Imou Cloud is an open video-centric IoT cloud platform built by integrating cloud computing, big data, cloud storage, software and hardware platforms, IoT, and many other resources. Imou Cloud has set up 20 data center nodes around the world with access to 60 million devices, providing secure, stable, and fast AIoT cloud services for 23 million users worldwide. Imou Cloud provides security and care services for global end consumers through the access to massive IoT devices, transmission, storage, AI and big data analysis, and combines the AI capability of "cloud edge" to make civil applications more intelligent.

In terms of cloud ecology, Imou Cloud provides third-party partners with video-centric VPaaS capabilities, and opens cloud access, cloud storage, and cloud forwarding, cloud livestream, cloud intercom, cloud sharing, cloud analysis and other core functions. In addition, to better meet fragmented application needs of user scenarios such as homes, shops, small and micro enterprises, Imou Cloud further opens the cloud AI algorithm, and AI algorithms for face detection, face comparison, face search, and human shape, human attributes, vehicle attributes, and traffic attribute recognition. In 2020, the Imou Cloud platform and industry cloud solutions were implemented to improve a number of lightweight Internet industry clouds. At present, the Imou Cloud business ecology has more than 40,000 third-party partners settled in the world and more than 1,100 active applications. It has initially established an open, shared, and cooperative video network ecosystem.

In the information security field, data security and privacy compliance are core strategic objectives. In 2020, after obtaining GDPR certification, Imou Cloud successively won international certifications such as CSA STAR Cloud Security, ISO/IEC 27701, ISO/IEC 27017, and ISO/IEC 27018, and also obtained ITSS Cloud Service Certification and Level 3 Certification of Ministry of Public Security. This means that Imou Cloud has once again been recognized by domestic and foreign authorities in terms of security, accuracy, transparency and compliance in handling personal information, and will provide safe, stable, and high-quality cloud services to customers around the world.

In terms of data operation, Imou Cloud further enriched and improved five core functions, i.e. data statistics, growth model, layered operation, key business analysis, and business operation of the OMS data operation platform. In this way, it drives the reshaping of sales pipelines by data, improves product competitiveness, and optimizes end product experience.

4.4 Smart Fire Control

Dahua is committed to providing customers in the industry with a series of fire control products and solutions in all fields, and investing deeply in fire control products, core technologies and industry application systems. Relying on technological advantages of intelligent perception of fire control, video analysis, cloud computing, big data, IoT, it provides intelligent fire-control products and high-quality services for the government, small and micro enterprises, and family customers.

Solutions

On the To G solution side, Dahua continues to build a top-level business system for smart fire control, including a smart fire operation solution for city-level fire operation, a smart fire supervision solution for district and county's IoT supervision and law enforcement, a big data fire control solution for city-level fire prevention, a digital intelligence station

(fire data asset warehouse) solution for city-level data services, and an intelligent rescue and command solution for city-level fire fighting. The projects have been successfully implemented in many fire rescue corps, detachments and brigades across the country.

In terms of To B solutions, Dahua has surveyed industry scenarios such as finance, schools, hospitals, cultural relics and ancient buildings, real estate, energy, etc., developing and releasing corresponding solutions. With the focus on smart electricity solutions, Dahua empowers the whole-scene fire control business through thermal imaging and video AI technology. In addition, it integrates with the industry business, and ensures fire safety without ignoring energy conservation and efficiency improvement. In the field of enterprise's hazard management and control, intelligent perception through videos and intelligent perception of fire are combined to establish a multi-dimensional and full-coverage prevention and control network integrating safety and consumption. This reduces the false alarm rate, technically innovates fire control means, relieves the pressure of fire safety management personnel, and effectively improves the fire control management level of enterprises.

In terms of To SMB/C solutions, Dahua provides SMB and C-end customers with an integrated cloud service platform, and creates lightweight fire safety solutions, reducing the cost of fire services, and extensively covering small places, commercial chains and fire services for home use.

Software platform

Dahua built an open platform for fire protection, shares intelligent fire protection perception with partners, and creates a win-win ecology for the fire protection industry. At present, two open platforms, privatization deployment and public cloud, have been completed. By providing standardized application layer interfaces, the unified configuration, release and management of data service interfaces are realized, and multiple common interfaces are preset for third-party developers to directly call, thus continuously sharing business opportunities for developers and ecological partners.

In the process of building software products, Dahua adheres to the component-based development mode, establishes a unified software R&D system and technical framework for multiple industry platforms, supporting the rapid development and iteration of industry applications, and giving full play to the value of software reuse.

Hardware products

Dahua made in-depth development in smart fire control and smart electricity solutions, and completed business planning and long-term deployment in industrial and traditional fire control. Dahua has made major breakthroughs in many core technologies, such as new maze detection technology, false alarm prevention algorithm technology, fault arc detection technology, two-busbar communication (high speed, lower power consumption), greatly improving the core

competitiveness of products.



4.5 Smart Storage

With the goal of "leader of secure storage" and relying on independent R&D and innovation capabilities, and strict quality control system, Dahua provides solid-state hard disks, memory cards, PSSD, U disks, DRAM and other products, which can be widely used in high-tech fields such as intelligent monitoring, consumer electronics, industrial electronics, cloud computing, unmanned driving, robots, and artificial intelligence to meet the needs of application scenarios.

In terms of solid-state drives, SATA M.2 SSD products with high reliability and wide temperature are introduced to vehicle-mounted applications in harsh environments, such as $-20-85^{\circ}\text{C}$; In terms of consumer SSD, C800 and C800A SATA products, and C900 and C900PRO series PCIe consumer products have been launched successively; For commercial SSD, E800 SATA and E900 PCIe products are available. The SSD product line with rich interfaces, complete capacities and high quality can meet various market demands and is widely used in desktop computers, notebook computers, and all-in-one machines.

In terms of memory cards, domestic monitoring cards and wide temperature memory cards have been introduced to monitoring scenes and electronic products with high read and write requirements; At the same time, consumer cards with high cost performance are introduced and applied to digital products; Special cards for driving recorder are introduced to expand the application scenarios of driving recorder. In terms of U disk products, a number of mainstream in-line U disks and U disks for Android mobile phones have been introduced one after another to the USB product market. In terms of the

PSSD product line, entry-level products are introduced with a capacity range of 120GB/240GB/500GB/1T.

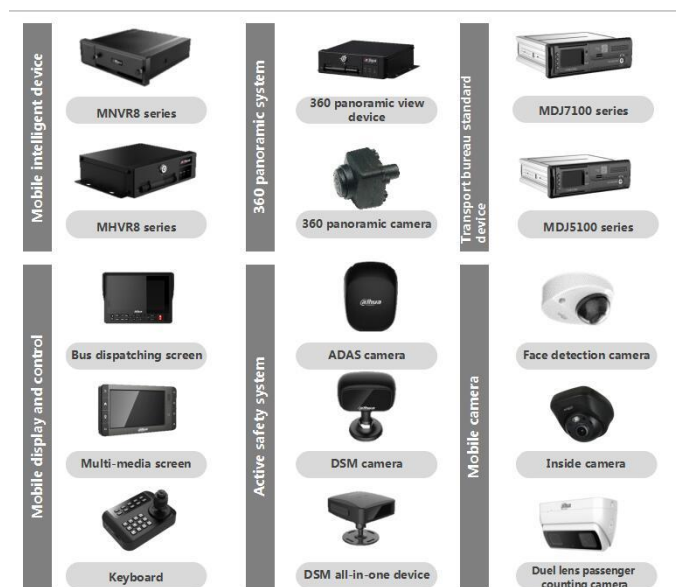
4.6 Automotive Electronics

The automotive electronics business is aimed at OEM and related operators of passenger cars and commercial



vehicles. We actively expand vehicle markets before and after delivery, and can provide a full range of vehicle-mounted cameras, vehicle-mounted terminal hosts, active safety products, auxiliary driving products, automatic parking systems, and panoramic 360 scanning systems. We have been certified by the IATF16949 quality management system, empowering industries such as "tourist bus, Class C or above passenger car, and special vehicle for the transport of hazardous chemicals, fireworks and crackers and civil explosives", freight logistics, public transportation, public security, school bus, slag car, and sanitation.

Facing the vehicle-mounted product market, many intelligent vehicle-mounted products and auxiliary driving systems have been released for vehicle-mounted monitoring, forward collision warning, lane departure warning, blind zone detection, driving behavior analysis, driver attendance by face recognition, passenger flow statistics and other



technologies. The intelligent video equipment for vehicle-mounted products has been widely used in many domestic industries, including intelligent vehicle electronic products centered on video and comprehensive solutions for vehicle-mounted products subdivided into intelligent analysis of various scenarios. In this way, we provide customers with solutions featuring independent technical advantages and meeting personalized needs of various industries.

4.7 UAV

With the focus on the field of public security, we independently research and develop intelligent quad-rotor UAV, six-rotor UAV and a variety of mounting systems with thermal imaging and visible light, including multi-rotor and composite fixed wing. They feature long endurance, heavy load, high altitude, strong wind resistance, etc. Many core technologies such as advanced navigation flight control, pan/tilt stability augmentation, power system, air-ground communication, display and control integration, active safety, are integrated. Dahua has applied for a number of related patents such as adaptive strong robustness control algorithm and high-precision loosely coupled navigation algorithm. Dahua provides solutions for public security, urban management, traffic police, emergency and other industries.

5. Major sales model and performance driving factors

With marketing and service networks around the world, Dahua offers products and solutions to different end users like governments, enterprises, and consumers. With the increasing coverage of smart IoT technologies and applications in all walks of life and consumer groups, Dahua has also strengthened the channel construction for enterprises and consumers. In 2020, its enterprise business and innovative business recorded a rapid growth rate.

Major performance driving factors include:

After years of development in overseas markets, Dahua has established a global sales and service network, contributing to increasing brand recognition and product reputation. Dahua will always be open, transparent and cooperative in the face of complicated and volatile international situation in politics and economy. During the epidemic, relevant solutions and products for epidemic prevention and control were launched in time to help the global fight against the epidemic. At the same time, through rapid response and assuming social responsibility, the understanding and mutual trust with customers were enhanced, securing cooperation with new valued overseas customers. Dahua will continue to help overseas employees to work according to the laws, policies, and customs of various countries and regions. To meet the requirements of global compliance, Dahua will also strengthen the construction of a global compliance system, managing compliance risks according to the policy of the host country. Globalization and continuous increase in overseas markets are also vital factors for future revenue increase.

Dahua is customer-oriented, and actively responds to the industry trends. In the application of AI, Dahua dedicates deeply to sub-sectors, understands their fragmentation requirements, and consolidates the know-how abilities in the form

of software. Dahua attaches importance to and mines the value of data. The massive real data applied in actual business helps upgrade Dahua's AI capability continuously, creating practical values for customers. With the implementation of AI and the continuous mining of data value, Dahua has gradually expanded its business from traditional security to enterprise operation and management, and the proportion of project added value and value-added business has been increasing. Dahua's intensive work on its business, contributing to the continuous improvement of customer value, is an important factor driving the growth of its performance.

In addition, with the continuous extension of the business to sub-sectors and the deepening of its application, Dahua has further targeted front-line customers, accelerating the process of software SaaS and PaaS. Through the standardization of software, the improvement of reuse rate of functional modules, and the rapid implementation of solutions brought about by software cloud, Dahua meets the needs of increasing industry customers, so that they are increasingly connected. At the same time, Dahua reduces the running-in cost of cooperation through standardized interfaces and data formats. Dahua has obtained more customers together with partners through complementary advantages and benefit sharing. Through the cloud of software and the construction of ecological cooperation chain, Dahua can serve customers in all walks of life faster and better. The ability to quickly enter new value industries and fields is an important factor driving performance growth.

6. Industry development trends and industry position

At present, video capability has penetrated into business applications in all walks of life in addition to monitoring and security. With the growth of AI products' hashrate and the decrease of the hashrate cost, AI products have been more and more used in the video IoT industry. At the same time, the access to the intelligent IoT is growing rapidly, and the access and perception in turn help generate more and more data. The ability to empower all walks of life with AI technology, and to efficiently manage massive data and mine data value will become an important development trend of the industry in the future.

During the development, Dahua has always kept a watchful eye on the industry trends and focused on fields with value. Dahua is a world-leading provider and operator of video-centric smart IoT solutions. With AI, big data, and cloud computing integrated in the products and solutions, its position in smart IoT industry has been constantly elevated.

II. Material Changes to Major Assets

1. Major changes in main assets

Major Assets	Explanation Of Material Changes
Equity assets	46.26% higher than that at the beginning of the year, mainly due to increased investment in foreign equity acquisition .
Fixed Assets	No Significant Change
Intangible Assets	No Significant Change
Projects under Construction	167.15% higher than that at the beginning of the year, mainly due to increased investment in the R&D and industrialization of the intelligent IoT solution, the Phase II construction of the smart manufacturing base in Hangzhou and the construction of the R&D center in Xi'an.
Cash and Bank Balances	142.24% higher than that at the beginning of the year, mainly due to the increased collection of payment from sales this year.
Other Receivables	137.40% higher than that at the beginning of the year, mainly due to the increase of equity transfer receivables this year.
Other Non-current Assets	904.23% higher than that at the beginning of the year, mainly due to the prepayment for land purchases.

2. Major overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

Dahua has always insisted on taking video as the core to expand the smart IoT business. We continue to improve the research and development investment, product development, marketing and service network, supply and delivery, and compliance management, consolidates competitive advantages, and meets the changing needs of customers and builds core competitiveness.

1. Targeted investment in R&D to constantly improve technological innovations

With the development of technology and customer needs, the video surveillance industry has entered the development stage of video-centric smart IoT, that is, breaking through the traditional pattern of video surveillance industry through multi-dimensional perception and application. Multi-dimensional perception increases types of information collection, including spatial information, dynamics information, and biological characteristics. Multi-dimensional applications output more video data value and support a wider range of business applications.

Dahua attaches importance to R&D investment, and has profound technological accumulation in optical technology, image acquisition, data transmission, storage, and image display. At the same time, Dahua continuously explores the frontier of advanced technologies such as multi-dimensional perception and application, including AI, big data, cloud computing, and software development, leading the development of the industry.

2. Constant optimization to promote the global supply operation with safety priority

Facing the epidemic and frequent trade frictions, the importance of supply security has risen to a new height. Meanwhile, different from basic products of mass production, there are many kinds of customized solutions and different product models based on personalized needs of customers, which pose challenges to the timely delivery of products. Dahua has established a safe, stable and multi-source flexible production system, including material risk management and control, supplier risk management, refined classification and inventory, and multi-source supply. Based on specialized organization and operation, Dahua systematically ensures supply safety. In addition, Dahua optimizes the global supply layout, reconstructs the capacity of the construction base, and strengthens the informatization construction of the global planned supply system. In this way, Dahua can manage and predict the whole process of product prediction, production, shipment, and delivery in an efficient and accurate manner.

In China, Dahua now has a production and manufacturing base in Fuyang. With automation technologies, robots, and machine vision, Dahua has improved the intelligence level of the supply chain system and built Fuyang production and manufacturing base into a model of "smart factory". Dahua has established regional supply centers in India and Hungary, and regional HUB warehouses in core logistics distribution centers such as Netherlands, Dubai and Panama to ensure the steady and rapid development of its global business.

3. Constantly optimize the global marketing and service network, and build organization capabilities suitable for business

Dahua has established a global marketing and service network. By the end of 2020, Dahua has 32 provincial offices in China. Dahua constantly expands the small and medium enterprise business to frontline markets by strengthening customer coverage and development, and introducing ecological partners to build a business ecology. We actively embrace the Internet/IoT model and comprehensively conduct e-commerce, cloud-commerce and Yunrui businesses. With the penetration of smart IoT into all walks of life, in order to meet the increasing demand for customized software and delivery complexity, Dahua has set up software capability centers in major provinces and autonomous regions in China, covering software research and development in this province and neighboring provinces and autonomous regions, and flexibly and quickly meeting personalized customization needs of customers.

Overseas markets are key to Dahua's rapid growth. Dahua opened hundreds of image stores and more than 3,000 element stores overseas throughout the year. During the epidemic, overseas teams maintained a steady business development strategy, and adopted innovative business models such as virtual exhibition halls and auto shows, further improving the brand image and expanding the international market. Among them, thermal imaging products contribute to ensuring the normal social production and life of countries and regions in the world, and the health of citizens.

By the end of 2020, Dahua has established 58 branches around the world to provide customers with fast and high-quality end-to-end services. Dahua has a vast distribution network overseas, and also serve overseas medium and high-end city customers and industry customers. Relying on the technical strength and active overseas expansion strategy, Dahua will copy the application mode of domestic government business and enterprise business to overseas markets and gradually increase the proportion of solutions in overseas market revenue. Meanwhile, Dahua also set up software R&D branches in Europe and America respectively, attracting excellent local software talents to form international R&D teams and staying close to customers. Software platforms were localized to significantly accelerate the response to customer needs. Dahua further seized the international market through establishing an international marketing and management team, and local marketing and service centers.

4. Adhering to Customer-oriented and Employee-based Principle to Achieve Sustainable Development

Corporate culture construction is the cornerstone of Dahua's sustainable development. "Customer-orientation" is placed at the core of the corporate culture. Through "customer-oriented" business flows and organization, the company has taken value creation as the guide and performance evaluation standard for every employee. At the same time, Dahua always adheres to the value of "employee-oriented" to continuously optimize the performance evaluation and compensation allocation system and promote diversified incentive measures including both short-term and long-term ones, so that sustainable compensation and morale motivation are available for high-performing talents.

Dahua has closely combined talent development with business development, forming an efficient career development system for management talents and professionals such as research and development, technology and marketing talents. Through succession planning of management talents and circulation of professionals, a sustainable talent supply system is established for Dahua's development.

5. Constantly build norms and improve digital operation support capabilities

Dahua attaches great importance to business compliance operations, strengthens cyber security and data protection, optimizes the management of the product quality system. Therefore, it has established and improved a compliance system that complies with the export control regulations of major economies in the world. To ensure the healthy and

sustainable business development, Dahua has always maintained a sound management strategy and managed the compliance risks according to the policies in each country. In addition, Dahua creates an open and transparent environment, accepts the supervision of all parties, and constantly improves itself.

Section IV Discussion and Analysis on Business Circumstance

I. Overview

In 2020, the economic growth of the major economies generally slowed down and the overall growth rate of investment was low as the global economy was impacted by COVID-19. However, along with the development and application of AI, IoT, cloud computing, big data, and other technologies and the constant iteration and updating of video technologies, the value of smart products and solutions increased rapidly. Video functions have been applied to the business applications of all industries. The market space of the video-centric smart IoT field was further expanded.

In the reporting period, the Company has insisted on the operation principle of sub-divided management and high-quality development. It realized operating revenue of RMB 26.466 billion, with an increase of 1.21% compared with the same period of last year and realized a net profit attributable to the shareholders of the listed company amounting to RMB3,903 million with an increase of 22.42% compared with the same period of last year, which was stable growth.

Main business strategies of the Company include:

1. Carry out targeted investments in R&D, and improve the core technical strength

The Company insisted on taking technological innovation as the core and investing heavily in R&D. In 2020, the Company invested RMB 2.998 billion in R&D, registering an increase of 7.28% year-on-year, and accounting for 11.33% of the operating income. Apart from maintaining the investments in the traditional video technologies, the Company constantly enhanced research, development, and productization of technical fields, such as multi-dimensional sensing, AI, cloud computing and big data, software platforms, machine vision and robots, 5G, network security, etc., and made constant innovation in response to customers' demands.

2. Constantly improve the operation efficiency and quality based on the first line

The Company targeted the pain points of businesses to realize the implementation of the business values based on the first line, led by the market and driven by R&D. The Company reshaped the technical marketing system in the region and enhanced the coordination between the technology and the businesses. The domestic SMB businesses were continuously sunk to activate the market; in overseas countries, the businesses were continuously sunk and deepened and great efforts were made to expand overseas partners to enhance brand coverage with the country as the center. The Company went on exploring the fine management by focusing on the established strategic orientation to fully guarantee the implementation of the business values.

3. Sink the software and delivery ability and meet the individualized customer needs in a quick and flexible manner

The Company developed the software and development organizations oriented to the customer businesses, and realized efficient management and resource coordination through organization transformation and first-line ability loading, comprehensively improving the business operation ability. The 8 domestic regional software development centers put into use in 2020 provided sensitive front desk organizations for customized services to realize the overall industry coordination. The Company conducted tests on delivery of business under its direct management in the provinces such as Guangxi and Guizhou to ensure quick delivery of projects, and promoted and reproduced such integrated delivery ability in other provinces through ability accumulation.

4. Boost the innovative business development and develop the cooperation ecosystem

Based on the in-depth understanding of customers' diversified demands, the Company developed the emerging businesses including machine vision, video collaboration, Imou, smart fire control, smart storage, smart security inspection, automobile electronics and drones, adequately stimulated the talent vitality and constantly extended new high-speed growth points for the Company. The Company also attached great importance to development of external ecological partners, created the ecological chain in the concept of complementary advantages and shared benefits, and joined hands with the ecological partners to achieve greater value for the customers.

5. Build a safe supply chain to cope with the uncertainty in the supply system

To cope with the risks in the supply chain, the Company comprehensively sorted out the supply chain, increased the stock of key materials, designed potential and alternative plans for the key nodes, safeguarded the supply chain diversification, achieved diversification and independent control of the products and solutions, and significantly lowered reliance on the particular materials, thus effectively guaranteeing the supply safety.

II. Main Business Analysis

1. Overview

See "I. Overview" in "Discussion and Analysis on Business Circumstance".

2. Income and Costs

(1) Operating income structure

Unit: RMB

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	26,465,968,181.10	100%	26,149,430,652.42	100%	1.21%
By Industry					
Video IoT industry	26,465,968,181.10	100.00%	26,149,430,652.42	100.00%	1.21%
By Product					
Product	10,236,157,625.57	38.68%	10,259,311,668.32	39.23%	-0.23%
Solutions	12,800,135,421.65	48.36%	12,788,289,763.76	48.90%	0.09%
Innovative business (note)	1,760,985,972.72	6.65%	1,217,467,047.21	4.66%	44.64%
Others	1,668,689,161.16	6.31%	1,884,362,173.13	7.21%	-11.45%
By Region					
Domestic	15,979,394,846.89	60.38%	16,473,728,183.00	63.00%	-3.00%
Overseas	10,486,573,334.21	39.62%	9,675,702,469.42	37.00%	8.38%

Domestic business segments

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion in Domestic Operating Revenue	Amount	Proportion in Domestic Operating Revenue	
To G	5,672,069,290.86	35.50%	5,925,352,700.37	35.97%	-4.27%
To B	6,756,647,948.94	42.28%	5,465,409,146.39	33.18%	23.63%
Others	3,550,677,607.09	22.22%	5,082,966,336.24	30.85%	-30.15%
Total	15,979,394,846.89	100.00%	16,473,728,183.00	100.00%	-3.00%

Note: Innovative businesses are mainly in businesses of industrial internet area, video collaboration, Imou household appliances, intelligent firefighting and drones. Same for the following

(2) Industry, product, or region accounting for more than 10% of the company's operating revenue or profit

√ Applicable □ Not applicable

Unit: RMB

	Operating income	Operating Cost	Gross margin	Increase or decrease of operating income compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
By Industry						
Video IoT industry	26,465,968,181.10	15,164,331,155.66	42.70%	1.21%	-1.51%	1.58%
By Product						
Product	10,236,157,625.57	5,296,463,922.73	48.26%	-0.23%	-9.95%	5.59%
Solutions	12,800,135,421.65	7,587,954,310.54	40.72%	0.09%	7.09%	-3.87%
By Region						
Domestic	15,979,394,846.89	9,929,618,506.93	37.86%	-3.00%	-2.82%	-0.12%
Overseas	10,486,573,334.21	5,234,712,648.73	50.08%	8.38%	1.08%	3.60%
Domestic business segments						
To G	5,672,069,290.86	3,363,660,978.20	40.70%	-4.27%	-3.56%	-0.44%
To B	6,756,647,948.94	3,934,436,543.82	41.77%	23.63%	23.57%	0.03%
Others	3,550,677,607.09	2,631,520,984.91	25.89%	-30.15%	-25.78%	-4.35%

When the statistical caliber of the company's main business data is adjusted in the reporting period, the company's main business data should be subject to the one after the statistical caliber at the end of the reporting period is adjusted in the most recent year.

√ Applicable □ Not applicable

Unit: RMB

	Operating income	Operating Cost	Gross margin	Increase or decrease of operating income compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
By Product						
Product	10,259,311,668.32	5,881,666,520.72	42.67%	13.53%	3.98%	5.27%
Solutions	12,788,289,763.76	7,085,711,224.53	44.59%	7.65%	0.81%	3.76%
Innovative business	1,217,467,047.21	691,089,957.52	43.24%	14.62%	7.12%	3.98%
Others	1,884,362,173.13	1,737,726,237.67	7.78%	11.64%	12.80%	-0.95%
Domestic business segments						
To G	5,925,352,700.37	3,487,721,156.97	41.14%	9.57%	1.67%	4.57%
To B	5,465,409,146.39	3,184,017,744.00	41.74%	21.79%	21.47%	0.15%
Others	5,082,966,336.24	3,545,786,430.61	30.24%	-2.10%	-5.98%	2.87%

Reasons for changing the statement

As the world-leading provider and operator of intelligent IoT solutions with video as the core, the changed statement can more clearly reflect the Company's development direction, more intuitively present the Company's business model, and more accurately reflect the Company's operating results, which facilitates investors and other interested parties to understand the Company's development trend.

(3) Is the company's physical sales income greater than the labor income?

√ Yes □ No

Industry Classification	Item	Unit	2020	2019	Year-on-year increase or decrease
Video IoT industry	Sales volume	Unit/set	61,487,755	55,096,437	11.60%
	Production output	Unit/set	61,798,084	56,227,073	9.91%

Reasons for over 30% changes in related data on year-on-year basis

Applicable Not applicable

(4) Performance of major sales contracts signed by the Company as of the reporting period

Applicable Not applicable

(5) Operating Cost Structure

Industry Classification

Unit: RMB

Industry Classification	Item	2020		2019		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Video IoT industry	Operating Cost	15,164,331,155.66	100.00%	15,396,193,940.44	100.00%	-1.51%

Product Classification

Unit: RMB

Product Classification	Item	2020		2019		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Product	Operating Cost	5,296,463,922.73	34.93%	5,881,666,520.72	38.20%	-9.95%
Solutions	Operating Cost	7,587,954,310.54	50.04%	7,085,711,224.53	46.02%	7.09%
Innovative business	Operating Cost	1,113,066,781.05	7.34%	691,089,957.52	4.49%	61.06%
Others	Operating Cost	1,166,846,141.34	7.69%	1,737,726,237.67	11.29%	-32.85%

Has the scope of consolidation changed during the reporting period?

Yes No

1) In this period, the Company invested in and established twelve domestic subsidiaries, namely, Zhejiang Dahua Storage Technology Co., Ltd., Zhejiang Dahua Automotive Technology Co., Ltd., Chengdu Dahua Zhilian Information Technology Co., Ltd., Chengdu Dahua Zhian Information Technology Service Co., Ltd., Chengdu Dahua Zhishu Information Technology Service Co., Ltd., Chengdu Zhichuang Yunshu Technology Co., Ltd., Chengdu Huishan Smart Network Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Zhejiang Xinsheng Electronic Technology Co., Ltd. (which has been transferred this year together with its parent company Huatu Microchip), Hangzhou Huacheng Software Technology Co., Ltd., Guizhou Dahua Information Technology Co., Ltd. and Henan Dahua Zhilian Information Technology

Co., Ltd., as well as six overseas subsidiaries, namely, Dahua Technology Nigeria Representative Ltd., Dahua Technology Israel Ltd., VISMEXTECH DHM SERVICIOS, S.A. DE C.V., Imou Network Technology Netherlands B.V., LOREX Technology UK Limited and Dahua Technology Japan LLC. The above subsidiaries have been incorporated in the scope of consolidation since the date of establishment.

2) The Company's subsidiaries Guizhou Dahua Intelligence Technology Co., Ltd., Xinjiang Dahua Information Technology Co., Ltd., and Xinjiang Dahua Intelligence Technology Co., Ltd. were canceled in this period, and will not be included in the scope of consolidation since the date of cancellation.

3) In this period, the Company transferred its original 51% of the equity of South-North United Information Technology Co., Ltd., 51% of the equity of Hangzhou Tecomore Technology Co., Ltd., and 100% of the equity of Huatu Microchip Technology Co., Ltd and its subsidiary Zhejiang Xinsheng Electronic Technology Co., Ltd. After the transfer, the Company holds 0% of their equity, and no longer has control over the above subsidiaries which are hence no longer included in the scope of consolidation in this period.

(7) Major changes or adjustments to the company's business, products, or services during the reporting period

Applicable Not applicable

(8) Major Clients and Suppliers

The Company's Major Clients

Total sales amount of the top five customers	1,718,898,587.06
Proportion of the total sales amount of the top five customers to the total annual sales	6.51%
Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	1.67%

Profiles of the Company's top five customers

No.	Name of customer	Sales amount (yuan)	Proportion to the annual sales
1	Company 1	440,704,672.41	1.67%
2	Company 2	430,080,265.93	1.63%
3	Company 3	329,599,318.70	1.25%
4	Company 4	280,351,537.09	1.06%
5	Company 5	238,162,792.93	0.90%
Total	--	1,718,898,587.06	6.51%

Other Information Notes for Major Clients

Applicable Not applicable

(8) Major suppliers

Total Purchase Amount of Top Five Suppliers (yuan)	3,686,130,812.65
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	21.73%

Proportion of the total purchase amount of the related parties in top five suppliers to the total annual purchase amount	0.00%
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Profiles of the Company's top five suppliers

No.	Supplier Name	Purchase amount (yuan)	Proportion to the total annual purchase amount
1	Company 1	1,650,324,452.51	9.73%
2	Company 2	614,485,194.25	3.62%
3	Company 3	487,998,114.40	2.88%
4	Company 4	478,083,311.43	2.82%
5	Company 5	455,239,740.06	2.68%
Total	--	3,686,130,812.65	21.73%

Other Information Notes for Major Suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2020	2019	Year-on-year increase or decrease	Statement on Significant Changes
Sales Expenses	4,291,121,362.75	3,952,947,275.82	8.55%	
Administration expenses	785,101,729.55	740,880,944.67	5.97%	
Financial Expenses	300,409,810.24	-70,077,580.11	528.68%	Mainly due to the exchange losses
Research and development expense	2,997,545,666.82	2,794,219,504.28	7.28%	

4. R&D Investment

Applicable Not applicable

Company's R&D investment

	2020	2019	Change Ratio
Number of R&D personnel	8,998	7,161	25.65%
Percentage of R&D personnel	52.16%	52.43%	-0.27%
R&D investment (yuan)	2,997,545,666.82	2,794,219,504.28	7.28%
The proportion of R&D investment to operating income	11.33%	10.69%	0.64%

Capitalized R&D investment	0.00	0.00	0.00%
Proportion of capitalized R&D investment to R&D investment	0.00%	0.00%	0.00%

The reason for the significant change in the proportion of the total amount of R&D investment to operating income compared with last year

Applicable Not applicable

Reasons and rational explanations on the substantial change in capitalization rate of R&D investment

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	2020	2019	Year-on-year increase or decrease
Subtotal of cash inflow from operational activities	31,438,931,251.07	27,289,772,534.99	15.20%
Subtotal of cash outflow from operational activities	27,037,398,182.68	25,689,168,247.29	5.25%
Net cash flow generated by operating activities	4,401,533,068.39	1,600,604,287.70	174.99%
Subtotal of cash inflow from investment activities	2,341,316,710.71	3,543,722,034.42	-33.93%
Subtotal of Cash Outflow from Investment Activities	2,531,230,650.38	4,383,517,340.45	-42.26%
Net amount of cash flow generated by investment activities	-189,913,939.67	-839,795,306.03	77.39%
Subtotal of cash inflow from financing activities	8,477,969,273.06	6,449,889,488.41	31.44%
Subtotal of cash outflow from financing activities	7,872,352,016.69	8,223,765,887.21	-4.27%
Net cash flow generated by financing activities	605,617,256.37	-1,773,876,398.80	134.14%
Net additions to balance of equivalent	4,624,266,793.12	-968,097,827.13	577.67%

Description of the main factors affecting the significant changes in related data over the same period of last year

Applicable Not applicable

1. The net cash flow from operating activities saw a year-on-year increase of 174.99%, which is mainly due to the increase of received payment of sales in this period.
2. The net cash flow from investment activities saw a year-on-year increase of 77.39%, which is mainly due to the increase of the net cash received from the disposal of subsidiaries in this period.

3. The net cash flow from financing activities saw a year-on-year increase of 134.14%, which is mainly due to the increase of the difference between the loans received and debt repayment in this period.

Reasons for the significant difference between the net cash flow generated by the company's operating activities in the reporting period and the net profit in the current year

Applicable Not applicable

III. Non-main Business Analysis

Applicable Not applicable

IV. Analysis of Assets and Liabilities

1. Significant changes in assets composition

The Company implemented new revenue standards or new lease standards for the first time since 2020, and adjusted relevant items of financial statements at the beginning of the year

Applicable

Unit: RMB

	End of 2020		Beginning of 2020		Proportion increase and decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	in total assets Percentage		
Cash and Bank Balances	7,471,652,634.66	20.42%	3,084,428,970.43	10.43%	9.99%	Mainly due to the increase of the increase in the payment collection this year
Accounts receivable	12,857,519,110.16	35.13%	13,184,093,361.32	44.57%	-9.44%	Mainly due to the increase in the payment collection
Inventory	4,928,019,838.00	13.47%	3,839,810,704.33	12.98%	0.49%	Mainly due to the increase in stocking
Investment Property	336,008,869.13	0.92%	336,181,589.99	1.14%	-0.22%	No Significant Change
Long-term Equity Investment	455,977,616.16	1.25%	490,731,236.85	1.66%	-0.41%	No Significant Change
Fixed Assets	1,515,594,629.97	4.14%	1,522,463,368.83	5.15%	-1.01%	No Significant Change
Projects under Construction	1,164,130,453.03	3.18%	435,757,406.90	1.47%	1.71%	Mainly due to the increase in the investment in the Project of Smart IoT Solution R&D and Industrialization, Phase II Construction Project of

						Hangzhou Smart Manufacturing Base and Construction Project of Xi'an R&D Center
Short-term loan	250,177,083.34	0.68%	400,323,888.90	1.35%	-0.67%	Mainly due to the repayment of short-term loans
Long-term loan	878,000,000.00	2.40%	153,500,000.00	0.52%	1.88%	Mainly due to the increase in bank loans

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	At the beginning of the reporting period	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Impairment loss of the reporting period	Purchase amount of the reporting period	Sales amount of the reporting period	Other variations	At the end of the reporting period
Financial Assets								
2. Derivative Financial Assets		1,005,680.45			3,420,856,518.90	3,011,812,418.90		1,005,680.45
Others					1,470,000.00			1,470,000.00
Subtotal of financial assets		1,005,680.45			00	3,011,812,418.90		0
5. Other Non-current Financial Assets	67,213,489.43	184,727,296.91			108,147,000.00			360,087,786.34
6. Receivables Financing	1,086,017,357.90						121,862,296.68	1,207,879,654.58
Total	1,153,230,847.33	185,732,977.36			3,530,473,518.90	3,011,812,418.90	121,862,296.68	1,570,443,121.37
Financial liabilities	-	-			-	-	-	-

Other changes

N/A

Are there any significant changes in the measurement attributes of the company's main assets during the reporting period?

Yes No

3. Restrictions on asset rights as of the end of the reporting period

As of December 31, 2020, restricted assets of the Company are as follows:

Item	Balance at the End of the Period (RMB)	Cause of restrictions
Cash and Bank Balances	101,126,967.62	Guarantee security deposit
Notes receivable and receivable financing	955,959,908.06	Pledge for issuance of bank acceptance bills
Long-term Receivables	175,530,696.65	Pledge for bank loans
Non-current Assets Due within 1 Year	30,575,733.51	Pledge for bank loans
Total	1,263,193,305.84	

V. Investment analysis

1. Overview

Applicable Not applicable

Investment In The Reporting Period (RMB)	Investment Over The Corresponding Period Of Last Year	Rate Of Change
578,149,547.42	1,384,120,881.15	-58.23%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments underway during the reporting period

Applicable Not applicable

Unit: RMB

Item Name	Investment Mode	The Investment In The Fixed Assets Or Not	Involved industry in investment projects	Amount Invested In The Current Reporting Period	Cumulative Actual Investment As Of The End Of Reporting Period	Capital Source	Progress of Project	Anticipated Income	Cumulative Income As Of The End Of The Reporting Period	Reasons For Unreached Planned Progress And Anticipated Revenue	Disclosing Date (If Any)	Disclosing Index (If Any)
Phase I Technical Transformation and Phase II Construction Project of Hangzhou Smart Manufacturing Base	Self-construction	Yes	Video IoT industry	345,154,047.60	602,337,677.07	Self-raised funds	35.66%			N/A	August 17, 2019	Juchao Information Website http://cninfo.com.cn/
Construction Project of Xi'an R & D Center	Self-construction	Yes	Video IoT industry	118,580,070.83	208,398,624.86	Self-raised funds	17.82%			N/A	August 17, 2019	Juchao Information Website http://cninfo.com.cn/

												com.cn/
Project of Smart IoT Solution R & D and Industrialization	Self-construction	Yes	Video IoT industry	355,078,776.15	550,097,951.16	Self-raised funds	33.88%			N/A	August 17, 2019	Juchao Information Website http://cninfo.com.cn/
Total	--	--	--	818,812,894.58	1,360,834,253.09	--	--	0.00	0.00	--	--	--

4. Financial assets investment

(1). Securities investment

Applicable Not applicable

No such case as securities investment during the reporting period.

(2). Derivatives investment

Applicable Not applicable

Unit: ten thousand RMB

Name of derivatives investment operator	Relation with related party	Whether it is a related transaction	Types of derivatives investment	Initial amount of derivatives	Starting date	Termination date	Initial investment amount	Amount purchased during the reporting period	Amount sold during the reporting period	Amount of provision for impairment	Investment amount at the end of the period	Proportion of investment amount in the	Actual profit and loss during the

				investment						nt accrued (if any)		company's net assets at end of the reporting period	reporting period
Agricultural Bank of China	No relations	No	Structured deposits	10,000	May 20, 2020	December 29, 2020		10,000	10,000				219.95
China Construction Bank	No relations	No	Structured deposits	80,000	June 5, 2020	September 3, 2020		80,000	80,000				712.83
Bank	No relations	No	Foreign exchange contract		February 28, 2020	June 7, 2021		342,085.65	301,181.24		40,904.41	2.07%	74.77
Total				90,000	--	--	0	432,085.65	391,181.24		40,904.41	2.07%	1,007.55
Sources of funds for derivatives investment				Equity Fund									
Litigation involved (if applicable)				N/A									
Disclosure date of board of directors' announcement on the approval of derivatives investment (if any)				April 3, 2020									
Disclosure date of shareholder meeting's announcement on the approval of derivatives investment (if any)				May 13, 2020									
Risk analysis and description of control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				For detailed information on structured deposit risk analysis and control measures, please refer to the "Announcement on the Purchase of Bank Wealth Management Products with Own Fund" (Announcement No.: 2020-025) disclosed on April 3, 2020, and the "Announcement on Foreign Exchange Hedging Transactions" (Announcement No.: 2020-022) disclosed on April 3, 2020.									

Changes in market prices or product fair value of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of related assumptions and parameters.	For the structured deposits signed between the Company and the bank during the reporting period, the fair value gains and losses shall be determined according to the interest rate linked to the foreign exchange options; the difference between the quotation of forward foreign exchange settlement contract quotation and the forward foreign exchange price determines the transactional financial assets or transactional financial liabilities.
Explanation of whether the Company's derivatives accounting policies and specific accounting principles have changed significantly during the reporting period compared with the previous reporting period	N/A
Independent directors' special opinions on the Company's derivatives investment and risk control	Please refer to "The Independent Opinions of Independent Directors on Relevant Matters" disclosed by the Company on April 3, 2020 for details.

5. Utilization of raised funds

Applicable Not applicable

No use of funds in the reporting period of the Company

VI. Major Assets and Equity Sales

1. Major assets sales

Applicable Not applicable

No major assets sales in the reporting period of the Company

2. Major equity sales

Applicable Not applicable

Counterparty	Equity sold	Sale date	Transaction price (ten thousand yuan)	Net profit contributed by the equity to the listed company from the beginning of the current period to the sale date (ten thousand yuan)	The impact of the sale on the Company	The proportion of the net profit contributed by the equity sale to the total net profit of the listed Company	Pricing principles of equity sale	Whether it is a related transaction	Relationship with the counterparty	Whether all the equity involved has been transferred	Whether it is implemented as planned or not. If it is not implemented as planned, the reasons and the measures already taken by the Company shall be explained.	Date of Disclosure	Disclosure Index
Hangzhou Gancheng Equity Investment Partnership (Limited Partnership)	100% equity of Zhejiang Huatu Microchip Technology Co., Ltd.	August 1, 2020	40,000	-2,133.62	The after-tax profit from the disposal of long-term equity investment is 962 million yuan, which will not affect the independence of the	24.64%	The appraisal value of the assets appraisal report is for reference	Yes	No	Yes	Implemented on schedule	July 9, 2020	Juchao Information Website http://cninfo.com.cn
Shaoxing Gansheng Equity Investment Partnership (Limited Partnership)			13,500						No				
Zhejiang Free Trade Zone Fenghang Investment Partnership (Limited Partnership)			5,000						No				
Yuyao Yangming Zhixing Investment Center			4,000						No				

(Limited Partnership)				Company and will not adversely affect the daily operation of the Company									
Ganzhou Dayu Capital Management Partnership (Limited Partnership)		4,500						No					
Chen Heyu		5,000						No					
Ningbo Hualing Investment Management Partnership (Limited Partnership)		22,000						Enterprises controlled by actual controllers					
Zhoushan Zhixin Equity Investment Partnership (Limited Partnership)		13,200						Enterprises controlled by actual controllers					
Zhoushan Weixin Equity Investment Partnership (Limited Partnership)		12,800					Enterprises on which the actual controllers have important influence						

VII. Analysis of Major Subsidiaries and Investees

√ Applicable □ Not applicable

Major subsidiaries and joint-stock companies with a net profit impact of over 10%.

Unit: RMB

Company Name	Company Type	Main businesses	Registered Capital	Total Assets	Net Assets	Operating income	Operating Profit	Net Profit
Zhejiang Dahua System Engineering Co., Ltd.	Subsidiary Company	The development, production, installation and sales of electronic and communication products; the design, construction and installation of computer system integration and automated control engineering	500,000,000.00	4,630,667,533.32	1,333,570,440.60	1,605,618,104.38	25,161,060.86	35,839,977.85
Zhejiang Dahua Vision Technology Co., Ltd.	Subsidiary Company	The development, sales, and technical services related to computer software, as well as the design, development, production and sales of security equipment, electronic products and communications products	646,810,000.00	21,323,291,102.10	1,152,049,132.01	22,485,425,202.65	-230,119,268.69	-170,921,643.22
Zhejiang Dahua Zhilian Co., Ltd.	Subsidiary Company	Production and sales of electronic products and auxiliary equipment;	1,110,000,000.00	4,814,495,514.30	772,379,453.18	4,693,654,571.26	-249,336,134.17	-195,496,877.71

		technological development, technical consultation and services, achievement transference of computer software, electronic products, communications products, and digital security products; self-owned house lease; catering service; import and export of goods.						
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Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Guizhou Dahua Intelligence Technology Co., Ltd.	Deregistration	No significant impact on overall production, operation and performance
Xinjiang Dahua Information Technology Co., Ltd.	Deregistration	No significant impact on overall production, operation and performance
Xinjiang Dahua Intelligence Technology Co., Ltd.	Deregistration	No significant impact on overall production, operation and performance
Zhejiang Dahua Storage Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Zhejiang Dahua Automotive Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Chengdu Dahua Zhilian Information Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance

Chengdu Zhichuang Yunshu Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Chengdu Huishan Smart Network Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Zhejiang Huakong Software Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Zhejiang Xinsheng Electronic Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Hangzhou Huacheng Software Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Guizhou Dahua Information Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Dahua Technology Nigeria Representative Ltd	Established with investment	No significant impact on overall production, operation and performance
Dahua Technology Israel Ltd	Established with investment	No significant impact on overall production, operation and performance
Henan Dahua Zhilian Information Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
VISMEXTECH DHM SERVICIOS, S.A. DE C.V.	Established with investment	No significant impact on overall production, operation and performance
Imou Network Technology Netherlands B.V.	Established with investment	No significant impact on overall production, operation and performance
LOREX Technology UK Limited	Established with investment	No significant impact on overall production, operation and performance
Dahua Technology Japan	Established with investment	No significant impact on overall production, operation and performance
South-North United Information Technology Co., Ltd.	Equity transfer	No significant impact on overall production, operation and performance
Hangzhou Tecomore Technology Co., Ltd.	Equity transfer	No significant impact on overall production, operation and performance
Zhejiang Huatu Microchip Technology Co., Ltd.	Equity transfer	No significant impact on overall production, operation and performance
Zhejiang Xinsheng Electronic Technology Co., Ltd.	Equity transfer	No significant impact on overall production, operation and performance

Major holding companies and joint stock companies

VIII. The structured entity controlled by the Company

Applicable Not applicable

IX. Prospects for the Future Development of the Company

1. Development Strategy of the Company

Dahua is a world-leading video-centric smart IoT solution and service provider, offering end-to-end video surveillance solutions, systems and services based on the technological innovation, to create value for urban operation, enterprise management and individual life.

Dahua will carry forward the “customer-oriented and striver-based” core value, fulfill the mission of “enabling a safer society and smarter living”, keep a foothold in the market with outstanding quality and services, create more value for customers and strive for building a safe, smart, convenient and efficient society.

2020 is a year in which the Company achieved high-quality development. The Company significantly improved its cash flow while realizing steady improvement of its gross profit. In 2021, the Company will continue to promote its high-quality development strategy, steadily increase its sales scale and perfect its net profit level. In the three years to come, the Company will continuously increase its effective investment to realize stable and rapid development while maintaining high-quality development.

2. Key Works in 2021

(1) The Company will continue to enhance the targeted investment in R&D to improve the core competitiveness in the products and solutions. The Company will continuously boost the technical innovation oriented by the customer needs, enhance the R&D ability, and further promote the leading place and commercial application of the artificial intelligence. The Company will enhance the big data governance and big data platform construction.

(2) The Company will enhance the software architecture ability and establish the full-process operation ability (from the development to the sales and delivery of software), to enhance the competitiveness of software products and further enhance the ability of overall solutions in satisfying the demands of customers.

(3) The Company will further strengthen the technical marketing system in the region and enhance coordination between the technology and the businesses. Strengthen regional and front-line business, technology and service capabilities, explore market segment, quickly respond to and serve for customers to drive high-quality business growth.

(4) The Company will optimize construction of the global marketing network, continuously sink and deepen its businesses with the country as the center, and improve the business sinking quality and customer satisfaction.

(5) The Company will constantly improve the ability to provide the global market with stable and efficient supply safety as well as systematic delivery and services.

(6) The Company will enhance the financial, economic and IT investment, realize digital transformation of the enterprise, and improve the enterprise management ability and level. The Company will boost the reform of the human resources, and optimize and boost the selection, education, retention, incentive and cultural inheritance.

(7) The Company will constantly promote the development of innovative businesses and strengthen them, achieve effective coordination with the main traditional businesses to form richer application support for the user scenarios of the customers, and meanwhile build the new technical highland to constantly contribute new driving force to long-term sustainable development of the Company.

(8) The Company will develop the organizations oriented to the customer businesses, realize efficient management and resource coordination, and comprehensively improve the business operation ability; form the elite organizations to enhance the platform ability; and deepen the talent mechanism to constantly stimulate the talent vitality.

(9) The Company will enhance the construction of the global compliance system.

3. Risks and Countermeasures

During the reporting period, there was no significant change in the risks faced by the Company. The Company has been trying to identify all kinds of risks and actively take countermeasures to avoid and reduce the risks:

(1) Risk of technology upgrading: The video surveillance industry is a typical technology-intensive industry, which is changing extremely fast. If the Company is unable to keep up with development trends in the industry's technology, to pay full attention to customers' diversified individual needs, and to be followed by sufficient R&D investments, it will still face the risk of losing market competitiveness due to discontinuous innovation. By increasing R & D investment, the Company continues to strengthen research on core technologies in AI, video cloud, machine vision and other fields, and reserves product, technology, management and talent resources for a broader market in the future, so as to achieve sustainable and steady development of business.

(2) Risk of business model change: With the development of network communications, cloud computing, big data, AI and other technologies as well as the upgrading of the smart phone application modes, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise cannot grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market structure becomes broken. The Company continues to focus on and study the major changes in global economy, industry and technology, analyze the industry development logic, and predict the evolution of global video surveillance industry and IoT industry, the continuous integration of video, information communication and digital technologies, diversification and uncertainty of customer demands. While consolidating the advantageous market, The Company actively explores and pilots new

businesses and new commercial mode, and carry out business and technical layout.

(3) Risk of product safety: The Company attaches great importance to and continuously strengthens resource investment to ensure safe and reliable operations of the security system so as to respond to the product security risks on the Internet. However, hacker's attacks, computer viruses, physical security vulnerabilities, natural disasters, accidents, power interruptions, telecommunications failures, terrorism, and warfare events may still occur from time to time, resulting in security vulnerabilities, system failures, or service interruptions. The Company has founded a cyber security committee, and set up a professional security team to develop company-level product safety plan, ensuring product safety in whole process from requirements to design, coding, and testing process. At the same time, the Company actively carries out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

(4) Intellectual property risk: The promotion of the company's globalization and self-owned brand strategy will likely bring about intellectual property risks and patent infringement, which may cause fluctuation in business relations and public opinions, increasing lawsuits and rising costs. The Company attaches great importance to technological innovation and has established protection and management mechanism for intangible assets such as innovation achievements, self-owned brands, trade secrets, and constantly gathers advantageous IP assets; With IP compliance risk control system, the Company continues to strengthen its ability to understand and grasp the IP laws and regulations, administrative and judicial environment of the region where the company's business is located in.

(5) Exchange rate risk: The Company's export transactions are mostly settled in United States Dollars ("USD"), while overseas sales have increased continuously. Therefore, fluctuations in the foreign exchange rate have the potential to affect the profits of the Company. As US dollar is the settlement currency, the Company hedges and avoids the risk of exchange rates by centralized management of exchange capitals, purchase and payment hedging and other methods.

(6) Risk of declined local fiscal capacity: At present, some local fiscal debts are relatively high. If the paying capacity is reduced, it may lead to the slowdown in the growth of industry demands, extensions of project time, longer periods for companies to withdraw capital, and customers' payment delay. The Company continues to improve our internal control system and optimize the project review methods, select local projects carefully and assess project risks systematically, prudently assess the market logic and cash flow balance logic, control the risks reasonably, make plans to deal with cash flow shortage, project delay and other risks, and reduce the risk of delayed payment.

(7) Risk of international operation: The Company's products and solutions cover over a hundred overseas countries and regions. International business operation may face trade protection risks. The Company actively prevents and responds to the risk of international operation by establishing an overseas compliance risk control system, continuously

strengthens the understanding and adaptability of the laws and regulations as well as the political and economic environment of the regions where its business is involved, and formulates differentiated business strategies based on "one country, one policy" in accordance with the changes in politics and economy of different regions to reduce the operational risks.

(8) Supply chain safety risk: In terms of supply safety, the Company comprehensively sorts out all kinds of potential supply risks through professional operation, and strengthens the sustainable and safe supply of key materials through the means such as R&D backup solutions and diversified supply sources, guaranteeing the safety of the supply chain.

X. Reception of research, communication, interviews and other activities

1. Registration Form for reception of research, communication, interviews and other activities during the reporting period

√ Applicable □ Not applicable

Reception Time	Reception location	Reception Method	Reception target type	Reception objects	Main content of the discussion and the information provided	Index of the basic information of research
January 07, 2020	Company meeting room	Field Investigation	Institution	Everbright PGIM Fund Management; Haitong self-operated fund; First-trust Fund Management; Nuode Fund Management; Century Asset Management; Citicprufunds; Fullgoal Fund; Guoyuan Securities; Bank of China Investment Management; Trend Investment; Renbu Investment; Shengqi Assets; Gortune Investment; Haitong Securities	Communicated on the Company's products, solutions, and key technology investment directions. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
January 16, 2020	Company meeting room	Field Investigation	Institution, individual	UBS Securities; Employees Provident Fund; UBS Asset Point72 Asset; UBS Wealth; Fullerton Fund; Allianz Global Investors; IvyRock Asset; Franklin Templeton; Kasikorn Asset; Mirae Asset Management; Nomura Asset; Nippon Life Insurance; Permodalan Nasional; Berhad; SCB Asset Management; Sumitomo Mitsui DS Asset; Veritas Investment; PAG; Willing Capital; Pinpoint Asset; Q Fund; Neo Criterion Capital; UG Investment; Bell Asset; Artisan Partners; Cathay Securities Investment Trust; Franklin Templeton; GF Fund; Pala Investments; Pine Summit; Luxence Capital; Qilin Asset; Maitri Asset; Horeal Investment; Jin Round Asset; GF Securities; Xu	Communicated on the business condition of the Company and the strategic orientation of development. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table

				Shuli; Sang Hong		
January 17, 2020	Company meeting room	Field Investigation	Institution	E Fund	Communicated on the business condition of the Company and the strategic orientation of development. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
February 28, 2020	Company meeting room	Telephone communication	Institution, individual	Bridge River Capital; Essence Fund; CCBI Securities; Essence Securities; CLSA; Hangzhou White Rhino Asset Management; Chongyang Investment; AEON Insurance Asset Management; Elephas Investment; Baoying Fund; Franklin Templeton; Chengsheng Investment; HSBC; Purest Invest; IDG Capital; Stonelake Assets; JQ Asset; Yaode Investment; Manulife; Beixin Ruifeng Fund; Orchid Asia; Green Court Capital; Power Corporation of Canada; Dacheng Fund; Samsung AM; Dajia Insurance Group; Schrodgers; Shanghai Dajia Asset Management; Trivest; Dayu Investment; TT Fund; Changde Dekun Asset Management; UBS; Dingxin Great Wall Fund; Willing Capital; Dingtian Investment; Fidelity International; Goldman Sachs; Gaoguan Investment; Everbright PGIM Fund; Yiheng Capital; Oriental Alpha Fund; Binyuan Capital; Oriental Harbor Investment Fund; Hangzhou Bingcheng Asset Management; Orient Fund; Shanghai Caitong Asset Management; Orient Securities; Ivy Assets; COAMC; Chensheng Assets; Soochow Fund; Chen Xiang Investment; Soochow Life Insurance; Shanghai Chengshi Asset Management; Dongxing Fund; Guangzhou Bingshen Investment; East Asia Qianhai Securities; Founder Securities; Dunyi Assets; Fujian Zheyuan Assets; Fangyuan Fund; Pramerica FOSUN Life Insurance; Founder Securities; Fuanda Fund; Everbright Securities; ICBC International; GF Securities; Guhuai Capital Investment; GFI; Granford Capital; Guangzhou Shenrong Guajngxin	Communicated on the planning and goals for the future development, the management reform, and the influence of the "Entity List" on the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table

			<p>Fund Management; CDB Securities; Guangzhou Jinyu Investment; Guolian Life Insurance; Haier Capital; Guosheng Securities; Haining Tenbagger Capital Investment; Guotai Junan Securities; Haitong Fund; Guotai Junan Securities (Hong Kong); Haitong Research Institute; Guotai Junan Asset Management; Haitong Securities; UBS SDIC; Eastspring Investments; CRHC; Zeal Asset Management; Guoyuan Securities; Hangzhou Jiulong Assets; Han Feng International Asset Management; Hanlun Investments; Haocheng Asset Management; Huajin Securities; Hengming Assets; Huaqin Technology; Hengyuan Capital; Huarong Securities; Hongshang Asset Management; Huashang Fund; Manulife Asset Management; China Future Capital Group; HSAM; Beijing Huatai New Industry Investment Fund; Hongjia Fund; China Wealth Management; Citibank; China AMC; Hua Chuang Securities; Hua Yuan Investment; HuaAn Funds; HSBC Bank; Harfor Funds; HSBC Jintrust Fund Management; Huajin Securities; Value Partners; HSBC Bank; Harvest Fund; China Universal Asset Management; CCB Life AMC; Chaos Investment; CCB Principal Asset Management; KYMCO Capital; Jiangsu High Hope International Group Asset Management Co., Ltd.; Jinta Investment; Jiangsu Winfast Investment; Jinxin Fund; UBS Group; Golden Eagle Fund; Cephei Capital Management (Hong Kong) Limited; Goldstate Capital FMC.; Qingding Assets; Greenwoods Assets; Rongtong Capital; Invesco Great Wall Fund Management; Brilland Capital; JT Asset Management; Credit Suisse Securities; Juxin Holdings; Qingding Assets; Jueyuan Investment; Capital Securities; Jundao Assets; Xiamen International Trade Group; Junhe Capital; PinPOINT Investment; Wideview Asset; Botong Investment; Lexiang Wealth; Shanghai Amyfund Management; Lijing Capital; Seastar Asset; Luopan Capital; Shanghai Hantan Capital; Macquarie Securities; Haoqing Asset Management; Minsheng Securities; Shanghai JiYuan Asset Management; JP Morgan; Shanghai Lizhen Investment; Morgan Stanley; Brilliant Fortune; Lion Fund; Shanghai Maiqike Co., Ltd.; Nuode Fund; Shanghai Senjin Investment; CSOP Asset Management; Shanghai Snowball Capital Management; Nanhua Fund;</p>		
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				Shanghai Yingshui Investment; ABC-CA Fund Management; IDEO; Panjing Investment; Topfund Investment; Penghua Fund Management; Shanghai Securities; Ping An Securities; China International Fund Management; Ping An Securities Asset Management Department; Shenwan Hongyuan Securities; Ping An Fund; Shenzhen Hillview Capital Management; Ping An Bank; Xishan Capital; Shenzhen Valuebed Investment Ltd.; Alphalex Capital Management Limited; Shenzhen Jinyang Investment Fund; Mega Trust; Shenzhen Intewise Capital; Shun Shi International Investment; Shenzhen Longteng Asset Management; CPIC; Tianfeng Securities; Flying Tiger; Taikang Asset; Yide Investment; First-trust Fund; Yin hao Capital; Wanlian Securities; Yinhua Fund; Wanggong Assets; Ginkgo Global Partners; Atlantis Investment; Yingda Securities; Li Lailun; Lv Weizhi; Wu Da; Zhou Hang; Zhang Zuoxing; Deng Huanyu; Cheng Wei; Hu Fei; Liu Rongzeng; Wang Pingran		
April 3, 2020	Company meeting room	Telephone communication	Institution, individual	BROAD PEAK; Willing Capital; Citi; Aberdeen Standard Investments; CLSA; Essence Securities; Compass Capital; Chengsheng Investment; cyberatlas capital; Fengpei Capital LLC; IDC; APS Investment; Manulife; Green Court Capital; NSR; Binyuan Capital; Omdia; North Industries Group Finance Company Ltd.; Uob; Botong Investment; Boyuan Fund Management; Dajia Asset Management; Cailian Press; Dazheng Asset Management; Ivy Assets; Springs Capital; Chensheng Asset; Franklin Templeton Investments; Chen Xiang Investment; DJ Capital; Chengtong Fund Management; Dingtian Investment; Chuancai Securities; Oriental Alpha Fund; TruValue Asset Management; Orient Fund; Purekind Fund; Eastern Marathon; Dacheng Fund; Orient Securities; Orient Securities Assets Management; Donghai Funds; Dongrong Private Equity Fund Management Co., Ltd.; Gaosheng Asset Management; Soochow Life Insurance; Geyi Investment Management; East Asia Qianhai Securities; ICBC International; Oceanwide Investment; GF Fund Management; Founder Securities; Guangfa Securities; Shenzhen Hillview Capital Management; Guangzheng Hang Seng Securities; Fuanda Fund; Shinecapital Partnership; Fubon Securities; Guodu Securities; Fidelity	Communicated on the businesses at home and abroad and the influence of the pandemic on the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table

			<p>International; Gfund; Goldman Sachs; CPIC Fund Management; Guolian Life Insurance; Hanlun Investment; Gowin AMC; Hawking Capital Management; Guosheng Securities; Hangzhou Binghuai Asset Management; China Life AMP Asset Management; Hangzhou Long Assets; Guotai Asset Management; Hangzhou Weili; Guotai Junan Securities; Hekun Asset; CRHC; Hony Horizon Fund; Guoyuan Securities; Hongta Securities; Haicheng Investment; Hotland Innovation Asset Management; Haitong Securities; Hongsheng Asset Management; Hongjia Fund; HSBC Jintrust Fund Management; Huaan Securities; HSBC Bank; Huachen Mirae Assert Management; Huili Asset Management; Huachuang Securities; China Universal Asset Management; Harfor Funds; Huihong Asset; Huajin Securities; Value Partners; Huatai Securities; Huichuang Fuxiang Investment; China Future Capital Group; Chaos Investment; Power Corporation of Canada; Jiangsu Winfast Investment; Harvest Fund; KYMCO Capital; CCB Pension Management; Golden Eagle Fund; Greenwoods Assets; Meiyuan Group; Junhe Capital; Minsheng Securities; Kendall Square Capital; River Fund; Wideview Asset; JP Morgan; Kunlun Fund; Morgan Stanley; Lexiang Wealth; Ninestar Fund; Luzhou Shengdu Investment; Southern Asset Management; Marco Polo Pure Asset Management; Double Safeguard Asset Management; Macquarie Securities; Nan Shan Life Insurance; Meishuo Electric Technology; ABC-CA Fund Management; Nuode Fund; Credit Suisse; Penghua Fund Management; Credit Suisse Founder Securities; First Seafront Fund; Credit Suisse Securities; Foresea Life Insurance; Ruixing Investment; Qianhai Yuehong Financial Investment; UBS Securities; Bridge River Capital; Foresight Fund; PhoenixTree Capital; Sumitomo Mitsui Asset Management; Capital Securities; Samsung Asset Management; Brilland Capital; Shanghai Senjin Investment Management; Beixin Ruifeng Fund Management; Shanyuan Investment Management; Shanghai Geyi Investment; Shenzhen Huaqiang Asset Management; Shanghai Life Insurance; Shennong Investment; Mega Trust; Sino-Life Insurance Asset Management; Shanghai Zhongyu Asset</p>		
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			<p>Management; BOCOM Schrodgers; Chasecloud Asset; Tenbagger Capital; China International Fund Management; CPIC Asset Management; Shangke Investment; CPIC Asset Management; Shenwan Hongyuan Group; First-trust Fund; SWS MU Fund Management; Sunshine Capital; Shenzhen Dingcheng Investment Management; Investec Asset Management; Tianfeng Securities; FutureX Capital; Tongben Investment; New Times Securities; Wanjia Asset Management; Xinyuan Asset Management; Upright Asset; Cinda Securities; Western Leadbank FMC; Aegon-Industrial Fund; Western Securities; Industrial Securities ; Atlantis Investment; Industrial Securities Asset Management; Xiangcai Securities; Xiulong Wealth; New China Asset; Symbol Investment; Xihuoli Capital Investment; Xunyuuan Asset Management; Newbridge Capital; Asia-Pacific Property & Casualty Insurance Co., Ltd.; Asia-Pacific P&C; Topfund Investment Management; E Fund; Winsure Capital; Yixin'an Asset Management; Yuhui Capital; Easyfunds; Golden Trust Sinopac Fund Management; Yide Investment; Yuancheng Investment; Yiheng Capital; Zeming Investment; Ginkgo Global Partners; Zequan Investment; Silver Leaf; Great Wall Life Insurance; Infore Capital; Great Wall Securities; Yongrui Fortune Investment Management; Changjian Investment Management; Changjiang Pension; Zhong'an Xinlian; Changjiang Asset Management; Zhong'an Xinlian Technology; Long-term Investment; China Life Insurance; Changxin Asset Management; Bob-Cardif Life; China Merchants Fund; China Insurance; China Merchants Bank; Bank of Beijing Scotiabank Asset Management; China Merchants Securities; CICC Wealth Management; Zhejiang Shanyuan Investment Management; China International Capital Corporation; Zheshang Fund; CS Richland Asset; Dongguan Zhensi Electronics; Zhongrong Fund; Zhongtai Securities; CITIC Private Equity Funds Management; CITIC Prudential Life; China Securities; CITIC Capital; China Bond; BOC International; Chongyang Investment; CRAMC; Rosefinch Fund; CITIC Securities; Ning Shuang; Song Jun; Chen Ji; Deng Changqing; Gu Youping; Huang Zihan; Lin Hongbo; Lu Wei; Wang Pingran; Xie Xincang; Xu</p>		
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				Zihao; Lin Kai		
April 28, 2020	Company meeting room	Telephone communication	Institution, individual	Esr Invensment; JP Morgan; Franklin Templeton; Morgan Stanley Real Estate Fund; SCHRODERS; Norway Sovereign Wealth Fund; Torq Capital Management; Penghua Fund Management; Aberdeen Standard Investments; Capital Securities; Essence Securities; Ren Bridge Asset Management; APS Investment; Brilland Capital; Green Court Capital; Ruifeng; Binyuan Capital; UBP Asset Management Asia Limited; Bingshen Investment; Credit Suisse; Purekind Fund; Credit Suisse Securities; Datong Investment; UBS; Dacheng Fund; Foresight Fund; DJ Capital; Cephei Capital Management (Hong Kong) Limited; Dingtian Investment; Sumitomo Mitsui Asset Management; Orient Fund; Shanyuan Investment Management; Orient Securities; Botong Investment; Dongxing Securities; CS Capital; Dongxing Securities; Wideview Asset; Fangyuan Tiancheng Asset Management; Linfu Investment Management; Founder Securities; Purest Assets; Shenzhen Hillview Capital Management; Shanghai Senjin Investment; Fuanda Fund; Shanghai Tanyi; Fordham Funds Management Company; Shanghai Yijinghui Asset Management; Goldman Sachs; Shanghai Zhongyu Investment; Gosunch Technology; Chasecloud Asset; Everbright Securities; China International Fund Management; Guangdong Baoxin Assets; Shangke Investment; Guangfa Securities; Shenwan Hongyuan Securities Research; Guangzheng Hang Seng Securities; Tsing-Yuan Capital; Long-term Investment; Shenmao Fund Management; Guodu Securities; Tenbagger Capital; Sealand Securities; Taikang Asset Management; Gfund; Western Securities; CPIC Fund Management; New China Asset; Guosheng Securities; Xinhuli Capital Investment; Guotai Junan Securities; New Bridge Capital; UBS SDIC; New Times Securities; Guoyuan Securities; New Times Securities; Haitong International Fund; Xinyuan Asset Management; Haitong International Securities; Cinda Securities; Haitong Securities; Aegon-Industrial Fund; Zeal Asset Management; Industrial Securities; Haocheng Asset Management; Aegon-Industrial Fund; Hekun Capital; Xiulong Wealth; Hongta Securities;	Communicated on the enhancement of the Company's competitiveness, and the transformation and layout of the Company for the future. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table

				Symbol Investment; Hotland Innovation Asset Management; Easyfunds; Hua An Fund Management; Yiheng Capital; Huajin Securities; Infore Capital; Huatai Securities; Alltrust Insurance; China Future Capital Group; Cloudview Capital; HSBC Bank; Zequan Investment; China Universal Asset Management; Great Wall Securities; CCB International; Changjiang Securities; Jiangsu Winfast Investment; Changjiang Capital; Ninety One Assets; Changsheng Fund Management; Greenwoods Assets; Changxin Asset Management; Jiucheng Capital Management; China Merchants Securities; JT Asset Management; CMB Wealth Management; Juxin Holdings; Zhejiang Shanyuan Investment Management; Jupai Holdings Limited; Trustbridge Partners; Kingseed Capital; China Galaxy Securities; Junhe Capital; CICC Wealth Management; Ningbo Kwung's Investment Holding; China International Capital Corporation; Kunlun Fund; CICC Capital; Luopan Capital; Zhongtai Securities; Macquarie Securities; CITIC Securities; River Fund; CITIC AMC; CITIC Capital; Chen Dazhang; Chen Ji; Ji Xinyue		
May 12, 2020	Company meeting room	Field Investigation	Institution, individual	Jintai Futures; Zhonglian Asset Management; Chuancai Securities; Yujun Venture Capital Management; Shanghai Kaifan Investment Management; Ruoxi Investment Management; Caitong Securities; Hangzhou Zhongyu Investment Management; Shanghai Jianlong Asset Management; Hangzhou Long Assets; Chasecloud Asset; Mingyue Asset Management; Guanglong Investment; Wang Huanming; Luo Yichen	Communicated on the influence of infrared temperature detection products on the business and the internal reform of the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
September 4, 2020	Company meeting room	Field Investigation	Institution	Haitong International Securities Group; Orchid Asia; Malaysian Government Investment; Q Fund; Heqi Investment	Communicated on the business and financial condition of the	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn)

					Company. No information was provided.	Investor Relations Activity Table
September 7, 2020	Company meeting room	Field Investigation	Institution	Zheshang Fund; Wukong Investment; Kaifeng Investment; Chuancai Securities; China International Fund Management; Tong'an Investment; Guosen Securities; Jingling Fund; BOC International; Shenzhen Hillview Capital Management; Sino Life AMC; Rongtong Fund; Guotai Junan Securities	Communicated on the business and financial condition of the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
December 2, 2020	Company meeting room	Field Investigation	Institution	Panjing Invest, HUASHANG FUND, Chongyang Investment, Everbright Pramerica Fund, CITIC Capital, Point 72, NEW CHINA ASSET, UBS SDIC, Bin Yuan Capital, Ping An Asset Management, Fullgoal Fund, HuaAn Fund, Huatai-Pinebridge, China Securities, CITIC Securities, CMB Wealth Management, Intewise Capital, Caitong Fund, SWS MU, Yinhua Fund	Communicated on the business and financial condition of the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
November 6, 2020	Company meeting room	Field Investigation	Institution	PICC Asset, Haitong Securities, Great Wall Securities, GreatStar, Chunde Investment, ICBC Credit Suisse Asset	Communicated on the business and financial condition of the Company. No information was provided.	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table
December 11, 2020	Company meeting room	Field Investigation	Institution	Ping An Asset Management, Huan Securities	Communication on the Company's development strategy, exchange impact,	Please refer to Cninfo.com. for details (http://www.cninfo.com.cn) Investor Relations Activity Table

						and financial situation, with no materials provided.	
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Section V Significant Events

I. Distribution of Common Stock Profits of the Company and Capitalization of Capital Reserves

Distribution policies of the common stock profits during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policies

Applicable Not applicable

On June 5, 2019, the 1st Extraordinary General Meeting of Shareholders of 2019 held by the Company reviewed and approved the Shareholder Return Planning for the Next Three Years (2019-2021), which clearly stipulates the decision-making procedures for dividend standards, proportions and profit distribution policies that will be executed in strict rotation, guaranteeing the continuity and stability of the profit distribution policies and adequately protecting the legitimate rights and interests of small and medium investors.

Special notes on cash dividend policies	
Whether they comply with the requirements of the Company's articles of incorporation or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standards and proportions are distinct and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legitimate rights and interests have been fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent when the cash dividend policies are being adjusted or changed:	No adjustments or changes on cash dividend policies

The Company's common stock dividends distribution plan (preplan) and capital reserve capitalization plan (preplan) in the past three years (including this reporting period)

1. The plan for profit distribution of the Company in 2018 is: Based on total share capital of 2,997,621,930 shares as of December 31, 2018, cash dividend of RMB 1.00 (tax included) for each 10 shares was distributed to all shareholders, with a total amount of RMB 299,762,193.00, and no bonus share sent and no capitalization of capital reserves.

2. The plan for profit distribution of the Company in 2019 is: Based on 2,994,599,750 shares of the Company's total share capital (13,391,480 shares bought back have been deducted) as of December 31, 2019, cash dividend of RMB 1.33 (tax included) for each 10 shares was distributed to all shareholders, with a total amount of RMB 398,281,766.75, and no bonus share will be given and no capitalization of capital reserves.

3. The plan for profit distribution of the Company in 2020 is: Based on total share capital of 2,995,579,590 shares as of December 31, 2020, cash dividend of RMB 2.68 (tax included) for each 10 shares was distributed to all shareholders, with a total amount of RMB 802,815,330.12, and no bonus share sent and no capitalization of capital reserves.

The Company's cash dividends for common stocks in the past three years (including this reporting period)

Unit: RMB

Year	Cash dividend amount (tax included)	Net profit attributable to common stock shareholders of listed companies in the consolidated financial statement of the year for dividend distribution	The ratio of cash dividends to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements	The amount of cash dividends in other ways (such as share repurchase)	The proportion of cash dividends in other ways to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements	Total amount of cash dividends (including other ways)	The ratio of total amount of cash dividends (including other ways) to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements
2020	802,815,330.12	3,902,778,775.35	20.57%	0.00	0.00	802,815,330.12	20.57%
2019	398,281,766.75	3,188,144,692.55	12.49%	203,499,400.44	6.38%	601,781,167.19	18.88%
2018	299,762,193.00	2,529,426,468.61	11.85%	0.00	0.00%	299,762,193.00	11.85%

The Company's profits during the reporting period and the parent company's distribution of common stock shareholders' profits are positive but a cash dividend distribution preplan for common stock is not proposed.

Applicable Not applicable

II. Profit Distribution and Capital Reserve Converted to Share Capital in the Reporting Period

Applicable Not applicable

Number of bonus shares per 10 shares (shares)	0
Number of dividend payout per 10 shares (RMB) (tax included)	2.68
Number of capitalized shares per 10 shares (shares)	0
Equity base in the distribution preplan (shares)	2,995,579,590
The amount of cash dividends (yuan) (including tax)	802,815,330.12
The amount of cash dividends (yuan) in other ways (such as share repurchase)	0.00
The total amount of cash dividends (including in other ways) (yuan)	802,815,330.12

Distributable profits (RMB)	13,754,915,904.19
The ratio of the total amount of cash dividends (including in other ways) to the total amount of profit distribution	100%
Latest cash dividend	
If the Company's development stage is not easy to define but there are significant capital expenditure arrangements, when the profits are being distributed, the proportion of the cash dividends in this profit distribution should be at least 20%.	
Details of the preplans on profit distribution or capitalization of capital reserves	
The plan for profit distribution of the Company in 2020 is: Based on total share capital of 2,995,579,590 shares as of December 31, 2020, cash dividend of RMB 2.68 (tax included) for each 10 shares was distributed to all shareholders, with a total amount of RMB 802,815,330.12, and no bonus share sent and no capitalization of capital reserves. The remaining undistributed profit after the distribution of dividends will be carried forward to the next year. If the total capital stock changes before implementation of the distribution plan, the Company will adjust the amount of distribution according to the principle of unchanged distribution proportion.	

III. Performance of Commitments

1. Commitments made by the Company's controlling shareholders, shareholders, related parties, purchasers and purchasing companies and have been fulfilled during the reporting period and those that have not been fulfilled by the end of the reporting period

√ Applicable □ Not applicable

Commitments	Party making commitments	Commitment Type	Content	Time	Term	Performance
Commitments made during initial public offerings or refinancing	Fu Liquan, Zhu Jiangming, Chen Ailing, 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	Fu Liquan, Chen Ailing	Commitment on horizontal	(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	June 30, 2007	Long-term	As of the disclosure date of this announcement,

of the Company		ntal competition	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.			the aforementioned commitments are still in strict execution.
Whether the commitment is fulfilled on time	Yes					

2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still within the profit forecast period, the Company shall make an explanation on the fulfillment and its reasons

Applicable Not applicable

IV. Non-operational Capital Occupation over Listed Companies by Controlling Shareholders and Their Related Parties

Applicable Not applicable

During the reporting period, there is no non-operational capital occupation over listed companies by controlling shareholders and their related parties.

V. Explanations Made by the Board of Directors, the Board of Supervisors and Independent Directors (If Any) on the "Non-standard Audit Report" from the Accounting Firm during the Reporting Period

Applicable Not applicable

VI. Changes in Accounting Policies, Accounting Estimates and Accounting Methods Compared with the Previous Year's Financial Report

Applicable Not applicable

For more information about the changes in the accounting policies and accounting methods during the reporting period, see "Section XII Financial Report/V. Significant Accounting Polices and Accounting Estimates/36. Changes in significant accounting policies and accounting estimates".

VII. Explanations on the Retroactive Restatement of Any Significant Accounting Errors during the Reporting Period

Applicable Not applicable

During the reporting period, there are no significant accounting error corrections that need to be retrospectively restated.

VIII. Changes in the Scope of Consolidated Financial Statements Compared with the Previous Year's Financial Report

Applicable Not applicable

1) In this period, the Company invested in and established twelve domestic subsidiaries, namely, Zhejiang Dahua Storage Technology Co., Ltd., Zhejiang Dahua Automotive Technology Co., Ltd., Chengdu Dahua Zhilian Information Technology Co., Ltd., Chengdu Dahua Zhian Information Technology Service Co., Ltd., Chengdu Dahua Zhishu Information Technology Service Co., Ltd., Chengdu Zhichuang Yunshu Technology Co., Ltd., Chengdu Huishan Smart Network Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Zhejiang Xinsheng Electronic Technology Co., Ltd. (which has been transferred this year together with its parent company Huatu Microchip), Hangzhou Huacheng Software Technology Co., Ltd., Guizhou Dahua Information Technology Co., Ltd. and Henan Dahua Zhilian Information Technology Co., Ltd., as well as six overseas subsidiaries, namely, Dahua Technology Nigeria Representative Ltd., Dahua Technology Israel Ltd., VISMEXTECH DHM SERVICIOS, S.A. DE C.V., Imou Network Technology Netherlands B.V., LOREX Technology UK Limited and Dahua Technology Japan LLC. The above subsidiaries have been incorporated in the scope of consolidation since the date of establishment.

2) The Company's subsidiaries Guizhou Dahua Intelligence Technology Co., Ltd., Xinjiang Dahua Information Technology Co., Ltd., and Xinjiang Dahua Intelligence Technology Co., Ltd. were canceled in this period, and will not be included in the scope of consolidation since the date of cancellation.

3) In this period, the Company transferred its original 51% of the equity of South-North United Information Technology Co., Ltd., 51% of the equity of Hangzhou Tecomore Technology Co., Ltd., and 100% of the equity of Huatu Microchip Technology Co., Ltd and its subsidiary Zhejiang Xinsheng Electronic Technology Co., Ltd. After the transfer, the Company holds 0% of their equity, and no longer has control over the above subsidiaries which are hence no longer included in the scope of consolidation in this period.

IX. Appointment and Dismissal of Accounting Firms

Currently appointed accounting firms

Names of domestic accounting firms	BDO China Shu Lun Pan CPAs (special general partnership)
Remuneration to domestic accounting firms (Unit: ten thousand yuan)	160
Years of continuous audit service of domestic accounting firms	17
Names of Certified Public Accountants from domestic accounting firms	Zhong Jiandong, Zhang Junhui
The continuous period of audit service for certified public accountants in domestic accounting firms	Zhong Jiandong has been in service for 3 consecutive years, and Zhang Junhui has been in service for 1

	consecutive year
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Whether to reappoint accounting firms for current period

Yes No

Appointment of accounting firms, financial advisers or sponsors for internal control auditing

Applicable Not applicable

X. Delisting after Disclosure of the Annual Report

Applicable Not applicable

XI. Bankruptcy and restructuring

Applicable Not applicable

No such case as bankruptcy and reorganization related event during the reporting period.

XII. Significant Lawsuits and Arbitrations

Applicable Not applicable

There is no major lawsuit or arbitration during this reporting period.

XIII. Penalties and Rectification

Applicable Not applicable

No such case as penalty and rectification during the reporting period.

XIV. Integrity of the Company, Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XV. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

1. On May 16, 2017, the Company's 2016 Annual General Meeting of Shareholders deliberated 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 third employee stock ownership plan completed the stock purchase through the "DAHUA No. 3 Directional Asset Management Plan of Caitong Securities Asset Management", with an average purchase price of 16.83 yuan per share and total purchase amount of 47,000,000 shares.

On November 12, 2018, the Company's 18th meeting of the 6th Board of Directors deliberated and approved "Suggestive Proposal on Extension of the Impending Expiration of the Company's Third Employee Stock Ownership Plan Duration". The Board of Directors agreed to extend the Company's third employee stock ownership plan for one year according to the voting results of the shareholders' meeting. That is, the duration was extended for one additional year on the basis of the original termination date, until May 15, 2020.

As of January 21, 2020, the company's shares held by CAITONG Securities in accordance with Dahua No. 3 directional asset management plan have all been sold out, and the third phase of ESOP has been implemented and terminated.

2. On January 16, 2020, the first interim general meeting of shareholders in 2020 deliberated and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 437,100 authorized but not unlocked restricted stocks held by 16 incentive targets who have left the Company (of which, 427,100 shares were first granted, with the repurchase price of 8.17 yuan per share; Reserved grant of 10,000 shares at a repurchase price of 8.75 yuan per share). The above buy-back and cancellation registrations were completed in April 2020.

3. On April 2, 2020, the 33th meeting of the 6th Board of Directors and the 19st meeting of the 6th Board of Supervisors held by the Company reviewed and approved the "Proposal on Achievement of Unlocking Conditions for the First Unlocking Period Initially Granted in 2018 Restricted Stock Incentive Plan", and agreed to unlock the 36,931,560 restricted stocks held by the 2,901 incentive targets who met the unlocking conditions. This matter was completed on April 16, 2020.

4. On May 12, 2020, the annual general meeting of shareholders held by the Company in 2019 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 1,810,600 authorized but not unlocked restricted stocks held by 36 incentive targets who have left the Company (of which, 1,787,600 shares were first granted, with the repurchase price of 8.17 per share; Reserved grant of 23,000 shares at a repurchase price of 8.75 per share). The above buy-back and cancellation registrations were completed in October 2020.

5. On May 12, 2020, the annual general meeting of shareholders held by the Company in 2019 reviewed and approved the "Restricted Stock Incentive Plan of Zhejiang Dahua Technology Co., Ltd in 2020 (Draft)" and its summary which authorized the Board of Directors to handle relevant matters on the stock incentive plan.

6. On June 4, 2020, the 35th meeting of the 6th Board of Directors reviewed and approved the "Proposal on Granting Restricted Stocks to Incentive Targets" and the "Proposal on Adjusting Grant Price of the Restricted Stock Incentive Plan of 2020". As the Company allocated the equities for 2019 during the period from announcement of the "Restricted Stock Incentive Plan of Zhejiang Dahua Technology Co., Ltd in 2020 (Draft)" until the incentive targets' completion of the restricted stock registration, the grant price of the restricted stocks was adjusted from 7.60 yuan per share to 7.467 yuan per share. At the same time, the Board of Directors of the Company confirmed the granting conditions and concluded that the conditions had been reached and decided to grant the restricted stocks to the incentive targets. The granting date was June 4, 2020.

7. On June 29, 2020, the Company disclosed the "Announcement on the Completion of Granting Registration of the Restricted Stock Incentive Plan in 2020". The Restricted Stock Incentive Plan of 2020 granted 13,391,480 shares to 10 incentive targets, which were listed on Shenzhen Stock Exchange on June 24, 2020.

7. On August 12, 2020, the 3rd Extraordinary General Meeting of Shareholders held by the Company in 2020 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 4,822,680 authorized but not unlocked restricted stocks held by 183 persons who were no longer qualified as incentive targets (of which, 4,337,880 shares were first granted, with the repurchase price of RMB 8.17 per share; reserved grant of 484,800 shares at a repurchase price of RMB 8.75 per share). The above buy-back and cancellation registrations were completed in November 2020.

9. On October 28, 2020, the 4th Extraordinary General Meeting of Shareholders held by the Company in 2020 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 1,063,260 authorized but not unlocked restricted stocks held by 62 persons who were no longer qualified as incentive targets (of which, 892,260 shares were first granted, with the repurchase price of RMB

8.17 per share; reserved grant of 171,000 shares at a repurchase price of RMB 8.75 per share). The above buy-back and cancellation registrations were completed in December 2020.

XVI. Significant Related-party Transactions

1. Related transactions relevant to daily operations

Applicable Not applicable

No such case as significant related-party transactions connected with daily operations.

2. Related transactions in acquisition or sale of assets or equities

Applicable Not applicable

No such case as significant related-party transactions arising from the acquisition or sale of assets or equity.

3. Significant related-party transactions arising from joint investments on external parties

Applicable Not applicable

For details, see "5. Other Significant Related-party Transactions" in this section.

4. Related-party creditor's rights and debts

Applicable Not applicable

No such case as related credits and debts during the reporting period.

5. Other major related transactions

Applicable Not applicable

1. On February 3, 2020, the 30th session of the 6th Board of Directors' meeting held by the Company reviewed and approved the "Proposal on Joint Investment and Related Party Transactions with Related Persons". It is agreed that the Company and its related party Ningbo Huagu Enterprise Management Partnership (Limited Partnership) and Ningbo Hualing Investment Management Partnership (Limited Partnership) jointly invested RMB 50 million to establish Zhejiang Dahua Storage Technology Co., Ltd. Among them, Dahua invested RMB 25.5 million with its own funds, accounting for 51% of the registered capital. In February 2020, the company was established.

2. On February 24, 2020, the 31st session of the 6th Board of Directors' meeting held by the Company reviewed and approved the "Proposal on Joint Investment with Related Parties to Establish a Holding Subsidiary and Related Party Transactions". It is agreed that the Company and its related party Zhejiang Leapmotor Technology Co., Ltd, Ningbo Hualing Investment Management Partnership (Limited Partnership), and Ningbo Huaqi Enterprise Management Partnership (Limited Partnership) jointly invested RMB 150 million to establish Zhejiang Dahua Automotive Technology Co., Ltd. Among them, Dahua invested RMB 76.5 million with its own funds, accounting for 51% of the registered capital. In March 2020, the company was established.

3. On July 8, 2020, the 36th meeting of the 6th board of directors held by the Company reviewed and approved the "Proposal on Equity Transfer and Related Transactions of Subsidiary". The Company will transfer 49% equity of Zhejiang Dahua Robot Technology Co., Ltd., held by related party Zhejiang Huashi Investment Management Co., Ltd., the related

transactions of which totals RMB 7,004,918. The change of industrial and commercial registrations for the above matter was completed in August 2020.

4. On July 24, 2020, the 2nd Extraordinary General Meeting of Shareholders of 2020 held by the Company reviewed and approved the "Proposal on Equity Transfer Agreement and Related Transactions of Wholly-owned Subsidiaries". It is agreed that the Company would transfer 100% of the equity of its subsidiary Zhejiang Huatu Microchip Technology Co., Ltd. to Hangzhou Gancheng Equity Investment Partnership (Limited Partnership), Shaoxing Gansheng Equity Investment Partnership (Limited Partnership), Zhejiang FTZ Fenghang Investment Partnership (Limited Partnership), Yuyao Yangming Zhixing Investment Center (Limited Partnership), Ganzhou Dayu Capital Management Partnership (Limited Partnership), Chen Heyu, Ningbo Hualing Investment Management Partnership (Limited Partnership), Zhoushan Zhixin Equity Investment Partnership (Limited Partnership), and Zhoushan Weixin Equity Investment Partnership (Limited Partnership). The transfer price of 100% equity of Zhejiang Huatu Microchip Technology Co., Ltd. is RMB 120 million, and the Company has received a total of RMB 612 million (51% of the equity transfer payment) from the counterparty for the first phase of equity transfer. The change of industrial and commercial registrations for the above matter was completed in August 2020.

5. On September 23, 2020, the third meeting of the 7th board of directors held by the Company reviewed and approved the "Proposal on Transfer of Equity of Holding Subsidiary and Waiver of Right of Preemption and Related Transaction". The Company transferred 51% equity of its holding subsidiary, Hangzhou Tecomore Technology Co., Ltd., to an unrelated natural person Wu Yuwei at a price of RMB 4,823,223. At the same time, the related legal person Zhejiang Huashi Investment Management Co., Ltd. transferred its 27.50% equity of Tanmu Technology to Wu Yuwei at a price of RMB 2,600,757; Tanmu Technology shareholder Yang Feng transferred 12% of his equity to Wu Yuwei at a price of RMB 1,134,876, the shareholder Wei Meizhong transferred 7% of his equity to Wu Yuwei at a price of RMB 662,011, and the shareholder Zhang Guoquan transferred 2.50% of his equity to Wu Yuwei at a price of RMB 23,6433. The Company waived its right of preemption to 49% of the shares of Tanmu Technology. The change of industrial and commercial registrations for the above matter was completed in September 2020.

6. On November 16, 2020, the 5th meeting of the 7th Board of Directors held by the Company reviewed and approved the "Proposal on Transfer of Some Assets to Its Holding Subsidiary and Related Transactions", and agreed to transfer the robot business-related asset group and other assets and liabilities (including but not limited to physical assets and intangible assets and liabilities) of the Company and its wholly-owned subsidiary Zhejiang Dahua Robot Technology Co., Ltd. as well as the corresponding persons and businesses of the aforesaid assets to its holding subsidiary Zhejiang HuaRay Technology Co., Ltd. at the price of RMB 40.275 million. The above matter was completed in December 2020.

7. On December 30, 2020, the 7th meeting of the 7th Board of Directors held by the Company reviewed and approved the "Proposal on Joint Investment with Related Parties and Related Transactions". The Company and its related legal persons Ningbo Hualing Investment Management Partnership (Limited Partnership) and Hangzhou Huazhen Equity Investment Partnership (Limited Partnership) jointly invested RMB 50 million to establish Zhejiang Huashi Zhijian Technology Co., Ltd. In the company, Dahua invested RMB 22.50 million with its own funds, resulting in its holding of 45% of the equity, and held 85% of the voting rights therein through the agreement on voting rights. In January 2021, the company was established.

Website for disclosing the interim report on significant related-party transactions

Announcement name	Disclosure date	Website for the disclosure
Announcement on Joint Investment and Related Transactions with Related Parties	February 4, 2020	http://www.cninfo.com.cn
Announcement on the Establishment of Holding Subsidiary Through Joint Investment with Related Parties and Related	February 25, 2020	http://www.cninfo.com.cn

Transactions		
Announcement on Execution of Framework Agreement on Equity Transfer of Wholly-owned Subsidiaries and Related Transactions	April 28, 2020	http://www.cninfo.com.cn
Announcement on Equity Transfer and Related Transactions of Subsidiaries	July 9, 2020	
Announcement of Resolutions at 2nd Extraordinary General Meeting of Shareholders in 2020	July 25, 2020	http://www.cninfo.com.cn
Announcement on Progress of Equity Transfer of Wholly-owned Subsidiaries and Related Transactions	August 13, 2020	http://www.cninfo.com.cn
Announcement on Equity Transfer of Holding Subsidiaries and Waiver of Right of Preemption, and Related Transactions	September 24, 2020	http://www.cninfo.com.cn
Announcement on Transfer of Some Assets to Holding Subsidiaries and Related Transactions	November 17, 2020	http://www.cninfo.com.cn
Announcement on Joint Investment and Related Transactions with Related Parties	December 31, 2020	http://www.cninfo.com.cn

XVII. Significant Contracts and Performance

1. Matters on trusteeship, contracting, and leasehold

(1) Matters on trusteeship

Applicable Not applicable

No such case as custody during the reporting period.

(2) Contracting

Applicable Not applicable

No such case as contracting during the reporting period.

(3) Leasing

Applicable Not applicable

Explanations on leases

During the reporting period, some of the Company's own real estate properties were used for rental, and the leased real estate property was used for office, warehouse and production workshops. There were no other major real estate leasing. Cases that brought the profit and loss accounted for more than 10% of the Company's total profit during the reporting period

Applicable Not applicable

No such leases that brought the profit and loss accounted for more than 10% of the Company's total profit during the reporting period.

2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees

Unit: ten thousand RMB

External guarantees from the Company and its subsidiaries (excluding guarantees to the subsidiaries)								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees approved during the reporting period (A1)				Total amount of guarantees actually occurred during the reporting period (A2)				
Total amount of guarantees approved by the end of the reporting period (A3)				Total balance of guarantees at the end of the reporting period (A4)				
Company's guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Zhejiang Dahua Vision Technology Co., Ltd.	July 9, 2020	1,000,000.00	June 6, 2016	29,000.00	Joint liability guarantee	June 6, 2016–January 15, 2020	Yes	Yes
			April 13, 2018	24,000.00	Joint liability guarantee	April 13, 2018–April 12, 2020	Yes	Yes
			January 3, 2019	20,000.00	Joint liability guarantee	Three years after the maturity of	Yes	Yes

			the debts in the master contract		
January 17, 2019	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
March 21, 2019	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
April 18, 2019	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
May 13, 2019	23,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
September 26, 2019	14,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
August 30, 2019	38,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	Yes
August 10, 2017	60,000.00	Joint liability guarantee	Two years after the maturity of	Yes	Yes

			the debts in the master contract		
May 10, 2019	65,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	Yes
September 20, 2019	5,000.00	Joint liability guarantee	Three years since the date on which the debt period of master contract expires or the date on which the secured claim is determined, whichever is later	Yes	Yes
October 22, 2019	10,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
December 10, 2019	50,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
January 15, 2020	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes

October 13, 2017	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
March 27, 2018	50,000.00	Joint liability guarantee	March 20, 2018–March 19, 2021	No	Yes
September 21, 2018	26,099.60 (40 million US dollars)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
June 26, 2019	18,000.00	Joint liability guarantee	June 26, 2019–June 25, 2022	No	Yes
July 22, 2019	44,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
September 29, 2019	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
February 27, 2020	25,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
February 25, 2020	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes

			April 7, 2020	53,000.00	Joint liability guarantee	April 7, 2020–March 31, 2024	No	Yes
			April 13, 2020	24,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			August 3, 2020	50,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			August 12, 2020	60,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			August 18, 2020	33,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			September 1, 2020	30,000.00	Joint liability guarantee	Five years upon expiration of debt period of master contract	No	Yes
			September 27, 2020	40,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
Zhejiang Dahua Zhilian Co., Ltd.	July 9, 2020	500,000.00	April 9, 2019	10,000.00	Joint liability guarantee	One years upon expiration of	Yes	Yes

					debt period of master contract		
			May 13, 2019	6,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes Yes
			December 12, 2019	20,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes Yes
			June 6, 2016	20,000.00	Joint liability guarantee	June 6, 2016–June 30, 2020	Yes Yes
			September 1, 2018	50,000.00	Joint liability guarantee	September 1, 2018–September 1, 2020	Yes Yes
			November 1, 2019	40,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes Yes
			October 12, 2018	30,000.00	Joint liability guarantee	October 12, 2018–October 12, 2021	No Yes
			August 30, 2019	10,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No Yes
			February 25, 2020	6,000.00	Joint liability guarantee	Three years after the maturity of the debts in	No Yes

						the master contract		
			April 9, 2020	10,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	No	Yes
			May 1, 2020	39,149.40 (60 million US dollars)	Joint liability guarantee	One years upon expiration of debt period of master contract	No	Yes
			September 24, 2020	30,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			September 25, 2020	16,500.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			September 27, 2020	7,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			September 29, 2020	16,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
Zhejiang Dahua System Engineering Co., Ltd.	July 9, 2020	50,000.00	June 6, 2016	10,000.00	Joint liability guarantee	June 6, 2016–March 30, 2020	Yes	Yes
			May 13, 2019	4,000.00	Joint liability	Three years	Yes	Yes

					guarantee	after the maturity of the debts in the master contract		
			May 10, 2019	10,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	Yes
			August 30, 2019	1,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			November 7, 2019	6,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			February 25, 2020	4,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			August 3, 2020	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
Dahua Technology (HK) Limited	July 9, 2020	110,000.00	December 15, 2017	32,624.50 (50 million US dollars)	Joint liability guarantee	December 15, 2017–December 15, 2020	Yes	Yes
			November 25, 2019	4,567.43 (7 million)	Joint liability guarantee	Two years after the	No	Yes

				US dollars)		maturity of the debts in the master contract		
DAHUA TECHNOLOGY MEXICO S.A. DE C.V	July 9, 2020	20,000.00	March 26, 2019	1,967.24 (59,973,100 MXN)	Joint liability guarantee	March 26, 2019–March 26, 2020	Yes	Yes
			April 9, 2019	5,901.71 (179,919,400 MXN)	Joint liability guarantee	April 9, 2019–April 9, 2020	Yes	Yes
			October 27, 2020	4,241.19 (6.5 million US dollars)	Joint liability guarantee	October 27, 2020–October 20, 2021	No	Yes
			September 1, 2020	652.49 (1 million US dollars)	Joint liability guarantee	September 1, 2020–August 31, 2021	No	Yes
Hangzhou Huacheng Network Technology Co., Ltd.	July 9, 2020	60,000.00	August 30, 2019	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			August 3, 2020	10,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			September 25, 2020	5,500.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			September 27, 2020	5,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes

Dahua Technology UK Limited	July 9, 2020	2,000.00	August 12, 2020	1,031.27 (GBP 1.16 million)	Joint liability guarantee	August 12, 2020—Signature of the notice of termination	No	Yes
Guangxi Dahua Information Technology Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Zhejiang Dahua Jinzhi Technology Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Xi'an Dahua Zhilian Technology Co., Ltd.	July 9, 2020	50,000.00	No such case during the reporting period					
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	July 9, 2020	50,000.00	No such case during the reporting period					
Zhejiang Huafei Intelligent Technology CO., LTD.	July 9, 2020	1,000.00	No such case during the reporting period					
Zhejiang Huachuang Vision Technology Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Zhejiang HuaRay Technology Co., Ltd.	July 9, 2020	5,000.00	No such case during the reporting period					
Zhejiang Dahua Security Network Operation Service Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Hangzhou Xiaohua Technology CO., LTD.	July 9, 2020	1,000.00	No such case during the reporting period					
Zhejiang Dahua Security Service Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Hangzhou Tecomore Technology Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					
Wuxi Dahua Ruipin Technology Co., Ltd.	July 9, 2020	1,000.00	No such case during the reporting period					

Zhejiang Huaxiao Technology Co., Ltd.	July 2020	9,	5,000.00	No such case during the reporting period
Zhejiang Fengshi Technology Co., Ltd.	July 2020	9,	10,000.00	No such case during the reporting period
Zhejiang Dahua Storage Technology Co., Ltd.	July 2020	9,	1,000.00	No such case during the reporting period
DAHUA EUROPE B.V.	July 2020	9,	15,000.00	No such case during the reporting period
Dahua Technology USA Inc.	July 2020	9,	4,000.00	No such case during the reporting period
Dahua Technology Singapore Pte.Ltd.	July 2020	9,	200.00	No such case during the reporting period
Dahua Technology Poland sp.zo.o.	July 2020	9,	2,000.00	No such case during the reporting period
Dahua Technology Hungary Kft	July 2020	9,	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY INDIA PRIVATE LIMITED	July 2020	9,	4,000.00	No such case during the reporting period
DAHUA TECHNOLOGY BRASIL COMERCIO SERV EM SEGURANCA ELETRONICA LTDA	July 2020	9,	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY MIDDLE EAST FZE	July 2020	9,	1,000.00	No such case during the reporting period
DAHUA TECHNOLOGY PERÚ S.A.C	July 2020	9,	4,000.00	No such case during the reporting period
DAHUA TECHNOLOGY RUS LIMITED	July 2020	9,	3,000.00	No such case during the reporting period
DAHUA TECHNOLOGY AUSTRALIA PTY LTD	July 2020	9,	500.00	No such case during the reporting period

Dahua Technology South Africa Proprietary Limited	July 2020	9,	500.00	No such case during the reporting period
DAHUA TECHNOLOGY CANADA INC.	July 2020	9,	1,000.00	No such case during the reporting period
DAHUA GUVENLIK TEKNOLOJILERI SANAYI VE TICARET ANONIM SIRKETI	July 2020	9,	1,000.00	No such case during the reporting period
Dahua Technology SRB d.o.o.	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	July 2020	9,	100.00	No such case during the reporting period
DAHUA IBERIA, S.L.(U.)	July 2020	9,	100.00	No such case during the reporting period
DAHUA SECURITY MALAYSIA SDN. BHD.	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Kazakhstan LLP	July 2020	9,	100.00	No such case during the reporting period
PT DAHUA VISION TECHNOLOGY INDONESIA	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology S.R.L.	July 2020	9,	100.00	No such case during the reporting period
Dahua technology France SAS	July 2020	9,	250.00	No such case during the reporting period
Dahua vision LLc	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology New Zealand Limited	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology GmbH	July 2020	9,	100.00	No such case during the reporting period
DAHUA	July	9,		No such case during the reporting period

TECHNOLOGY COLOMBIA S.A.S.	2020		2,000.00	
DAHUA TECHNOLOGY PANAMA S.A.	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Chile SpA	July 2020	9,	100.00	No such case during the reporting period
Dahua technology tunisia limited liability company	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY KENYA LIMITED	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY CHINA(PVT) LTD	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY PAKISTAN (PRIVATE) LIMITED	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY MOROCCO SARL	July 2020	9,	100.00	No such case during the reporting period
DAHUA ARGENTINA S.A.	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Czech s.r.o.	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Denmark ApS	July 2020	9,	100.00	No such case during the reporting period
Dahua Technology Netherlands B.V.	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY (THAILAND) CO., LTD	July 2020	9,	100.00	No such case during the reporting period
DAHUA TECHNOLOGY ITALY S.R.L.	July 2020	9,	100.00	No such case during the reporting period
LOREX TECHNOLOGY INC	July 2020	9,	2,000.00	No such case during the reporting period

LOREX CORPORATION	July 9, 2020	2,000.00	No such case during the reporting period					
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		1,920,850.00		Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)		535,574.35		
Total amount of guarantees to subsidiaries approved by the end of the reporting period (B3)		1,920,850.00		Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (B4)		742,241.38		
Subsidiaries' guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees to subsidiaries approved during the reporting period (C1)				Total amount of guarantees to subsidiaries actually occurred during the reporting period (C2)				
Total amount of guarantees to subsidiaries approved at the end of the reporting period (C3)				Total of actual guarantee balance for subsidiaries at the end of the reporting period (C4)				
Total amount of company guarantees (namely sum of the previous three major items)								
Total amount of guarantees approved during the reporting period (A1+B1+C1)		1,920,850.00		Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)		535,574.35		
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)		1,920,850.00		Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)		742,241.38		

Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets	37.54%
Including:	
Balance of guarantees to the shareholders, actual controllers and their related parties (D)	
Balance of debt guarantees directly or indirectly offered to guaranteed objects with asset-liability ratio exceeding 70% (E)	742,241.38
Amount of the guarantees with the total volume exceeding 50% of the net assets (F)	
Total amount of the above three guarantees (D+E+F)	742,241.38
Notes on unexpired guarantees with guarantee responsibilities occurred or possible joint liabilities within the reporting period (if any)	
Notes on providing external guarantees in violation of specified procedures (if any)	

(2) Illegal external guarantees

Applicable Not applicable

No illegal external guarantees during the reporting period.

3. Entrusting Others to Manage Cash Assets

(1) Entrusted Financing

√ Applicable □ Not applicable

Entrusted financing during the reporting period

Unit: ten thousand RMB

Specific type	Funding source	Entrusted amount	Unexpired balance	Overdue outstanding amount
Structured deposits	Equity Fund	90,000	-	-
Total		90,000	-	-

Specific matters on high-risk entrusted capital management with a large amount for a single item, or with low security, poor liquidity and no capital preservation guarantee.

√ Applicable □ Not applicable

Unit: ten thousand RMB

Name of trustee organization (or name of trustee)	Trustee organization (or trustee) type	Product type	Amount	Capital Source	Starting date	Termination date	Investment direction	Payment determination method	Reference for annualized rate of return	Expected earnings (if any)	Actual profit and loss during the reporting period	Actual recovery of profits and losses during the reporting period	Amount of provision for impairment accrued (if any)	Whether it passed the legal procedures	Whether there will be entrusted financial plan in the future	Item overview and related query index (if any)
Agricultural Bank of China	Bank	Structured deposits	10,000	Equity Fund	May 20, 2020	December 29, 2020	-	By contract	3.60%		219.95	Recovered		Yes	Yes	The "Announcement on Purchase of Bank Wealth Management Products with Own Funds"
China Construction Bank	Bank	Structured deposits	80,000	Equity Fund	June 5, 2020	September 3, 2020	-	By contract	3.70%		712.83	Recovered		Yes	Yes	(Announcement No.: 2020-025) is published on www.cninfo.com.cn on April

	ts															3, 2020.
Total		90,000	--	--	--	--	--	--	-	932.78	--	-	--	--	--	--

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

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such case as entrusted loan during the reporting period.

4. Major Contracts in Daily Operations

Applicable Not applicable

5. Other Significant Contracts

Applicable Not applicable

No such case as other significant contract during the reporting period.

XVIII. Social Responsibilities**1. Fulfillment of Social Responsibilities**

In 2020, Dahua "deepened the segmentation and grew effectively" by constantly improving its corporate governance structure, promoting the level of corporate governance, caring for its employees, protecting the shareholders' rights and interests, and practicing social responsibility. In 2021, the Company will continue to adhere to the core concept of "Customer-centered and striving for the goal" and the values of "Integrity, dedication, responsibility, innovation, cooperation and openness" to pursue economic benefits and protect shareholders' interests; Meanwhile the Company will actively create value for its employees and get engaged in environmental public welfare endeavors to promote the harmonious integration of the Company, the society, interested parties and the environment. For details of the Company's social responsibility fulfillment during the reporting period, refer to the "2020 Social Responsibility Report" and "2020 Environmental, Social and Governance Report" published on www.cninfo.com.cn on the same day.

2. Social responsibility fulfillment regarding targeted poverty alleviation

In the reporting year of the Company, there has been no targeted poverty alleviation activity, or follow-up targeted poverty alleviation plan.

3.Environmental Protection-related Matters

Whether the listed company and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection department

Yes No

No

The Company does not belong to the key pollutant discharging units announced by the environmental protection department. For details, refer to Chapter 7 Green and Environmental Protection of "2020 Social Responsibility Report" published on www.cninfo.com.cn on the same day.

XIX. Explanations on Other Significant Matters

√ Applicable □ Not applicable

1. On April 25, 2019, the Company's 21st meeting of the 6th board of directors reviewed and approved the "Proposal on the Scheme for the Repurchase of Shares". The Company plans to buy back some shares with the funds raised by itself through centralized competitive bidding. The total amount of funds for the repurchase shall not be lower than 200 million yuan (inclusive) and higher than 400 million yuan (inclusive). The price of the repurchase shall not exceed 25.37 yuan per share (inclusive). Calculated according to the purchase price and the upper limit for the repurchase, it's estimated to buy back 15,766,653 shares. The repurchased shares will make up 0.53% of the current total share capital of the Company. The specific amount of repurchased shares and the proportion in the total share capital of the Company shall be subject to the actually repurchased number of shares and the actual proportion when the period of repurchase expires. The period for the implementation of repurchase shall be 12 months from the day the board of directors reviews and approves the repurchase scheme.

As of April 24, 2020, the Company bought back 13,391,480 shares with its special securities account through centralized competitive bidding, accounting for 0.45% of the Company's total share capital. The highest transaction price was RMB 17.88 per share and the lowest transaction price was RMB 12.9 per share. The total amount of transactions was RMB 203,499,400.44 (excluding transaction expenses). The Company's share repurchase plan has been completed.

2. On February 24, 2020, the 31st session of the 6th Board of Directors' meeting held by the Company reviewed and approved the "Proposal on Investment in Establishing a Joint Venture Company". The Company and Tianjin Rongyu Enterprise Management Partnership (Limited Partnership), Tianjin Qushi Management Consulting Partnership (Limited Partnership), and Huzhou Xubo Smart City Technology Partnership (Limited Partnership) signed a "Joint Venture Agreement" to jointly invest in the establishment of Ruicity Digital Technology Co., Ltd. (tentative name), with a registered capital of RMB 800 million and the Company's shareholding accounted for 20%. In March 2020, this company was established and the approved company name by the Bureau of Industry and Commerce was Ruicity Digital Technology Co., Ltd.

3. On June 5, 2019, the 1st Extraordinary General Meeting of Shareholders of 2019 held by the Company reviewed and approved the "Proposal on Public Offering of Convertible Corporate Bonds" and other relevant contents.

On June 4, 2020, the 35th meeting of the 6th Board of Directors and the 21st meeting of the 6th Board of Supervisors held by the Company reviewed and approved the "Proposal on Terminating the Public Offering of Convertible Corporate Bonds" and agreed to terminate the public offering of convertible corporate bonds.

XX. Significant Events of the Company's Subsidiaries

√ Applicable □ Not applicable

On December 21, 2020, the 6th meeting of the 7th Board of Directors held by the Company reviewed and approved the "Proposal on Planning of the Splitting and Listing of the Holding Subsidiary". The Board of Directors of the Company authorized the management of the Company to initiate splitting of its holding subsidiary Zhejiang Huachuang Vision Technology Co., Ltd. to facilitate early preparation for listing at the domestic stock exchange. The above splitting and listing is under progress.

Section VI Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease in the change (+, -)				After the change		
	Number	Percentage	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Number	Percentage
I. Shares with limited sales condition	1,194,350,711	39.71%				-57,052,995	-57,052,995	1,137,297,716	37.97%
1. Other domestic shares	1,194,295,711	39.71%				-57,017,195	-57,017,195	1,137,278,516	37.97%
Including: Shares held by domestic natural persons	1,194,295,711	39.71%				-57,017,195	-57,017,195	1,137,278,516	37.97%
2. Foreign shares	55,000	0.00%				-35,800	-35,800	19,200	0.00%
Shares held by foreign natural persons	55,000	0.00%				-35,800	-35,800	19,200	0.00%
II. Shares without restrictions	1,813,640,519	60.29%				44,641,355	44,641,355	1,858,281,874	62.03%
1. RMB ordinary shares	1,813,640,519	60.29%				44,641,355	44,641,355	1,858,281,874	62.03%
III. Total	3,007,991,230	100.00%				-12,411,640	-12,411,640	2,995,579,590	100.00%

Reasons for changes in shares

√ Applicable □ Not applicable

1. At the beginning of each year, the number of shares locked by executives of the Company shall be re-verified according to 75% of the total number of shares held by executives.

2. In April 2020, the unlocking conditions for the first period initially granted in the Restricted Stock Incentive Plan of the Company in 2018 were achieved and the unlocking was completed.

3. The Restricted Stock Incentive Plan of the Company in 2020 granted 13,391,480 restricted stocks to 10 incentive targets, which were sourced from the buy-back account of the Company and listed on June 24, 2020.

4. In 2020, the Company bought back and canceled the granted but unlocked restricted shares held by the incentive targets who have left the Company.

Approval for changes in shares

Applicable Not applicable

1. On January 16, 2020, the 1st Extraordinary General Meeting of Shareholders held by the Company in 2020 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 437,100 authorized but not unlocked restricted stocks held by 16 incentive targets who have left the Company.

2. On April 2, 2020, the 33th meeting of the 6th Board of Directors held by the Company reviewed and approved the "Proposal on Initial Granting of Unlocking Condition Satisfaction for the First Unlocking Period in 2018 Restricted Stock Incentive Plan", and agreed to unlock the 36,931,560 restricted stocks held by the 2,901 incentive targets who met the unlocking conditions.

3. On May 12, 2020, the annual general meeting of shareholders held by the Company in 2019 reviewed and approved the "Restricted Stock Incentive Plan of Zhejiang Dahua Technology Co., Ltd in 2020 (Draft)" and its summary which authorized the Board of Directors to handle relevant matters on the stock incentive plan.

On May 12, 2020, the annual general meeting of shareholders held by the Company in 2019 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 1,810,600 authorized but not unlocked restricted stocks held by 36 incentive targets who have left the Company.

4. On June 4, 2020, the 35th meeting of the 6th Board of Directors reviewed and approved the "Proposal on Granting Restricted Stocks to Incentive Targets" and the "Proposal on Adjusting Grant Price of the Restricted Stock Incentive Plan of 2020". As the Company allocated the equities for 2019 during the period from announcement of the "Restricted Stock Incentive Plan of Zhejiang Dahua Technology Co., Ltd in 2020 (Draft)" until the incentive targets' completion of the restricted stock registration, the grant price of the restricted stocks was adjusted from 7.60 yuan per share to 7.467 yuan per share. At the same time, the Board of Directors of the Company confirmed the granting conditions and concluded that the conditions had been reached and decided to grant the restricted stocks to the incentive targets. The granting date was June 4, 2020.

5. On June 29, 2020, the Company disclosed the "Announcement on the Completion of Granting Registration of the Restricted Stock Incentive Plan in 2020". The Restricted Stock Incentive Plan of 2020 granted 13,391,480 shares to 10 incentive targets, which were listed on Shenzhen Stock Exchange on June 24, 2020.

6. On August 12, 2020, the 3rd Extraordinary General Meeting of Shareholders held by the Company in 2020 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 4,822,680 authorized but not unlocked restricted stocks held by 183 persons who were no longer qualified as incentive targets.

7. On October 28, 2020, the 4th Extraordinary General Meeting of Shareholders held by the Company in 2020 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel 1,063,260 authorized but not unlocked restricted stocks held by 62 persons who were no longer qualified as incentive targets.

Transfer for changes in shares

Applicable Not applicable

1. According to the 33th meeting of the 6th Board of Directors held by the Company, the Company completed the initial granting of unlocking for the restricted stocks in 2018 for the first period, and the unlocking date, namely the listing

date was April 16, 2020.

2. According to the resolution of the 1st Extraordinary General Meeting of Shareholders held by the Company in 2020, the Company bought back and canceled the 437,100 authorized but not unlocked restricted shares held by the 16 incentive targets who have left the Company, and the procedure was completed in April 2020.

3. On June 24, 2020, the granted shares of the Company's restricted stocks incentive plan in 2020 were listed on Shenzhen Stock Exchange.

4. According to the resolution of the annual general meeting of shareholders held by the Company in 2019, the Company bought back and canceled the 1,810,600 authorized but not unlocked restricted shares held by the 36 incentive targets who have left the Company, and the procedure was completed in October 2020.

5. According to the resolution of the 3rd Extraordinary General Meeting of Shareholders held by the Company in 2020, the Company bought back and canceled the 4,822,680 authorized but not unlocked restricted shares held by the 183 persons who were no longer qualified as incentive targets, and the procedure was completed in November 2020.

6. According to the resolution of the 4th Extraordinary General Meeting of Shareholders held by the Company in 2020, the Company bought back and canceled the 1,063,260 authorized but not unlocked restricted shares held by the 62 persons who were no longer qualified as incentive targets, and the procedure was completed in December 2020.

The progress on share repurchase

Applicable Not applicable

On April 25, 2019, the Company's 21st meeting of the 6th board of directors reviewed and approved the "Proposal on the Scheme for the Repurchase of Shares". The Company plans to buy back some shares with the funds raised by itself through centralized competitive bidding. The total amount of funds for the repurchase shall not be less than RMB 200 million (inclusive) and not be more than RMB 400 million (inclusive). The price of the repurchase shall not exceed 25.37 yuan per share (inclusive). Calculated according to the purchase price and the upper limit for the repurchase, it's estimated to buy back 15,766,653 shares. The repurchased shares will make up 0.53% of the current total share capital of the Company. The specific amount of repurchased shares and the proportion in the total share capital of the Company shall be subject to the actually repurchased number of shares and the actual proportion when the period of repurchase expires. The period for the implementation of repurchase shall be 12 months from the day the board of directors reviews and approves the repurchase scheme.

As of April 24, 2020, the Company bought back 13,391,480 shares with its special securities account through centralized competitive bidding, accounting for 0.45% of the Company's total share capital. The highest transaction price was RMB 17.88 per share and the lowest transaction price was RMB 12.9 per share. The total amount of transactions was RMB 203,499,400.44 (excluding transaction expenses). The Company's share repurchase plan has been completed.

The progress on reduction of re-purchase shares by means of centralized competitive bidding

Applicable Not applicable

Effects of changes in shares on the basic earnings per share ("EPS"), diluted EPS, net assets per share, attributable to common shareholders of the Company, and other financial indexes over the last year and last period

Applicable Not applicable

Other contents that the Company considers necessary or are required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted stocks

Applicable Not applicable

Unit: share

Name of Shareholder	Number Of Shares With Limited Sales Condition At The Beginning Of The Period	Number of increased shares with limited sales condition in current period	Number of unlocked shares with limited sales condition in current period	Number of shares with limited sales condition at the end of the period	Reasons for limited sales	Date of unlocking
Fu Liquan	834,736,410		23,175,000	811,561,410	According to the relevant provisions of executives shares management	According to the relevant provisions of executives shares management
Zhu Jiangming	139,846,117			139,846,117	According to the relevant provisions of executives shares management	According to the relevant provisions of executives shares management
Chen Ailing	53,447,110			53,447,110	According to the relevant provisions of executives shares management	According to the relevant provisions of executives shares management
Wu Jun	51,938,164			51,938,164	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Zhang Xingming	1,261,060	2,361,480		3,622,540	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Zhao Yuning	740,000	1,775,000		2,515,000	Per relevant management	Per relevant management

					regulations of equity incentives and senior managers' shares	regulations of equity incentives and senior managers' shares
Ying Yong	1,251,937	1,020,000		2,271,937	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Wu Jian	1,147,001	1,020,000		2,167,001	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Jiang Xiaolai	530,000	1,474,400		2,004,400	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Zhu Jiantang	670,000	1,267,669		1,937,669	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Other senior executives and incentive	108,782,912	3,561,900	46,358,444	65,986,368	Per relevant management regulations of equity incentives and	Per relevant management regulations of equity incentives and

targets					senior managers' shares	senior managers' shares
Total	1,194,350,711	12,480,449	69,533,444	1,137,297,716	--	--

II. Issuance and listing of securities

1. Securities (excluding preferred share) issued in reporting period

Applicable Not applicable

2. Explanation on changes in total number of the Company's shares & the structure of shareholders and the structure of assets and liabilities

Applicable Not applicable

3. Existing shares held by internal staff of the Company

Applicable Not applicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total Number Of Common Shareholders At The End Of The Reporting Period	148,905	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	148,198	Total Number of Preferred Shareholders (If Any) (Refer to Note 8) Whose Voting Rights have been Recovered at the End of the Reporting Period	0	Total number of preferred shareholders (if any) (refer to Note 8) with resumed voting rights at the end of previous month before the disclosure date of the annual report	0
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Shareholding list of shareholders with over 5% shares or top ten shareholders

Name of Shareholder	Nature Of Shareholder	Shareholding Percentage	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited sales condition	Pledges or freezings	
							State Of Shares	Number

Fu Liqun	Domestic Natural Person	34.18%	1,023,868,980	-58,212,900	811,561,410	212,307,570	Pledge	280,262,000
Zhu Jiangming	Domestic Natural Person	5.36%	160,577,490	-25,884,000	139,846,117	20,731,373	Pledge	66,004,000
Shanghai Perseverance Asset Management (Limited Partnership) - Gaoyi Linshan No.1 Yuanwang Fund	Others	4.61%	138,000,000	138,000,000	0	138,000,000		
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	3.36%	100,535,485	-56,710,140	0	100,535,485		
Chen Ailing	Domestic Natural Person	2.38%	71,262,813	0	53,447,110	17,815,703	Pledge	21,100,000
Wu Jun	Domestic Natural Person	2.31%	69,250,886	0	51,938,164	17,312,722		
China Galaxy Securities Co., Ltd.	State-owned Legal Person	1.82%	54,637,400	54,632,700	0	54,637,400		
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.32%	39,611,241	0	0	39,611,241		
Bank of Communications Company Limited - Nanfang Growth Pioneer Hybrid Type Securities Investment Fund	Others	1.11%	33,382,739	33,382,739	0	33,382,739		

Central Huijin Asset Management Co., Ltd.	State-owned Legal Person	1.05%	31,448,750	0	0	31,448,750		
Description of the association relationship or concerted action of above-mentioned shareholders	Mr. Fu Liqun And Ms. Chen Ailing Are Husband And Wife. The Company Is Unaware Of Whether Other Shareholders Have Associated Relationship Or Are Persons Acting In Concert.							
Shareholding list of top ten shareholders without limited sales condition								
Name of Shareholder	Number of shares held without limited sales condition at the end of the reporting period				Type of shares			
					Type of shares	Number		
Fu Liqun	212,307,570				RMB common stock	212,307,570		
Shanghai Perseverance Asset Management (Limited Partnership) - Gaoyi Linshan No.1 Yuanwang Fund	138,000,000				RMB common stock	138,000,000		
Hong Kong Securities Clearing Co. Ltd.	100,535,485				RMB common stock	100,535,485		
China Galaxy Securities Co., Ltd.	54,637,400				RMB common stock	54,637,400		
China Securities Finance Co., Ltd.	39,611,241				RMB common stock	39,611,241		
Bank of Communications Company Limited - Nanfang Growth Pioneer Hybrid Type Securities Investment Fund	33,382,739				RMB common stock	33,382,739		
Central Huijin Asset Management Co., Ltd.	31,448,750				RMB common stock	31,448,750		
Shanghai Greenwoods Asset Management Co., Ltd. - Greenwoods Global Fund	30,617,393				RMB common stock	30,617,393		
Zhu Jiangming	20,731,373				RMB common stock	20,731,373		
Guotai Asset Management Co., Ltd. - Four Two One Combination of Social Security Fund	19,971,515				RMB common stock	19,971,515		
Explanation on associated	Mr. Fu Liqun And Ms. Chen Ailing Are Husband And Wife. The Company Is Unaware Of							

relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without limited shares and top ten shareholders	Whether Other Shareholders Have Associated Relationship Or Are Persons Acting In Concert.
Explanation on Top Ten Common Shareholders' Participation In Securities Margin Trading (If Any) (Refer to Note 4)	N/A

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

Yes No

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

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Natural person-owned

Type of the controlling shareholder: Natural person

Name of the controlling shareholder	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liqun	China	Yes
Main occupation and title	Mr. Fu Liqun holds the position of the chairman and president of the Company.	

Change of the controlling shareholders in the reporting period

Applicable Not applicable

No change has happened to the controlling shareholder in the reporting period of the Company

3. The actual controller of the Company and persons acting in concert

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liqun	Himself	China	Yes
Chen Ailing	Acting in concert (including agreement, relatives, under same control)	China	Yes

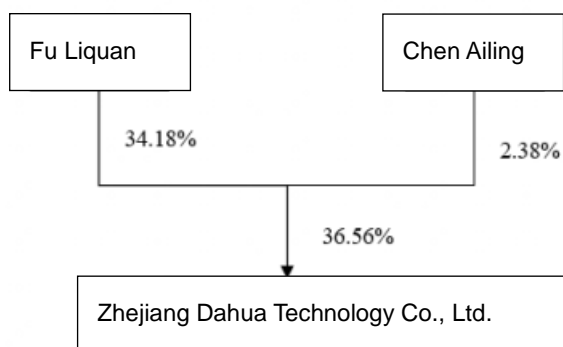
Main occupation and title	Mr. Fu Liqun holds the position of the chairman and president of the Company; Ms. Chen Ailing holds the position of the director of the Company.
Information about other listed companies at home and abroad controlled in the last ten years	N/A

Change of the actual controller in the reporting period

Applicable Not applicable

No change has happened to the actual controller in the reporting period

Block Diagram for Property Right and Control Relationship between the Company and Actual Controllers



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. Particulars about other corporate shareholders with shareholding proportion over 10%

Applicable Not applicable

5. Particulars on share reduction restricted for controlling shareholders, actual controller, restructuring party or other commitment entities

Applicable Not applicable

Section VII Information of Preferred Shares

Applicable Not applicable

There are no preferred shares in the reporting period.

Section VIII Convertible Corporate Bonds

Applicable Not applicable

There are no convertible corporate bonds in the reporting period.

Section IX Directors, Supervisors, Senior Managers and Employees

I. Shareholding Changes of Directors, Supervisors and Senior Management

Name	Post	Position status	Gender	Age	Starting date of tenure	Termination Date of tenure	Number of shares held at the beginning of the period (share)	Number of shares increased in the period (share)	Number of shares decreased in the period (share)	Other changes (share)	Number of shares held at the end of the period
Fu Liquan	Chairman, President	Incumbent	Male	54	April 1, 2005	August 11, 2023	1,082,081,880		58,212,900	0	1,023,868,980
Wu Jun	Vice Chairman	Incumbent	Male	49	April 1, 2005	August 11, 2023	69,250,886		0	0	69,250,886
Zhang Xingming	Director, Executive President	Incumbent	Male	44	May 20, 2010	August 11, 2023	1,681,413		0	2,361,480	4,042,893
Zhu Jiangming	Director	Incumbent	Male	54	April 1, 2005	August 11, 2023	186,461,490		25,884,000	0	160,577,490
Chen Ailing	Director	Incumbent	Female	54	April 1, 2005	August 11, 2023	71,262,813		0	0	71,262,813
Yang Huayong	Independent Director	Incumbent	Male	60	August 12, 2020	August 11, 2023	0		0	0	0
Liu Hanlin	Independent Director	Incumbent	Male	58	August 12, 2020	August 11, 2023	0		0	0	0
Zhang	Independent Director	Incumbent	Male	56	August 12, 2020	August 11, 2023	0		0	0	0

Yuli		bent								
Song Maoyuan	Supervisor	Incumbent	Female	39	April 3, 2008	August 11, 2023	0	0	0	0
Zheng Jieping	Supervisor	Incumbent	Female	42	August 12, 2020	August 11, 2023	124,500	8,300	-6,6000	50,200
Zuo Pengfei	Supervisor	Incumbent	Female	43	April 3, 2008	August 11, 2023	0	0	0	0
Jiang Xiaolai	Senior Vice President	Incumbent	Male	41	February 27, 2020	August 11, 2023	530,000	0	1,560,000	2,090,000
Liu Ming	Vice President	Incumbent	Male	40	October 12, 2020	August 11, 2023	298,100		1,020,000	1,318,100
Li Zhijie	Senior Vice President	Incumbent	Male	46	February 27, 2020	August 11, 2023	670,000	0	1,020,000	1,690,000
Song Ke	Vice President	Incumbent	Male	43	October 12, 2020	August 11, 2023	0	0	0	0
	Supervisor	Resigned	Male	43	August 7, 2015	August 12, 2020	0	0	0	0
Wu Jian	Secretary of the Board, Senior Vice President	Incumbent	Male	47	December 1, 2005	August 11, 2023	1,529,335	0	1,020,000	2,549,335
Xu Qiaofen	CFO, Senior Vice President	Incumbent	Female	49	February 27, 2020	August 11, 2023	530,000	0	1,020,000	1,550,000
Xu Zhicheng	Senior Vice President	Incumbent	Male	55	March 22, 2018	August 11, 2023	530,000	0	1,020,000	1,550,000
Zhu Jiantang	Senior Vice President	Incumbent	Male	39	March 22, 2018	August 11, 2023	730,225	0	1,390,000	2,120,225
Zhao	Senior Vice President	Incumbent	Male	44	March 22, 2018	August 11, 2023	740,000	0	1,960,000	2,700,000

Yuning		bent									
He Chao	Independent Director	Resig ned	Male	62	January 7, 2014	August 12, 2020	0	0	0	0	0
Wang Zexia	Independent Director	Resig ned	Femal e	56	January 7, 2014	August 12, 2020	0	0	0	0	0
Huang Siyang	Independent Director	Resig ned	Femal e	43	May 22, 2017	August 12, 2020	0	0	0	0	0
Ying Yong	Senior Vice President	Resig ned	Male	52	May 20, 2010	March 23, 2021	1,669,250	0	1,020,000	2,689,250	
Chen Yuqing	Vice President	Resig ned	Male	47	May 20, 2010	March 23, 2021	1,835,951	0	0	1,835,951	
Wu Yunlong	Vice President	Resig ned	Male	65	May 20, 2010	March 23, 2021	762,280	0	0	762,280	
Yan Gang	Vice President	Resig ned	Male	52	December 6, 2012	April 27, 2020	606,349	0	0	606,349	
Wei Meizhon g	CFO, Vice President	Resig ned	Male	50	November 1, 2007	April 27, 2020	1,510,000	206,000	0	1,304,000	
Zhang Wei	Vice President	Resig ned	Male	50	December 6, 2012	April 27, 2020	927,500	444,000	0	483,500	
Li Ke	Director, President	Resig ned	Male	49	May 3, 2017	February 27, 2020	2,420,000	40,5000	-80,0000	1,215,000	
Total	--	--	--	--	--	--	1,426,151,972	-	85,160,200	12,525,480	1,353,517,252

II. Changes of Directors, Supervisors and Senior Management

√ Applicable □ Not applicable

Name	Title	Type	Date	Causes
Fu Liquan	Chairman, President	Elected	August 12, 2020	General Election of the Board of Directors
Wu Jun	Vice Chairman	Elected	August 12, 2020	General Election of the Board of Directors
Zhang Xingming	Executive President	Appointed	February 27, 2020	Appointed as Executive President and Resigned as Vice President
	Executive President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Director	Elected	August 12, 2020	General Election of the Board of Directors
Zhu Jiangming	Director	Elected	August 12, 2020	General Election of the Board of Directors
Chen Ailing	Director	Elected	August 12, 2020	General Election of the Board of Directors
Yang Huayong	Independent Director	Elected	August 12, 2020	General Election of the Board of Directors
Liu Hanlin	Independent Director	Elected	August 12, 2020	General Election of the Board of Directors
Zhang Yuli	Independent Director	Elected	August 12, 2020	General Election of the Board of Directors
Song Maoyuan	Supervisor	Elected	August 12, 2020	General Election of the Board of Supervisors
Zheng Jieping	Supervisor	Elected	August 12, 2020	General Election of the Board of Supervisors
Zuo Pengfei	Supervisor	Elected	August 12, 2020	General Election of the Board of Supervisors
Jiang Xiaolai	Vice President	Appointed	February 27, 2020	Appointed by the Board of Directors
	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Liu Ming	Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Li Zhijie	Vice President	Appointed	February 27, 2020	Appointed by the Board of Directors
	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors

Song Ke	Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
	Supervisor	Resigned upon Expiration of Term of Office	August 12, 2020	Resigned upon Expiration of Term of Office
Wu Jian	Secretary of the Board, Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Xu Qiaofen	Vice President	Appointed	February 27, 2020	Appointed by the Board of Directors
	CFO	Appointed	April 27, 2020	Appointed by the Board of Directors
	CFO, Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Xu Zhicheng	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Zhu Jiantang	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
Zhao Yuning	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
He Chao	Independent Director	Resigned upon Expiration of Term of Office	August 12, 2020	Resigned upon Expiration of Term of Office
Wang Zexia	Independent Director	Resigned upon Expiration of Term of Office	August 12, 2020	Resigned upon Expiration of Term of Office
Huang Siying	Independent Director	Resigned upon Expiration of Term of Office	August 12, 2020	Resigned upon Expiration of Term of Office
Li Ke	Director, President	Resigned	February 27, 2020	Left the Company Voluntarily
Yan Gang	Vice President	Dismissed	April 27, 2020	Resigned Voluntarily as Vice President but Still Employed in the Company
Wei Meizhong	CFO, Vice President	Dismissed	April 27, 2020	Left the Company Voluntarily
Zhang Wei	Vice President	Dismissed	April 27, 2020	Left the Company Voluntarily
Ying Yong	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Appointed	October 12, 2020	Appointed by the Board of Directors
	Senior Vice President	Dismissed	March 23, 2021	Resigned Voluntarily as Senior Vice President but Still Employed in the

				Company
Wu Yunlong	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Vice President	Dismissed	March 23, 2021	Resigned Voluntarily as Vice President but Still Employed in the Company
Chen Yuqing	Vice President	Appointed	August 12, 2020	Appointed by the Board of Directors
	Vice President	Dismissed	March 23, 2021	Resigned Voluntarily as Vice President but Still Employed in the Company

III. Positions

Professional backgrounds, major work experiences and current main responsibilities in the Company for incumbent directors, supervisors and senior management of the Company

Mr. Fu Liquan, Chinese nationality, permanent residence in Cyprus, born in 1967, with master degree in EMBA of Zhejiang University. As one of the main founders of the Company, he has been serving as the Chairman and President of the Company. In 2018, his employment was renewed by China Security Association as an expert of the Expert Committee of China Security & Protection Industry Association. He has won the honors of "Outstanding Figure Award of China Security - Tribute to the 40 Years Anniversary of Reform and Opening Up", "Top Ten Influential Zhejiang Entrepreneurs", "Model Worker of Zhejiang Province", "One of the 40 Figures of Industry Innovative Development of Zhejiang for the 40 years Anniversary of Reform and Opening Up", "Excellent Enterprise Operator with Outstanding Contributions to the Information Economy", "Excellent Constructor of Socialism with Chinese Characteristics in the New Era of Non-Public Economy in Zhejiang Province", "Outstanding Contributions Award in 'Ingenuity for a Safe China'", Global Security Contribution Award, Top Ten Figures in Security and Protection Industry, and the Best CEO of listed companies of Forbes.

Mr. Wu Jun, Chinese nationality, born in 1972, with a bachelor's degree, engineer, served as vice chairman and vice president of the Company and general manager of Zhejiang Dahua System Engineering Co., Ltd. He now serves as vice chairman of the Company and executive director of Zhejiang Dahua System Engineering Co., Ltd.

Mr. Zhang Xingming, Chinese nationality, born in 1977, holds master degree, In the past 5 years, he has been serving as the Vice President of the Company, General Manager of the R&D center and General Manager of Zhejiang Huatu Microchip Technology Co., Ltd. He is currently the Board Director and Executive President of the Company, General Manager of the R&D Center, and General Manager of Chengdu Dahua Information Technology Co., Ltd.

Mr. Zhu Jiangming, Chinese nationality, born in 1967, has the right of permanent residence in Cyprus, holds bachelor degree and works as an engineer. As one of the main founders of the Company, he has served as the Vice Chairman of the Company, Business Operations Director and General Manager of Hangzhou Motorola Technologies Co., Ltd., and Executive Director and Executive Vice President of Zhejiang Huatu Microchip Technology Co., Ltd. He is currently the Director of the Company and the Chairman of Zhejiang Leapmotor Technology Co., Ltd. He was awarded the title of advanced technology worker in Hangzhou in 2003-2004, and employed as "Zhejiang Provincial Security Technology Protection Industry Expert" by Zhejiang Provincial Security Technology Protection Industry Association in 2006.

Ms. Chen Ailing, Chinese nationality, born in 1967, has the right of permanent residence in Cyprus, and holds bachelor degree. As one of the main founders of the Company, she served as director and CFO of the Company, and now serves as director of the Company.

Mr. Yang Huayong, Chinese nationality, born in 1961, is an academican of the Chinese Academy of Engineering, an expert in the field of fluid transmission and control, and professor and doctoral supervisor of Zhejiang University. He is

currently the director of the Institute of High-End Equipment of Zhejiang University, dean of the School of Mechanical Engineering of Zhejiang University, honorary director of the Fluid Transmission and Control Branch of the Chinese Mechanical Engineering Society, and editor-in-chief of the Journal of Bio-Design and Manufacturing, the English version of the Journal of Zhejiang University-Science A, and the Chinese Journal of Engineering Design. He was awarded the special allowance of the State Council in 2001, the "Young Teacher Award for Universities" of the Ministry of Education in 2002, the second prize of the National Science and Technology Progress Award in 2003, the Outstanding Youth Fund of the National Natural Science Foundation in 2004, the "National Outstanding Postdoctoral Fellow" of the Ministry of Human Resources and Social Security and the distinguished professor of the Chang Jiang Scholars Program in 2005, the chief scientist of the "973" project in 2007 and 2012 respectively, the special expert of Zhejiang Province in 2008, the first prize of the National Science and Technology Progress Award in 2012, the academican of the Chinese Academy of Engineering in 2013, and the national innovation pioneer award in May 2017, a member of the Standing Committee of Zhejiang Provincial Committee and a member of the National Committee of the CPPCC in January 2018, the Book Award of the Fourth China Publishing Government Award, the Second Prize of National Teaching Achievement (rank 1), the First Prize of the Outstanding Achievement Award (rank 1) and the Science and Technology Progress Award (Science and Technology) of Higher Education Institutions in 2018, and the Science and Technology Innovation Award of China International Industry Fair in 2019. He is the Independent Director of the Company.

Mr. He Hanlin, Chinese nationality, born in 1963, holds a master degree. He has served as assistant professor, lecturer, associate professor and professor of accounting at Hangzhou Dianzi University, and was once the vice dean of the College of Finance and Economics and secretary of the Party Committee of the College of Accounting at Hangzhou Dianzi University. He is currently a professor of Hangzhou Dianzi University, a member of the Chinese Institute of Certified Public Accountants, a director of the Electronics Branch of the Accounting Society of China, a director and member of the Zhejiang Accounting Society, an executive director of the Zhejiang Audit Society, an executive director of the Zhejiang Association of CFO, a deputy director of the Management Accounting Expert Advisory Committee of Zhejiang Province, and a director of the Zhejiang Management Accounting Application Innovation Research Center, as well as an independent director of Zhejiang Tiantai Xianghe Industrial Co., Ltd., New Oriental New Materials Co., Ltd., Litian Pictures Holdings Limited, and Zhejiang Runyang New Material Technology Co., Ltd. He is an independent director of the Company.

Mr. Zhang Yuli, Chinese nationality, born in 1965, holds a master degree. He used to serve as the director of the Department of Business Management, the executive deputy director of the MBA Center, the deputy dean of the Graduate School, and the deputy dean and dean of the Business School at Nankai University. He is currently a professor and doctoral supervisor of the Business School at Nankai University, director of the Center for Collaborative Promotion of Innovation and Entrepreneurship of the National MBA Education Steering Committee, director of the Research Base of Entrepreneurship and Small and Medium Enterprise Management, a key research base of the philosophical and social sciences in Tianjin universities, and co-editor-in-chief of the Quarterly Journal of Management. He is also a member of the Discipline Review Group (Business Administration) of the Academic Degrees Committee of the State Council, a member of the Management Department of the Science and Technology Commission of the Ministry of Education, a member of the Accreditation Committee for High-Quality MBA Education in China, a member of the Discipline Review Group and the Steering Committee of Professional Degree Education in Tianjin, as well as an expert of the National Natural Science Foundation of China and the National Social Science Foundation of China, and an independent director of Tianjin Jinbin Development Co., Ltd. He was awarded the special allowance by the State Council in 2004, and was selected as a distinguished professor of the Chang Jiang Scholars Program by the Ministry of Education in 2013. He is an independent director of Tianjin Jinbin Development Co., Ltd., and an independent director of the Company.

Ms. Song Maoyuan, Chinese nationality, born in 1982, holds a bachelor degree. She now serves as chairman of the Board of Supervisors and secretary to president of the Company.

Ms. Zheng Jieping, Chinese nationality, born in 1979, holds a bachelor degree. She served as the director of the Compensation and Performance Department of the Company's Human Resources Center from October 2014 to June 2018, and has been serving as the director of the Organizational Management and Compensation and Performance Department of the Company's Human Resources Center since July 2018, and the vice president of the Company's Human Resources Center since January 2021.

Ms. Zuo Pengfei, Chinese nationality, born in 1978, holds a bachelor degree. She joined the Company in 2001, and is currently the supervisor of the Company, the chairman of the labor union, the director of human resources employee relations, and the supervisor of Hangzhou Xiaohua Technology Co., Ltd.

Mr. Jiang Xiaolai, Chinese nationality, was born in 1980, holds a bachelor degree, served as regional general manager of Domestic Marketing Center of the Company from January 2015 to December 2018, and has been serving as general manager of Domestic Marketing Center of the Company since January 2019. He now serves as the senior vice president of the Company and general manager of Domestic Marketing Center.

Mr. Liu Ming, Chinese nationality, born in 1981, holds a master degree. He joined the Company in 2006, and in the last 5 years, he has served as the director of Hardware Platform Development Department in the R&D Center, general manager of front-end product line in the R&D Center, general manager of Product Development Department in the R&D Center, and deputy general manager of the R&D Center. Since March 2020, he has been the executive vice president of the R&D Center. He is currently the vice president of the Company and executive vice president of the R&D Center.

Mr. Li Zhijie, Chinese nationality, born in 1975, holds a master degree, served as technical engineer, director of the Delivery and Service Department of the Representative Office, national delivery representative, and vice president of Regional Delivery Department of Huawei Technologies Co., Ltd. from March 2005 to August 2017, and has been serving as general manager of the Delivery and Service Center of the Company since September 2017. He now serves as senior vice president of the Company and general manager of the Delivery and Service Center of the Company.

Mr. Song Ke, Chinese nationality, born in 1978, holds a master degree, and served as manager of IT Department of Hangzhou H3C Co., Ltd., and general manager of the IT Center and supervisor of Zhejiang Dahua Technology Co., Ltd. He now serves as the vice president of the Company and general manager of Process IT Center of the Company.

Mr. Wu Jian, Chinese nationality, born in 1974, holds a master degree. He served as secretary of the Board of Directors and vice president of the Company in the recent five years, and now serves as secretary of the Board of Directors and senior vice president of the Company.

Ms. Zu Qiaofen, Chinese nationality, born in 1972, holds a college degree, and served as the chief financial officer of the Company's Finance Center from January 2015 to January 2017, deputy general manager of the Company's Finance Center from January 2017 to December 2017, and general manager of the Company's Finance Center since December 2017. She now serves as the chief financial officer and senior vice president of the Company and general manager of the Finance Center.

Mr. Xu Zhicheng, Chinese nationality, born in 1966, holds a college degree. He successively served as deputy general manager of marketing, general manager and supervisor of the Company from September 2013 to June 2015, has been serving as general manager of the Internal Audit Department of the Company since June 2015, and now serves as senior vice president and general manager of the Internal Audit Department of the Company.

Mr. Zhu Jiantang, Chinese nationality, was born in 1982 and graduated from college with the bachelor degree. From March 2012 to January 2015, he has successively served as Product Director of R&D and Deputy General Manager of R&D Center. Since January 2015, he has been the general manager of the Company's Supply Chain Management Center. He is currently the senior vice president of the Company, general manager of the Supply Chain Management Center, and general manager of the Quality Management Center.

Mr. Zhao Yuning, Chinese nationality, was born in 1977 and graduated from National University of Singapore with a master degree in science. From July 2000 to June 2017, he has successively served as technical engineer, regional sales

manager, national general manager, vice president and president of regional sales department of Huawei Technologies Co., Ltd. He now serves as senior vice president of the Company and general manager of overseas marketing center

Position held in shareholders entities

Applicable Not applicable

Position held in other entities

Applicable Not applicable

Name	Name of other entity	Position held in other entities	Remuneration received from other entity or not
Fu Liquan	Zhejiang Leapmotor Technology Co., Ltd.	Director	No
Fu Liquan	Leapmotor Automobile Co., Ltd.	Director	No
Fu Liquan	Zhejiang Huashi Investment Management Co., Ltd.	Executive Director	No
Fu Liquan	Guizhou Huayi Shixin Technology Co., Ltd.	Director	No
Fu Liquan	Hangzhou Gulin Equity Investment Partnership (limited partnership)	Executive Partner	No
Fu Liquan	Ningbo Huaqi Investment Management Partnership (Limited Partnership)	Executive Partner	No
Fu Liquan	Ningbo Huayang Investment Management Partnership Enterprise (Limited Partnership)	Executive Partner	No
Fu Liquan	Zhejiang Huashi Zhijian Technology Co., Ltd.	Executive Director	No
Fu Liquan	Zhengzhou Dahua Zhian Information Technology Co., Ltd.	Executive Director	No
Wu Jun	Guangdong Dahua Zhishi Technology Co., Ltd.	Director	No
Wu Jun	Hangzhou Yuneng Technology Co., Ltd.	Executive Director	No
Wu Jun	Zhoushan Xinhao Technology Development Co., Ltd.	Executive Director and General Manager	No
Wu Jun	Ningbo Huakun Investment Management Partnership (Limited Partnership)	Executive Partner	No
Zhang Xingming	Hangzhou Jingbo Equity Investment Partnership (Limited Partnership)	Executive Partner	No
Zhu Jiangming	Zhejiang Leapmotor Technology Co., Ltd.	Chairman	No
Zhu Jiangming	Leapmotor Automobile Co., Ltd.	Chairman	No
Zhu Jiangming	Zhejiang Lancable Technology Co., Ltd.	Director	No
Zhu Jiangming	Hangzhou Xunwei Robotics Technology Co., Ltd.	Director	No
Zhu Jiangming	Zhejiang Leapmotor Automobile Marketing Service Co., Ltd.	Executive Director	No

Zhu Jiangming	Hangzhou Xintu Technology Co., Ltd.	Executive Director and General Manager	No
Zhu Jiangming	Hangzhou Xiaohi Technology Co., Ltd.	Supervisor	No
Zhu Jiangming	Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	Executive Director	No
Zhu Jiangming	Ningbo Jinghang Equity Investment Partnership (Limited Partnership)	Executive Partner	No
Zhu Jiangming	Wanzai Mingzhao Consulting Service Center (Limited Partnership)	Executive Partner	No
Zhu Jiangming	Hangzhou Menghao Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Zhejiang Lancable Technology Co., Ltd.	Director	No
Chen Ailing	Zhejiang Huanuokang Technology Co., Ltd.	Executive Director	No
Chen Ailing	Zhejiang Huashi Investment Management Co., Ltd.	General Manager	No
Chen Ailing	Hangzhou Huaxi Information Technology Service Co., Ltd.	Executive Director and General Manager	No
Chen Ailing	Hangzhou Huayan Equity Investment Co., Ltd.	Chairman	No
Chen Ailing	Ningbo Hualing Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huaqian Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huadi Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huayan Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huali Investment Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huaqi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huagu Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huazhen Equity Investment Partnership (Limited Partnership)	Executive Partner	No
Yang Huayong	Shanghai Shield Design Test Research Center Co., Ltd.	Director	No

Yang Huayong	Fuxin Zhejiang University Hydraulic Equipment Technology Innovation Center Co., Ltd.	Director	No
Yang Huayong	Hangzhou Huatai Mechanical-Electrical-Liquid Technology Co., Ltd.	Chairman	No
Liu Hanlin	Zhejiang Runyang New Material Technology Co., Ltd.	Independent Director	Yes
Liu Hanlin	Zhejiang Tiantai Xianghe Industrial Co., Ltd.	Independent Director	Yes
Liu Hanlin	New Oriental New Materials Co., Ltd.	Independent Director	Yes
Liu Hanlin	Litian Pictures Holdings Limited	Independent Director	Yes
Zhang Yuli	Tianjin Jinbin Development Co., Ltd.	Independent Director	Yes
Song Maoyuan	China Standard Intelligent Security Technology Co., Ltd.	Supervisor	No
Song Maoyuan	Guizhou Huayi Shixin Technology Co., Ltd.	Supervisor	No
Song Maoyuan	Guangdong Dahua Zhishi Technology Co., Ltd.	Supervisor	No
Zheng Jieping	Hangzhou Huarong Investment Management Co., Ltd.	Manager	No
Xu Zhicheng	Hangzhou Fuyang Hua'ao Technology Co., Ltd.	Chairman	No
Positions held in other companies	N/A		

Incumbent or outgoing directors, supervisors and senior management in the reporting period that have been imposed administrative penalties by CSRC in the last three years

Applicable Not applicable

IV. Remuneration of Directors, Supervisors and Senior Management

The following describes the decision-making program, determination basis and actual payment of remuneration for directors, supervisors and senior management.

Top management of the Company shall be evaluated by the performance commitments of senior management and the department managers and those above shall be evaluated by their work report at the end of the year. The managers have made business goal responsibility system in their term of office, and set up the evaluation approach combining KPI index commitments at the level of the Company and individual performance commitments. They have achieved qualified evaluation indices, meaning that they can complete their respective tasks in the latest term of office. The Company will increase their remuneration or adopt other incentive measures, as appropriate, based on their completion of goals.

Remuneration of directors, supervisors and senior management in the reporting period of the Company

Unit: ten thousand RMB

Name	Post	Gender	Age	Position status	Total remuneration from the Company before tax	Whether to receive remuneration from related parties or not
Fu Liquan	Chairman, President	Male	54	Incumbent	88.08	No
Wu Jun	Vice Chairman	Male	49	Incumbent	89.52	No
Zhang Xingming	Director, Executive President	Male	44	Incumbent	177.62	No
Zhu Jiangming	Director	Male	54	Incumbent	88.08	No
Chen Ailing	Director	Female	54	Incumbent	0	No
Yang Huayong	Independent Director	Male	60	Incumbent	9.53	No
Liu Hanlin	Independent Director	Male	58	Incumbent	9.53	No
Zhang Yuli	Independent Director	Male	56	Incumbent	9.53	No
Song Maoyuan	Supervisor	Female	39	Incumbent	47.95	No
Zheng Jieping	Supervisor	Female	42	Incumbent	113.14	No
Zuo Pengfei	Supervisor	Female	43	Incumbent	71.74	No
Jiang Xiaolai	Senior Vice President	Male	41	Incumbent	169.48	No
Liu Ming	Vice President	Male	40	Incumbent	170.30	No
Li Zhijie	Senior Vice President	Male	46	Incumbent	125.75	No
Song Ke	Vice President	Male	43	Incumbent	127.49	No
Wu Jian	Secretary of the Board, Senior Vice President	Male	47	Incumbent	157.48	No
Xu Qiaofen	CFO, Senior Vice President	Female	49	Incumbent	142.48	No
Xu Zhicheng	Senior Vice President	Male	55	Incumbent	157.49	No
Zhu Jiantang	Senior Vice President	Male	39	Incumbent	156.97	No
Zhao Yuning	Senior Vice President	Male	44	Incumbent	175.68	No
He Chao	Independent Director	Male	62	Resigned	12.35	No

Wang Zexia	Independent Director	Female	56	Resigned	12.35	No
Huang Siying	Independent Director	Female	43	Resigned	12.35	No
Ying Yong	Senior Vice President	Male	52	Resigned	157.48	No
Wu Yunlong	Vice President	Male	65	Resigned	90.08	No
Chen Yuqing	Vice President	Male	47	Resigned	127.48	No
Yan Gang	Vice President	Male	52	Resigned	53.69	No
Wei Meizhong	CFO, Vice President	Male	50	Resigned	23.41	No
Zhang Wei	Vice President	Male	50	Resigned	77.17	No
Li Ke	Director, President	Male	49	Resigned	16.15	No
Total	--	--	--	--	2,670.35	--

Share incentives for the Company's directors, supervisors and senior executives in the reporting period

√ Applicable □ Not applicable

Unit: share

Name	Post	Number of vesting shares during the reporting period	Number of vested shares during the reporting period	The exercise price of the vested shares during the reporting period (yuan/share)	Market price at the end of the reporting period (yuan/share)	Number of restricted stocks held at the beginning of the period	Number of unlocked shares in this period	Number of restricted stocks newly granted during the reporting period	The granting price of restricted stocks (yuan/share)	Number of restricted stocks held at the end of the period
Zhang Xingming	Executive President	0	0	0	20.02	740,000	296,000	2,361,480	7.467	2,805,480
Jiang Xiaolai	Senior Vice President	0	0	0	20.02	214,000	85,600	1,560,000	7.467	1,688,400
Li Zhijie	Senior Vice President	0	0	0	20.02	670,000	268,000	1,020,000	7.467	1,422,000
Wu Jian	Secretary of the Board, Senior Vice President	0	0	0	20.02	530,000	212,000	1,020,000	7.467	1,338,000
Xu	CFO, Senior	0	0	0	20.02	530,000	212,000	1,020,000	7.467	1,338,000

Qiaofen	Vice President									
Xu Zhicheng	Senior Vice President	0	0	0	20.02	530,000	212,000	1,020,000	7.467	1,338,000
Ying Yong	Senior Vice President	0	0	0	20.02	670,000	268,000	1,020,000	7.467	1,422,000
Zhu Jiantang	Senior Vice President	0	0	0	20.02	670,000	268,000	1,390,000	7.467	1,792,000
Zhao Yuning	Senior Vice President	0	0	0	20.02	740,000	296,000	1,960,000	7.467	2,404,000
Liu Ming	Vice President	0	0	0	20.02	214,000	85,600	1,020,000	7.467	1,148,400
Total	--	0	0	--	--	5,508,000	2,203,200	13,391,480	--	16,696,280

V. Employees in the Company

1. Number, profession composition and educational background of the employees

Number of incumbent employees in the parent company (person)	10,429
Number of incumbent employees in major subsidiaries (person)	6,822
Total number of incumbent employees (person)	17,251
Number of employees receiving salaries in current period (person)	17,251
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	8
Profession composition	
Type of profession composition	Number of employees for profession composition (person)
R&D staff	8,998
Sales	3,433
Supply chain	2,991
Administrative staff	356
Professional support staff	1,473
Total	17,251

Educational background	
Type of educational background	Number of employees (person)
Master and above	2,916
Bachelor	9,605
College, technical secondary school	2,358
Others	2,372
Total	17,251

Note: The major subsidiaries added are innovative business subsidiaries, mainly in businesses of industrial internet area, video collaboration, Imou household appliances, intelligent firefighting and drones.

2. Remuneration policies

The Company has established complete remuneration management systems and incentive mechanisms to provide the employees with competitive remunerations in strict accordance with Labor Law, Labor Contract Law and other relevant laws and regulations, departmental rules and normative documents. The Company links its remuneration system and performance appraisal system with the business performance of the Company, which fully arouses the enthusiasm of the employees and effectively improves the executive force and responsibility consciousness of employees, thus better attracting and retaining talents and providing guarantee for sustainable, stable development of the Company in respect of human resources.

3. Training plan

The Company has been dedicated to the building of employee education and training system, established the internal lecturer management measures including new employee training and in-service employee training, implemented training credits management system, improved the comprehensive quality of the Company's employees, created good leaning atmosphere, established learning organization and comprehensively helped employees to improve their ability to meet challenges and reforms in the future, thus providing powerful talent guarantee and support for sustainable, fast growth of the Company and achieving joint development of employees and the Company.

4. Labor outsourcing

Applicable Not applicable

Section X Corporate Governance

I. Basic Situation on Corporate Governance

During the reporting period, the Company constantly improved corporate governance structure, established and improved internal control system, constantly improved the Company's standardized operation level, strictly performed the information disclosure obligations, and focused on protection of the investors' interests by strictly following the provisions of "Company Law", "Securities Law", "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Shares on Shenzhen Stock Exchange", "Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies" and other relevant laws and regulations and regulatory documents. During the reporting period, the actual situation of corporate governance is basically in line with the regulatory documents on the governance of listed companies issued by China Securities Regulatory Commission.

(I) Shareholders and General Meeting: The Company standardizes the calling, convening, and voting procedures of the shareholders' general meetings in accordance with the regulations and requirements of the Company Law, the Articles of Association and the Rules of Procedures of the Shareholders' General Meeting, treats all shareholders equally, and ensures that shareholders, especially small and medium-sized shareholders, can fully exercise their rights by right of voting both on the site and online. The shareholders shall avoid from voting when deliberating related matters at the general meeting. The related transactions are fair and reasonable, without damages to the interests of the shareholders;; when voting on the proposals affecting the interests of small and medium investors, their votes shall be counted separately. The general meetings of shareholders have all been convened by the company's board of directors and witnessed by the lawyer.

(II) The company and the controlling shareholders: The company is independent from the controlling shareholders in terms of business, personnel, assets, finance and organizations. The company's board of directors, board of supervisors and other internal agencies operate independently. The controlling shareholders of the Company were able to strictly regulate his own behaviors, and there was no behavior that directly or indirectly interfered with the Company's decision-making and business activities outside of the shareholders' general meeting, and there was no non-operational behavior of appropriation of the capital of listed companies. The Board of Directors, Board of Supervisors and other internal agencies of the Company can operate independently.

(III) Directors and Board of Directors: The Company elects the directors and appoints the independent directors in strict accordance with the selection and employment procedure specified in the "Company Law" and the "Articles of Association". At present, the Company has eight directors, including three independent directors, all of whom are experts in corporate management and financial accounting and other fields. The number and composition of the board of directors meet the requirements of relevant laws and regulations and the "Articles of Association". All the directors of the Company can perform their duties with integrity and diligence to the best interests of the Company and the shareholders. There are four special committees under the board of directors, including Audit Committee, Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee. With reasonable composition and structure of members, they have provided scientific and professional opinions and references for decision-making of the board of directors. The Board of Directors convened board meetings and implemented the resolutions of the shareholders' meeting in strict accordance with "Articles of Association" and "Rules of Procedure of the Board of Directors"; All the directors were able to perform their due duties and conscientiously attended the Board meetings and shareholders' meetings to safeguard the legitimate rights and interests of the Company and shareholders.

(IV) Supervisors and the Board of Supervisors: The Company strictly elects the supervisors by the election and

appointment procedures specified in the "Company Law" and the "Articles of Association". The Company currently has three supervisors, including one chairman of the board supervisors. The number and composition of the board of supervisors meet the requirements of relevant laws and regulations and the "Articles of Association". The Board of Supervisors convened supervisor meetings in strict accordance with the provisions of "Articles of Association" and "Rules of Procedure of the Board of Supervisors"; All the supervisors performed their duties conscientiously, and with integrity, diligence and conscientiousness, they effectively supervised and expressed independent opinions on company finance as well as the legitimacy and compliance of the performance of job duties for directors and senior managers to safeguard the legitimate rights and interests of the Company and shareholders.

(V) Performance Appraisal and Incentive and Constraint Mechanisms: To further establish and improve the company's incentive mechanism and strengthen the company's philosophy of sustainable development of both management and core employees, the company implements a restricted stock incentive plan and employee stock ownership plan which reinforce the interest-sharing and restraint mechanisms applied to shareholders and core business personnel. It has maintained the stability of management teams and business leaders, guaranteed the realization of the company's development strategy and business objectives, and ensured the company's sound long-term development. The appointment of company executives is open, transparent and complies with laws and regulations.

(VI) Stakeholders: The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders. While striving to achieve a steady growth of the company's performance, the company also effectively treats and protects the legitimate rights and interests of all stakeholders, enhances communication and cooperation with various parties and continuously improves product quality, protects the environment, implements energy-saving and emission-reduction programs, etc. The company actively participates in social charity and philanthropy to realize the balance of interests among shareholders, employees, society, etc., in order to promote sustainable, stable and healthy development of the company.

(VII) Information Disclosure and Transparency: The Company performs obligations for truthful, accurate, timely, and complete information disclosure in strict accordance with the relevant laws and regulations and the Company's "Information Disclosure Management System", and designates Securities Times and www.cninfo.com as the media channels for such disclosure; the Company strictly enforces the confidentiality of undisclosed information. According to the Company's "Inside Information Confidentiality System", registering and filing internal information insiders has been done properly. The internal information insider filing system has been established and submitted to the regulatory authorities for record in time as required, and the behavior of submitting company information to external information users has been strictly regulated. In the process of receiving specific visitors, the company has strictly followed the relevant requirements, and performed careful reception. It also asks visitors to sign the Commitment Letter and promptly uploads relevant research records to the Shenzhen Stock Exchange "Interaction Easy" for disclosure after the visits. During the reporting period, no incidence of stock trading based on insider information has occurred. At the same time, the company has opened an investor hotline and investor relations management column, and designated the person responsible for timely communication with investors. In addition, the company also maintains active and timely contact and communication with the regulatory authorities to report on the company's related issues, in order to accurately grasp the regulatory requirements of information disclosure, and further improve the company's transparency and quality of information disclosure. In strict accordance with the relevant requirements regarding content and format, the Company disclosed information in an authentic, accurate, complete and timely manner to ensure that all shareholders have equal access to information.

Whether the actual status of corporate governance significantly deviates from the regulatory documents issued by the China Securities Regulatory Commission regarding the governance of listed companies.

Yes No

There is no significant difference between the actual situation of corporate governance and the regulatory documents on

the governance of listed companies issued by China Securities Regulatory Commission.

II. The company's independence from the controlling shareholders in business, personnel, assets, organization, finance, etc.

The company and the controlling shareholders are completely separated in terms of business, personnel, assets, organization, and finance, and has independent and complete businesses and capabilities of independent operation.

1. Business independence

The company's business is independent of the controlling shareholders, actual controllers and other enterprises under their control, and has an independent and complete R&D, production, procurement, and sales system; the technology required for production and operation is legal, independently owned, or licensed for use by the company with no asset disputes. The company has signed all external contracts independently, and has the ability to independently make production and operation decisions and engage in production and business activities. The company has independent spaces for production and operation and offices.

2. Staff independence

The company's personnel are independent from the controlling shareholders, actual controllers and other companies controlled by them. The company has an independent human resources department responsible for labor, personnel and payroll management. The Company has established an independent labor, personnel, and salary management system. The production, operation, and administration are independent of the controlling shareholders, actual controllers, and other companies controlled by them; the recommendation, election, and appointment of directors, supervisors, and senior managers of the Company have all been conducted legally and independently; senior management personnel such as the president, executive president, senior vice president, vice president, board secretary, and finance director did not hold positions other than directors and supervisors for controlling shareholders, actual controllers, and other companies controlled by them or receive salaries from them; the Company's financial staff do not have a part-time job with the controlling shareholders, actual controllers, and other companies controlled by them.

3. Asset independence

The company's assets are independent from the controlling shareholders, actual controllers and other companies controlled by them. The company's main assets include the ownership and use rights of complete land, plants, machinery and equipment, trademarks, patents, non-patented technology required for the main business, and an independent raw material procurement and product sales system. The property rights of the above assets are clear and completely independent of the controlling shareholders and major shareholders. There was misappropriation of the company's assets by the controlling shareholders and major shareholders.

4. Institutional independence

The company's organizations are independent from the controlling shareholders, actual controllers and other companies controlled by them. The Company has established shareholders' general meeting, board of directors and board of supervisors, and other decision-making, implementation and supervision agencies. It has also appointed senior managers such as president, executive president, vice president, board secretary, and chief financial officer; the Company has set up specialized departments equipped with the necessary personnel independently responsible for domestic/overseas sales, R&D, supply chain, delivery and service, quality and service, finance, legal affairs, securities, internal audit, human resources, administration, IT, and other functions. The internal organizations perform their respective operational management responsibilities under the leadership of the board of directors and the president in accordance with the rules and regulations; there have been no cases in which the controlling shareholders, actual controllers, and other companies controlled by them are confused with their identities and duties; there has been no incidence of the controlling shareholders or actual controllers intervening in the establishment of the Company's

organizational setup.

5. Financial independence

The company's finance is independent from the controlling shareholders, actual controllers and other companies controlled by them. The company has established an independent financial department with full-time financial accounting personnel, and has established an independent financial accounting system for independent financial decisions. It has a standardized financial accounting system and financial management system for subsidiaries; the company has independently opened a basic deposit account so that there is no sharing of bank accounts with actual controllers, controlling shareholders, and other companies controlled by it; the company handled tax registrations with the Zhejiang Provincial State Tax Bureau and the Zhejiang Provincial Local Tax Bureau and paid taxes independently as required by law.

III Horizontal competition

Applicable Not applicable

IV. Relevant Situation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders Held in the Reporting Period

1. The shareholders' meetings for this reporting period

Conference Session	Conference Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Disclosure Index
The First Extraordinary Shareholders' Meeting in 2020	Extraordinary General Meeting	41.69%	January 16, 2020	January 17, 2020	CNINFO: http://www.cninfo.com.cn
Shareholders' General Meeting in 2019	Annual General Meeting	51.25%	May 12, 2020	May 13, 2020	CNINFO: http://www.cninfo.com.cn
The Second Extraordinary Shareholders' Meeting in 2020	Extraordinary General Meeting	54.39%	July 24, 2020	July 25, 2020	CNINFO: http://www.cninfo.com.cn
The Third Extraordinary Shareholders' Meeting in 2020	Extraordinary General Meeting	47.00%	August 12, 2020	August 13, 2020	CNINFO: http://www.cninfo.com.cn
The Fourth Extraordinary Shareholders' Meeting in 2020	Extraordinary General Meeting	38.01%	October 28, 2020	October 29, 2020	CNINFO: http://www.cninfo.com.cn

2. Convening of the interim shareholders' general meetings upon request of the preferred stockholders whose voting rights are restored

Applicable Not applicable

V. The performance of the duties of independent directors during the reporting period

1. Attendance of independent directors in the board of directors and shareholders' meeting

Attendance of independent directors at the BOD meeting and shareholders' general meetings							
Name of independent director	Number of board meetings to attend during the reporting period	Number of on-site attendance of board meetings	Number of attendance of board meetings by means of telecommunications	Number of attendance of board meetings by trustees	Number of absence at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendance of shareholders' general meetings
Yang Huayong	7	0	7	0	0	No	0
Liu Hanlin	7	1	6	0	0	No	0
Zhang Yuli	7	0	7	0	0	No	1
He Chao	8	3	5	0	0	No	2
Wang Zexia	8	2	6	0	0	No	2
Huang Siying	8	0	8	0	0	No	0

Explanation of absence from board meetings in person for two consecutive times

During the reporting period, no independent directors of the Company have been absent from board meetings in person for two consecutive times.

2. Objections of independent directors to related issues of the company

Whether the independent directors challenge the company's related issues?

Yes No

During the reporting period, independent directors did not raise objections to the company's related matters.

3. Other information on independent directors' performance of duties

Whether independent director's proposals on the company issues are accepted

Yes No

Note on the acceptance or rejection of independent director's proposals on company issues.

During the reporting period, the independent directors performed their duties with integrity, diligence,

conscientiousness and loyalty according to the provisions of "Company Law", "Guiding Opinions on Establishing Independent Directors in Listed Companies", "Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies", "Articles of Association" and "Working Rules of Independent Directors" and relevant laws and regulations, made full use of their professional advantages, paid close attention to the Company's business condition, and took the opportunity of board meetings and other time to look into the Company's production and operation, internal control development and implementation of the board resolutions and actively communicate with other directors, supervisors and administrative staff to timely grasp the Company's business trend, provide professional opinions in the development strategy, internal control, major operation decision and other production and operation conditions of the Company, jointly analyze and study the problems confronted by the Company, and use their own expertise to advice and suggest for the company's development Independent directors offered reasonable ideas and suggestions for the Company's business development from their respective professional perspectives, and issued their objective and independent opinions on matters such as related transactions, profit distribution, foreign investment, renewal of the engagement of the accounting firms, restricted stocks incentive plan and related transactions that require independent directors' opinions during the reporting period. They played a due role in safeguarding the interests of the Company and shareholders, especially the public shareholders. The company has adopted the opinions of independent directors.

VI. Performance of duties of the special committee under the board of directors during the reporting period

There are four special committees under the Board of Directors, including Audit Committee, Strategy Committee, Remuneration and Appraisal Committee and Nomination Committee. During the reporting period, the special committees under the Board of Directors fulfilled their duties earnestly, further regulated the corporate governance structure, studied the professional matters and proposed relevant opinions and suggestions for the information of the Board of Directors, in accordance with the "Code of Corporate Governance for Listed Companies", the "Articles of Association", the "Work Rules for the Special Committees Under the Board of Directors" and other relevant regulations.

1. Strategy Committee

During the reporting period, the Strategy Committee discussed the corporate strategy, long-term development plan, the deepening of innovation and transformation, and global layout in accordance with the company's strategic development requirements, timely analyzed the market conditions and made corresponding adjustments. They proposed constructive suggestions on the Company's business strategy and significant matters that may influence future development of the Company, ensured the scientific nature of the Company's development planning and strategic decision-making, and provided strategic support for the company's sustained and steady development.

2. Nomination Committee

During the reporting period, the Nomination Committee actively carried out its work in accordance with the "Working System of the Nomination Committee of the Board of Directors" and other relevant regulations and fulfilled its duties earnestly. The Nomination Committee gave prudent consideration to the qualifications and capabilities of the Company's independent directors, directors and senior managers, and conducted evaluation over the work of the Company's directors and senior managers according to the performance indicators set by the Company at the beginning of the year.

3. Audit Committee

During the reporting period, the Audit Committee fully played its supervisory role and maintained the independence of auditing in accordance with the principle of due diligence. The Audit Committee held meetings as required and listened carefully to the management's report on operation condition, financial position and other significant matters of this year, and discuss and expressed opinions on the internal audit reports, self-evaluation on internal controls, and reappointment of auditing institutions, submitted by the internal audit department. Earnestly urged the Company to conduct the annual

report audit, communicated with the accountants, summarized and evaluated the audit work of the audit institutions and reviewed the financial statements of the Company as required by the relevant laws and regulations and the internal control system of the Company.

4. Remuneration and Appraisal Committee

During the reporting period, the Remuneration and Appraisal Committee, based on the Company's performance and industry standards, carried out a review of the ranking of staff positions and assessment standards, and reviewed and confirmed the Company's remuneration for directors, supervisors and senior management and other issues, concluding that the remunerations of the directors, supervisors and senior managers were paid according to the remuneration plan of the Company and remunerations of the Company's directors, supervisors and senior managers were consistent with the actual conditions.

VII. Work of the Supervisory Committee

Has the supervisory board discovered any risk in the company during the supervision in the reporting period

Yes No

The supervisory board had no objection to the supervisory matters in the report period.

VIII. Evaluation and Incentive Mechanisms for Senior Management

The Company has established an assessment and incentive system for senior management personnel, formulated a senior management personnel selection, evaluation, incentive and restraint mechanism, and assessed fulfillment of their duties and annual performance. At present, the assessment of the company's senior staff mainly involves promised performance-based evaluation for senior executives and the year-end performance debriefing of staff higher than department managers. The managers have made business goal responsibility system in their term of office, and set up the evaluation approach combining KPI index commitments at the level of the Company and individual performance commitments. They have achieved qualified evaluation indices, meaning that they can complete their respective tasks in the latest term of office. The Company will increase their remuneration or adopt other incentive measures, as appropriate, based on their completion of goals. In the future, the company will adopt a multi-level comprehensive incentive system to effectively mobilize the management personnel, attract, and stabilize outstanding management talents and the backbone of technology and business.

During the reporting period, the Company further improved the incentive and constraint mechanism for senior executives and other key employees of the Company, established and improved the middle and long term incentive and constraint mechanism, which fully mobilized and facilitated the enthusiasm and creativity of the incentive objects and effectively aligned the interests of shareholders and the Company with those of the employees to continuously promote the Company's performance, and bring the benefits of the Company's development to all employees for the shared development. In 2020, the remuneration plan for the senior managers of the Company was implemented according to the remuneration appraisal system of the Company and reasonable, and the remuneration payment procedure was consistent with the provisions in the relevant laws, regulations and systems of the Company.

IX. Internal Control Assessment Report

1. Details of material weakness in internal control found during the reporting period

Yes No

2. Internal control self-evaluation report

Date of full-text disclosure for internal control assessment report	March 24, 2021	
Full-text disclosure index for internal control assessment report	http://www.cninfo.com.cn	
Percentage of total asset from units included in the assessment out of the total asset from the company's consolidated financial statements	100%	
The proportion of operating income of parties included in the assessment to the operating income from the Company's consolidated financial statements	100%	
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	<p>Signs of material weakness in financial reporting include:</p> <p>(1) Corrupt practices of directors, supervisors and senior managers of the Company;</p> <p>(2) Material misstatements in the current Financial Report discovered by the Certified Public Accountants but not recognized by the internal control of the Company;</p> <p>(3) Invalid internal control and supervision of the External Financial Report and the Financial Report of the Company by the Audit Committee and the Audit Department.</p> <p>Signs of significant deficiencies in financial reporting include:</p> <p>(1) Failure to select and apply the accounting policies in accordance with the accepted accounting standards;</p> <p>(2) Failure to establish anti-fraud procedure and control measures;</p> <p>(3) No appropriate control mechanism established or</p>	<p>The identification of non-financial report defects is mainly determined by the extent of their influence on validity of business process and the probability of occurrence.</p> <p>Deficiencies are defined as general deficiencies if they are less likely to happen, and will lower the work efficiency or effect, or increase the uncertainty of the effect or make it deviate from the expected goal.</p>

	<p>appropriate compensating control implemented for accounting treatment of irregular or special transactions;</p> <p>(4) There are one or more defects in the control of final financial reporting process, and no reasonable guarantee that the financial statements can achieve the goal of being true and complete. General deficiencies refer to the control deficiencies other than the material deficiencies and important deficiencies described above.</p>	
Quantitative standards	<p>Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators. If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but less than 1%, it is an important deficiency; If it exceeds 1% of the total asset, it is considered as a major deficiency.</p>	<p>The quantitative criteria is based on operating income and total assets. Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators. If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of</p>

		the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but is less than 1%, then it is considered as an important deficiency; If it exceeds 1% of the total asset, it is considered as a major deficiency.
Number of material weakness in financial reports		0
Number of material weakness in non-financial reports		0
Number of significant deficiency in financial reports		0
Number of significant deficiency in non-financial report		0

X. Internal Control Audit Report or Assurance Report

Not applicable.

Section XI Corporate Bonds

Whether the Company has corporate bonds which have been publicly issued and listed on the stock exchange and have not matured or are not fully redeemed at the approval date of annual report

No

Section XII Financial Report

I. Audit Reports

Audit opinion type	Standard Unqualified Opinion
Signature Date of audit report	March 23, 2021
Name of audit institution	BDO China Shu Lun Pan CPAs (special general partnership)
Audit report ref.	Xin Kuai Shi Bao Zi [2021] No.ZF10186
Name of Certified Public Accountant	Zhong Jiandong, Zhang Junhui

Audit Report Text

To the shareholders of Zhejiang Dahua Technology Co., Ltd.:

I. Opinion

We have audited the financial statements of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as Dahua), including the parent company's and the consolidated balance sheet dated December 31, 2020, the parent company's and the consolidated income statement, the parent company's and the consolidated cash flow statement and the parent company's and the consolidated statement of changes in owners' equity in 2020, as well as the notes to relevant financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with "Accounting Standards for Business Enterprises", which fairly reflected the financial position of the merged companies and the parent company as at December 31, 2020 and the operating results and cash flows of the merger and the parent company in 2020.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the CPA's Responsibilities for the Audit of the Financial Statements section of our report. According to the "Code of Ethics for Chinese Certified Public Accountants", we are independent of Dahua and have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified during the audit are summarized as follows:

Key Audit Matters	How the matter was addressed in the audit
A. Recognition of revenue	
<p>The revenue of Dahua in 2020 is RMB 26,465,968,181.10, which is an important part of its income statement. We recognize the revenue as a key audit matter. Based on the accounting policy of Dahua, the Company's main products include security standard products, system integration and other labor services. Among them, the security standard products for domestic market were delivered to customers or picked up by customers based on the contractual terms in the sales contract. The revenue was recognized after customers received and accepted the goods and the Company obtained the evidence proving the customers' receipt of goods; for the security standard products exported by domestic companies, the revenue was recognized after the goods were declared and exported, and for the security standard products sold overseas by overseas subsidiaries, the revenue was recognized after the customer received and accepted the goods; the revenue from the system integration sales was recognized after the acceptance of goods by customers; the revenue from the labor services sales was recognized when relevant labor services were provided. See Notes III (26) for details.</p>	<p>The main audit procedures for the above key audit matter include: ① Understand the internal control system in relation to revenue recognition and the design and implementation of the financial accounting system, and test the effectiveness of its operation; ② Check the agreements of relevant contracts for different sales types in accordance with the actual situation of the specific businesses, and evaluate whether the revenue recognition meets the requirements of Accounting Standards for Business Enterprises; ③ Perform an analytical procedures to judge the reasonableness of the changes in sales revenue and gross profit margin; ④ Perform confirmation procedures: send confirmation to sampled customers for the annual sales amount and the outstanding at the end of the year, and the export sales income shall be certified by the customs. ⑤ Test different types of income samples: for standard products for domestic market and overseas sales of overseas subsidiaries, sample the out-of-stock records, shipping orders, customer countersign records, received payment records, etc.; for standard products exported by domestic companies, check the out-of-stock records, customs declaration, bill of lading, and received payment records; for system integration sales, check the product delivery records, shipping list and contract list, unpacking acceptance report, acceptance report for the completion of installation and commissioning, received payment records, etc. ⑥ Sample the transactions made before or after the balance sheet date and check their out-of-stock records, customs declaration, and other relevant supportive documents to confirm whether the revenues have been recognized in an appropriate accounting period.</p>

B. Recoverability of accounts receivable	
<p>As of the end of 2020, the net receivables of Dahua was RMB 12,857,519,110.16. The management needs to make significant judgments about the identification of accounts receivable impairment accounts, and the likelihood of inward cash flows of future customers. The management's estimates and assumptions are uncertain. Since the amount of accounts receivable is significant to the financial statements as a whole and the recoverability involves the estimation and judgment of future cash flows, we recognize the recoverability of accounts receivable as a key audit matter.</p>	<p>We evaluated the recoverability of accounts receivable by the following procedure:</p> <p>① Understand the management and the internal control of key financial reporting related to credit control, account recovery and assessment of impairment provision for receivables, and evaluate the effectiveness of the design and operation of the internal control; ② Understand the Company's management procedures for customers' credit and the collection measures for overdue debts; ③ Review the division by the Management of the combination with respect to the accounts receivable for which the expected credit loss is calculated according to the combination of credit risk characteristics, and assess the reasonableness of the expected credit loss rate based on the estimates including historical credit loss rate, current circumstance and prediction of the future economic condition. We assessed the reasonableness of the accrued proportion with reference to the historical audit experience and prospective information, tested the accuracy of the portfolio classification and aging division of the accounts receivable, and recalculated the accuracy of the accrued amount of the expected credit loss; we sampled the accounts receivable subject to separate bad debt provision, and reviewed the basis for the Management's assessment of the expected credit loss based on the financial position and credit position of the customer, historical repayment records and prediction of the future economic condition. We validated the management's assessment against the evidence we have obtained during the audit process, including background information, past transaction history and payment status of the customer, and forward-looking considerations; ④ Test the payment received after the balance sheet date; ⑤ Perform the correspondence-based confirmation procedure and check whether the confirmation results are consistent; ⑥ Analyze whether there are amounts of accounts receivable that cannot be recovered and need to be written off.</p>

IV. Other Information

The management of Dahua (hereinafter referred to as the Management) is responsible for the other information. The other information includes the information covered in Dahua's annual report in 2020, but excludes the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In combination with our audit of the financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing Dahua's ability to continue operating, disclosing matters related to continuous operation (if applicable) and using the hypothesis of continuous operation unless there is a plan to liquidate, terminate operations or no other realistic options.

The management is responsible for supervising the financial reporting process of Dahua.

VI. CPA's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of using the going concern assumption by the Management. At the same time, draw a conclusion, based on the audit evidence obtained, on whether there is significant uncertainty in matters or situations that may cause major doubts about Dahua's ability in continuous operation. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may result in Dahua's inability to continue operating.

(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Dahua to express an opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit, and remain solely responsible for our audit opinion.

We have communicated with those charged with governance on such matters as the scope of audit as planned, the schedule and material audit findings, including the defects in the internal control that are worth paying attention to found in this audit.

We have also provided those charged with governance with a statement on observing the professional ethics related to independence, and communicated with those charged with governance on all the relationships and other matters that might be reasonably deemed to affect our independence, and relevant preventative measures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO China Shu Lun Pan Certified Public Accountants LLP
(Special general partnership)

Chinese CPA: Zhong Jiandong
(Project partner)

Chinese CPA: Zhang Junhui

Shanghai, China

March 23, 2020

II. Financial Statements

Units of financial reports in the notes: yuan

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and Bank Balances	7,471,652,634.66	3,084,428,970.43
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	2,475,680.45	
Derivative Financial Assets		
Notes receivable	232,857,354.55	
Accounts receivable	12,857,519,110.16	13,241,196,380.65
Receivables Financing	1,207,879,654.58	1,086,017,357.90
Prepayments	162,250,648.05	128,182,099.47
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	970,427,893.48	408,776,610.17
Including: interest receivable		
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	4,928,019,838.00	3,839,810,704.33
Contract Assets	84,825,834.82	
Holding for-sale assets		
Non-current Assets Due within 1 Year	635,956,549.07	630,717,329.58
Other Current Assets	558,434,219.93	556,311,770.08
Subtotal of Current Assets	29,112,299,417.75	22,975,441,222.61
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	2,250,315,769.50	2,568,442,030.19
Long-term Equity Investment	455,977,616.16	490,731,236.85
Investment in Other Equity		

Instruments		
Other Non-current Financial Assets	360,087,786.34	67,213,489.43
Investment Property	336,008,869.13	336,181,589.99
Fixed Assets	1,515,594,629.97	1,522,463,368.83
Projects under Construction	1,164,130,453.03	435,757,406.90
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets		
Intangible Assets	406,777,323.39	411,758,785.31
Development Expenditure		
Goodwill	42,685,490.30	42,685,490.30
Long-term unamortized expenses	32,280,430.67	37,311,198.19
Deferred Income Tax Assets	832,453,676.69	668,058,558.83
Other Non-current Assets	86,422,617.82	8,605,835.50
Subtotal of Non-current Assets	7,482,734,663.00	6,589,208,990.32
Total Assets	36,595,034,080.75	29,564,650,212.93
Current Liabilities:		
Short-term loan	250,177,083.34	400,323,888.90
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	3,258,552,758.17	3,807,292,795.07
Accounts Payable	6,444,787,705.28	4,290,253,501.81
Received Prepayments		375,521,795.82
Contract liabilities	671,120,385.08	
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	1,805,464,535.31	1,582,368,359.30
Tax Payable	900,144,863.67	813,357,471.37
Other Payables	970,552,877.22	1,163,915,713.24
Including: interest payable		
Dividends Payable	12,982,399.27	9,454,479.13
Service Charge and Commission Payable		
Reinsurance Accounts Payable		

Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	151,891,709.34	26,993,755.57
Other Current Liabilities	209,401,914.77	71,233,107.93
Subtotal of Current Liabilities	14,662,093,832.18	12,531,260,389.01
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan	878,000,000.00	153,500,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	282,427,517.82	303,670,887.50
Deferred Income	110,469,806.29	117,210,761.34
Deferred Income Tax Liabilities	67,272,768.46	50,565,095.68
Other Non-current Liabilities	391,128,045.90	432,275,367.74
Subtotal of Non-current Liabilities	1,729,298,138.47	1,057,222,112.26
Total Liabilities	16,391,391,970.65	13,588,482,501.27
Shareholders' Equity:		
Share Capital	2,995,579,590.00	3,003,713,230.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,989,655,334.05	1,882,855,119.53
Less: Treasury Share	581,968,930.89	1,057,584,258.31
Other Comprehensive Incomes	61,157,523.13	12,308,276.23
Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
General Risk Reserves		
Undistributed Profits	13,754,915,904.19	10,248,023,654.54
Total Shareholders' Equity Attributable to the Parent Company	19,773,030,426.40	15,643,007,027.91
Minority Shareholders' Equity	430,611,683.70	333,160,683.75
Total Shareholders' Equity	20,203,642,110.10	15,976,167,711.66
Total Liabilities and Shareholders' Equity	36,595,034,080.75	29,564,650,212.93

Legal representative: Fu Liqian Person in charge of accounting: Xu Qiaofen Person in charge of the accounting institution: Zhu Zhuling

2. Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and Bank Balances	3,130,479,311.55	890,598,735.62
Trading Financial Assets		
Derivative Financial Assets		
Notes receivable	74,284,006.99	
Accounts receivable	2,740,152,239.35	8,450,364,515.05
Receivables Financing	169,109,529.24	841,427,888.19
Prepayments	48,203,550.97	30,501,431.44
Other Receivables	13,796,603,550.30	5,138,830,912.64
Including: interest receivable		
Dividends Receivable		
Inventory	171,756,222.72	124,904,729.01
Contract Assets	8,338,657.15	
Holding for-sale assets		
Non-current Assets Due within 1 Year	61,828,724.54	53,952,526.19
Other Current Assets	12,592.38	21,919,487.88
Subtotal of Current Assets	20,200,768,385.19	15,552,500,226.02
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	100,221,713.49	137,284,594.67
Long-term Equity Investment	3,660,410,557.29	3,523,259,061.78
Investment in Other Equity Instruments		
Other Non-current Financial Assets	355,853,684.59	62,979,387.68
Investment Property	173,003,549.71	187,756,594.11
Fixed Assets	550,991,444.04	536,909,246.66
Projects under Construction	438,014,907.22	203,836,998.96
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets		
Intangible Assets	156,335,152.97	168,215,377.39
Development Expenditure		
Goodwill		
Long-term unamortized expenses	21,149,342.55	26,687,122.32
Deferred Income Tax Assets	135,371,242.86	131,503,372.44

Other Non-current Assets	35,774,247.16	1,964,757.00
Subtotal of Non-current Assets	5,627,125,841.88	4,980,396,513.01
Total Assets	25,827,894,227.07	20,532,896,739.03
Current Liabilities:		
Short-term loan	250,177,083.34	400,323,888.90
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	303,660,579.62	302,168,249.70
Accounts Payable	752,373,890.95	948,348,622.52
Received Prepayments		181,462,746.37
Contract liabilities	85,275,423.36	
Payroll payable	1,127,500,408.14	1,078,396,381.39
Tax Payable	627,351,201.46	460,577,509.52
Other Payables	1,002,654,121.27	1,363,740,346.75
Including: interest payable		
Dividends Payable	12,982,399.27	9,454,479.13
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	150,643,750.02	
Other Current Liabilities	26,870,130.42	5,892,364.82
Subtotal of Current Liabilities	4,326,506,588.58	4,740,910,109.97
Non-current Liabilities:		
Long-term loan	750,000,000.00	
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	8,333,634.18	9,735,157.34
Deferred Income		
Deferred Income Tax Liabilities	29,407,289.24	1,297,719.64
Other Non-current Liabilities	10,599,934.34	16,155,036.85
Subtotal of Non-current Liabilities	798,340,857.76	27,187,913.83
Total Liabilities	5,124,847,446.34	4,768,098,023.80
Shareholders' Equity:		
Share Capital	2,995,579,590.00	3,003,713,230.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,976,156,775.91	1,867,489,901.04
Less: Treasury Share	581,968,930.89	1,057,584,258.31
Other Comprehensive Incomes	522,554.00	

Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
Undistributed Profits	14,759,065,785.79	10,397,488,836.58
Total Shareholders' Equity	20,703,046,780.73	15,764,798,715.23
Total Liabilities and Shareholders' Equity	25,827,894,227.07	20,532,896,739.03

3. Consolidated Income Statement

Unit: RMB

Item	2020	The Year Of 2019
I. Total Operating Revenue	26,465,968,181.10	26,149,430,652.42
Including: Operating Revenue	26,465,968,181.10	26,149,430,652.42
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	23,700,192,030.78	22,996,746,203.46
Including: Operating Cost	15,164,331,155.66	15,396,193,940.44
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount of Withdrawn Reserve for Insurance Liability Contract		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	161,682,305.76	182,582,118.36
Sales Expenses	4,291,121,362.75	3,952,947,275.82
Administration expenses	785,101,729.55	740,880,944.67
Research and development expense	2,997,545,666.82	2,794,219,504.28
Financial Expenses	300,409,810.24	-70,077,580.11
Including: interest expenses	68,153,838.27	133,656,681.06
Interest Income	156,578,920.70	197,576,570.81
Add: Other income	1,033,605,961.79	927,125,385.10
Investment Income (Mark "-" for Loss)	975,589,960.06	-95,569,041.41
Including: Investment Income from Affiliates and Joint Ventures	-181,278,822.04	-115,707,007.32
Profits from recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	185,732,977.36	41,855,239.60
Credit Impairment Losses (Mark "-" for Loss)	-575,685,022.80	-418,876,180.92

Asset Impairment Losses (Mark "-" for Loss)	-128,579,641.41	-111,174,681.00
Asset Disposal Income (Mark "-" for Loss)	509,340.38	835,214.24
III. Operating Profit (Mark "-" for Loss)	4,256,949,725.70	3,496,880,384.57
Add: Non-operating Revenues	11,652,641.39	11,479,262.60
Less: Non-operating Expenses	19,833,811.30	9,796,489.66
IV. Total Profit (Mark "-" for Total Loss)	4,248,768,555.79	3,498,563,157.51
Less: Income Tax Expense	313,526,899.50	337,704,672.97
V. Net Profit (Mark "-" for Net Loss)	3,935,241,656.29	3,160,858,484.54
i. Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	3,935,241,656.29	3,160,858,484.54
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
ii. Classified by the attribution of ownership		
1. Net Profit Attributable to Shareholders of Parent Company	3,902,778,775.35	3,188,144,692.55
2. Minority Shareholders' Profit and Loss	32,462,880.94	-27,286,208.01
VI. Net Amount of Other Comprehensive Incomes after Tax	48,849,278.20	1,971,193.29
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	48,849,246.90	1,971,111.82
(1) Other comprehensive income that cannot be reclassified as P/L		
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method		
3. Changes in the fair value of investment in other equity instruments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(2) Other comprehensive income that will be reclassified as P/L	48,849,246.90	1,971,111.82
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference	42,407,695.80	1,971,111.82

7. Others	6,441,551.10	
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	31.30	81.47
VII. Total Comprehensive Income	3,984,090,934.49	3,162,829,677.83
Total Comprehensive Income Attributable to the Parent Company's Owner	3,951,628,022.25	3,190,115,804.37
Total Comprehensive Income Attributable to Minority Shareholders	32,462,912.24	-27,286,126.54
VIII. Earnings per Share:		
(I) Basic Earnings per Share	1.34	1.10
(II) Diluted Earnings per Share	1.33	1.10

Legal representative: Fu Liqun Person in charge of accounting: Xu Qiaofen Person in charge of the accounting institution: Zhu Zhuling

4. Income Statement of the Parent Company

Unit: RMB

Item	2020	The Year Of 2019
I. Operating Revenue	9,241,424,111.34	8,482,060,132.96
Less: Operating Cost	1,432,554,360.70	1,200,706,524.01
Taxes and Surcharges	110,800,941.53	121,881,528.62
Sales Expenses	1,706,397,097.75	1,826,394,447.02
Administration expenses	443,452,678.15	389,756,057.22
Research and development expense	2,342,474,614.79	2,306,679,313.62
Financial Expenses	5,707,678.34	24,933,907.79
Including: interest expenses	59,812,230.42	83,078,555.46
Interest Income	59,618,328.67	62,880,482.42
Add: Other income	846,285,628.56	799,333,571.65
Investment Income (Mark "-" for Loss)	919,245,362.94	-99,305,651.23
Including: Investment Income from Affiliates and Joint Ventures	-221,917,515.47	-115,786,382.36
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	184,727,296.91	1,703,118.82
Credit Impairment Losses (Mark "-" for Loss)	-39,626,521.03	-22,993,302.46
Asset Impairment Losses (Mark "-" for Loss)	-5,090,736.83	1,019,151.05
Asset Disposal Income (Mark "-" for Loss)	127,226,851.78	647,551.91
II. Operating Profit (Mark "-" for Loss)	5,232,804,622.41	3,292,112,794.42
Add: Non-operating Revenues	3,913,459.31	4,342,038.03
Less: Non-operating Expenses	8,513,129.27	1,506,697.13
III. Total Profit (Mark "-" for Total Loss)	5,228,204,952.45	3,294,948,135.32
Less: Income Tax Expense	470,741,477.54	216,330,316.67
IV. Net Profit (Mark "-" for Net Loss)	4,757,463,474.91	3,078,617,818.65
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	4,757,463,474.91	3,078,617,818.65
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	522,554.00	
(1) Other comprehensive income that cannot be reclassified as P/L		
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the		
3. Changes in the fair value of investment in other equity instruments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(2) Other comprehensive income that will be reclassified as P/L	522,554.00	
1. Other comprehensive income that can be transferred to P/L under the equity		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference		
7. Others	522,554.00	
VI. Total Comprehensive Income	4,757,986,028.91	3,078,617,818.65
VII. Earnings per Share:		
(I) Basic Earnings per Share	1.63	1.06
(II) Diluted Earnings per Share	1.62	1.06

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2020	The Year Of 2019
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	28,721,463,584.87	24,987,844,514.59
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		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	2,145,968,090.43	1,765,101,617.55
Other Received Cashes Related to Operational Activities	571,499,575.77	536,826,402.85
Subtotal of cash inflow from operational activities	31,438,931,251.07	27,289,772,534.99
Cash Paid for Merchandise and Services	16,795,378,933.09	16,791,787,238.65
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		
Net increase of funds lent		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	5,720,313,227.03	4,669,876,392.04
Cash Paid for Taxes and Surcharges	2,091,640,964.97	1,724,636,831.64

Other Paid Cashes Related to Operational Activities	2,430,065,057.59	2,502,867,784.96
Subtotal of cash outflow from operational activities	27,037,398,182.68	25,689,168,247.29
Net cash flow generated by operating activities	4,401,533,068.39	1,600,604,287.70
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	1,634,199,750.21	3,500,251,299.97
Cash Arising from Investment Incomes	12,348,849.70	11,205,093.27
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	2,215,395.66	5,958,809.09
Net Cash Arising from Disposal of Subsidiaries and Other Business Units	603,416,723.92	
Other Received Cashes Related to Investment Activities	89,135,991.22	26,306,832.09
Subtotal of cash inflow from investment activities	2,341,316,710.71	3,543,722,034.42
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	641,719,756.37	531,097,534.64
Cash Paid for Investments	1,790,971,318.35	3,825,759,977.62
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	98,539,575.66	26,659,828.19
Subtotal of Cash Outflow from Investment Activities	2,531,230,650.38	4,383,517,340.45
Net amount of cash flow generated by investment activities	-189,913,939.67	-839,795,306.03
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	70,218,000.00	165,554,375.00
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	70,218,000.00	74,436,250.00
Cash Arising from Borrowings	5,183,085,902.98	5,043,403,113.41
Other Received Cashes Related to Financing Activities	3,224,665,370.08	1,240,932,000.00
Subtotal of cash inflow from financing activities	8,477,969,273.06	6,449,889,488.41
Cash Paid for Debts Repayment	4,468,423,443.42	6,505,580,678.17
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	449,568,123.55	402,855,499.39
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Paid Cashes Related to Financing Activities	2,954,360,449.72	1,315,329,709.65
Subtotal of cash outflow from financing activities	7,872,352,016.69	8,223,765,887.21
Net cash flow generated by financing activities	605,617,256.37	-1,773,876,398.80

IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-192,969,591.97	44,969,590.00
V. Net Increase in Cash and Cash Equivalents	4,624,266,793.12	-968,097,827.13
Add: Cash and Cash Equivalents at the Commencement of the Period	2,734,185,976.41	3,702,283,803.54
VI. Cash and Cash Equivalents at the End of the Period	7,358,452,769.53	2,734,185,976.41

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2020	The Year Of 2019
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	16,022,674,927.78	5,327,099,927.44
Tax Refund	814,531,270.70	722,774,549.21
Other Received Cashes Related to Operational Activities	282,829,879.15	151,622,737.84
Subtotal of cash inflow from operational activities	17,120,036,077.63	6,201,497,214.49
Cash Paid for Merchandise and Services	1,242,934,106.98	586,206,758.70
Cash Paid to and for Employees	3,300,991,851.54	2,827,880,887.48
Cash Paid for Taxes and Surcharges	1,313,259,022.81	1,203,721,482.08
Other Paid Cashes Related to Operational Activities	1,183,016,765.48	1,208,505,156.52
Subtotal of cash outflow from operational activities	7,040,201,746.81	5,826,314,284.78
Net cash flow generated by operating activities	10,079,834,330.82	375,182,929.71
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	2,115,117,663.30	3,500,300,000.00
Cash Arising from Investment Incomes	9,704,215.11	11,205,093.27
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Net Cash Arising from Disposal of Subsidiaries and Other Business Units	94,656,703.67	17,794,823.64
Other Received Cashes Related to Investment Activities	6,518,245.35	7,155,384.02
Subtotal of cash inflow from investment activities	2,225,996,827.43	3,536,455,300.93
Cash Paid for Purchase and Construction of Fixed Assets, Intangible	263,007,171.79	197,970,380.43
Cash Paid for Investments	1,912,611,918.00	4,031,514,450.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities		
Subtotal of Cash Outflow from Investment Activities	2,175,619,089.79	4,229,484,830.43
Net amount of cash flow generated by investment activities	50,377,737.64	-693,029,529.50
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		91,118,125.00
Cash Arising from Borrowings	3,478,639,728.69	1,963,462,853.53
Other Received Cashes Related to Financing Activities	1,992,107,169.55	4,583,054,336.88
Subtotal of cash inflow from financing activities	5,470,746,898.24	6,637,635,315.41
Cash Paid for Debts Repayment	2,728,639,728.69	2,943,462,853.53
Cash Paid for Distribution of Dividends and Profits or Payment of	438,708,297.34	375,050,392.54
Other Paid Cashes Related to Financing Activities	10,203,675,290.09	2,742,610,010.63
Subtotal of cash outflow from financing activities	13,371,023,316.12	6,061,123,256.70
Net cash flow generated by financing activities	-7,900,276,417.88	576,512,058.71
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-180,445.72	-1,354,369.20
V. Net Increase in Cash and Cash Equivalents	2,229,755,204.86	257,311,089.72
Add: Cash and Cash Equivalents at the Commencement of the Period	860,741,299.14	603,430,209.42
VI. Cash and Cash Equivalents at the End of the Period	3,090,496,504.00	860,741,299.14

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2020														
	Shareholders' Equity Attributable to the Parent Company's Owner												Minority Shareholders' Equity	Total Shareholders' Equity	
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others			Subtotal
	Preferr ed Stocks	Perpet ual Bonds	Othe rs												
I. Balance at the End of Last Year	3,003,713,230.00				1,882,855,119.53	1,057,584,258.31	12,308,276.23		1,553,691,005.92		10,248,023,654.54		15,643,007,027.91	333,160,683.75	15,976,167,711.66
Add: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Consolidated under the Same Control															
Others															
II. Balance at the	3,003,713,				1,882,855,119.5	1,057,584,258.	12,308,276.		1,553,691,005.		10,248,023,654		15,643,007,027	333,160,683.75	15,976,167,711

Start of This Year	230.00				3	31	23		92		.54		.91		.66
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-8,133,640.00				106,800,214.52	-475,615,327.42	48,849,246.90				3,506,892,249.65		4,130,023,398.49	97,450,999.95	4,227,474,398.44
(I) Total Comprehensive Income							48,849,246.90				3,902,778,775.35		3,951,628,022.25	32,462,912.24	3,984,090,934.49
(II) Shareholders' Contribution and Reduction in Capital	-8,133,640.00				123,845,629.06	-475,615,327.42							591,327,316.48	70,218,000.00	661,545,316.48
1. Common stock invested by the owner	-8,133,640.00				-58,717,702.80	-475,615,327.42							408,763,984.62	70,218,000.00	478,981,984.62
2. Capital Invested by Holders of Other Equity Instruments															
3. Amount of Share-based Payments Recorded into Shareholders' Equity					182,563,331.86								182,563,331.86		182,563,331.86
4. Others															
(III) Profit Distribution											-395,886,525.70		-395,886,525.70		-395,886,525.70
1. Appropriation															

of Surplus Reserves															
2. Appropriation of General Risk Reserves															
3. Distribution to Owners (or Shareholders)											-395,886,525.70		-395,886,525.70		-395,886,525.70
4. Others															
(IV) Internal Carry-forward of Shareholders' Equity															
1. Capital Reserves Transferred into Capital (or Share Capital)															
2. Surplus Reserves Transferred into Capital (or Share Capital)															
3. Surplus Reserves Covering Losses															
4. Carry-forward retained earnings of the variation of the defined benefit															

plan															
5. Other Carry-forward Retained Earnings of the Comprehensive Income															
6. Others															
(V) Special Reserves															
1. Withdrawal in this period															
2. Used in This Period															
(VI) Others					-17,045,414.54							-17,045,414.54	-5,229,912.29	-22,275,326.83	
IV. Balance at the End of This Period	2,995,579,590.00				1,989,655,334.05	581,968,930.89	61,157,523.13	1,553,691,005.92		13,754,915,904.19		19,773,030,426.40	430,611,683.70	20,203,642,110.10	

Amount of Previous Period

Unit: RMB

Item	2019												Minority Shareholders' Equity	Total Shareholders' Equity	
	Shareholders' Equity Attributable to the Parent Company's Owner														
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others			Subtotal
	Preferr ed Stocks	Perpet ual Bonds	Othe rs												
I. Balance at the End of Last Year	2,997,621,930.00				1,501,180,862.83	807,733,586.00	10,337,164.41		1,246,369,430.91		7,670,983,116.33		12,618,758,918.48	284,506,754.95	12,903,265,673.43
Add: Changes in Accounting Policies									-540,206.86		-4,861,861.70		-5,402,068.56		-5,402,068.56
Correction of Errors in the Previous Period															
Consolidated under the Same Control															
Others															
II. Balance at the Start of This Year	2,997,621,930.00				1,501,180,862.83	807,733,586.00	10,337,164.41		1,245,829,224.05		7,666,121,254.63		12,613,356,849.92	284,506,754.95	12,897,863,604.87
III. Increases or Decreases in This Period (Mark "-" for Decreases)	6,091,300.00				381,674,256.70	249,850,672.31	1,971,111.82		307,861,781.87		2,581,902,399.91		3,029,650,177.99	48,653,928.80	3,078,304,106.79

(I) Total Comprehensive Income							1,971,111.82					3,188,144,692.55		3,190,115,804.37	-27,286,126.54	3,162,829,677.83
(II) Shareholders' Contribution and Reduction in Capital	6,091,300.00				311,103,528.74	249,850,672.31								67,344,156.43	74,436,250.00	141,780,406.43
1. Common stock invested by the owner	6,091,300.00				49,690,015.79	249,850,672.31								-194,069,356.52	74,436,250.00	-119,633,106.52
2. Capital Invested by Holders of Other Equity Instruments																
3. Amount of Share-based Payments Recorded into Shareholders' Equity					261,413,512.95									261,413,512.95		261,413,512.95
4. Others																
(III) Profit Distribution									307,861,781.87		-607,195,646.68			-299,333,864.81		-299,333,864.81
1. Appropriation of Surplus Reserves									307,861,781.87		307,861,781.87					
2. Appropriation of General Risk Reserves																
3. Distribution to Owners (or Shareholders)											299,333,864.81			299,333,864.81		299,333,864.81
4. Others																

(IV) Internal Carry-forward of Shareholders' Equity																			
1. Capital Reserves Transferred into Capital (or Share Capital)																			
2. Surplus Reserves Transferred into Capital (or Share Capital)																			
3. Surplus Reserves Covering Losses																			
4. Carry-forward retained earnings of the variation of the defined benefit plan																			
5. Other Carry-forward Retained Earnings of the Comprehensive Income																			
6. Others																			
(V) Special Reserves																			

1. Withdrawal in this period															
2. Used in This Period															
(VI) Others				70,570,727.96						953,354.04		71,524,082.00	1,503,805.34	73,027,887.34	
IV. Balance at the End of This Period	3,003,713,230.00			1,882,855,119.53	1,057,584,258.31	12,308,276.23		1,553,691,005.92		10,248,023,654.54		15,643,007,027.91	333,160,683.75	15,976,167,711.66	

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

Unit: RMB

Item	2020											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferr ed Stocks	Perpet ual Bonds	Others								
I. Balance at the End of Last Year	3,003,713,230.00				1,867,489,901.04	1,057,584,258.31			1,553,691,005.92	10,397,488,836.58		15,764,798,715.23
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,003,713,230.00				1,867,489,901.04	1,057,584,258.31			1,553,691,005.92	10,397,488,836.58		15,764,798,715.23
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-8,133,640.00				108,666,874.87	475,615,327.42	522,554.00			4,361,576,949.21		4,938,248,065.50
(I) Total Comprehensive Income							522,554.00			4,757,463,474.91		4,757,986,028.91
(II) Shareholders'	8,133,640.00				16,200,355.59	475,615,327.42						483,682,043.01

Contribution and Reduction in Capital												
1. Common stock invested by the owner	8,133,640.00				58,717,702.80	475,615,327.42						408,763,984.62
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity					74,918,058.39							74,918,058.39
4. Others												
(III) Profit Distribution										395,886,525.70		-395,886,525.70
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)										395,886,525.70		-395,886,525.70
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1. Capital Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												

3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others					92,466,519.28							92,466,519.28
IV. Balance at the End of This Period	2,995,579,590.00				1,976,156,775.91	581,968,930.89	522,554.00		1,553,691,005.92	14,759,065,785.79		20,703,046,780.73

Amount of Previous Period

Unit: RMB

Item	2019											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	2,997,621,930.00				1,497,801,068.88	807,733,586.00			1,246,369,430.91	7,930,928,526.31		12,864,987,370.10
Add: Changes in Accounting Policies									-540,206.86	-4,861,861.70		-5,402,068.56
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	2,997,621,930.00				1,497,801,068.88	807,733,586.00			1,245,829,224.05	7,926,066,664.61		12,859,585,301.54
III. Increases or Decreases in This Period (Mark "-" for Decreases)	6,091,300.00				369,688,832.16	249,850,672.31			307,861,781.87	2,471,422,171.97		2,905,213,413.69
(I) Total Comprehensive Income										3,078,617,818.65		3,078,617,818.65
(II) Shareholders' Contribution and Reduction in Capital	6,091,300.00				299,118,104.20	249,850,672.31						55,358,731.89
1. Common stock invested by the owner	6,091,300.00				49,690,015.79	249,850,672.31						-194,069,356.52
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity					249,428,088.41							249,428,088.41
4. Others												

(III) Profit Distribution									307,861,781.87	607,195,646.68		-299,333,864.81
1. Appropriation of Surplus Reserves									307,861,781.87	-307,861,781.87		
2. Distribution to Owners (or Shareholders)										299,333,864.81		-299,333,864.81
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1. Capital Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others					70,570,727.96							70,570,727.96
IV. Balance at the End of This Period	3,003,713,230.00				1,867,489,901.04	1,057,584,258.31			1,553,691,005.92	10,397,488,836.58		15,764,798,715.23

III. Basic Information about the Company

Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as "Company" or "the Company") was incorporated under the official approval document No. 18 [2002] issued by Zhejiang Provincial People's Government Work Leading Group for Enterprise Listing in June 2002, a company established on the basis of overall change of the former Hangzhou Dahua Information Technology Co., Ltd. fo-founded by five natural persons, Fu Liquan, Chen Ailing, Zhu Jiangming, Liu Yunzhen and Chen Jianfeng.

On April 22, 2008, the Company issued 16.8 million shares of common stock in RMB to the general public for the first time under the approval document No. 573 [2008] Securities Regulatory Issuance, issued by China Securities Regulatory Commission ("CSRC"). It was listed on Shenzhen Stock Exchange on May 20, 2008 with a registered capital of RMB 66.8 million and the change registration filed with Administration for Industry and Commerce was completed on May 23, 2008. The Company's unified social credit code is 91330000727215176K. The Company belongs to the industry of Internet of Video Things

As at December 31, 2020, the Company has issued a total of 2,995,579,590 shares, with a registered capital of RMB 2,995,579,590.00. The registered address is No.1187, Bin'an Road, Binjiang District, Hangzhou, and the headquarters address is No.1199, Bin'an Road, Binjiang District, Hangzhou. The Company's main operation activities include the development, services & sales of computer software, the design, development, production, installation & sales of electronic products and communication products, the development, system integration & sales of network products, the design & installation of electronic engineering products, information technology consulting service, import & export businesses. (refer to the "Importer and Exporter Qualification" for the details of the scope). (For items subject to approval according to law, business activities can only be carried out after approval by relevant departments)

The actual controllers of the Company are Fu Liquan and Chen Ailing.

This financial statement has been approved by Board of Directors on March 23, 2021.

For details of the scope of the consolidated financial statement for the current period, refer to Notes IX "Equity in Other Entities", and for details of the changes in the scope of the consolidated financial statement for the current period, refer to Notes VIII "Changes in the Scope of Consolidation".

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The Company prepares the financial statement, as a going concern, based on transactions and matters that have actually occurred, in accordance with Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance and all specific accounting standards, application guidelines for accounting standards for business enterprises, explanations on the accounting standards for business enterprises and other related regulations (hereinafter referred to as "Accounting Standards for Business Enterprises" collectively), and the disclosure provisions in the Preparation Rules for Information Disclosures by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports issued by CSRC.

2. Going concern

The Company has the capability to continue as a going concern for at least 12 months as of the end of current reporting period, without any significant item affecting the capability for continuing as a going concern.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation.

1. Statement on compliance with Accounting Standards for Business Enterprises

This financial statement is in compliance with the requirements in the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the merged companies and the parent company as at December 31, 2020 and the operating results and cash flows of the merger and the parent company in 2020.

2. Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

For the domestic operating entities of the Company and its overseas operating entity Dahua Technology (HK) Limited, the reporting currency is Renminbi ("RMB"). The remaining offshore operating entities use the local currency as the reporting currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination under common control: The assets and liabilities acquired by the merging party in business combination shall be measured at the book value of the assets, liabilities of the merged party (including goodwill incurred in the acquisition of the merged party by ultimate controlling party) in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

Business combinations involving entities not under common control: The assets paid and liabilities incurred or committed as a consideration of business combination by the merging party were measured at fair value on the date of acquisition and the difference between the fair value and its book value shall be charged to the profit or loss for the period. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be charged to the profit or loss for the period.

The fees which are directly related to the business combination shall be recognized as the profit or loss in the period when

the costs are incurred; the transaction expenses of issuing equity securities or debt securities for business merger shall be initially capitalized for equity securities or debt securities.

6. Preparation method of consolidated financial statements

(1) Scope of Consolidation

The scope of consolidation of the consolidated financial statements is based on controlling interests and includes the Company and all the subsidiaries. Control means that the Company has the rights over the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to influence the amount of returns by exercising its rights over the investee.

(2) Procedures of Consolidation

The Company regards the Enterprise Group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating result and cash flow of the Enterprise Group. The influence of internal transactions between the Company and the Subsidiaries and between the Subsidiaries shall be offset. Where internal transaction indicates the occurrence of impairment loss to relevant assets, such loss shall be recognized in full. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary of the current period exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

① Acquisition of Subsidiaries or Business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the reporting period, the operating results and cash flows of such subsidiaries or business from the beginning to the end of the reporting period when the acquisition occurs shall be included in the consolidated financial statements. Adjustments shall be made to the opening balance of the consolidated financial statements and the related items in the comparative statements simultaneously as if the consolidated reporting entity has been in existence since the beginning of the control by the ultimate controlling party.

Where the control over the investee under common control is made possible due to additional investment or other reasons, the equity investment held before gaining control of the combined party is recognized as relevant profit or loss, other comprehensive income and changes of other net assets at the later of the date of acquisition of the original equity and the date when the combining and the combined parties are under common control, and shall be written down to the opening retained earnings or current profit or loss in the comparative reporting period.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the reporting period, the identifiable assets, liabilities and contingent liabilities shall be included in the consolidated financial statements based on the fair value determined on the date of the acquisition.

In connection with imposing control over the investee not under joint control due to additional investment and other reasons, the equity of acquiree held before acquisition date shall be remeasured by the Company at the fair value of such equity on the acquisition date and the difference between fair value and book value shall be recognized as investment income in current period. Other comprehensive income related to the equity held by the Acquiree before the acquisition date which can be reclassified into future profit or loss, and other changes of owners' equity accounted for under equity

method shall be recognized in investment income in the period in which the acquisition occurs.

② Disposal of Subsidiaries or Business

a. General Treatment

When losing control of the investee due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured at fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and the sum of goodwill, is recognized in investment income in the period in which control is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into future profit or loss, and other changes of owners' equity accounted for under equity method shall be recognized in investment income in the period in which control is lost.

b. Disposal of Subsidiary Achieved by Stages

When disposal of equity interests of subsidiaries through multiple transaction until the control is lost, generally transactions in stages are treatment as a package deal in accounting if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i. These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii. Achieving a transaction depends on at least achieving of one of the other transaction;
- iv. One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

When losing control of a subsidiary in disposal of equity interests through multiple transactions is recognized as a package deal, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. However, the differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognized in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

When all transactions in disposal of equity interests of subsidiaries are not a package deal, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When the control is lost, general accounting treatment for disposal of a subsidiary shall be used.

③ Acquisition of Minority Interest of Subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date or date of combination, adjust the retained earnings if the share premium in the capital reserve is insufficient for write-down.

④ Partial Disposal of Equity Investment in Subsidiaries without Losing Control

Disposal price and disposal of long-term equity investment shall be entitled to the difference between the shares of the net assets of the subsidiaries calculated continuously from the date of purchase or acquisition. Adjustments shall be made to the equity premiums in the capital reserve of consolidated balance sheet. When the equity premiums in the capital reserve are not sufficient for write-down, the retained earnings shall be adjusted.

7. Classification of Joint Arrangement and Accounting Treatment Methods of Joint Operation

Joint arrangement can be divided into joint operation and joint venture.

Joint operation refers to a joint arrangement in which the parties have rights to the assets and obligations for the liabilities

relating to the joint operation.

The Company recognizes the following items related to the share of interests in the joint operation:

- (1) Recognize the assets held separately by the Company and the assets jointly held in accordance with the share of the Company;
- (2) Recognize the liabilities assumed separately by the Company and the liabilities jointly assumed in accordance with the share of the Company;
- (3) Recognize the income generated through the sale of the Company's share of the output of the joint operation;
- (4) Recognize the income generated through the sale of the output of the joint operation in accordance with the share of the Company.
- (5) Recognize the expenses incurred separately, and the expenses incurred in joint operation in accordance with the share of the Company .

The Company's investment in joint venture is accounted for by the equity method, as specified in the financial report in this chapter – V. Important Accounting Policies and Accounting Estimates – No. 19. Long-term Equity Investment.

8. Recognition criteria of cash and cash equivalents

Cash refers to the cash on hand and deposits that are available for payment at any time of the Company. Cash equivalents refer to investments held by the Company featuring short duration, strong liquidity, easy conversion into cash of known amount and low risk of changes in value.

9. Conversion of transactions and financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for those differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency for acquisitions, construction or production of the qualified assets, which should be capitalized as cost of the assets.

2. Translation of foreign currency financial statements

All assets and liabilities items in balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date. For disposal of overseas operation, the translation difference as stated in the foreign currency financial statements relating to overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

10. Financial instruments

The Company recognizes a financial asset, financial liability or equity instrument when it becomes a party to a financial instrument contract.

(1) Classification of the financial instruments

According to the Company's business model for management of the financial assets and the contractual cash flow features of the financial assets, the financial assets, when initially recognized, are classified as: financial assets at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial assets

at fair value through profit or loss.

For financial assets that meet the following conditions and are not designated to be measured at fair value through the current profit or loss, the Company classifies them as financial assets at amortized cost:

- The business model is aimed at collecting contract cash flow;
- Contract cash flow is the payment of principal and interest based on the outstanding principal amount.

For financial assets that meet the following conditions and are not designated to be measured at fair value through current profit or loss, the Company classifies them as financial assets at fair value through other comprehensive income (debt instruments).

- The business model is aimed at both collecting contract cash flows and selling financial asset;
- Contract cash flow is the payment of principal and interest based on the outstanding principal amount.

The Company will, at the time of initial recognition, irrevocably designate non-trading investments in equity instruments as financial assets measured at fair value and the change shall be included in other comprehensive income (equity instrument). The designation is made on the basis of independent investment, and the related investments fit the definition of an equity instrument from an issuer's perspective.

In addition to the aforementioned financial assets at amortized cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through current profit or loss. At the time of initial recognition, for financial assets that should have been classified as financial assets at amortized cost or fair value through other comprehensive income, the Company can irrevocably designate them as financial assets at fair value through current profit or loss in order to eliminate or significantly reduce the accounting mismatch.

The financial liabilities, when initially recognized, are classified as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities which meet one of the following conditions will be, when initially measured, designated as financial liabilities at fair value through profit or loss:

- 1) Such designation may be able to eliminate or significantly reduce the accounting mismatch.
- 2) The portfolio of financial liabilities or the portfolio of financial assets and financial liabilities shall be subject to management and performance evaluation on the basis of fair value according to the enterprise risk management or investment strategy contained in the formal documentations, and a report shall be made to the key management personnel within the enterprise on this basis.
- 3) Such financial liabilities shall contain embedded derivatives to be split separately.

Subject to the conditions above, the Company has no such designated financial liabilities.

(2) Recognition and measurement of financial instruments

① Financial assets at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables and creditors investment, which shall be initially measured at fair value, and the relevant transaction expenses should be initially capitalized; The accounts receivable that do not contain material financing compositions and those for which the Company decides to not take into account the financing compositions of no more than one year shall be initially measured at the contract transaction price.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss. At the time of recovery or disposal, the difference between the price obtained and the book value shall be included in the current profit or loss.

② Financial assets measured at fair value and its changes are included in other comprehensive income (debt instruments)

Financial assets measured at fair value and its changes are included in other comprehensive income (debt instruments) include receivables financing and investments in other creditor's rights. They are initially measured at fair value, and the

relevant transaction expenses should be initially capitalized. These financial assets are subsequently measured at fair value, and the change in fair value, other than the interest, the impairment loss or profit and the profit or loss on foreign exchange, shall be included in other comprehensive income.

Upon derecognition, the cumulative profits or losses previously included in other comprehensive income shall be removed from other comprehensive income and included in the profit or loss for the period.

③ Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include investment in other equity instruments. They are initially measured at fair value, and the transaction expenses shall be initially capitalized. These financial assets are subsequently measured at fair value, and the change in fair value shall be included in other comprehensive income. The dividends obtained shall be included in the profit or loss for the period.

Upon derecognition, the cumulative profits or losses previously included in other comprehensive income shall be removed from other comprehensive income and included in the carry-forward retained earnings.

④ Financial assets at fair value through profit or loss in this period

Financial assets at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets. They are initially measured at fair value, and the transaction expenses related to them are included in the profit or loss for the period. These financial assets are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

⑤ Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss

Financial liabilities at fair value through profit or loss include trading financial liabilities and derivative financial liabilities. They are initially measured at fair value, and the transaction expenses related to them are included in the profit or loss for the period. These financial liabilities are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

Upon derecognition, the difference between their book value and the consideration paid is included in the profit or loss for the period.

⑥ Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable, and long-term payables. They are initially measured at fair value, and the transaction expenses shall be initially capitalized.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss. Upon derecognition the difference between the consideration paid and the book value of these financial liabilities is included in the current profit or loss.

(3) Derecognition and transfer of financial assets

The Company derecognizes financial assets when any one of the following conditions is satisfied:

The contractual right to receive cash flows of the financial assets has been terminated;

The financial asset have been transferred and virtually all the risks and rewards related to the ownership of the financial asset have been transferred to the transferee;

The financial assets have been transferred, and while the Company has neither transferred nor retained virtually all of the risks and rewards related to the ownership of the financial assets, it has not retained control of the financial assets.

At the time of the transfer of financial assets, the recognition of the financial assets shall not be terminated if the Company has retained virtually all the risks and rewards related to the ownership of the financial assets.

The substance-over-form principle shall be adopted while making judgment on whether the transfer of financial assets satisfies the above conditions for termination of recognition.

The transfer of financial assets can be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be

recorded into profit or loss for the period:

- ① The book value of the financial asset transferred;
- ② The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously recorded into the owners' equities (in cases where the transferred financial assets are financial assets at fair value through other comprehensive income (debt instruments)).

If the partial transfer of financial assets satisfies the conditions for termination of recognition, the overall book value of the transferred financial asset shall be apportioned according to their respective relative fair value between the recognition terminated part and the remaining part, and the difference between the two amounts below shall be recorded into profit or loss for the current period:

- ① The book value of the recognition terminated portion;
- ② The sum of consideration of the recognition terminated portion and the corresponding portion of accumulated change in fair value previously recorded into owners' equity (in cases where the transferred financial assets are financial assets at fair value through other comprehensive income (debt instruments)).

Financial assets will still be recognized if they fail to satisfy the conditions for termination of recognition, with the consideration received recognized as a financial liability.

(4) Recognition for termination of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the recognition of the whole or relevant portion of the liability is terminated; an agreement is entered between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, terminate the recognition of the original financial liabilities as well as recognize the new financial liabilities.

If all or part of the contract terms of the original financial liabilities are substantially amended, the recognition of the original financial liabilities will be terminated in full or in part, and the financial liabilities whose terms have been amended shall be recognized as a new financial liability.

When recognition of financial liabilities is terminated in full or in part, the difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the book value of such financial liabilities will be allocated according to the relative fair value between the continued recognized part and terminated part on the repurchase date.

The difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

(5) Method of determining the fair values of financial assets and liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. It chooses the inputs which are consistent with the asset or liability's characteristics considered by market participants in the transaction of the relevant asset or liability and makes the maximum use of relevant observable inputs. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible.

(6) Test method and accounting treatment for impairment of financial assets

The Company estimates the expected credit loss on the financial assets at amortized cost and the financial assets at fair value through other comprehensive income (debt instruments), and financial guarantee contracts, either alone or in combination.

The Company calculates the probability-weighted amount of the current value of the difference between the cash flows receivable under the Contract and the cash flows expected to receive, and recognizes the expected credit loss, by taking

into account all the reasonable and well-founded information, including past events, current condition and forward-looking economic situation, and weighting the risk of default.

If the credit risk of this financial instrument has been significantly increased upon initial recognition, the Company measures its loss provision in accordance with the amount equivalent to the expected credit loss of the financial instrument throughout the duration; if the credit risk of this financial instrument is not significantly increased upon initial recognition, the Company will measure the loss provision of this financial instrument by the amount of its expected credit loss in the 12 months to come. The increased or reversed amount of the loss provision resulting therefrom is included in the current profit or loss as the impairment loss or profit.

The Company recognizes the relative changes in the risk of default within the expected duration of financial instruments, and assesses whether the credit risk of financial instruments has significantly increased since the initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date. If the financial instrument becomes overdue for more than 30 days, the Company believes that the credit risk of this financial instrument has been significantly increased, unless there are concrete evidences that the credit risk of this financial instrument has not been significantly increased upon initial recognition.

If the financial instrument carries low credit risk at the balance sheet date, the Company believes that the credit risk of this financial instrument is not significantly increased upon initial recognition.

If there are objective evidences showing that a certain financial asset has been subject to credit impairment, the Company will accrue impairment provision for this financial asset on the individual asset basis.

The Company will always measure the loss provision for the accounts receivable and contract assets generated by transactions regulated by Accounting Standards for Enterprises No. 14 - Revenue (2017), whether they contain material financing compositions or not, by the amount of the expected credit loss throughout the duration.

The Company will always measure the loss provision for the lease receivable by the amount of the expected credit loss throughout the duration.

The Company shall write down the book balance of a financial asset directly if it no longer reasonably expects that the contract cash flow of the financial asset can be recovered in whole or in part.

11. Notes receivable

Refer to Financial Report - V. Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments

12. Accounts receivable

Refer to Financial Report - V. Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments

13. Receivables financing

Refer to Financial Report - V. Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments

14. Other receivables

Determination method and accounting treatment for the expected credit loss of other receivables

Refer to Financial Report - V. Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments

15. Inventories

(1) Category of inventory

Inventories are classified as raw materials, turnover materials, commodity stocks, products in progress and materials commissioned for processing.

Inventories are initially measured at cost. Inventory costs include procurement costs, processing costs, and other expenses incurred to bring the inventory to its current location and condition.

(2) Determination of cost

Cost of inventories is determined using the weighted average method.

(3) Basis for the determination of net realizable value and different type of inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. A provision shall be made for inventory price drops if inventory costs exceed the net realizable value. Net realizable value refers to the amount after deducting the estimated costs to be incurred at the time of completion, the estimated selling expenses and taxes from the estimated sales price of inventories during daily activities.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated sales less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

The inventory falling price reserves withdrawn shall be reversed within the amount withdrawn, and the reversed amount shall be included in current profit or loss, if the net realizable value of an inventory is higher than its book value after the withdrawal due to the disappearance of the factors that influence the writing-down of its value.

(4) Inventory system

The perpetual inventory system is adopted.

(5) Amortization of low-value consumables and packaging materials

- ① Low-value consumables are amortized using the immediate write-off method;
- ② Packaging materials are amortized using the immediate write-off method.

16. Contract Assets

Accounting policies as of January 1, 2020

(1) Recognition methods and standards of contract assets

The Company shall show the contract assets or contract liabilities in the balance sheet in accordance with the relationship between the performance of the contract obligations and the Customer payment. The Company shall list its right to receive consideration due to the transfer of goods or services to the Customer (and such rights are subject to factors other than the passage of time) as contractual assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The Company's unconditional right (depending solely on the passage of time) to collect consideration from the Customer shall be shown separately as a receivable.

(2) Determination method and accounting treatment for the expected credit loss of contract assets

See Financial Report – V. Important Accounting Policies and Accounting Estimates – No. 10. Financial Instruments for specified determination method and accounting treatment for the expected credit loss of contract assets.

17. Contract Costs

Accounting policies as of January 1, 2020

Contract costs include contract performance costs and contract acquisition costs.

The Company recognizes the costs incurred for performing the contract and that not fall within the scope of inventories, fixed assets or intangible assets as stipulated by related standards as an asset when the following conditions are met:

- The cost is directly related to a current or anticipated contract.
- The cost increases the Company's future resources to perform obligations.
- The cost is expected to be recovered.

The Company regards the incremental cost incurred to acquire the contract and that are expected to be recovered as contract acquisition costs, and recognizes them as an asset.

Assets related to contract costs shall be amortized using the same basis as income recognition of goods or services related to the asset. However, the Company shall include the amount in current profit or loss if the amortization period of the contract acquisition cost is less than one year.

The Company shall draw an impairment provision for the excess part when the book value of an asset related to the contract cost is higher than the difference between the following two items, and recognize it as an impairment loss of the asset:

- (1) The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
- (2) Estimated costs to be incurred for the transfer of goods or services related to the asset.

The Company shall reverse the impairment provision withdrawn and include it in current profit or loss if the impairment factors of the previous period change and cause the aforementioned difference higher than the book value of the asset.

However, the book value of the asset after reverse shall not exceed the book value of the asset on the reverse date under the assumption that no provision for the impairment is withdrawn.

18. Holding Assets for Sale

An asset whose book value is recovered mainly through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of a non-current asset or disposal group is classified as holding-for-sale.

A non-current asset or disposed group is classified by the Company as holding for sale if it meets the following criteria at the same time:

- (1) Immediate sale could be made under the current circumstances in accordance with the convention of selling such kind of assets or disposal groups in similar transactions;
- (2) Selling is extremely likely to occur, i.e. the Company has made a resolution on a selling plan and obtained confirmed purchase commitments, and the selling is predicted to be completed within 1 year. If required by relevant provisions that selling shall only be made after approved by the relevant competent authority or supervision department of the Company, such approval should have been obtained.

For those classified as held-for-sale non-current assets (excluding financial assets, deferred income tax assets, assets formed by employee compensation) or disposal group, and whose book value is higher than the net amount after deducing sales expenses from fair value, the book value shall be written down to the net amount after deducing sales expenses from fair value. The amount of write-down shall be recognized as assets impairment loss and included in current profit or loss. Meanwhile, the impairment provision of assets held for sale shall be withdrawn.

19. Long-term Equity Investment

(1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when requiring the unanimous consent of the parties sharing control before making decisions about the relevant activities of the arrangement. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, as the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

① Long-term equity investments formed through business combination of entities

For long-term equity investment in a subsidiary generated due to business combinations involving entities under common control, the share of the book value in the consolidated financial statements of the ultimate controlling party on the date of combinations shall be taken as the initial investment cost of the long-term equity investments. For difference between the initial cost of long-term equity investment and the book value of the consideration paid, adjustments shall be made to the equity premiums in the capital reserve. When the equity premiums in the capital reserve are not sufficient for write-down, the retained earnings shall be adjusted. Where control over the investee under common control is available due to additional investment or other reasons, for difference between the initial cost of long-term equity investment recognized in accordance with the above principles, and the sum of the book value of long-term equity investment prior to the combination and the book value of newly paid consideration for the acquisition of further shares on the date of combination, adjustments shall be made to equity premiums. When the equity premiums are not sufficient for write-down, the retained earnings shall be written down.

For long-term equity investment in a subsidiary generated due to business combinations involving entities not under common control, the cost of the combination recognized on the date of combination shall be taken as the initial investment cost of the long-term equity investments. In relation to imposing control over the investee not under common control as a result of additional investment and other reasons, the initial investment shall be the sum of the book value of the equity investment originally held and the newly increased investment cost.

② Long-term equity investments acquired by means other than business combination

The initial cost of a long-term equity investment obtained by cash payment shall be the purchase costs actually paid.

The initial cost of investment of a long-term equity investment obtained by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

① Long-term equity investment calculated by cost method

Long-term equity investment in subsidiaries of the company is calculated by cost method, unless the investment meets the conditions for holding for sale. except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company' shares of the cash dividends or profits declared by the investee.

② Long-term equity investment accounted for by equity method

Long-term equity investments of associates and jointly controlled entities are calculated using equity method. Where the initial investment cost exceeds the investment, the difference between the share of the fair value of the investee's identifiable net assets shall be enjoyed and no adjustment shall be made to the initial investment cost of long-term equity investment; where the initial investment cost is less than the investment, the difference between the share of the fair value of the investee's identifiable net assets shall be enjoyed and be included in current profit or loss, and adjustments shall be

made to the initial investment cost of long-term equity investment.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the book value of long-term equity investments; The book value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee, the book value of long-term equity investments shall be adjusted and included in owner's equity.

When recognizing the amount of proportion of net profit or loss, other comprehensive income and other changes of owner's equity, in the investee which it entitles, fair value of the identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and adjustment shall be made to the net profit, other comprehensive income and others of the investee in accordance with the accounting policies and accounting period of the Company. The unrealized profit or loss resulting from internal transactions between the Company and its associate or joint venture shall be offset in portion to its equity interests, based on which investment income shall be recognized, except when the assets invested or sold constitute transaction. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized.

The Company shall be liable for net loss incurred by the Company to the joint venture or associate, and shall write it down to zero with the book value of the long-term equity investment and other long-term equity which substantially constitute net investment in the joint venture or associate. Where a joint venture or associate later realizes net profits, the Company shall resume recognition of its share of income after the share of income has made up for the unrecognized share of loss.

③ Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the consideration actually received shall be included in the current profit or loss.

For long-term equity investments accounted by partial equity disposal method, the remaining equity is still accounted by the equity method. Other comprehensive income recognized by the original equity method shall be carried forward in a corresponding proportion on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in the interests of the owners are carried forward to the current profit and loss on a pro ratio basis.

When losing joint control or significant influence over the investee due to disposal of equity investment or other reasons, other comprehensive income of the original equity investment recognized accounted by equity method shall be treated using the same basis as the direct disposal of related assets or liabilities by the investee upon the termination of the use of equity methods. Other changes of owner's equity shall be converted to the current profit or loss upon the termination of use of equity methods.

When losing the control over the investee due to partially disposal of equity investment and other reasons, the remaining equities after disposal shall be accounted for under equity method in preparation of individual financial statements provided that joint control or significant influence over the investee can be imposed, and shall be adjusted as if such remaining equities has been accounted for under the equity method since they are obtained. Other comprehensive income recognized prior to the acquisition of controls over the investee shall be carried over proportionally using the same basis as the direct disposal of related assets or liabilities by the investee. Other changes of owner's equity due to the use of equity method shall be carried over into the current profit or loss proportionally. Where the remaining equities after disposal cannot impose joint control or significant influence over the investee, it shall be recognized as financial asset, and the difference between fair value and the book value on the date of losing control shall be included in the current profit or loss. All the other comprehensive incomes and other changes of owners' equity recognized prior to the acquisition of controls over the investee shall be carried over.

When losing control over a subsidiary in step-by-step disposal of its equity interests through multiple transactions is

recognized as a package deals, these transactions shall be in accounting treated as loss of control of a subsidiary in disposal of equity interests. The differences between price on each disposal prior to loss of control and the long-term equity investment book value of the disposed equity shall be recognized as other comprehensive income in individual financial statements, and included in the current profit or loss when the control is lost. Transactions not recognized as a package deal shall be accounted for separately.

20. Investment property

Investment property refers to the real estate held to generate rental income or capital appreciation, or both, including leased land use rights, land use rights held for transfer after appreciation, and leased buildings (including buildings that are leased after completion of self-construction or development activities and buildings in construction or development that are used for rental in the future).

The Company adopts the cost mode to measure the existing investment property. Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be measured reliably. The book value of the replaced part is derecognized. Other subsequent expenditures shall be included in current profit or loss at the time of occurrence. Investment property measured at cost - buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

21. Fixed Assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a service life of more than one accounting year. Fixed asset is recognized when it meets the following conditions: ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; ② Its cost can be reliably measured. Fixed assets are initially measured at cost (with the influence of expected disposal costs taken into consideration). Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be measured reliably. The book value of the replaced part is derecognized. Other subsequent expenditures shall be included in current profit or loss at the time of occurrence.

(2) Methods for depreciation

Category	Depreciation method	Useful lives of depreciation	Residual Ratio	Annual depreciation rate
Housing and building	Straight-line method	20	5%	4.75%
Machinery and equipment	Straight-line method	5-10	5%	19.00%-9.50%
Means of transport	Straight-line method	4-8	5%	23.75%-11.88%
Electronic and other equipment	Straight-line method	3-5	5%	31.67%-19.00%

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are

determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

For fixed assets leased under finance lease, if it can be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, depreciation policies in line with the fixed assets will be adopted for depreciation during the remaining service life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, depreciation policies in line with the fixed assets will be adopted for depreciation during the shorter of the lease term and the remaining service life of the leased asset.

(3) Recognition bases and measurement methods of fixed assets under finance lease

Where any one of the following conditions is provided in the lease agreement between the Company and the lessee, the leased assets can be recognized as assets acquired under finance leases: ① The ownership of the leased assets, upon the expiry of lease term, belongs to the Company; ② The Company has the option to purchase the leased assets, and the price is much lower than the fair value of the assets at the time of exercising the option; ③ The lease term accounts for the majority of the service life of the leased asset; ④ There is no great difference between the minimum present lease value on the lease commencement date and the fair value of the assets; ⑤ The leased asset is of a special nature and shall only be used by the lessee if no major modification is made. On the commencement of the lease, the leased asset shall be recorded at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and the minimum lease payments shall be recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the minimum lease payments shall be accounted for as unrecognized finance charge.

(4) Disposal of fixed assets

Fixed assets being disposed of or not expected to generate economic benefits through use or disposal shall be derecognized. The amount of income from the disposal, transfer, scrapping or damage of fixed assets after deducting its book value and related taxes shall be included in the current profit and loss.

22. Projects under Construction

Construction in progress is measured at the actual costs incurred. The actual cost includes construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended use status. Construction in progress reaching predetermined serviceable conditions shall be converted to fixed assets and begin counting for depreciation the following month.

23. Borrowing Costs

(1) Criteria for recognition of capitalized borrowing costs

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expense in the period in which they are incurred and included in profit or loss for the current period.

Assets qualified for capitalization are assets (fixed assets, investment property, inventories, etc.) that necessarily take a

substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

(2) Capitalization period of borrowing costs

The capitalization period shall refer to the period between the commencement and the cessation of capitalization of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

- ① expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalization) have been incurred;
- ② borrowing costs have been incurred;
- ③ acquisition, construction or production that are necessary to enable the asset reach its intended usable or salable condition have commenced.

Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

(3) Suspension of capitalization period

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition and construction or production of the asset resumes, the capitalization of borrowing costs commences.

(4) Calculation of capitalization rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of assets qualified for capitalization, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalization.

General borrowings for the acquisition, construction or production of assets qualified for capitalization, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on the principals and interests of special foreign currency borrowings shall be capitalized and shall be included in the cost of assets eligible for capitalization. The exchange balance on the principals and interests of foreign currency borrowings other than the special foreign currency borrowings shall be included in current profit or loss.

24. Intangible Assets

(1) Valuation method, service life, impairment test

(1) Valuation Method of Intangible Assets

- ① Intangible assets are initially measured at cost upon acquisition

The costs of an externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to putting the asset into condition for its intended use.

- ② Subsequent measurement

The service life of intangible assets shall be analyzed and judged upon acquisition.

As for intangible assets with a finite service life, they are amortized using the straight-line method over the term in

which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite service life, and shall not be amortized.

(2) Estimated useful lives for the intangible assets with finite service life:

Item	Estimated useful lives	Basis
Land use rights	50 years	Land use certificate
Non-patented technology	5-10 years	Expected benefited period
Softwares	2-5 years	Expected benefited period
Trademark rights	6 years	Expected benefited period
Software copyright	10 years	Expected benefited period

For an intangible asset with a finite service life, review on its service life and amortization method is performed at the end of each end.

Upon review, service life and amortization method for the intangible assets are the same with the previous estimate at the end of this period.

(3)The basis for the judgment of intangible assets with uncertain service life and the procedure for reviewing their service life

As at the balance sheet date, the Company has no intangible assets with uncertain service life.

(4)Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

(5)Specific condition for capitalizing expenditure during the development phase

Expenses in the research phase are recorded into the profits and losses for the current period when they occur. Expenditure during the development phase that simultaneously satisfies the following conditions shall be recognized as intangible assets. Otherwise shall be included in current profit or loss:

- ① It is technically feasible to complete such intangible asset so that it will be available for use or for sale;
- ② There is intention to complete the intangible asset for use or sale;
- ③ The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- ④ There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- ⑤ The expenses attributable to the development stage of the intangible asset can be measured reliably.

The R&D expenditures incurred shall be included in current profit or loss if it is impossible to distinguish expenditure during the research phase and expenditure during the development phase.

25. Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets and construction in progress that measured at cost, and intangible assets and oil and gas assets with limited service life, are tested for impairment if there is any indication that an asset may be impaired on the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, a provision for impairment and an impairment loss are recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill formed due to business combination, intangible assets with uncertain service life and intangible assets that have not yet reached serviceable conditions, shall be tested for impairment at least at the end of each year, regardless of whether there is any indication of impairment.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the book value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of business combination.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made first on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant book value so as to recognize the corresponding impairment loss. Asset group or combination of group assets containing goodwill are tested for impairment and the book value and recoverable amount shall be compared. If the recoverable amount is less than the book value, the amount of impairment loss shall be deducted and apportioned to the book value of goodwill in asset group or combination of asset groups, before deducting to the book value of all other assets proportionally based on the proportion of the book value of all assets other than goodwill in the asset group or combination of asset groups. Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

26. Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The amortization period and method of various expenses are as follows:

Item	Amortization method	Amortization period
Housing rent	Composite life method	Benefit period
Improvement expenditure of fixed assets leased by operating lease	Composite life method	Benefit period

27. Contract liabilities

Accounting policies as of January 1, 2020

The Company shall show the contract assets or contract liabilities in the balance sheet in accordance with the relationship between the performance of the contract obligations and the Customer payment. The Company's obligation to transfer goods or provide services to customers for which consideration has been received or receivable are presented as contractual liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

28. Employee remuneration

(1) Accountant arrangement method of short-term remuneration

During the accounting period when the staff provides service, the Company will recognize the short-term remuneration actually incurred as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

The Company will pay social insurance and housing funds, and will make provision of trade union funds and staff education costs in accordance with the requirements. During the accounting period when the staff provides service, the Company will determine the relevant amount of employee benefits in accordance with the required provision basis and provision ratios.

The expenses on employee benefit incurred by the Company shall be included in the current profit or loss or related asset cost based on the actual amount when actually incurred, and the non-monetary benefit shall be measured at its fair value.

(2) Accountant arrangement method of retirement benefit plan

① Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profits and loss or costs of assets. In addition, the Company joins in corporation annuity plan/supplementary pension insurance fund approved by related state departments. The Company conducts payment to annuity plan/ local social insurance institution according to certain proportion of employees' wages and corresponding expenditures are included in the current profit or loss or relevant asset costs.

② Defined benefit scheme

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of assets.

(3) Accountant arrangement method of termination benefits

Where the Company pays termination benefit to employees, the liabilities of employee remuneration generated by termination benefit shall be recognized at the earlier of the following date and included in the current profit or loss: when the company cannot unilaterally withdraw termination benefit provided by labor relationship termination plan or layoff proposal; when the Company recognizes costs or expenses related to a restructuring of the payment of termination benefits.

(4) Accountant arrangement method of other long-term employee benefits

29. Estimated liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities provided that they satisfy the following conditions:

- (1) the obligation is a present obligation of the group;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

When the expenses required have a successive range, in which the possibilities of occurrence of each result are the same, the best estimate shall be determined by the middle value in the range. In other cases, the best estimates shall be determined separately as follows:

- Determined according to the amount most likely to occur if the contingency involves an individual item.
- Calculated and determined on the basis of the various possible outcomes and relevant probabilities if the contingency involves multiple items.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognized as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the book value of the estimated liability.

On the balance sheet date, the Company shall review the book value of the estimated liabilities, and shall adjust the book value on the basis of the current best estimate if there is conclusive evidence showing the book value cannot reflect the current best estimate.

30. Share-based payment

The Company's share-based payment refers to a transaction in which an enterprise determines the liabilities on the basis of equity instruments granting or bearing for the acquisition of service from its employees or other parties. The Company's share-based payment is equity-settled.

Equity-settled share-based payment and equity instrument:

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. Equity instruments vested immediately after the date of grant will be included in the relevant cost or expense based on its fair value on the date of grant, and the capital reserve will be increased accordingly. For equity instruments to be vested after completing the service during the waiting period after the date of grant or meeting regulated performance conditions, the Company shall include the services obtained in the current period in relevant costs or expenses and increase capital reserves accordingly on each balance sheet date during the waiting period on the basis of the best estimate of the number of viable equity instruments to be vested and the fair value on the grant date.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognized as an increase in the service received.

If the equity instrument is cancelled during the waiting period after the date of grant, the Company will treat the cancellation of the equity instrument as accelerated vest, include the amount to be recognized in the remaining waiting period in the current profit or loss, and recognize the capital reserves simultaneously. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to canceled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

31. Revenue

Accounting policies for revenue recognition and measurement

Accounting policies as of January 1, 2020

(1) Accounting policies for revenue recognition and measurement

The Company has fulfilled its contractual obligation to recognize income when the Customer obtains control over the relevant goods or services. Obtaining control over related goods or services means to be able to dominate the use of the goods or services and obtain virtually all economic benefits from it.

Where the Contract contains the performance of two or more obligations, the Company shall, on the commencement date of the Contract, apportion the transaction price to each individual performance obligation on the basis of the relative proportion of the individual selling price of the goods or service committed by each individual performance obligation. The Company shall measure its income on the basis of the transaction price apportioned to each individual performance obligation.

The transaction price refers to the amount of consideration the Company is expected to be entitled to receive for the transfer of goods or services to the Customer, excluding payments received on behalf of third parties and the amounts expected to be refunded to the Customer. The Company determines the transaction price in accordance with Contract terms and by taking into consideration its past practices. In determining the transaction price, it takes into consideration the impact of variable consideration, material financing elements in the Contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes the variable consideration at an amount not exceeding the amount of accumulated recognized income which is not likely to be materially reversed when the relevant uncertainty is eliminated. Where there is material financing components in the Contract, the Company shall determine the transaction price on the basis of the amount payable based on the assumption that the Customer pays in cash upon obtaining control over the goods or services, and shall amortize the difference between the transaction price and the Contract consideration by effective interest method during the Contract period. It shall be deemed as fulfilling performance obligation within a certain period of time if one of the following conditions is satisfied. Otherwise, it shall be deemed as fulfilling performance obligation at a certain point in time:

- The Customer obtains and consumes the economic benefits arising from the Company's performance of obligations at the same time of that the Company perform its obligations.
- The Customer can control the goods under construction during the process that the Company perform its obligations.
- The product produced by the Company during the performance of its obligations is irreplaceable in use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole Contract period.

For obligations performed within a certain period of time, the Company shall recognize income on the basis of the performance progress during that period, except when the performance progress cannot be reasonably determined. The Company will adopt output method or input method to determine the performance progress by taking the nature of the goods or services into consideration. Where the performance progress cannot be reasonably determined and the costs incurred are expected to be compensated, the Company shall recognize income on the basis of the costs incurred until

the performance progress can be reasonably determined.

For obligations performed at a certain point of time, the Company recognizes income at the point when the Customer obtain control over relevant goods or services. The Company takes the following indications into consideration when determining whether the Customer has obtained control over relevant goods or services:

- The Company is entitled to collect payment in respect of the goods or services immediately, i.e. the Customer is obliged to make payment in respect of the goods or services immediately.
- The Company has transferred legal ownership of the goods to the Customer, i.e. the Customer has legal ownership of the goods.
- The Company has physically transferred the goods to the Customer, i.e. the Customer has physically possessed the goods.
- The Company has transferred the principal risks and rewards in the ownership of the goods to the Customer, i.e. the Customer has obtained the principal risks and rewards in the ownership of the goods.
- The Customer has received the goods or services, etc.

Accounting policy prior to January 01, 2020

(1) General principles for the recognition of revenue from commodity sales

- ① Revenue from the sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- ② The Company does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the sold goods;
- ③ The amount of revenue can be reliably measured;
- ④ It is probable that the economic benefits associated will flow to the Company;
- ⑤ The relevant amount of costs incurred or to be incurred can be measured reliably.

(2) Specific principles

- ① Principle for recognizing revenue from the domestic sales of standard products: The Company's security standard products are sold, through both direct sale and distribution, to the project clients, dealers and other customers. The Company and customers sign sales contracts and send the goods to customers according to the contractual terms of delivery, or the customers pick up goods. The revenue is recognized after the customer receives and accepts the goods and the Company obtains the evidence proving the client's receipt of goods.
- ② Principle for recognizing revenue from the overseas sales of standard products: If the domestic company makes direct export, the FOB and CIF terms are generally adopted and the Company recognizes the sale income after the product is declared and exported. If a foreign subsidiary sells the goods abroad, the goods will be sent to the customer or the customer will collect the goods according to the delivery method agreed with the customer, and the income will be recognized when the customer receives and accepts the goods.
- ③ Principle for recognizing system-integrated sales revenue: The sales of the system-integrated products of the Company include providing the supporting services such as plan design, supporting products, installation, debugging and system trial operation. The sales income will be recognized upon acceptance.
- ④ Principle for recognizing the income from labor services: The income is recognized when the labor service is provided.

Differences in income recognition accounting policies caused by different operation models of the same business

32. Government subsidies

(1) Type

Government grants are monetary assets and non-monetary assets acquired by the Company from the government free of

charge. Government grants are classified into government grants related to assets and government grants related to revenue.

Government grants related to assets refer to government grants acquired by the Company for the purpose of purchasing or constructing or otherwise forming long-term assets. Government grants related to revenue refer to the government grants other than those related to assets.

(2) Confirmation of time point

Government grants related to assets will be measured at the actual amount of money received at the time of receipt. The assets (bank deposits) and deferred income shall be period by period included in the profits and losses of the current period in a reasonable and systematic manner from the time the assets are available for use (those related to the Company's daily activities shall be included in other income; those unrelated to the Company's daily activities shall be recognized as non-operating income). When the relevant assets are disposed of (sold, transferred, scrapped, etc.) at or before the end of their service life, the balance of the deferred income that has not yet been apportioned will be transferred to the current-period income from the disposal of the assets on an one-time manner, and will not be deferred. For government grants related to revenue, they will be recognized as profit and loss of the current period according to the amount receivable for government grants obtained under fixed quota standards, otherwise, they will be recognized as profit and loss of the current period when it is actually received.

(3) Accounting treatment

Government grants related to assets shall write off the book value of relevant assets or be recognized as deferred income. When recognized as deferred income, the government grant related to assets will be period by period credited to the profits and losses of the current period in a reasonable and systematic manner within the service life of relevant assets (those related to the Company's daily activities shall be recognized as other income; those unrelated to the Company's daily activities shall be recognized as non-operating income).

The revenue-related government grants shall be recognized as deferred income if they are used to compensate relevant expenses or losses in subsequent periods, and they shall be included in profit and loss of the current period (those related to Company's routine activities shall be included in other income; those unrelated to the Company's routine activities shall be included in non-operating income) or used to offset relevant expenses or losses during the recognition of related expenses or losses; the grants used to compensate related expenses or losses incurred shall be included in profit and loss of the current period (those related to Company's routine activities shall be included in other income; those unrelated to the Company's routine activities shall be included in non-operating income) or used to offset relevant expenses or losses.

The discount interest on policy-based preferential loans obtained by the Company shall be accounted for under the following two situations:

- ① The financial sector release discount funds to the lending bank, which provides loan to the Company at a interest rate with policy preference. The Company takes the amount of loan actually received as the book value of the loan, and calculates relevant borrowing costs on the basis of the loan principal and the interest rate with policy preference.
- ② Where the financial sector release discount funds directly to the Company, the Company will offset the related borrowing costs with the corresponding interest subsidies.

33. Deferred income tax assets/deferred income tax liabilities

Income tax includes current income tax and deferred income tax. The Company will include current income tax and deferred income tax in the current profit or loss, except for income tax arising from business combination and transaction or event directly included in the owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the

difference (temporary difference) between the tax basis of the assets and liabilities and their book value.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transaction or event that is not a business combination and would not affect accounting profit and taxable income (or deductible loss) at the time of occurrence.

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liability is recognized, unless the Company can control the timing of reversal of such temporary differences and such temporary differences are not likely to be reversed in the foreseeable future. For deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred tax asset is recognized when the temporary differences are likely to be reversed in the foreseeable future and the taxable income amount used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be, as stipulated by tax law, measured by the applicable tax rate of the period of expected recovery of the relevant assets or settlement of the relevant liabilities.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. The book value of the deferred income tax asset will be written down if sufficient taxable income is not likely to be obtained to offset the benefit of the deferred income tax asset in the future period. The write-down amount will be reversed when sufficient taxable income is likely to be obtained.

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets and repay debt at the same time, the net amount after offsetting its current income tax assets and current income tax liabilities shall be recorded.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are presented in net amount after set-off when both of the following conditions are satisfied:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred tax liabilities are related to the income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax. The relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets and repay debt in every future period that deferred income tax assets and liabilities with importance would be reversed.

34. Lease

(1) Accounting of operating lease

① As the lessee of operating leases, rental payments under operating leases are recognized as costs or expenses on a straight line basis over the lease term (including rent free periods). Initial direct costs that are attributable to an operating lease incurred by the Company are charged to current profit and loss.

When the lesser bears the lease related expenses which should be undertaken by the Company, the Company shall deduct this part of expense from the rent and amortize the net amount over the lease term.

② Leasing charges received by the Company for the assets leased out shall be amortized in a straight-line basis over the lease term without deducting the rent-free periods, and recognized as leasing income. The initial direct fee related to the leasing transactions paid by the Company shall be charged to current expenses; if the amount is significant, it shall be capitalized and charged to current income evenly on the same basis as the leasing income is recognized over the lease term.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

(2) Accounting of finance lease

① Assets acquired under finance leases: At the initiation date of the lessee, the leased asset is recorded at the amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The balance is accounted for as unrecognized finance charge and is amortized using the effective interest method over the period of the lease. The Company, by means of the real interest method, amortizes the unacknowledged financial charges during the lease term of the assets and includes them into financing expenses. Initial direct cost incurred by the Company will be included in the assets acquired under finance leases.

② Assets acquired under finance rents: At the initiation date of the lessee, the difference between the recorded amount of the leased asset and the minimum lease receivables is accounted for as unrecognized finance income and is recognized as rental income over the period of the lease. Initial direct costs shall be included in the initial accounting of the lease payment receivables and deduct by the revenue recognized over the lease term.

35. Other significant accounting policies and accounting estimates

(1) Termination of operation

Termination of business is a separately distinguishable constituent part that satisfies one of the following conditions and that has been disposed of or classified by the Company as held for sale:

- ① This constituent part represents an independent primary business or a separate principal operating area;
- ② This constituent part is part of an associated plan to dispose of for an independent primary business or a separate principal operating area;
- ③ This constituent part is a subsidiary acquired for resale.

(2) Repurchase of the Company's shares

The Company's shares repurchased by the Company for reducing the registered capital or rewarding employees shall be treated as the treasury shares based on the actual amount paid, and shall be checked and registered at the same time. If the repurchased shares are canceled, the difference between the actual amount paid for the repurchase and the total par value of shares calculated by the par value of the canceled shares and the number of canceled shares will write off the capital reserve. If the capital reserve is insufficient, the retained income will be written off; if the repurchased shares are awarded to the employees of the Company, it shall be categorized as equity-settled share-based payment. When the Company receives the payment made by employees who exercise their rights to purchase such shares, the amount shall be used to write off the cost of treasury shares delivered to employees and the capital reserve in the waiting period and meanwhile, the capital reserve (stock premium) shall be adjusted according to the difference.

36. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

√ Applicable □ Not applicable

① Implementation of "Accounting Standards for Business Enterprises No. 14-Revenue" (revised in 2017) (hereinafter referred to as "New Revenue Standards")

a. The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14-Revenue" in 2017. The revised standards stipulate that for the first implementation of the standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative effects, and the information for the comparable period should not be adjusted.

b. The company implemented the new revenue standards since January 1, 2020. According to the standards, the company only adjusted the retained earnings and other related items in the financial statements at the beginning of the year 2020 for the cumulative effects of contracts that have not been completed on the date of first implementation, and the comparative financial statements were not adjusted.

c. The company implemented new revenue standards and new leasing standards for the first time since 2020, and adjusted the items related to financial statements at the beginning of the year.

② Implementation of "Accounting Standards for Business Enterprises Interpretation No. 13"

The Ministry of Finance issued the "Accounting Standards Interpretation for Business Enterprises No. 13" (CaiKuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which came into force on January 1, 2020. Retrospective adjustment was not required.

a. Identification of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or affiliated business between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or affiliated business. In addition, Interpretation No. 13 also clarifies that only two or more companies that are only significantly affected by one party do not constitute a related party. It also adds that affiliated business includes affiliated business and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

b. Definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of business composition, and at the same time introduces the "concentration ratio test" option to simplify to a certain extent the problems such as judgment of whether a combination obtained under the same control constitutes a business, etc. The company implemented Interpretation No. 13 since January 1, 2020, and the comparative financial statements were not adjusted. The implementation of Interpretation No. 13 did not have significant impact on the company's financial status and operating results.

③ Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on Accounting Treatment of Carbon Emission Rights Trading" (CaiKuai [2019] No. 22), which is applicable to related companies in the key emission units (hereinafter referred to as key emission companies) which operate carbon emission rights trading business in accordance with the "Interim Measures for the Management of Carbon emission Rights Trading". This provision came into effect on January 1, 2020, and key emission companies should adopt prospective application to apply this provision.

The company implemented this provision since January 1, 2020, and the comparative financial statements were adjusted. The implementation of this provision did not have significant impact on the company's financial status and operating results.

④ Implementation of the "Provisions on accounting treatment of rent concessions related to COVID-19"

On June 19, 2020, the Ministry of Finance issued the "Provisions on accounting treatment of rent concessions related to COVID-19" (CaiKuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust related rent concessions that occurred between January 1, 2020 and the implementation date of this provision. According to this provision, for rent concessions directly caused by COVID-19 that meet the conditions, for example, rent remission and deferred payment of rent, companies can choose to adopt simplified methods for accounting treatment.

The company chose to adopt simplified methods for accounting treatment for all rent concessions that fell within the scope of the provision, and adjusted relevant rent concessions that occurred between January 1, 2020 and the implementation date of this provision accordingly. The implementation of this provision did not have significant impact on the company's financial status and operating results.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Since 2020, the company first implemented the new revenue standards, the new rent standards, and adjusted related items of the financial statements at the beginning of the year

Applicable

Whether the accounts of the balance sheet at the beginning of the year shall be adjusted

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted amount
Current Assets:			
Cash and Bank Balances	3,084,428,970.43	3,084,428,970.43	
Deposit Reservation for Balance			
Loans to Banks and Other Financial Institutions			
Trading Financial Assets			
Derivative Financial Assets			
Notes receivable			
Accounts receivable	13,241,196,380.65	13,184,093,361.32	-57,103,019.33
Receivables Financing	1,086,017,357.90	1,086,017,357.90	
Prepayments	128,182,099.47	128,182,099.47	

Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	408,776,610.17	408,776,610.17	
Including: interest receivable			
Dividends Receivable			
Buying Back the Sale of Financial Assets			
Inventory	3,839,810,704.33	3,839,810,704.33	
Contract Assets		57,103,019.33	57,103,019.33
Holding for-sale assets			
Non-current Assets Due within 1 Year	630,717,329.58	630,717,329.58	
Other Current Assets	556,311,770.08	569,164,987.09	12,853,217.01
Subtotal of Current Assets	22,975,441,222.61	22,988,294,439.62	12,853,217.01
Non-current Assets:			
Granting of loans and advances			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables	2,568,442,030.19	2,568,442,030.19	
Long-term Equity Investment	490,731,236.85	490,731,236.85	
Investment in Other Equity Instruments			
Other Non-current Financial Assets	67,213,489.43	67,213,489.43	
Investment Property	336,181,589.99	336,181,589.99	
Fixed Assets	1,522,463,368.83	1,522,463,368.83	

Projects under Construction	435,757,406.90	435,757,406.90	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets			
Intangible Assets	411,758,785.31	411,758,785.31	
Development Expenditure			
Goodwill	42,685,490.30	42,685,490.30	
Long-term unamortized expenses	37,311,198.19	37,311,198.19	
Deferred Income Tax Assets	668,058,558.83	668,058,558.83	
Other Non-current Assets	8,605,835.50	8,605,835.50	
Subtotal of Non-current Assets	6,589,208,990.32	6,589,208,990.32	
Total Assets	29,564,650,212.93	29,577,503,429.94	12,853,217.01
Current Liabilities:			
Short-term loan	400,323,888.90	400,323,888.90	
Borrowings from the Central Bank			
Borrowings from Banks and Other Financial Institutions			
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable	3,807,292,795.07	3,807,292,795.07	
Accounts Payable	4,290,253,501.81	4,290,253,501.81	
Received Prepayments	375,521,795.82		-375,521,795.82
Contract liabilities		359,999,133.71	359,999,133.71
Financial Assets Sold for Repurchase			

Deposit Taking and Interbank Deposit			
Receiving from Vicariously Traded Securities			
Receiving from Vicariously Sold Securities			
Payroll payable	1,582,368,359.30	1,582,368,359.30	
Tax Payable	813,357,471.37	813,357,471.37	
Other Payables	1,163,915,713.24	1,163,915,713.24	
Including: interest payable			
Dividends Payable	9,454,479.13	9,454,479.13	
Service Charge and Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	26,993,755.57	26,993,755.57	
Other Current Liabilities	71,233,107.93	112,709,157.49	41,476,049.56
Subtotal of Current Liabilities	12,531,260,389.01	12,557,213,776.46	25,953,387.45
Non-current Liabilities:			
Insurance Contract Reserves			
Long-term loan	153,500,000.00	153,500,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term payroll			

payable			
Expected Liabilities	303,670,887.50	316,524,104.51	12,853,217.01
Deferred Income	117,210,761.34	91,257,373.89	-25,953,387.45
Deferred Income Tax Liabilities	50,565,095.68	50,565,095.68	
Other Non-current Liabilities	432,275,367.74	432,275,367.74	
Subtotal of Non-current Liabilities	1,057,222,112.26	1,044,121,941.82	-13,100,170.44
Total Liabilities	13,588,482,501.27	13,601,335,718.28	12,853,217.01
Shareholders' Equity:			
Share Capital	3,003,713,230.00	3,003,713,230.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,882,855,119.53	1,882,855,119.53	
Less: Treasury Share	1,057,584,258.31	1,057,584,258.31	
Other Comprehensive Incomes	12,308,276.23	12,308,276.23	
Special Reserves			
Surplus Reserves	1,553,691,005.92	1,553,691,005.92	
General Risk Reserves			
Undistributed Profits	10,248,023,654.54	10,248,023,654.54	
Total Shareholders' Equity Attributable to the Parent Company	15,643,007,027.91	15,643,007,027.91	
Minority Shareholders' Equity	333,160,683.75	333,160,683.75	
Total Shareholders' Equity	15,976,167,711.66	15,976,167,711.66	
Total Liabilities and Shareholders' Equity	29,564,650,212.93	29,577,503,429.94	12,853,217.01

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjusted amount
Current Assets:			
Cash and Bank Balances	890,598,735.62	890,598,735.62	
Trading Financial Assets			
Derivative Financial Assets			
Notes receivable			
Accounts receivable	8,450,364,515.05	8,440,177,145.87	-10,187,369.18
Receivables Financing	841,427,888.19	841,427,888.19	
Prepayments	30,501,431.44	30,501,431.44	
Other Receivables	5,138,830,912.64	5,138,830,912.64	
Including: interest receivable			
Dividends Receivable			
Inventory	124,904,729.01	124,904,729.01	
Contract Assets		10,187,369.18	10,187,369.18
Holding for-sale assets			
Non-current Assets Due within 1 Year	53,952,526.19	53,952,526.19	
Other Current Assets	21,919,487.88	21,919,487.88	
Subtotal of Current Assets	15,552,500,226.02	15,552,500,226.02	
Non-current Assets:			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables	137,284,594.67	137,284,594.67	
Long-term Equity Investment	3,523,259,061.78	3,523,259,061.78	
Investment in Other Equity Instruments			

Other Non-current Financial Assets	62,979,387.68	62,979,387.68	
Investment Property	187,756,594.11	187,756,594.11	
Fixed Assets	536,909,246.66	536,909,246.66	
Projects under Construction	203,836,998.96	203,836,998.96	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets			
Intangible Assets	168,215,377.39	168,215,377.39	
Development Expenditure			
Goodwill			
Long-term unamortized expenses	26,687,122.32	26,687,122.32	
Deferred Income Tax Assets	131,503,372.44	131,503,372.44	
Other Non-current Assets	1,964,757.00	1,964,757.00	
Subtotal of Non-current Assets	4,980,396,513.01	4,980,396,513.01	
Total Assets	20,532,896,739.03	20,532,896,739.03	
Current Liabilities:			
Short-term loan	400,323,888.90	400,323,888.90	
Transactional financial liabilities			
Derivative Financial Liabilities			
Notes Payable	302,168,249.70	302,168,249.70	
Accounts Payable	948,348,622.52	948,348,622.52	
Received Prepayments	181,462,746.37		-181,462,746.37
Contract liabilities		160,586,501.21	160,586,501.21
Payroll payable	1,078,396,381.39	1,078,396,381.39	
Tax Payable	460,577,509.52	460,577,509.52	
Other Payables	1,363,740,346.75	1,363,740,346.75	

Including: interest payable			
Dividends Payable	9,454,479.13	9,454,479.13	
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year			
Other Current Liabilities	5,892,364.82	26,768,609.98	20,876,245.16
Subtotal of Current Liabilities	4,740,910,109.97	4,740,910,109.97	
Non-current Liabilities:			
Long-term loan			
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term payroll payable			
Expected Liabilities	9,735,157.34	9,735,157.34	
Deferred Income			
Deferred Income Tax Liabilities	1,297,719.64	1,297,719.64	
Other Non-current Liabilities	16,155,036.85	16,155,036.85	
Subtotal of Non-current Liabilities	27,187,913.83	27,187,913.83	
Total Liabilities	4,768,098,023.80	4,768,098,023.80	
Shareholders' Equity:			
Share Capital	3,003,713,230.00	3,003,713,230.00	
Other Equity Instruments			
Including: Preferred			

Stocks			
Perpetual Bonds			
Capital Reserves	1,867,489,901.04	1,867,489,901.04	
Less: Treasury Share	1,057,584,258.31	1,057,584,258.31	
Other Comprehensive Incomes			
Special Reserves			
Surplus Reserves	1,553,691,005.92	1,553,691,005.92	
Undistributed Profits	10,397,488,836.58	10,397,488,836.58	
Total Shareholders' Equity	15,764,798,715.23	15,764,798,715.23	
Total Liabilities and Shareholders' Equity	20,532,896,739.03	20,532,896,739.03	

(4). Explanation of compared data before and after the adjustment according to the first implementation of the new revenue recognition standard and the new lease accounting standard in 2020

Applicable Not applicable

37. Others

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
VAT	According to the provisions of the tax law, the sales tax shall be calculated on the basis of the income by selling goods and taxable services. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value added tax	17%, 16%, 13%, 11%, 10%, 9%, 6%, simple levy 5%, simple levy 3%, 0%, tax exemption
Urban Maintenance and Construction Tax	Calculated based on the deduction free amount, actual business tax, VAT, and consumption tax	7%, 5%
Enterprise Income Tax	Calculated based on the taxable income	12.5%、15%、16.5%、20%、25%
Education Surcharges	Calculated based on the deduction free amount, actual business tax, VAT, and consumption tax	3%
Local Education	Calculated based on the deduction free amount, actual	2%

Surcharges	business tax, VAT, and consumption tax	
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If there are multiple taxpayers with different enterprise income tax rates, specify the situation

Name of taxpayer	Income tax rate
Zhejiang Dahua Technology Co., Ltd.	15%
Zhejiang Dahua System Engineering Co., Ltd.	15%
Zhejiang Dahua Security Network Operation Service Co., Ltd.	15%
Zhejiang Huachuang Vision Technology Co., Ltd.	15%
Zhejiang HuaRay Technology Co., Ltd.	15%
Hangzhou Huacheng Network Technology Co., Ltd.	15%
Xinjiang Dahua Zhixin Information Technology Co., Ltd.	15%
Xinjiang Dahua Zhihe Information Technology Co., Ltd.	15%
Xinjiang Dahua Zhitian Information Technology Co., Ltd.	15%
Xinjiang Dahua Huayue Information Technology Co., Ltd.	15%
Xinjiang Dahua Xinzhi Information Technology Co., Ltd.	15%
Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.	15%
Guangxi Dahua Zhicheng Co., Ltd.	15%
Zhejiang Huafei Intelligent Technology CO., LTD.	15%
Zhejiang Dahua Ju'an Technology Co., Ltd.	20%
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	20%
Guizhou Huayi Shixin Technology Co., Ltd.	20%
Zhejiang Fengshi Technology Co., Ltd.	20%
Zhejiang Huaxiao Technology Co., Ltd.	20%
Zhejiang Dahua Robot Technology Co., Ltd.	20%
Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.	20%
Zhejiang Zhoushan Digital Development Operation Co., Ltd	20%
Guangxi Dahua Technology Co., Ltd.	20%
Hangzhou Huajuan Technology Co., Ltd.	20%
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	20%
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	20%
Hangzhou Huacheng Software Technology Co., Ltd.	20%

Zhejiang Dahua Storage Technology Co., Ltd.	20%
Zhejiang Huakong Software Co., Ltd.	20%
Yunnan Zhili Technology Co., Ltd	20%
Guizhou Dahua Information Technology Co., Ltd.	20%
Henan Dahua Zhilian Information Technology Co., Ltd.	20%
Dahua Technology (HK) Limited	16.50%
Other domestic companies	25%
Other overseas companies	Applicable to local tax rate

2. Preferential tax rate

(1) According to the "Reply on the Filing of the First Batch of High-tech Enterprises in Zhejiang Province in 2020" (Guo Ke Huo Zi [2020] No. 251) issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 29, 2020, the Company was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was reduced at a rate of 15%.

(2) According to the "Reply on the Filing of the First Batch of High-tech Enterprises in Zhejiang Province in 2019" (Guo Ke Huo Zi [2020] No.32) issued by the Office for the Administration of the Certification of National High-tech Enterprises on January 20, 2020, our subsidiary Zhejiang Dahua System Engineering Co., Ltd. was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was reduced at a rate of 15%.

(3) According to the "Reply on the Filing of the First Batch of High-tech Enterprises in Zhejiang Province in 2020" (Guo Ke Huo Zi [2020] No. 251) issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 29, 2020, our subsidiary Zhejiang Dahua Security Network Operations Services Co., Ltd. was certified as a high-tech enterprise with the validation for 3 years. The corporate income tax for this year was reduced at a rate of 15%.

(4) According to the "Notice on the List of Zhejiang High-tech Enterprises to be Recognized in 2018" issued by the Office of National High-tech Enterprise Recognition and Management Leading Group on November 30, 2018, the subsidiary Zhejiang Huachuang Video Technology Co., Ltd. was recognized as high-tech enterprise with a valid period of 3 years. The corporate income tax for this year was reduced at a tax rate of 15%.

(5) According to the "Notice on Publicizing Zhejiang Province's List of Proposed High-tech Enterprises in 2018" issued by the Office for the Administration of the Certification of National High-tech Enterprises on November 30, 2018, our subsidiary Zhejiang HuaRay Technology Co., Ltd. was preliminarily certified as a high-tech enterprise with the validation for 3 years. The corporate income tax for this year was reduced at a rate of 15%.

(6) According to the "Reply on the Filing of the First Batch of High-tech Enterprises in Zhejiang Province in 2019" (Guo Ke Huo Zi [2020] No.32) issued by the Office for the Administration of the Certification of National High-tech Enterprises on January 20, 2020, our subsidiary Hangzhou Huacheng Network Technology Co., Ltd. was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was reduced to a rate of 15%.

(7) According to the "Reply on Filing of Zhejiang's First Batch of High-tech Enterprises in 2020" issued by the Office of National High-tech Enterprise Recognition and Management Leading Group on December 29, 2020 (G&k fire (2020) No. 251) , the subsidiary Zhejiang Huafei Intelligent Technology Co., Ltd. was recognized as high-tech enterprise with a valid period of 3 years. The corporate income tax for this year was reduced at a tax rate of 15%.

(8) According to Caishui [2019] No. 13 Notice on the implementation of inclusive tax relief policies for small and micro businesses, the corporate income tax of subsidiaries Zhejiang Dahua Juan Technology Co., Ltd., Hangzhou Fuyang Huao Technology Co., Ltd., Guizhou Huayi Shixin Technology Co., Ltd., Zhejiang Fengshi Technology Co., Ltd., Zhejiang

Huaxiao Technology Co., Ltd., Zhejiang Dahua Robot Technology Co., Ltd., Sichuan Dahua Optoelectronics Technology Co., Ltd., Zhejiang Zhoushan Digital Development Operation Co., Ltd., Guangxi Dahua Technology Co., Ltd., Hangzhou Huacheng Software Technology Co., Ltd., Beijing Huayue Shangcheng Information Technology Service Co., Ltd., Shanghai Huashang Chengyue Information Technology Service Co., Ltd., Hangzhou Huacheng Software Technology Co., Ltd., Zhejiang Dahua Storage Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Yunnan Zhili Technology Co., Ltd., Guizhou Dahua Information Technology Co., Ltd. and Henan Dahua Zhilian Information Technology Co., Ltd. should be calculated and paid at the tax rate of 20% of the taxable income.

(9) According to Document 58 of Ministry of Finance, State Administration of Taxation, General Administration of Customs [2011], subsidiaries Xinjiang Dahua Zhixin Information Technology Co., Ltd., Xinjiang Dahua Zhihe Information Technology Co., Ltd., Xinjiang Dahua Zhi Tian Information Technology Co., Ltd., Xinjiang Dahua Huayue Information Technology Co., Ltd., Xinjiang Dahua Xinzhi Information Technology Co., Ltd., Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd. and Guangxi Dahua Zhicheng Co., Ltd. can enjoy the preferential tax policies for Development of the West Regions from 2011 to 2020, so the corporate income tax was reduced at a tax rate of 15% this year.

VII. Notes to the Items in the Consolidated Financial Statement

1. Cash and bank balances

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Cash on Hand	24,145.51	117,289.25
Bank Balance	7,336,459,974.17	2,590,777,015.41
Other Cash and Bank Balances	135,168,514.98	493,534,665.77
Total	7,471,652,634.66	3,084,428,970.43
Including: Total Amount Deposited in Overseas Banks	1,625,638,746.76	875,156,010.72
The total amount restricted for use due to mortgage, pledge or freeze	101,126,967.62	346,461,821.88

The amount restricted for use due to mortgage, pledge or freeze:

Item	Balance at the End of the Period	Balance at the Start of the Period
Documentary Credit Deposit		244,167,000.00
Bid/performance bond	101,126,967.62	102,294,821.88
Total	101,126,967.62	346,461,821.88

2. Trading Financial Assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
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Financial assets at fair value through profit or loss in this period	2,475,680.45	
Including:		
Derivative Financial Assets	1,005,680.45	
Financial products	1,470,000.00	
Total	2,475,680.45	

3. Notes receivable

(1) Disclosure of notes receivable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Bank Acceptance Notes	57,617,340.08	
Commercial Acceptance Notes	175,240,014.47	
Total	232,857,354.55	

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Including:										
Notes receivable with provision for bad debts by combination	248,409,731.28	100.00%	15,552,376.73	6.26%	232,857,354.55					
Including:										
Bank Acceptance Notes	58,793,204.17	23.67%	1,175,864.09	2.00%	57,617,340.08					
Commercial Acceptance Notes	189,616,527.11	76.33%	14,376,512.64	7.58%	175,240,014.47					
Total	248,409,731.28	100.00%	15,552,376.73		232,857,354.55					

Bad debt provision based on combinations

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Bank Acceptance Notes	58,793,204.17	1,175,864.09	2.00%
Commercial Acceptance Notes	189,616,527.11	14,376,512.64	7.58%
Total	248,409,731.28	15,552,376.73	--

If the provision for bad debts of notes receivable is accrued according to the general model of expected credit losses, please refer to the disclosure ways of other receivables to disclose relevant information of the provision for bad debts:

Applicable Not applicable

(2) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Bank Acceptance Notes		1,175,864.09				1,175,864.09
Commercial Acceptance Notes		14,376,512.64				14,376,512.64
Total		15,552,376.73				15,552,376.73

Significant amount of recovered or reversed bad debt provision in this period:

Applicable Not applicable

(3) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount by the end of period
Bank Acceptance Notes	805,000.00
Total	805,000.00

(4) Notes receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes	3,650,000.00	6,753,436.09

Commercial Acceptance Notes		2,761,649.42
Total	3,650,000.00	9,515,085.51

4. Accounts Receivable

(1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on single item	669,736,293.01	4.53%	313,697,573.83	46.84%	356,038,719.18	64,978,308.37	0.44%	64,978,308.37	100.00%	
Including:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	669,736,293.01	4.53%	313,697,573.83	46.84%	356,038,719.18	64,978,308.37	0.44%	64,978,308.37	100.00%	
Accounts receivables with the bad debt provision accrued based on combinations	14,106,509,538.15	95.47%	1,605,029,147.17	11.38%	12,501,480,390.98	14,578,782,249.83	99.56%	1,394,688,888.51	9.57%	13,184,093,361.32
Including:										
Portfolio 2: Aging Analysis Portfolio	14,106,509,538.15	95.47%	1,605,029,147.17	11.38%	12,501,480,390.98	14,578,782,249.83	99.56%	1,394,688,888.51	9.57%	13,184,093,361.32
Total	14,776,245,831.16	100.00%	1,918,726,721.00		12,857,519,110.16	14,643,760,558.20	100.00%	1,459,667,196.88		13,184,093,361.32

Bad debt provision based on single item

Unit: RMB

Name	Balance at the End of the Period			Reason for making bad debt provision
	Book balance	Bad debt provision	Accrued proportion	
Customer 1	329,137,150.36	112,570,322.68	34.20%	Expected to be difficult to recover in full
Customer 2	260,153,530.00	130,076,765.00	50.00%	Expected to be difficult to recover in full
Customer 3	18,790,253.00	9,395,126.50	50.00%	Expected to be difficult to recover in full
Customer 4	51,153,304.27	51,153,304.27	100.00%	Expected to be unable to recover
Customer 5	10,502,055.38	10,502,055.38	100.00%	Expected to be unable to recover
Total	669,736,293.01	313,697,573.83	--	--

Bad debt provision based on combinations

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	10,781,942,502.10	539,016,524.81	5.00%
1 to 2 years	1,595,731,725.87	159,573,172.59	10.00%
2 to 3 years	869,759,853.19	260,927,955.95	30.00%
3 to 4 years	339,213,990.20	169,606,995.10	50.00%
4 to 5 years	219,784,840.35	175,827,872.28	80.00%
5 years or above	300,076,626.44	300,076,626.44	100.00%
Total	14,106,509,538.15	1,605,029,147.17	--

Please refer to the disclosing methods of other receivables for the information disclosure of bad debts provisions, if the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	10,781,942,502.10
1 to 2 years	1,874,675,508.87

2 to 3 years	1,198,897,003.55
3 years or above	920,730,816.64
3 to 4 years	390,367,294.47
4 to 5 years	219,784,840.35
5 years or above	310,578,681.82
Total	14,776,245,831.16

(2) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Bad debt provision	1,459,667,196.88	516,835,732.24	2,384,082.35	53,213,942.88	-2,178,182.89	1,918,726,721.00
Total	1,459,667,196.88	516,835,732.24	2,384,082.35	53,213,942.88	-2,178,182.89	1,918,726,721.00

(3) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	53,213,942.88

(4) Accounts receivable of the top five closing balances collected by debtors

The accounts receivable of the top five closing balances collected by the arrears was summed up to RMB 1,315,091,032.99, accounting for 8.90% of the total closing balance of accounts receivable. and the ending balance of the provision for bad debts accrued was RMB 434,173,698.62.

(5) Accounts receivable derecognized due to the transfer of financial assets

- 1) According to the non-recourse receivable purchase agreement signed by the subsidiary Dahua Hong Kong and J.P. Morgan Chase in the current period, the company transfers accounts receivable to J.P. Morgan Chase in USD 6,459,112.67, equivalent to RMB 42,145,064.26, and makes derecognition of accounts receivable after the transfer.
- 2) According to the non-recourse receivable purchase agreement signed by the subsidiary Dahua Hong Kong and Standard Chartered Bank of Hong Kong in the current period, the company transfers accounts receivable to Standard Chartered Bank of Hong Kong in USD 46,411,980.55, equivalent to RMB 302,833,531.89, and makes derecognition of accounts receivable after the transfer.

5. Receivables Financing

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Bank Acceptance Notes	1,191,810,834.58	1,086,017,357.90
Supply chain finance	16,068,820.00	
Total	1,207,879,654.58	1,086,017,357.90

The increase and decrease of accounts receivable financing in the current period and the changes in the fair value.

Applicable Not applicable

Please refer to the disclosing methods of other receivables for the information disclosure of depreciation provisions, if the depreciation provisions of accounts receivable financing are made according to the general model of expected credit losses:

Applicable Not applicable

(1) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount by the end of period
Bank Acceptance Notes	955,154,908.06
Total	955,154,908.06

(2) Notes receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes	103,498,485.35	49,638,153.26
Total	103,498,485.35	49,638,153.26

6. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Balance at the End of the Period		Balance at the Start of the Period	
	Amount	Percentage	Amount	Percentage
Within 1 year	148,645,071.53	91.62%	124,497,411.77	97.13%
1 to 2 years	11,346,933.87	6.99%	1,674,410.31	1.31%

2 to 3 years	575,066.34	0.35%	762,597.42	0.59%
3 years or above	1,683,576.31	1.04%	1,247,679.97	0.97%
Total	162,250,648.05	--	128,182,099.47	--

(2) Advance payment of the top five closing balances by prepayment parties

The total amount of the top five prepayments at the end of the period aggregated according to the concentration ratio of prepayment objects is RMB 65,129,278.49, accounting for 40.14% of the total balance of the prepayments at the end of the period.

7. Other Receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Other Receivables	970,427,893.48	408,776,610.17
Total	970,427,893.48	408,776,610.17

(1) Other Receivables

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	149,004,407.45	186,488,490.93
Prepaid or advance expense	107,861,633.49	105,487,796.31
Equity transfer fund	588,000,000.00	
Export refunds	100,115,398.53	40,988,648.13
Employee home loan	114,008,578.27	130,509,023.60
Others	6,018,587.80	6,367,769.53
Total	1,065,008,605.54	469,841,728.50

2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on January 1,	44,187,736.10	15,678,284.02	1,199,098.21	61,065,118.33

2020				
Balance of the current period on January 1, 2020	—	—	—	—
--Transfer to phase two	-6,727,679.75	6,727,679.75		
--Transfer to phase three	-55,192.02	-31,112.50	86,304.52	
Provisions of this period	39,040,835.09	198,609.99		39,239,445.08
Write off in this period		705,034.37	528,754.23	1,233,788.60
Other variations	-3,805,315.62	-684,747.13		-4,490,062.75
Balance on December 31, 2020	72,640,383.80	21,183,679.76	756,648.50	94,580,712.06

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	879,428,505.09
1 to 2 years	92,342,115.75
2 to 3 years	43,790,318.05
3 years or above	49,447,666.65
3 to 4 years	40,655,003.58
4 to 5 years	4,410,925.26
5 years or above	4,381,737.81
Total	1,065,008,605.54

3) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Portfolio 2: Aging Analysis Portfolio	61,065,118.33	39,239,445.08		1,233,788.60	-4,490,062.75	94,580,712.06
Total	61,065,118.33	39,239,445.08		1,233,788.60	-4,490,062.75	94,580,712.06

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4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	1,233,788.60

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Company 1	Equity transfer fund	196,000,000.00	Within 1 year	18.41%	9,800,000.00
Company 2	Equity transfer fund	107,800,000.00	Within 1 year	10.12%	5,390,000.00
Company 3	Export refunds	100,115,398.53	Within 1 year	9.40%	5,005,769.93
Company 4	Equity transfer fund	66,150,000.00	Within 1 year	6.21%	3,307,500.00
Company 5	Equity transfer fund	64,680,000.00	Within 1 year	6.07%	3,234,000.00
Total	--	534,745,398.53	--	50.21%	26,737,269.93

6) Accounts receivable not related to government subsidies

There are no other accounts receivable related to government subsidies.

7) Other accounts receivable derecognised due to transfer of financial assets

There are no other accounts receivable derecognized due to the transfer of financial assets.

8) Assets and liabilities generated due to other transferred receivables that the Company still keeps recourse or retains part of corresponding rights or interests

There are no assets and liabilities generated due to other transferred receivables that the Company still keeps recourse or retains part of corresponding rights or interests.

8. Inventory

Does the company need to comply with the disclosure requirements of the real estate industry

No

(1) Categories of inventories

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value	Book balance	Inventory depreciation provision or contract performance cost impairment provision	Book value
Raw materials	1,775,145,593.83	26,591,186.48	1,748,554,407.35	1,322,280,135.63	9,174,244.38	1,313,105,891.25
Work-in-progresses	1,230,145,494.18	33,254,762.89	1,196,890,731.29	907,039,528.28	11,835,784.37	895,203,743.91
Finished goods	1,904,284,563.26	87,368,092.93	1,816,916,470.33	1,549,317,679.30	59,728,540.61	1,489,589,138.69
Outsourced work-in-progresses	165,658,229.03		165,658,229.03	141,911,930.48		141,911,930.48
Total	5,075,233,880.30	147,214,042.30	4,928,019,838.00	3,920,549,273.69	80,738,569.36	3,839,810,704.33

(2) Inventory depreciation provision and contract performance cost impairment provision

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period		Decreased in the current period		Balance at the End of the Period
		Accrued	Others	Reversals or write-offs	Others	
Raw materials	9,174,244.38	31,418,782.83		14,005,233.77	-3,393.04	26,591,186.48
Work-in-progresses	11,835,784.37	36,740,883.79		14,342,936.90	978,968.37	33,254,762.89
Finished goods	59,728,540.61	63,231,108.49		34,641,863.99	949,692.18	87,368,092.93
Total	80,738,569.36	131,390,775.11		62,990,034.66	1,925,267.51	147,214,042.30

9. Contract Assets

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Completed and unsettled assets formed by construction contracts	1,017,240.04	28,227.92	989,012.12	1,017,240.04	90,277.61	926,962.43
Operation & maintenance service	33,574,009.14	599,464.04	32,974,545.10			
Quality guarantee deposit	58,308,795.21	7,446,517.61	50,862,277.60	65,491,620.36	9,315,563.46	56,176,056.90
Total	92,900,044.39	8,074,209.57	84,825,834.82	66,508,860.40	9,405,841.07	57,103,019.33

If the provision for bad debts of contract assets is accrued according to the general model of expected credit losses, please refer to the disclosure ways of other receivables to disclose relevant information of the provision for bad debts:

Applicable Not applicable

Provision of contract assets impairment in the current period

Unit: RMB

Item	Provisions of this period	Reversal in current period	Write-off/charge-off in current period	Causes
Completed and unsettled assets formed by construction contracts		62,049.69		
Operation & maintenance service	599,464.04			
Quality guarantee deposit		1,869,045.85		
Total	599,464.04	1,931,095.54		--

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Long-term accounts receivables due within 1 year	635,956,549.07	630,717,329.58

Total	635,956,549.07	630,717,329.58
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Other notes:

The amount of long-term receivables due within one year pledged by the company at the end of the period is RMB 30,575,733.51. For details, please refer to "VII. Consolidated Financial Statement Project Notes/60. Assets with restricted ownership or use rights".

11. Other non-current financial assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Not deducted input tax	446,980,347.42	538,283,444.00
Prepaid enterprise income tax	91,891,780.90	18,028,326.08
Receivable return cost	19,562,091.61	12,853,217.01
Total	558,434,219.93	569,164,987.09

12. Long-term Receivables

(1) Long-term receivables

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Installment Payment for Selling Products	2,250,315,769.50		2,250,315,769.50	2,568,442,030.19		2,568,442,030.19	
Including: Unrealized Financing Income	375,421,302.27		375,421,302.27	413,390,725.32		413,390,725.32	3.69%-10.93%
Total	2,250,315,769.50		2,250,315,769.50	2,568,442,030.19		2,568,442,030.19	--

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

(2) Long-term receivables derecognised due to transfer of financial assets

There are no long-term receivables derecognised due to transfer of financial assets.

(3) Assets/liabilities generated due to transferred long-term receivables that the Company still keeps recourse or retains part of corresponding rights or interests

There are no assets/liabilities generated due to transferred long-term receivables that the Company still keeps recourse or retains part of corresponding rights or interests.

Other notes

The amount of long-term receivables pledged by the company at the end of the period is RMB 175,530,696.65. For details, please refer to "VII. Consolidated Financial Statement Project, Note/60, Assets with Restricted Ownership or Right of Use".

13. Long-term equity investments

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value	
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others			
I . Joint ventures												
II . Affiliates												
Intelbras S.A.	337,365,815.19	999,538.20		41,039,145.78			2,532,871.68			-42,231.91	376,829,395.58	
Zhongruixin Digital Technology Co., Ltd.		64,000,000.00		-6,055,888.52							57,944,111.48	
China Standard Intelligent Security Technology Co., Ltd.	10,567,309.66			-901,910.59							9,665,399.07	
Zhejiang Dahua Zhian Internet of	3,954,685.12			448,537.57							4,403,222.69	

Things Technology Co., Ltd.											
Zhejiang Leapmotor Technology Co., Ltd.	123,065,033.65			-215,531,552.93		92,466,519.28					
Digital Dongyang Technology Operation Co. Ltd		2,400,000.00								2,400,000.00	
Hangzhou Juhuanyan Information Technology Co., Ltd.	811,197.09	500,000.00		-162,234.89						1,148,962.20	
Ningbo Dahua Anbang Security Services Co., Ltd.	1,102,372.36			34,370.88						1,136,743.24	
Wenzhou Dahua Security Services Co., Ltd.	806,173.85			39,213.30						845,387.15	
Zhoushan Dahua Technology Co., Ltd.	692,565.83			43,785.57						736,351.40	
Shaoxing Dahua Security Services Co., Ltd.	570,258.76			-46,252.31						524,006.45	
Taizhou Dahua Security Services Co., Ltd.	364,239.13			83,281.65			120,000.00			327,520.78	
Lishui Dahua Intelligent Technology	5,549.81			10,966.31						16,516.12	

Co., Ltd.											
Guangdong Dahua Zhishi Technology Co., Ltd.				-167,839.13					167,839.13		
Shenzhen Conwin Security Electronics CO., Ltd.	11,426,036.4 0		11,313,591.6 7	-112,444.73							
Subtotal	490,731,236. 85	67,899,538.2 0	11,313,591.6 7	-181,278,822.04		92,466,519.2 8	2,652,871.68		125,607.22	455,977,616. 16	
Total	490,731,236. 85	67,899,538.2 0	11,313,591.6 7	-181,278,822.04		92,466,519.2 8	2,652,871.68		125,607.22	455,977,616. 16	

14. Other non-current financial assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Financial assets at fair value through profit or loss in this period	360,087,786.34	67,213,489.43
Among which: Investment in equity instrument	360,087,786.34	67,213,489.43
Total	360,087,786.34	67,213,489.43

15. Investment real estate**(1) Investment properties measured by cost method**

√ Applicable □ Not applicable

Unit: RMB

Item	Buildings and constructions	Land use rights	Projects under Construction	Total
I . Original book value				
1. Opening Balance	366,256,418.69	9,422,118.33		375,678,537.02
2. Increased in the Current Period	21,280,345.01	470,898.94		21,751,243.95
(1) Purchase				
(2) Inventory\Fixed assets\Construction in progress roll in	21,280,345.01	470,898.94		21,751,243.95
(3) Acquisition				
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance	387,536,763.70	9,893,017.27		397,429,780.97
II . Accumulated Depreciation and Amortization				
1. Opening Balance	38,163,932.99	1,333,014.04		39,496,947.03
2. Increased in the Current Period	21,697,624.65	226,340.16		21,923,964.81

(1) Accrual or Amortization	17,344,277.53	152,715.36		17,496,992.89
(2) Transfer of fixed assets\intangible assets	4,353,347.12	73,624.80		4,426,971.92
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance	59,861,557.64	1,559,354.20		61,420,911.84
III. Provision for Impairment				
1. Opening Balance				
2. Increased in the Current Period				
(1) Accrual				
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance				
IV. Book value				
1. Closing Balance on Book Value	327,675,206.06	8,333,663.07		336,008,869.13
2. Opening Balance on Book Value	328,092,485.70	8,089,104.29		336,181,589.99

(2) Investment properties measured at fair value

Applicable Not applicable

16. Fixed assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fixed Assets	1,515,594,629.97	1,522,463,368.83
Total	1,515,594,629.97	1,522,463,368.83

(1) Fixed assets

Unit: RMB

Item	Housing and building	Machinery and equipment	Means of transport	Electronic and other equipment	Total
I . Original book value:					
1. Opening Balance	1,229,211,545.48	293,050,750.13	35,697,923.61	789,678,550.06	2,347,638,769.28
2. Increased in the Current Period	2,274,744.18	3,517,074.73	16,030,167.21	276,453,128.72	298,275,114.84
(1) Purchase		3,517,074.73	16,030,167.21	276,453,128.72	296,000,370.66
(2) Transferred From Construction in Progress	2,274,744.18				2,274,744.18
(3) Acquisition					
3. Decreased in the Current Period	21,280,345.01	712,185.79	1,913,198.74	71,175,024.27	95,080,753.81
(1) Disposal or Scrapping		511,828.91	1,913,198.74	47,179,633.78	49,604,661.43
(2) Transfer to investment real estate	21,280,345.01				21,280,345.01
(3) Disposal of subsidiaries		200,356.88		23,995,390.49	24,195,747.37
4. Currency Translation Difference	83,171.50	51,111.83	-187,049.58	-368,672.01	-421,438.26
5. Closing Balance	1,210,289,116.15	295,906,750.90	49,627,842.50	994,587,982.50	2,550,411,692.05
II. Accumulated depreciation					
1. Opening Balance	223,283,902.05	71,753,769.77	28,598,213.53	501,539,515.10	825,175,400.45
2. Increased in the Current Period	55,657,963.72	26,192,792.17	2,337,600.42	161,251,192.25	245,439,548.56
(1) Accrual	55,657,963.72	26,192,792.17	2,337,600.42	161,251,192.25	245,439,548.56
3. Decreased in the Current Period	4,353,347.12	329,741.69	1,714,006.83	29,066,891.23	35,463,986.87
(1) Disposal or Scrapping		323,276.63	1,714,006.83	26,107,690.61	28,144,974.07
(2) Transfer to investment real estate	4,353,347.12				4,353,347.12
(3) Disposal of subsidiaries		6,465.06		2,959,200.62	2,965,665.68
4. Currency Translation	11,228.15	42,970.14	-115,264.37	-272,833.98	-333,900.06

Difference					
5. Closing Balance	274,599,746.80	97,659,790.39	29,106,542.75	633,450,982.14	1,034,817,062.08
III. Provision for Impairment					
1. Opening Balance					
2. Increased in the Current Period					
(1) Accrual					
3. Decreased in the Current Period					
(1) Disposal or Scrapping					
4. Closing Balance					
IV. Book value					
1. Closing Balance on Book Value	935,689,369.35	198,246,960.51	20,521,299.75	361,137,000.36	1,515,594,629.97
2. Opening Balance on Book Value	1,005,927,643.43	221,296,980.36	7,099,710.08	288,139,034.96	1,522,463,368.83

17. Projects in construction

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Projects under Construction	1,164,130,453.03	435,757,406.90
Total	1,164,130,453.03	435,757,406.90

(1) Details of construction in progress

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Phase I, Urban Intelligent Information Industry Construction Project	33,127,985.19		33,127,985.19	25,497,962.29		25,497,962.29
The phase II construction project of the smart manufacturing base in Hangzhou	449,783,408.47		449,783,408.47	122,432,129.02		122,432,129.02
Construction Project of Xi'an R & D Center	173,768,994.86		173,768,994.86	55,188,924.03		55,188,924.03
The construction project of the marketing center in Xi'an	66,257,152.93		66,257,152.93	25,256,304.13		25,256,304.13
Project of Smart IoT Solution R & D and Industrialization	428,273,059.98		428,273,059.98	195,019,175.01		195,019,175.01
Others	12,919,851.60		12,919,851.60	12,362,912.42		12,362,912.42
Total	1,164,130,453.03		1,164,130,453.03	435,757,406.90		435,757,406.90

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Balance at the Start of the Period	Increased in the current period	Transfer amounts in this period	Other amounts decreased in current period	Balance at the End of the Period	Project accumulative investment as a percentage of the budget	Project Progress	Accumulated capitalized interest amount	Including: capitalized interest amount in the current period	Capitalization rate of the interest in the current period	Capital Source
Project of Smart IoT	RMB 912	195,019,175.0	233,253,884.9			428,273,059.98	46.96%	46.96%				Equity

Solution R & D and Industrialization	million	1	7									Fund
The phase II construction project of the smart manufacturing base in Hangzhou	RMB 827 million	122,432,129.02	327,351,279.45			449,783,408.47	54.38%	54.38%				Equity Fund
Construction Project of Xi'an R & D Center	RMB 734 million	55,188,924.03	118,580,070.83			173,768,994.86	23.69%	23.69%				Equity Fund
The construction project of the marketing center in Xi'an	RMB 300 million	25,256,304.13	41,000,848.80			66,257,152.93	22.09%	22.09%				Equity Fund
Phase I, Urban Intelligent Information Industry Construction Project	RMB 39.33 million	25,497,962.29	7,630,022.90			33,127,985.19	84.22%	84.22%				Equity Fund
Total		423,394,494.48	727,816,106.95			1,151,210,601.43	--	--				--

18. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Softwares	Trademark rights	Software copyright	Total
I . Original book value							
1. Opening Balance	359,239,987.62		62,876,510.59	131,131,771.38	2,699,144.00	6,381,122.62	562,328,536.21
2. Increased in the Current Period	15,131,620.75		9,635,998.19	19,456,049.27			44,223,668.21
(1) Purchase	15,131,620.75		9,635,998.19	5,053,408.33			29,821,027.27
(2) Internal research and development							
(3) Acquisition							
(4) Transfer of construction in progress				14,402,640.94			14,402,640.94
3. Decreased in the Current Period	470,898.94			6,220,265.25	624,000.00	2,381,122.62	9,696,286.81
(1) Disposal				1,149,111.40			1,149,111.40
(2) Transfer to investment real estate	470,898.94						470,898.94
(3) Disposal of subsidiaries				5,071,153.85	624,000.00	2,381,122.62	8,076,276.47
4. Currency Translation Difference	10,475.00			-1,994,519.83	10,056.00		-1,973,988.83
5. Closing Balance	373,911,184.43		72,512,508.78	142,373,035.57	2,085,200.00	4,000,000.00	594,881,928.78
II . Accumulated amortization							
1. Opening Balance	21,260,557.80		41,287,081.04	79,542,869.86	2,574,344.03	5,904,898.17	150,569,750.90
2. Increased in the Current Period	8,575,412.53		6,514,542.81	30,471,652.35	103,999.97	396,853.80	46,062,461.46

(1) Accrual	8,575,412.53		6,514,542.81	30,471,652.35	103,999.97	396,853.80	46,062,461.46
3. Decreased in the Current Period	73,624.80		201,349.19	4,681,077.34	603,200.00	2,301,751.97	7,861,003.30
(1) Disposal			201,349.19	1,023,256.87			1,224,606.06
(2) Transfer to investment real estate	73,624.80						73,624.80
(3) Disposal of subsidiaries				3,657,820.47	603,200.00	2,301,751.97	6,562,772.44
4. Currency Translation Difference				-676,659.67	10,056.00		-666,603.67
5. Closing Balance	29,762,345.53		47,600,274.66	104,656,785.20	2,085,200.00	4,000,000.00	188,104,605.39
III. Provision for Impairment							
1. Opening Balance							
2. Increased in the Current Period							
(1) Accrual							
3. Decreased in the Current Period							
(1) Disposal							
4. Closing Balance							
IV. Book value							
1. Closing Balance on Book Value	344,148,838.90		24,912,234.12	37,716,250.37			406,777,323.39
2. Opening Balance on Book Value	337,979,429.82		21,589,429.55	51,588,901.52	124,799.97	476,224.45	411,758,785.31

19. Goodwill

(1) Original book value of goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Balance at the Start of the Period	Increased in the current period		Decreased in the current period		Balance at the End of the Period
		Generated from business combination		Disposal		
South-North United Information Technology Co., Ltd.	71,083,281.09			71,083,281.09		
Dahua Technology Italy S.R.L.	6,615,294.18					6,615,294.18
Lorex Technology Inc.	36,070,196.12					36,070,196.12
Total	113,768,771.39			71,083,281.09		42,685,490.30

(2) Provision of impairment in goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Balance at the Start of the Period	Increased in the current period		Decreased in the current period		Balance at the End of the Period
		Accrued		Disposal		
South-North United Information Technology Co., Ltd.	71,083,281.09			71,083,281.09		
Total	71,083,281.09			71,083,281.09		

Information about the asset group or asset group combination where the goodwill is located

The invested entity name or matters which formed goodwill	Amount of goodwill	Information about the asset group or asset group combination where it is located
Dahua Technology Italy S.R.L.	6,615,294.18	The asset group related to the goodwill formed for the acquisition of Dahua Technology Italy SRL is the long-term asset group that formed the asset group of Dahua Technology Italy SRL on December 31, 2020, including fixed assets, intangible assets, etc.
Lorex Technology Inc.	36,070,196.12	The asset group related to the goodwill formed for the acquisition of Lorex Technology Inc. is the long-term asset group that formed the asset group of Lorex Technology Inc. on December 31, 2020, including fixed assets, intangible assets, etc.

Explain the goodwill impairment test process, key parameters (e.g. growth rate at forecast period, growth rate at steady

period, profit rate, discount rate, forecast period, etc. when the present value of future cash flow is estimated) and the confirmation method of goodwill impairment loss:

The recoverable amount is mainly determined in accordance with the present value of the expected future cash flow of relevant asset group. Its future cash flows are all determined based on the five-year financial budget from 2021 to 2025 approved by the management, and a discount rate of 15% to 18% is used. Cash flows over 5 years are calculated on the basis of zero growth rate. The growth rate is determined based on the growth forecast of the relevant industry and does not exceed the long-term average growth rate of the industry. Future cash flow estimates are based on management's estimated sales amount, cost of sales, and operating expenses during the forecast period based on past performance and expectations of market development.

Result of goodwill impairment test

The company assessed the recoverable amount of goodwill. The recoverable amount of Dahua Technology Italy S.R.L. and Lorex Technology Inc. asset group was higher than the book value, and the asset group's goodwill showed no signs of impairment.

20. Long-term prepaid expenses

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Prepaid Expenses in This Period	Other Amounts Decreased	Balance at the End of the Period
Housing rent	654,902.81		163,603.64		491,299.17
Improvement expenditure of fixed assets leased by operating lease	36,656,295.38	17,279,032.15	21,776,694.17	369,501.86	31,789,131.50
Total	37,311,198.19	17,279,032.15	21,940,297.81	369,501.86	32,280,430.67

21. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	1,909,935,626.30	398,764,404.73	1,372,773,968.68	280,528,766.00
Unrealized Profit from Internal Transactions	614,859,671.43	133,692,510.71	547,077,611.01	104,177,416.44
Deductible Losses	520,264,565.80	81,682,494.52	112,428,262.35	22,790,464.62
Equity incentive expense	587,174,173.32	91,434,898.97	645,397,447.32	100,199,757.74
Expected Liabilities	249,218,594.89	37,770,815.89	294,259,856.02	48,245,412.84

Payroll payable	248,689,069.67	41,294,136.66	186,486,020.88	30,804,008.79
Costs from Tax Increase Due to Absence of Invoice	215,743,240.70	46,777,204.87	332,596,395.85	79,563,686.57
Changes in fair value gains and losses			4,652,255.96	697,838.39
Others	4,545,104.94	1,037,210.34	4,204,829.75	1,051,207.44
Total	4,350,430,047.05	832,453,676.69	3,499,876,647.82	668,058,558.83

(2) Deferred income tax liabilities not written off

Unit: RMB

Item	Balance at the End of the Period		Balance at the Start of the Period	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
The gross profit of sales by installments	235,151,871.90	27,236,997.72	274,935,901.68	50,565,095.68
Changes in fair value of financial instruments	180,909,531.20	40,035,770.74		
Total	416,061,403.10	67,272,768.46	274,935,901.68	50,565,095.68

(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Offset

Unit: RMB

Item	Amount of Deferred Income Tax Assets Offset against Liabilities at the End of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the End of the Period	Amount of Deferred Income Tax Assets Offset against Liabilities at the Start of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the Start of the Period
Deferred Income Tax Assets		832,453,676.69		668,058,558.83
Deferred Income Tax Liabilities		67,272,768.46		50,565,095.68

(4) Deferred income tax assets or liabilities listed by net amount after offset

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Deductible temporary difference	335,677,986.45	288,540,182.92
Deductible Losses	666,511,990.20	426,612,969.56

Total	1,002,189,976.65	715,153,152.48
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(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Amount at the end of the period	Opening balance	Notes
2020		11,057,227.29	2015 loss
2021	20,311,684.07	39,382,442.56	2016 loss
2022	21,549,664.58	48,794,703.23	2017 loss
2023	59,777,478.08	87,817,547.48	2018 loss
2024	212,857,740.29	239,561,049.00	2019 loss
2025	352,015,423.18		2020 loss
Total	666,511,990.20	426,612,969.56	--

22. Other non-current assets

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Prepayments for purchase of engineering equipments	10,822,617.82		10,822,617.82	8,605,835.50		8,605,835.50
Advance land payment	75,600,000.00		75,600,000.00			
Total	86,422,617.82		86,422,617.82	8,605,835.50		8,605,835.50

23. Short-term loans**(1) Categories of short-term loan**

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Fiduciary loans	250,000,000.00	400,000,000.00
Interest payable for short-term loan	177,083.34	323,888.90
Total	250,177,083.34	400,323,888.90

24. Notes payable

Unit: RMB

Types	Balance at the End of the Period	Balance at the Start of the Period
Commercial acceptance bill	2,322,699,486.30	1,875,977,697.88
Bank acceptance bill	935,853,271.87	1,931,315,097.19
Total	3,258,552,758.17	3,807,292,795.07

25. Accounts Payable

(1) Details of accounts payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Payment for purchase of materials	6,186,065,780.61	4,140,093,134.61
Payment for engineering equipments	258,721,924.67	150,160,367.20
Total	6,444,787,705.28	4,290,253,501.81

(2) Important accounts payable aged over 1 year

There are no important payables aged more than one year.

26. Contract liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Payments for sales of goods	186,958,669.05	185,485,784.16
Points sales	25,825,807.98	25,953,387.45
Pre-payments from construction projects	458,335,908.05	148,559,962.10
Total	671,120,385.08	359,999,133.71

27. Employee compensation payable

(1) Details of payroll payable

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
I . Short-term remuneration	1,575,736,595.62	5,795,630,211.40	5,572,466,858.55	1,798,899,948.47
II . Dimission benefits - defined contribution scheme	6,631,763.68	123,573,847.58	123,641,024.42	6,564,586.84
III. Dismissal welfare		24,205,344.06	24,205,344.06	

Total	1,582,368,359.30	5,943,409,403.04	5,720,313,227.03	1,805,464,535.31
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(2) List of short-term remuneration

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
1. Wages or salaries, bonuses, allowances and subsidies	1,361,769,616.52	5,196,717,845.51	5,033,178,675.78	1,525,308,786.25
2. Staff welfare		92,725,937.11	92,725,937.11	
3. Social insurance contributions	5,896,704.91	122,154,729.03	122,330,225.24	5,721,208.70
Including: medical insurance	5,098,015.12	116,222,112.26	117,374,778.05	3,945,349.33
Work injury insurance premium	352,016.99	3,327,545.96	3,332,448.18	347,114.77
Birth insurance premium	446,672.80	2,605,070.81	1,622,999.01	1,428,744.60
4. Housing funds	289,644.14	245,430,204.45	245,664,957.73	54,890.86
5. Labor union and education funds	207,780,630.05	138,601,495.30	78,567,062.69	267,815,062.66
Total	1,575,736,595.62	5,795,630,211.40	5,572,466,858.55	1,798,899,948.47

(3) Defined contribution scheme (Note)

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
1. Basic pension insurance	6,028,969.84	118,923,887.21	118,947,030.07	6,005,826.98
2. Unemployment insurance	602,793.84	4,649,960.37	4,693,994.35	558,759.86
Total	6,631,763.68	123,573,847.58	123,641,024.42	6,564,586.84

28. Taxes payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
VAT	324,985,170.91	321,925,577.86

Enterprise Income Tax	528,220,256.03	419,841,639.86
Individual income tax	12,804,973.65	18,196,436.48
Urban Maintenance and Construction Tax	13,569,797.71	20,932,919.75
Education surcharges (including local education surcharges)	13,930,579.23	14,952,034.15
Sales tax	3,587,770.62	3,356,926.93
Stamp duty	2,140,328.12	2,048,405.64
House property tax	423,984.78	10,840,683.16
Disabled security fund	311,881.42	1,020,725.47
Others	170,121.20	242,122.07
Total	900,144,863.67	813,357,471.37

29. Other payables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Dividends Payable	12,982,399.27	9,454,479.13
Other Payables	957,570,477.95	1,154,461,234.11
Total	970,552,877.22	1,163,915,713.24

(1) Dividends Payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Equity Incentive Restricted Stock Dividend	12,982,399.27	9,454,479.13
Total	12,982,399.27	9,454,479.13

(2) Other payables

1) Other payables listed by nature of funds

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Deposits	74,208,249.14	51,615,269.84
Temporarily borrowed and advance payments	275,423,794.55	202,871,784.05
Special fund for talent incentive		58,413.00

Restricted share repurchase obligations	581,968,930.89	854,084,857.87
Others	25,969,503.37	45,830,909.35
Total	957,570,477.95	1,154,461,234.11

2) Significant other payables aged over 1 year

There are no important other payables aged more than one year.

30. Non-current liabilities due within one year

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Long-term debt due within one year	150,000,000.00	25,500,000.00
Interest payable due within 1 year	1,891,709.34	1,493,755.57
Total	151,891,709.34	26,993,755.57

31. Other Current liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
To-be-transferred sales taxes in installments	70,570,174.49	71,233,107.93
Contract liabilities pending write-off tax	79,678,501.51	41,476,049.56
Non-derecognition notes	59,153,238.77	
Total	209,401,914.77	112,709,157.49

32. Long-term loans

(1) Categories of long-term loans

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Pledged loans	128,000,000.00	153,500,000.00
Fiduciary loans	750,000,000.00	
Total	878,000,000.00	153,500,000.00

33. Estimated liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period	Causes
Others	423,933.76	256,094.63	Loss-making contract
Expected after-sales maintenance cost	258,303,127.48	300,715,511.10	After-sales maintenance
Expected return amount after the period	23,700,456.58	15,552,498.78	Expected sales return
Total	282,427,517.82	316,524,104.51	--

34. Deferred income

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period	Causes
Government subsidies	91,257,373.89	26,050,000.00	6,837,567.60	110,469,806.29	Received government subsidies related to assets
Total	91,257,373.89	26,050,000.00	6,837,567.60	110,469,806.29	--

Projects related to government subsidies:

Unit: RMB

Liabilities	Balance at the Start of the Period	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	The Amount Recorded as Other Income in This Period	The Amount Written off Costs in This Period	Other variations	Balance at the End of the Period	Related to assets/related to income
Special award for industrial park projects	55,520,909.92			3,172,623.48			52,348,286.44	Related to assets
Phase I investment financial incentive fund for security video surveillance product production base project	27,455,000.00	26,050,000.00					53,505,000.00	Related to assets
Funding for manufacturing enterprise technological transformation projects	8,281,463.97			3,664,944.12			4,616,519.85	Related to assets

Total	91,257,373.89	26,050,000.00		6,837,567.60			110,469,806.29
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Other notes:

1. According to the Economic Development Zone Management Committee, Hangzhou Fuyang District Finance Bureau Fuying [2017] No. 35 and Fucai Enterprise [2017] No. 506 document, the company received special subsidy fund of RMB 31.66 million from Fuyang Dahua Wisdom (Internet of Things) Industrial Park in 2015 and 2017 respectively, totaling RMB 63.32 million. As a government subsidy related to the asset, it is recognized as deferred income, and will be recognized as other income in installments based on the estimated useful life (20 years) of the asset.
2. According to Document [2019] No. 18, [2020] No. 39 of Fuyang Economic Development Zone Management Committee and Hangzhou Fuyang District Finance Bureau as well as [2019] No. 286 of Fucai Enterprise, the company received investment financial reward fund for of RMB 27.455 million and RMB 26.05 million in 2019 and 2020 respectively for security video surveillance product production base project phase one. As a government subsidy related to the asset, it is recognized as deferred income. As of December 31, 2020, this part of the asset has not been completed and has not yet begun amortization.
3. According to Hangzhou Fuyang District Bureau of Economy and Information Technology, Hangzhou Fuyang District Bureau of Finance Fuying Xincan [2019] No. 49 and Fucai Enterprise [2019] No. 804 document, in 2019, the company received assisting funds of RMB 9.1977 million for the first batch of technical renovation project of municipal manufacturing enterprises. As a government subsidy related to the asset, it is recognized as deferred income, and will be recognized as other income in installments based on the estimated useful life (15 to 111 months) of the asset.

35. Other non-current liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
To-be-transferred sales taxes in installments	281,128,045.90	322,275,367.74
Other loans	110,000,000.00	110,000,000.00
Total	391,128,045.90	432,275,367.74

Other notes:

Other loans descriptions: The company and CDB Development Fund reached a cooperation intention to increase the capital of the company's subsidiary Dahua Zhilian Co., Ltd., and the capital increase agreement stipulated that CDB Development Fund would not send directors, supervisors and other senior management personnel to Dahua Zhilian; Every year, the company need to pay CDB Development Fund investment income with annualized returns of 1.2% through dividends, premiums buy-back, etc., and the company needs to redeem the equity of CDB Development Fund to Dahua Zhilian during the period from 2022 to 2024, and treat it as other non-current liabilities.

36. Equity

Unit: RMB

	Balance at the Start of the Period	Increased or decreased amount in this period (+/-)					Balance at the End of the Period
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total shares	3,003,713,230.00				-8,133,640.00	-8,133,640.00	2,995,579,590.00

Other notes:

In accordance with the resolutions of the 29th meeting of the sixth board of directors of the company on December 30,

2019 and the provisions of the revised articles of association, and passed by the company's first extraordinary general meeting of 2020, the company repurchases and cancels 437,100 restricted stocks held by the resigned equity incentive objects that have been granted but not yet unlocked, reducing the registered capital by RMB 437,100.00. The company's registered capital was reduced to RMB 3,003,276,130.00. The above-mentioned capital reduction industry has been verified by the Xinkuaishibaozi [2020] No. ZF10124 capital verification report issued by Shu Lun Pan CPA Co., Ltd (special general partnership).

In accordance with the resolutions of the 33th meeting of the sixth board of directors of the company on April 2, 2020 and the provisions of the revised articles of association, and passed by the company's annual general meeting of 2019, the company repurchases and cancels 1,810,600 restricted stocks held by the resigned equity incentive objects that have been granted but not yet unlocked, reducing the registered capital by RMB 1,810,600.00. The company's registered capital was reduced to RMB 3,001,465,530.00. The above-mentioned capital reduction industry has been verified by the Xinkuaishibaozi [2020] No. ZF10769 capital verification report issued by Shu Lun Pan CPA Co., Ltd (special general partnership).

In accordance with the resolutions of the 37th meeting of the sixth board of directors of the company on July 27, 2020 and the provisions of the revised articles of association, and passed by the company's third extraordinary general meeting of 2020, the company repurchases and cancels 4,822,680 restricted stocks held by the resigned equity incentive objects that have been granted but not yet unlocked, reducing the registered capital by RMB 4,822,680.00. The company's registered capital was reduced to RMB 2,996,642,850.00. The above-mentioned capital reduction has been verified by the Xinkuaishibaozi [2020] No. ZF10918 capital verification report issued by Shu Lun Pan CPA Co., Ltd (special general partnership).

In accordance with the resolutions of the 4th meeting of the seventh board of directors of the company on October 12, 2020 and the provisions of the revised articles of association, and passed by the company's fourth extraordinary general meeting of 2020, the company repurchases and cancels 1,063,260 restricted stocks held by the resigned equity incentive objects that have been granted but not yet unlocked, reducing the registered capital by RMB 1,063,260.00. The company's registered capital was reduced to RMB 2,995,579,590.00. The above-mentioned capital reduction industry has been verified by the Xinkuaishibaozi [2020] No. ZF11031 capital verification report issued by Shu Lun Pan CPA Co., Ltd (special general partnership).

37. Capital reserve

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Capital premium (capital share premium)	1,351,253,597.73	164,361,668.80	169,868,877.25	1,345,746,389.28
Other capital reserves	531,601,521.80	275,029,851.14	162,722,428.17	643,908,944.77
Total	1,882,855,119.53	439,391,519.94	332,591,305.42	1,989,655,334.05

Other notes, including increases or decreases in this period and their reasons:

According to the "2020 Restricted Stock Incentive Plan (Draft) of Zhejiang Dahua Technology Co., Ltd." reviewed and approved by the company's 2019 annual shareholders meeting, 10 restricted stock incentive objects subscribed to the company's 13,391,480 shares repurchased by the company through centralized auction, the repurchase amount was RMB 203,499,400.44, the actual received subscription payment from restricted stock incentive objects was RMB 99,994,181.16, and the difference between the repurchase amount and the actual received subscription payment was RMB 103,505,219.28, which offset the capital reserve (share premium).

The company's employee service amount in exchange for equity payment in the current period is RMB 189,907,757.09, and the employee service amount that has been rushed back due to repurchasing of granted but not unlocked restricted equity held by the canceled incentive objects is RMB 18,996,737.48. The total increase in capital reserve - other capital reserve is RMB 170,911,019.61. The pre-tax deductible costs and expenses part related to share-based payment that exceeds the Accounting Standards is included in the capital reserve increase other capital reserve of RMB 11,652,312.25.

In the current period, the company repurchased a total of 8,133,640 granted but not unlocked restricted stocks held by canceled equity incentive objects, reducing the share capital by RMB 8,133,640 and the capital reserve (share premium) by RMB 58,717,702.80.

Because the performance conditions for 2019 have reached the unlocking conditions for the first unlocking period set by the incentive plan, except for the incentive objects who have resigned, the restricted stocks held by the remaining incentive objects in the first unlocking period are unlocked. Among other capital reserves, the recognized related expenses of restricted stocks unlocked in the current period are RMB 135,908,140.80, and the income tax affected amount of pre-tax deductible costs and expenses part related to share-based payment that exceeds the Accounting Standards are RMB 26,814,287.37. A total of RMB 162,722,428.17 was transferred to capital reserve (share premium).

In the current period, due to the purchase of minority interests of subsidiaries, the capital reserve (share premium) was increased by RMB 1,639,240.63, the capital reserve (share premium) was reduced by RMB 7,645,955.17, and in total the capital reserve (share premium) was reduced by RMB 6,006,714.54.

Under the equity method of the current period, the company shall enjoy the impact of changes in other owners' equity of Zhejiang Leapmotor Technology Co., Ltd. The increase in capital reserves-other capital reserves is RMB 92,466,519.28.

38. Treasury stocks

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Restricted shares	854,084,857.87	99,994,181.16	372,110,108.14	581,968,930.89
Share repurchase	203,499,400.44		203,499,400.44	
Total	1,057,584,258.31	99,994,181.16	575,609,508.58	581,968,930.89

Other notes, including increases or decreases in this period and their reasons:

Due to the resignation of some employees, the company repurchased their restricted stocks in the current period, a total of 8,133,640 restricted stocks were repurchased, and the share capital was correspondingly reduced by RMB 8,133,640.00, and the treasury shares amount was correspondingly reduced by RMB 66,851,342.80.

As the first phase of the restricted stock incentive plan granted in 2018 met the unlocking conditions, a total of 36,931,560 restricted stocks were unlocked, and treasury stocks and related liabilities were reduced by RMB 301,730,845.20 accordingly.

The cash dividends distributed to restricted stock holders reduce treasury stocks and related liabilities. In 2018, the first batch of granted restricted stocks unlocked some actual distribution of escrow cash dividends, and due to employee resignation, the cash dividends distributed to related separating employee were taken back. The total reduction of treasury stocks and related liabilities was RMB 3,527,920.14. As of the end of 2020, the restricted unlocked stocks dividends in escrow in treasury stocks was RMB 12,982,399.27.

According to the "2020 Restricted Stock Incentive Plan (Draft) of Zhejiang Dahua Technology Co., Ltd." reviewed and approved by the company's 2019 annual shareholders meeting, 10 restricted stock incentive objects subscribed to the

company's 13,391,480 shares repurchased by the company through centralized auction, the was reduced by 203,499,400.44 yuan accordingly. The award price of the incentive plan was RMB 7.467, and the repurchase obligation was confirmed to increased treasury stock by RMB 99,994,181.16.

39. Other comprehensive incomes

Unit: RMB

Item	Balance at the Start of the Period	This Period's Amount of Occurrence						Balance at the End of the Period
		Before tax balance in this period	Less: recorded into other comprehensive incomes in previous period and transferred to P/L in current period	Less: Recorded into other comprehensive incomes in previous period and transferred to retained income in current period	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	
II. Other comprehensive income that will be reclassified into P/L	12,308,276.23	48,849,278.20				48,849,246.90	31.30	61,157,523.13
Currency conversion difference	12,308,276.23	42,407,727.10				42,407,695.80	31.30	54,715,972.03
Others		6,441,551.10				6,441,551.10		6,441,551.10
Other comprehensive incomes in total	12,308,276.23	48,849,278.20				48,849,246.90	31.30	61,157,523.13

40. Surplus reserves

Unit: RMB

Item	Balance at the Start of the Period	Increased in the current period	Decreased in the current period	Balance at the End of the Period
Statutory surplus reserve	1,553,691,005.92			1,553,691,005.92
Total	1,553,691,005.92			1,553,691,005.92

41. Undistributed profits

Unit: RMB

Item	Current period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	10,248,023,654.54	7,670,983,116.33
Adjust the total undistributed profits at the start of the period (increase +, decrease -)		-4,861,861.70
Undistributed Profit after Adjustment at the Start of the Period	10,248,023,654.54	7,666,121,254.63
Add: net profit attributable to parent company's owner in current period	3,902,778,775.35	3,188,144,692.55
Less: withdrawal for statutory surplus reserve		307,861,781.87
Payable dividends on ordinary shares	397,654,658.45	299,761,669.99
Others		-953,354.04
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	1,768,132.75	427,805.18
Undistributed Profit at the End of the Period	13,754,915,904.19	10,248,023,654.54

42. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	25,894,451,244.65	14,761,953,528.82	25,603,307,543.53	14,980,864,723.86
Other businesses	571,516,936.45	402,377,626.84	546,123,108.89	415,329,216.58
Total	26,465,968,181.10	15,164,331,155.66	26,149,430,652.42	15,396,193,940.44

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

□ Yes √ No

43. Taxes and surcharges

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Urban Maintenance and Construction Tax	73,691,683.92	87,805,350.08
Education Surcharges	52,629,570.76	62,728,151.41
House property tax	4,343,180.47	14,052,113.20
Land usage tax	1,565,572.88	641,390.70
Vehicle and vessel use tax	96,091.12	85,627.14
Stamp duty	12,193,524.24	10,908,342.47
Others	17,162,682.37	6,361,143.36
Total	161,682,305.76	182,582,118.36

44. Sales expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	2,129,295,239.80	1,944,828,646.06
Transportation and vehicle expenses	405,473,002.35	346,725,573.69
After-sales service expense	397,928,078.02	430,530,438.74
Marketing expense	336,832,511.23	276,868,290.02
Administrative expenses	224,552,147.45	208,180,587.84
Traveling expense	155,486,592.16	193,657,631.39
Business reception expenses	201,178,233.69	206,996,321.43
Taxation and insurance expense	234,474,773.17	184,911,624.99
Communication expense	47,989,445.88	51,182,330.83
Knowledge resource fee	51,959,334.57	40,321,555.97
Depreciation cost and asset amortization	33,018,156.71	24,458,378.82
Others	72,933,847.72	44,285,896.04
Total	4,291,121,362.75	3,952,947,275.82

45. Management expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	558,057,693.01	494,253,814.89
Administrative expenses	61,768,300.65	71,895,061.09
Depreciation cost and asset amortization	74,848,517.45	68,436,576.06
Consumables and service fees	11,261,260.14	11,998,192.10
Knowledge resource fee	45,324,211.72	39,236,082.34
Transportation and vehicle expenses	2,725,471.15	12,545,706.61
Business reception expenses	4,807,820.31	16,918,500.92
Traveling expense	1,237,143.65	13,182,818.36
Others	25,071,311.47	12,414,192.30
Total	785,101,729.55	740,880,944.67

46. Research and development expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	2,640,728,729.83	2,459,488,778.94
Research consumables and service fees	176,601,451.00	152,977,333.53
Depreciation cost and asset amortization	63,735,263.49	46,419,091.31
Traveling expense	51,974,340.85	58,693,915.07
Administrative expenses	28,483,301.26	25,172,723.64
Communication expense	23,431,575.91	15,732,289.08
Others	12,591,004.48	35,735,372.71
Total	2,997,545,666.82	2,794,219,504.28

47. Financial expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
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Interest expense	68,153,838.27	133,656,681.06
Less: interest income	156,578,920.70	197,576,570.81
P/L on foreign exchange	358,101,043.94	-37,198,071.97
Others	30,733,848.73	31,040,381.61
Total	300,409,810.24	-70,077,580.11

48. Other incomes

Unit: RMB

Sources of other incomes	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Government subsidies	1,033,605,961.79	927,125,385.10
Total	1,033,605,961.79	927,125,385.10

49. Investment incomes

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income measured by equity method	-181,278,822.04	-115,707,007.32
Investment income from disposal of long-term equity investment	1,136,374,363.84	9,152,198.76
Investment income from disposal of trading financial assets	10,200,310.98	-7,508,380.12
After losing control, the remaining equity is re-measured at fair value		1,013,416.14
Investment income of other non-current financial assets during the holding period	9,845,215.11	17,171,892.61
Investment income from treasury bond reverse repurchase	448,892.17	308,838.52
Total	975,589,960.06	-95,569,041.41

50. Income from changes in fair value

Unit: RMB

Source of the income from changes in fair value	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Trading Financial Assets	1,005,680.45	38,392,246.03

Including: gains from changes at fair value of derivative financial instruments	1,005,680.45	38,392,246.03
Other Non-current Financial Assets	184,727,296.91	3,462,993.57
Total	185,732,977.36	41,855,239.60

51. Credit impairment loss

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Bad debt losses of other receivables	-39,239,445.08	-18,716,785.01
Bad debt losses of accounts receivable	-514,451,649.89	-400,159,395.91
Bad debt loss on notes receivable	-15,552,376.73	
Bad debt loss from receivable financing	-6,441,551.10	
Total	-575,685,022.80	-418,876,180.92

52. Asset impairment loss

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
II. Inventory revaluation loss and contract performance cost impairment loss	-129,911,272.91	-40,091,399.91
XI. Goodwill impairment loss		-71,083,281.09
XII. Contract assets impairment loss	1,331,631.50	
Total	-128,579,641.41	-111,174,681.00

53. Income from asset disposal

Unit: RMB

Sources of the asset disposal income	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Income from disposal of fixed assets	509,340.38	835,214.24

54. Non-operating income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Government subsidies	2,184,676.30	4,901,161.00	2,184,676.30
Gains and losses of non-current asset retirement	1,709,154.86	701,905.83	1,709,154.86
Others	7,758,810.23	5,876,195.77	7,758,810.23
Total	11,652,641.39	11,479,262.60	

Government subsidies recorded into current period P/L:

Unit: RMB

Subsidy items	Distributing Entity	Distributing Reason	Types of Nature	Subsidies Influence Profit and Loss in the Current Year or not	Special Subsidy or not	This period's amount of occurrence	Previous period's amount of occurrence	Related to assets/related to income
Subsidies for overseas employees to stay in office during the epidemic	Governments of other countries overseas	Subsidy	Subsidies received for undertaking the state functions to guarantee certain public utilities or supply of socially necessary products or price control	Yes	No	1,490,925.30		Related to income
2019 Top Ten Industrial Meritorious Enterprises (Outstanding Entrepreneurs) award in Fuyang District, Hangzhou	Economic and Information Bureau of Fuyang District, Hangzhou	Reward	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No	300,000.00		Related to income
Other special subsidies	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No	163,251.00		Related to income
Wuzhou City allocates special funds for actively supporting and cultivating limited enterprises	Development and Reform Bureau of Changzhou District, Wuzhou City	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No	50,000.00		Related to income

Wasu IOT Contest Rewards	Hangzhou Huasu Media Television Network Co. LTD.	Reward	Subsidies obtained for research and development, technological update and transformation	Yes	No	50,000.00		Related to income
Municipal one-time bonus for Enterprises in Employment Poverty Alleviation	Hangzhou Employment Service Center	Reward	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No	50,000.00		Related to income
Subsidy for the elimination of old vehicles in Hangzhou	Hangzhou Finance Bureau	Subsidy	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No	30,500.00	14,500.00	Related to income
Excellent Product Design Award of first Golden Reed Industrial Design Award - Smart Fire Fighting Robot Bonus	Future Industrial Design and Research Institute of Xiongan New Area (Non-profit organization)	Reward	Subsidies obtained for research and development, technological update and transformation	Yes	No	20,000.00		Related to income
Excellent Enterprise Subsidy in Corporate Social Responsibility Construction	Hangzhou Federation of Trade Unions	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No	20,000.00		Related to income
Third Prize of the Second "Blooming Cup"	Beijing Aidi Aven Public Relations Consulting Co., Ltd.	Reward	Subsidies obtained for research and development, technological update and transformation	Yes	No	10,000.00		Related to income
Baise City's contribution award for encouraging the economic development of headquarters	Baise Municipal Investment Promotion Bureau	Reward	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No		1,910,000.00	Related to income

2016 (3rd batch) National Intellectual Property Demonstration Enterprise and Advantageous Enterprise	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies obtained for research and development, technological update and transformation	Yes	No		100,000.00	Related to income
Backbone enterprises in Hangzhou drive the development of the industrial chain	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No		1,747,200.00	Related to income
2018 Top Ten Merit Enterprise (Excellent Entrepreneur) Award	Economic and Information Bureau of Fuyang District, Hangzhou	Reward	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No		200,000.00	Related to income
The 2nd batch of cross-border E-commerce support funds in 2018	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No		150,000.00	Related to income
Employment and entrepreneurship subsidies	Hangzhou Employment Management Service Bureau	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No		6,600.00	Related to income
Other special subsidies	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies received due to engagement in specific industries and trades encouraged and supported by the State (obtained by national policies and regulations)	Yes	No		133,861.00	Related to income
Patent grant subsidies	Finance Bureau of Binjiang District, Hangzhou	Subsidy	Subsidies obtained for research and development, technological update and transformation	Yes	No		99,000.00	Related to income

Enterprise Award for Outstanding Contribution to Employment Promotion	Finance Bureau of Binjiang District, Hangzhou	Reward	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No		100,000.00	Related to income
Other special subsidies	Finance Bureau of Binjiang District, Hangzhou	Reward	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No		340,000.00	Related to income
Other special subsidies	Hangzhou Finance Bureau	Reward	Subsidies obtained due to local support policies such as investment promotion by local governments	Yes	No		100,000.00	Related to income

55. Non-operating Expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence	Amount recorded into non-recurring profit and loss in current period
Donations	9,691,588.02	6,642,338.61	9,691,588.02
Gains and losses of non-current asset retirement	2,409,592.50	947,208.51	2,409,592.50
Water conservancy fund	19,920.14	14,370.71	
Others	7,712,710.64	2,192,571.83	7,712,710.64
Total	19,833,811.30	9,796,489.66	19,813,891.16

56. Income Tax Expenses**(1) Income tax expenses table**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Current income tax expense	459,316,010.35	511,416,549.86
Deferred income tax expense	-145,789,110.85	-173,711,876.89
Total	313,526,899.50	337,704,672.97

(2) Reconciliation of accounting profits and income tax expenses

Unit: RMB

Item	This Period's Amount of Occurrence
Total Profit	4,248,768,555.79
Income tax expense calculated at statutory/applicable tax rate	637,315,283.37
Impact by applying different tax rates to subsidiaries	-2,287,965.94
Impact of income tax before adjustment in this period	-114,130,798.37
Impact of the non-deductible costs, expenses and losses	32,626,720.61
Impact of additional deduction of the research and development expenses	-299,006,546.27
Others	59,010,206.10
Income tax expense	313,526,899.50

57. Other Comprehensive Incomes

See the notes in this section for details.

58. Items of Cash Flow Statement**(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest Income	44,344,347.60	82,401,795.69
Government subsidies	224,878,083.01	196,643,314.00
Tender and performance guarantee deposit	163,109,135.49	94,700,565.19
Incomings and outgoings and advanced payments	134,565,221.99	146,971,378.81
Others	4,602,787.68	16,109,349.16
Total	571,499,575.77	536,826,402.85

(2) Other cash payments relating to operating activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Administrative expenses	314,803,749.36	306,574,162.66
Communication expense	84,659,191.85	71,681,329.78
Business reception expenses	209,186,054.00	228,286,088.74
Traveling expense	208,698,076.66	265,534,364.82
Marketing expense	199,375,581.47	299,582,510.08
Transportation and vehicle expenses	408,198,473.50	362,488,189.68
Knowledge resource fee	97,283,546.29	84,036,298.54
Research and development consumption and external inspection fee	112,303,294.22	95,825,936.28
Taxation and insurance expense	234,474,773.17	186,262,881.16
Tender and performance guarantee deposit	101,864,218.45	172,403,592.27
Incomings and outgoings and advanced payments	96,425,086.32	150,234,904.04
Consumables and service fees	263,393,950.87	157,930,154.05
Others	99,399,061.43	122,027,372.86

Total	2,430,065,057.59	2,502,867,784.96
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(3) Other cash receipts relating to investing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Receipts of cash from forward exchange contracts	82,617,745.87	19,151,448.07
Receipts of loans from non-financial institutions	6,518,245.35	7,155,384.02
Total	89,135,991.22	26,306,832.09

(4) Other cash payments related to investing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Cash paid for forward exchange contracts	81,870,092.14	26,659,828.19
Disposal of cash of subsidiaries	16,669,483.52	
Total	98,539,575.66	26,659,828.19

(5) Other cash receipts related to financing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Withdrawn documentary credit deposit	3,124,671,188.92	1,240,932,000.00
Equity incentive subscription	99,994,181.16	
Total	3,224,665,370.08	1,240,932,000.00

(6) Other cash payments related to financing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Paid documentary credit deposit	2,880,504,188.92	1,076,493,500.00
Cashes for purchasing minority equity	7,004,918.00	

Cash paid for share repurchases	66,851,342.80	238,836,209.65
Total	2,954,360,449.72	1,315,329,709.65

59. Supplementary Information about the Cash Flow Statement

(1) Supplementary information about the Cash Flow Statement

Unit: RMB

Supplementary information	Amount of this period	Amount of Previous Period
1. Reconciliation of net profit to cash flows from operational activities:	--	--
Net Profit	3,935,241,656.29	3,160,858,484.54
Add: provision for impairment of assets	128,579,641.41	111,174,681.00
Plus: credit impairment provision	575,685,022.80	418,876,180.92
Depreciation of fixed assets, oil and gas assets, productive biological assets	262,783,826.09	238,708,097.36
Depreciation of right-of-use assets		
Amortization of Intangible Assets	46,215,176.82	40,008,592.59
Amortization of long-term prepaid expenses	21,940,297.81	18,248,670.15
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-509,340.38	-835,214.24
Losses on scrapping of fixed assets (mark "-" for incomes)	700,437.64	245,302.68
Losses on fair value changes (mark "-" for incomes)	-185,732,977.36	-41,855,239.60
Financial expenses (mark "-" for incomes)	426,254,882.21	96,458,609.09
Losses on investment (mark "-" for incomes)	-975,589,960.06	95,569,041.41
Decrease on deferred income tax assets (mark "-" for increases)	-162,496,783.63	-174,576,338.34
Increase on deferred income tax liabilities (mark "-" for decreases)	16,707,672.78	427,125.92

Decrease on inventories (mark "-" for increases)	-1,301,472,980.94	-839,739,327.83
Decrease on operational receivables (mark "-" for increases)	-269,594,994.62	-3,107,660,022.13
Increase on operational payables (mark "-" for decreases)	1,711,910,471.92	1,390,491,638.52
Others	170,911,019.61	194,204,005.66
Net cash flow generated by operating activities	4,401,533,068.39	1,600,604,287.70
2. Major investing and financing activities not involving cash receipts and payment:	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	7,358,452,769.53	2,734,185,976.41
Less: opening balance of cash	2,734,185,976.41	3,690,994,031.05
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		11,289,772.49
Net additions to balance of equivalents	4,624,266,793.12	-968,097,827.13

(2) Net cash receipts from disposal of subsidiaries in this period

Unit: RMB

	Amount
Disposal of cash or cash equivalents received by subsidiaries in the current period	621,923,223.00
Including:	--
Zhejiang Huatu Microchip Technology Co., Ltd.	612,000,000.00
Hangzhou Tecomore Technology Co., Ltd.	4,823,223.00
South-North United Information Technology Co., Ltd.	5,100,000.00
Minus: cash and cash equivalents held by the subsidiaries on	35,175,982.60

the day when control is lost	
Including:	--
Zhejiang Huatu Microchip Technology Co., Ltd.	8,583,276.08
Hangzhou Tecomore Technology Co., Ltd.	14,281,013.07
South-North United Information Technology Co., Ltd.	12,311,693.45
Including:	--
Plus: reclassified to paying other cash related to investment activities	16,669,483.52
Disposal of net cash received by subsidiaries	603,416,723.92

Other notes:

In the current period, Hangzhou Tecomore Technology Co., Ltd and South-North United Information Technology Co., Ltd. were disposed. The cash received by the company was lower than the cash held by the company on the day when control was lost. And it was reclassified to paying other cash related to investment activities, with the amount RMB 16,669,483.52.

(3) Composition of cash and cash equivalents

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
I . Cash	7,358,452,769.53	2,734,185,976.41
Including: cash on hand	24,145.51	117,289.25
Bank deposit for payment at any time	7,324,387,076.66	2,586,995,843.27
Other cash and bank balances for payment at any time	34,041,547.36	147,072,843.89
III. Closing balance of cash and cash equivalents	7,358,452,769.53	2,734,185,976.41

60. Assets with Restricted Ownership Rights or Right to Use

Unit: RMB

Item	Book value at the end of the period	Cause of restrictions
Cash and Bank Balances	101,126,967.62	Guarantee security deposit
Notes receivable and receivable financing	955,959,908.06	Pledge for issuance of bank acceptance bills
Long-term Receivables	175,530,696.65	Pledge for bank loans
Non-current Assets Due within 1 Year	30,575,733.51	Pledge for bank loans
Total	1,263,193,305.84	--

61. Monetary Items in Foreign Currencies

(1) Monetary items in foreign currencies

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate for conversion	Closing Balance Converted into RMB
Cash and Bank Balances	--	--	
Including: USD	316,677,700.36	6.5249	2,066,290,327.08
EUR	47,375,280.20	8.0250	380,186,623.61
HKD	29,176,727.76	0.8416	24,556,227.92
GBP	5,242,347.25	8.8903	46,606,039.76
ZAR	99,282,006.43	0.4458	44,257,124.07
PLN	22,623,606.25	1.7520	39,635,653.21
Total amount of other currencies			187,248,806.29
Accounts receivable	--	--	
Including: USD	422,732,906.20	6.5249	2,758,289,939.69
EUR	49,638,831.49	8.0250	398,351,622.70
HKD			
INR	1,976,700,057.39	0.0891	176,211,026.89
PLN	55,492,635.69	1.7520	97,220,878.02
RUB	811,836,143.39	0.0877	71,206,825.95
Total amount of other currencies			283,371,753.18
Long-term loan	--	--	
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	219,958,493.37	6.5249	1,435,207,173.38
INR	585,822,363.14	0.0891	52,222,571.55
MXN	23,727,232.47	0.3280	7,782,993.00
AUD	1,479,478.20	5.0163	7,421,506.49
EUR	773,952.03	8.0250	6,210,965.04
BRL	894,524.98	1.2563	1,123,747.01

Total amount of other currencies			3,581,593.25
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(2) Notes on overseas business entities, including that for the important overseas business entities, the overseas main premises, functional currency and selection basis shall be disclosed. If there are changes on its functional currency, the causes for the changes shall be disclosed as well.

√ Applicable □ Not applicable

Since the Company's overseas business entity, Dahua Technology (HK) Limited, does not have autonomy over its business activities, which are the extension of the Company's business activities, for the part constituting the Company's business activities, RMB shall be used as its functional currency, and for the rest of the overseas entities, local currencies shall be used as its functional currency.

62. Government Subsidies

(1) Basic information about government subsidies

Unit: RMB

Types	Amount	Items reported	Amount taken to current P&L
VAT refund	827,942,232.59	Other Incomes	827,942,232.59
Leading policy research and development funding	22,648,200.00	Other Incomes	22,648,200.00
Financial subsidy for science and technology R&D plan projects	17,815,479.00	Other Incomes	17,815,479.00
Core Electronics, High-End General-Purpose Chips and Basic Software Products special fund	27,317,600.00	Other Incomes	27,317,600.00
Supporting funds for Zhejiang Province's key R&D plans in 2020	12,000,000.00	Other Incomes	12,000,000.00
Special funds for foreign trade and economic development	8,859,554.29	Other Incomes	8,859,554.29
Rent subsidy	3,594,804.00	Other Incomes	3,594,804.00
Project subsidies	1,076,000.00	Other Incomes	1,076,000.00
Patent subsidies	4,529,358.00	Other Incomes	4,529,358.00
Subsidies for stable positions	913,006.02	Other Incomes	913,006.02

Subsidies for enterprise practical training	416,172.66	Other Incomes	416,172.66
Export credit insurance premium subsidies	10,055,400.00	Other Incomes	10,055,400.00
Return from social security	13,037,208.00	Other Incomes	13,037,208.00
Special financial award funds	21,043,300.00	Other Incomes	21,043,300.00
District-level funding for the creation of an international software city	10,000,000.00	Other Incomes	10,000,000.00
Gazelle corporate funding	1,346,000.00	Other Incomes	1,346,000.00
Special subsidy for development of integrated circuit industry in Hangzhou	4,089,100.00	Other Incomes	4,089,100.00
High-tech enterprise subsidies	700,000.00	Other Incomes	700,000.00
Tertiary industry development subsidies	1,750,000.00	Other Incomes	1,750,000.00
Tax refund	5,833,757.44	Other Incomes	5,833,757.44
Foreign trade export increment and premium subsidy	9,769,237.00	Other Incomes	9,769,237.00
Government subsidies during the epidemic	2,873,410.30	Other Incomes	2,873,410.30
VAT additional deduction	813,573.62	Other Incomes	813,573.62
VAT exemption	982,000.00	Other Incomes	982,000.00
2018 "Kunpeng Plan" Award	8,000,000.00	Other Incomes	8,000,000.00
Intellectual Property Award Fund	2,066,000.00	Other Incomes	2,066,000.00
The third batch of manufacturing individual champion and model enterprise awards	2,000,000.00	Other Incomes	2,000,000.00
Government tax credit	1,369,181.27	Other Incomes	1,369,181.27
Others	3,927,820.00	Other Incomes	3,927,820.00
Subsidies for overseas employees to stay in office during the epidemic	1,490,925.30	Non-operating Revenue	1,490,925.30
2019 Fuyang District	300,000.00	Non-operating Revenue	300,000.00

Economic Development Awards			
Other special subsidies	393,751.00	Non-operating Revenue	393,751.00
Phase I investment financial incentive fund for security video surveillance product production base project	53,505,000.00	Deferred Income	
Fuyang Dahua Wisdom (Internet of Things) Industrial Park	63,320,000.00	Deferred income/other income	3,172,623.48
Hangzhou City's funding for technological transformation of manufacturing enterprises	9,197,700.00	Deferred income/other income	3,664,944.12

(2) Repayment of government subsidies

Applicable Not applicable

VIII. Changes in the Scope of Consolidation

1. Disposal of subsidiaries

Is there any situation where disposal of investment in subsidiaries in a single transaction causes loss of control

Yes No

Unit: RMB

Name of Subsidiaries	Equity disposal price	Equity disposal ratio	Methods of equity disposal	Time-point of loss of control	Basis for determining the time-point of loss of control	At the level of consolidated financial statement corresponding to the disposal price and the disposal of investment, the difference in the net asset share of the subsidiary shall be gained	Percentage of remaining equity on the date of loss of control	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses from re-measurement of remaining equity at fair value	The determination method and main assumptions of the fair value of remaining equity on the date of loss of control	The amount of other comprehensive incomes related to the equity investment of the original subsidiary transferred into investment profits and losses
South-North United Information Technology Co., Ltd.	5,100,000.00	51.00%	Equity transfer	April 1, 2020	Signed Equity Transfer Agreement and completed the delivery of	5,469,955.40	0.00%	0.00	0.00	0.00		0.00

					property rights							
Hangzhou Tecomore Technology Co., Ltd.	4,823,223.00	51.00%	Equity transfer	December 1, 2020	Signed Equity Transfer Agreement and completed the delivery of property rights	-435,201.16	0.00%	0.00	0.00	0.00	0.00	0.00
Zhejiang Huatu Microchip Technology Co., Ltd.	1,200,000,000.00	100.00%	Equity transfer	August 12, 2020	Signed Equity Transfer Agreement and completed the delivery of property rights	1,130,553,201.26	0.00%	0.00	0.00	0.00	0.00	0.00

Other notes:

Is there any situation where disposal of investment in subsidiaries is achieved through multiple transactions in various stages, causing loss of control in this period

Yes No

2. Changes in the scope of consolidation for other reasons

Explanations on the changes in the scope of consolidation caused by other reasons (for example, newly established subsidiaries, subsidiaries clearing, etc.) and relevant information:

(1) In the current period, the company invested in the establishment of twelve domestic subsidiaries including Zhejiang Dahua Storage Technology Co., Ltd., Zhejiang Dahua Automotive Technology Co., Ltd., Chengdu Dahua Zhilian Information Technology Co., Ltd., Chengdu Dahua Zhian Information Technology Service Co., Ltd., Chengdu Dahua Intelligent Data Information Technology Service Co., Ltd., Chengdu Zhichuang Cloud Technology Co., Ltd., Chengdu Huishan Intelligent Network Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Zhejiang Xinsheng Electronic Technology Co., Ltd. (already transferred together with parent company Huatu Microchip), Hangzhou Huacheng Software Technology Co., Ltd., Guizhou Dahua Information Technology Co., Ltd. And Henan Dahua Zhilian Information Technology Co., Ltd., and six foreign subsidiaries including Dahua Technology Nigeria Representative Ltd, Dahua Technology Israel Ltd., VISMEXTECH DHM SERVICIOS, SA DE CV, Imou Network Technology Netherlands BV, LOREX Technology UK Limited, Dahua Technology Japan Contract. The above subsidiaries have been included in the consolidation scope since the date of establishment.

(2) The Company's subsidiaries Guizhou Dahua Intelligence Technology Co., Ltd., Xinjiang Dahua Information Technology Co., Ltd., and Xinjiang Dahua Intelligence Technology Co., Ltd. were canceled in this period, and will not be included in the scope of consolidation since the date of cancellation.

3. Other events

IX. Equity in Other Entities

1. Equity in Subsidiaries

(1) Composition of the enterprise group

Name of Subsidiaries	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Acquisition Method
				Direct	Indirect	
Dahua System Engineering	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100%		Establishment
Dahua Vision Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100%		Establishment
Dahua Security Network	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51%		Establishment
Dahua Ju'an	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51%		Establishment
Guangxi Dahua Information	Qingxiu District, Nanning	Qingxiu District, Nanning	Electronics and information	100%		Establishment

Dahua Security	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Service		100%	Establishment
Guangxi Security	Qingxiu District, Nanning	Qingxiu District, Nanning	Service		100%	Establishment
Hangzhou Xiaohua	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		45% (Note 1)	Establishment
Dahua Zhilian	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information		90.09% (Note 2)	Establishment
Dahua investment management	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Investment & investment management		75%	Establishment
Guangxi Zhicheng	Youjiang District, Baise	Youjiang District, Baise	Electronics and information		65%	Establishment
Hangzhou Huacheng	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		51%	Establishment
Xinjiang Information	High-tech Zone, Shihezi	High-tech Zone, Shihezi	Electronics and information			92% Establishment
HuaRay Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and application services industry		51%	Establishment
Fuyang Hua'ao	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information		51%	Establishment
Huafei Intelligent	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		45.50% (Note 3)	Establishment
Huachuang Vision	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		51%	Establishment
Guizhou Huayi	Guanshanhu District, Guiyang	Guanshanhu District, Guiyang	Electronics and information		45% (Note 4)	Establishment
Xinjiang Zhihe	Hetian County, Hetian, Xinjiang	Hetian County, Hetian, Xinjiang	Electronics and information			97% Establishment
Guangxi Huacheng	Wuzhou, Guangxi	Wuzhou, Guangxi	Electronics and information			90% Establishment
Meitan Dahua Technology	Zunyi, Guizhou	Zunyi, Guizhou	Electronics and information			100% Establishment

Inner Mongolia Zhimeng	New District, Bai County, Chahar Right Wing Back Banner	New District, Bai County, Chahar Right Wing Back Banner	Electronics and information		95%	Establishment
Xinjiang Zhitian	Hetian County, Hetian, Xinjiang	Hetian County, Hetian, Xinjiang	Electronics and information		97%	Establishment
Xinjiang Xinzhi	Shache County, Kashgar District, Xinjiang	Shache County, Kashgar District, Xinjiang	Electronics and information		100%	Establishment
Xinjiang Huayue	Kashgar, Xinjiang	Kashgar, Xinjiang	Electronics and information		100%	Establishment
Tianjin Dahua	Tianjin Binhai New Area	Tianjin Binhai New Area	Electronics and information		65%	Establishment
Dahua Zhilong	Shuangpai County, Yongzhou City	Shuangpai County, Yongzhou City	Electronics and information		90%	Establishment
Vision Technology	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	100%		Establishment
Huaxiao Technology	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	51%		Establishment
Xi'an Dahua	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information	100%		Establishment
Wuxi Ruipin	Wuxi City	Wuxi City	Electronics and information	51%		Establishment
Dahua Robot (Note 5)	Xiaoshan District, Hangzhou City, Zhejiang Province	Xiaoshan District, Hangzhou City, Zhejiang Province	Electronics and information	100%		Establishment
Beijing Huayue	Xicheng District, Beijing	Xicheng District, Beijing	Electronics and information	100%		Establishment
Shanghai Huashang	Putuo District, Shanghai	Putuo District, Shanghai	Electronics and information	100%		Establishment

Dahua Jinzhi	Wucheng District, Jinhua City, Zhejiang Province	Wucheng District, Jinhua City, Zhejiang Province	Electronics and information	100%		Establishment
Dahua Guangxun	Chengdu High-tech Zone	Chengdu High-tech Zone	Electronics and information	100%		Business combination not under common control
Huajuan Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100%	Establishment
Zhoushan Operation	Zhoushan City, Zhejiang Province	Zhoushan City, Zhejiang Province	Electronics and information	58.8%		Establishment
Yunnan Zhili	Lijiang City, Yunnan Province	Lijiang City, Yunnan Province	Electronics and information	90%		Establishment
Guangxi Dahua Technology	Liuzhou City, Guangxi Zhuang Autonomous Region	Liuzhou City, Guangxi Zhuang Autonomous Region	Electronics and information	100%		Establishment
Dahua Storage	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51%		Establishment
Dahua Automobile (Note 6)	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Automobile making	51%		Establishment
Chengdu Zhilian	Longquanyi District, Chengdu City	Longquanyi District, Chengdu City	Electronics and information	100%		Establishment
Chengdu Zhian	Longquanyi District, Chengdu City	Longquanyi District, Chengdu City	Electronics and information	100%		Establishment
Chengdu Zhishu	Longquanyi District, Chengdu City	Longquanyi District, Chengdu City	Electronics and information	100%		Establishment
Chengdu Zhichuang	Longquanyi District, Chengdu City	Longquanyi District, Chengdu City	Electronics and information	100%		Establishment
Chengdu Smart	Dayi County, Chengdu City	Dayi County, Chengdu City	Electronics and information	90%		Establishment

Huakong Software	Wucheng District, Jinhua City	Wucheng District, Jinhua City	Electronics and information	100%		Establishment
Huacheng Software	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100%		Establishment
Guizhou Dahua	Nanming District, Guiyang City	Nanming District, Guiyang City	Electronics and information	100%		Establishment
Henan Dahua	Zhengzhou City, Henan Province	Zhengzhou City, Henan Province	Electronics and information	100%		Establishment
Dahua Hong Kong	Hong Kong	Hong Kong	Electronics and information	100%		Establishment
Dahua USA	USA	USA	Electronics and information		100%	Establishment
Dahua Europe	Netherlands	Netherlands	Electronics and information		100%	Establishment
Dahua Middle East	United Arab Emirates	United Arab Emirates	Electronics and information		100%	Establishment
Dahua Mexico	Mexico	Mexico	Electronics and information		100%	Establishment
Dahua Chile	Chile	Chile	Electronics and information		100%	Establishment
Dahua Colombia	Columbia	Columbia	Electronics and information		100%	Establishment
Dahua Australia	Australia	Australia	Electronics and information		100%	Establishment
Dahua Singapore	Singapore	Singapore	Electronics and information		100%	Establishment
Dahua South Africa	South Africa	South Africa	Electronics and information		100%	Establishment
Dahua Peru	Peru	Peru	Electronics and information		100%	Establishment
Dahua Brazil	Brazil	Brazil	Electronics and information		100%	Establishment
Dahua Russia	Russia	Russia	Electronics and information		100%	Establishment
Dahua Canada	Canada	Canada	Electronics and information		100%	Establishment

Dahua Panama	Panama	Panama	Electronics and information		100%	Establishment
Dahua Hungary	Hungary	Hungary	Electronics and information		100%	Establishment
Dahua Poland	Poland	Poland	Electronics and information		100%	Establishment
Dahua Tunisia	Tunisia	Tunisia	Electronics and information		100%	Establishment
Dahua Kenya	Kenya	Kenya	Electronics and information		100%	Establishment
Dahua UK	UK	UK	Electronics and information		100%	Establishment
Dahua Bulgaria	Bulgaria	Bulgaria	Electronics and information		100%	Establishment
Dahua Serbia	Serbia	Serbia	Electronics and information		100%	Establishment
Dahua Germany	Germany	Germany	Electronics and information		100%	Establishment
Dahua Malaysia	Malaysia	Malaysia	Electronics and information		100%	Establishment
Dahua Korea	South Korea	South Korea	Electronics and information		100%	Establishment
Dahua Indonesia	Indonesia	Indonesia	Electronics and information		100%	Establishment
Dahua India	India	India	Electronics and information		100%	Establishment
Dahua Turkey	Turkey	Turkey	Electronics and information		100%	Establishment
Dahua Czech	Czech Republic	Czech Republic	Electronics and information		100%	Establishment
Dahua Argentina	Argentina	Argentina	Electronics and information		100%	Establishment
Dahua Spain	Spain	Spain	Electronics and information		100%	Establishment
Dahua Kazakhstan	Kazakhstan	Kazakhstan	Electronics and information		100%	Establishment
Dahua Denmark	Denmark	Denmark	Electronics and information		100%	Establishment

Dahua France	France	France	Electronics and information		100%	Establishment
Dahua Lorex (US) Corporation	USA	USA	Electronics and information		100%	Establishment
Dahua Technology Holdings	Hong Kong	Hong Kong	Electronics and information	100%		Establishment
Dahua Morocco	Morocco	Morocco	Electronics and information		100%	Establishment
Dahua Technology Italy	Italy	Italy	Electronics and information		100%	Business combination not under common control
Dahua Uzbekistan	Uzbekistan	Uzbekistan	Electronics and information		100%	Establishment
Dahua Netherlands	Netherlands	Netherlands	Electronics and information		100%	Establishment
Dahua Sri Lanka	Sri Lanka	Sri Lanka	Electronics and information		100%	Establishment
Dahua Lorex (Canada) Corporation	Canada	Canada	Electronics and information		100%	Business combination not under common control
Dahua Pakistan	Pakistan	Pakistan	Electronics and information		100%	Establishment
Dahua New Zealand	New Zealand	New Zealand	Electronics and information		100%	Establishment
Dahua Thailand	Thailand	Thailand	Electronics and information		99.98%	Establishment
Dahua Romania	Romania	Romania	Electronics and information		100%	Establishment
Dahua Nigeria	Nigeria	Nigeria	Electronics and information		100%	Establishment
Dahua Israel	Israel	Israel	Electronics and information		100%	Establishment
UOB Mexico Service	Mexico	Mexico	Electronics and information		100%	Establishment

Huacheng Netherlands	Netherlands	Netherlands	Electronics and information		100%	Establishment
Dahua Lorex (UK) Corporation	UK	UK	Electronics and information		100%	Establishment
Dahua Japan	Japan	Japan	Electronics and information		100%	Establishment

Explanations on the fact that the proportion of the shares held by a subsidiary differs from that of voting rights:

(1) The Company directly holds 45% equity in Hangzhou Xiaohua Technology Co., Ltd., and as agreed upon, Zhejiang Huashi Investment Management Co., Ltd. grants its voting rights of 12% to the Company. The Company effectively holds 57% of the voting rights in Hangzhou Xiaohua Technology Co., Ltd., which constitutes working control so as to incorporate it into the scope of consolidation.

(2) Based on the industrial and commercial registration data, the CDB Development Fund holds equity in the Company. According to the cooperation agreement between the Company and CDB Development Fund, CDB Development Fund shall not appoint senior management personnel, such as directors and supervisors, to Dahua Zhilian; regarding its investment, the Company shall pay an annual investment profit of 1.2% to CDB Development Fund through dividends, repurchase premiums, etc. In addition, the Company shall redeem the CDB Development Fund's equity in Dahua Zhilian period by period from 2022 to 2024, using its amount of investment as other non-current liabilities. The Company effectively holds 100% voting rights and equity in Dahua Zhilian.

(3) The Company directly holds 45.5% equity in Zhejiang Huafei Intelligence Technology Co., Ltd., and as agreed upon, Zhejiang Huashi Investment Management Co., Ltd. grants its voting rights of 16% to the Company. The Company effectively holds 61.50% of the voting rights in Zhejiang Huafei Intelligence Technology Co., Ltd., which constitutes working control so as to incorporate it into the scope of consolidation.

(4) The Company directly holds 45% equity in Guizhou Huayi Vision Technology Co., Ltd., and as agreed upon, Guizhou Yiyun Investment Management Co., Ltd. grants its voting rights of 6% to the Company. The Company effectively holds 51% of the voting rights in Guizhou Huayi Vision Technology Co., Ltd., which constitutes working control so as to incorporate it into the scope of consolidation.

(5) "Zhejiang Dahua Robot Technology Co., Ltd." was renamed "Zhejiang Huaxuan Technology Co., Ltd." on January 6, 2021.

(6) "Zhejiang Dahua Automotive Technology Co., Ltd." was renamed "Zhejiang Huaruijie Technology Co., Ltd." on March 17, 2021.

2. The transactions that lead to changes in the shareholder's equity in the subsidiaries while still has working control over the subsidiary

(1) Explanation of the changes in the shareholder's equity in the subsidiaries

(1) Equity share change in Xinjiang Xinzhi: The company's wholly-owned subsidiary System Engineering holds 70% of its subsidiary Xinjiang Xinzhi, and its non-wholly-owned subsidiary North and South United holds 30% of Xinjiang Xinzhi's equity. In March 2020, North-South United transferred its 30% (consolidated ratio of 18.525%) shares of Xinjiang Xinzhi to System Engineering for zero consideration. After this transfer, the company's shareholding ratio of Xinjiang Xinzhi has changed from 81.475% to 100%.

(2) Equity share change in Dahua Robot: The company holds 51% of the equity of subsidiary company Dahua Robot. In

July 2020, the company purchased 49% of Dahua Robot's equity held by minority shareholders at a price of RMB 7,004,918.00. After this transfer, the company's shareholding ratio of Dahua Robot has changed from 51% to 100%.

(2) The effect of the transactions on the equity of the minority shareholders and the shareholder's equity attributable to the parent company

Unit: RMB

	Xinjiang Xinzhi	Dahua Robot
Purchase cost/Disposal consideration		7,004,918.00
-- Cash		7,004,918.00
Purchase cost/ Total disposal consideration		7,004,918.00
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disposed	1,639,240.63	-641,037.17
Difference	1,639,240.63	-7,645,955.17
Among them: adjust the capital reserve	1,639,240.63	-7,645,955.17

X. Risks Relating to Financial Instruments

The company faces various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks).

The overall objective of the Company's risk management is to formulate risk management policies that can minimize risks without affecting the Company's competitiveness and adaptability to changes too much.

(I) Credit Risk

Credit risk refers to the risk of the company's financial losses due to the failure of the counterparty to perform its contractual obligations.

The Company is mainly facing with the customer credit risk arising from sales on account. Before signing a new contract, the Company will assess the new customer's credit risk, including external credit rating and the credibility letter from a bank under some circumstances (if such information is available). The Company has set a credit limit for sales on account for each customer. Such limit shall be the maximum amount with no additional approval needed.

The Company ensures that the overall credit risk is within the controllable range through quarterly monitoring of credit ratings of existing customers, and monthly review of aging analysis on accounts receivable. When monitoring customers' credit risk, the Company groups them according to their credit characteristics. Customers rated as "high risk" will be placed on the restricted customer list. The Company can provide them with O/A in the future period only when additional approval is obtained. Otherwise they must make relevant payment in advance.

For overseas customers, the Company mainly uses wire transfer as a payment method. According to the credit evaluation of each customer, the Company gives different credit lines and credit account periods, and agrees on the payment method and account period in the commodity procurement contract between the two parties. After the sales of products, the Company has a dedicated person responsible for tracking, reconciliation, and payment reminding. In addition, the Company introduced export credit insurance to ensure that the return risk from overseas customers is within controllable range.

(II) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation of settlement by cash or other financial assets.

The Company's policy is to ensure that there is sufficient cash to repay the liabilities due. The liquidity risk is under the concentrated control of the Company's Financial Department. Through monitoring the balance of cash and securities cashable at any time and rolling forecasting the cash flow in the next 12 months, the Financial Department ensures that the Company has sufficient funds to repay its debts under all reasonable predictions.

The financial liabilities of the Company are listed as follows based on the undiscounted contractual cash flow:

Item	Balance at the end of the year		
	Within 1 year	1 years or above	Total
Short-term loan	250,177,083.34		250,177,083.34
Notes Payable	3,258,552,758.17		3,258,552,758.17
Accounts Payable	6,444,787,705.28		6,444,787,705.28
Other Payables	970,552,877.22		970,552,877.22
Non-current Liabilities Due within 1 Year	151,891,709.34		151,891,709.34
Long-term loan		878,000,000.00	878,000,000.00
Total	11,075,962,133.35	878,000,000.00	11,953,962,133.35

Item	Balance at the end of the previous year		
	Within 1 year	1 years or above	Total
Short-term loan	400,323,888.90		400,323,888.90
Notes Payable	3,807,292,795.07		3,807,292,795.07
Accounts Payable	4,290,253,501.81		4,290,253,501.81
Other Payables	1,163,915,713.24		1,163,915,713.24
Non-current Liabilities Due within 1 Year	26,993,755.57		26,993,755.57
Long-term loan		153,500,000.00	153,500,000.00
Total	9,688,779,654.59	153,500,000.00	9,842,279,654.59

(III) Market Risk

The market risk of financial instruments refers to the risk of fluctuation at fair value of financial instruments or future cash flows with the change of market prices, including exchange rate risks and interest rate risks.

1. Interest rate risk

The interest rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market interest rate. The interest rate risk faced with by the Company is mainly from bank loans. The Company's assets and liabilities relating to interest rate are respectively bank deposits and short-term loans, whose interest rate risk is low.

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to

changes in foreign exchange rates.

The Company will try its best to match the revenues with the expenses in foreign currency, to lower the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks.

The exchange rate risk faced with by the Company is mainly from financial assets and liabilities in USD. The amounts of assets and liabilities in foreign currencies and converted into RMB are listed as below:

Item	Balance at the End of the Period			Balance at the end of the previous year		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and Bank Balances	2,066,290,327.08	722,490,474.86	2,788,780,801.94	718,728,480.27	495,284,993.36	1,214,013,473.63
Accounts receivable	2,758,289,939.69	1,026,362,106.74	3,784,652,046.43	3,344,560,887.12	869,863,405.15	4,214,424,292.27
Accounts Payable	1,435,207,173.38	78,343,376.34	1,513,550,549.72	1,037,081,038.74	26,243,892.41	1,063,324,931.15
Total	6,259,787,440.15	1,827,195,957.94	8,086,983,398.09	5,100,370,406.13	1,391,392,290.92	6,491,762,697.05

XI. Disclosure of Fair Values

1. Fair values of the assets and liabilities at the end of the period

Unit: RMB

Item	Fair values at period-end			
	First level measurement at fair value	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant measurement at fair value	--	--	--	--
(I) Trading Financial Assets		2,475,680.45		2,475,680.45
1. Financial assets at fair value through profit or loss in this period		2,475,680.45		2,475,680.45
(1) Investment in debt instruments				
(2) Investment in equity				

instrument				
(3) Derivative Financial Assets		1,005,680.45		1,005,680.45
(4). Others		1,470,000.00		1,470,000.00
2. Designated financial assets that are measured at fair value and whose changes are included in the current profit and loss				
(1) Investment in debt instruments				
(2) Investment in equity instrument				
(II) Investment in Other Creditor's Rights				
(III) Investment in Other Equity Instruments				
(IV) Investment Property				
1. Land use rights for lease				
2. Rental buildings				
3. Land use rights held and prepared to transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive Biological Assets				
(VI) Receivables Financing		1,207,879,654.58		1,207,879,654.58
(VII) Other Non-current Financial Assets			360,087,786.34	360,087,786.34
Total assets constantly measured at fair value		1,210,355,335.03	360,087,786.34	1,570,443,121.37

(VIII) Transactional financial liabilities				
Including: issued trading bonds				
Derivative Financial Liabilities				
Others				
(IX) Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss				
Total amount of liabilities constantly measured at their fair values				

2. For the continuous and non-continuous second-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

The fair value of derivative financial assets shall be confirmed according to the difference between the contract quotation for future foreign exchange settlement and forward foreign exchange rate;

Due to the short remaining term of the receivables financing, the book value is close to the fair value, and the nominal amount is used as the fair value.

3. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

Evaluate the value and net book assets based on the income method and asset-based method.

4. The fair value of financial assets and financial liabilities not measured at fair value

The fair value of financial assets and financial liabilities measured by the Company at amortized cost is equivalent to the book value.

XII. Related Parties and Related-party Transactions

1. The Company's Parent Company

Name of parent	Registered	Business Nature	Registered Capital	Shareholding ratio of the parent	Proportion of voting rights of the
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company	Address			company	parent company
Fu Liquan				34.18%	34.18%
Chen Ailing				2.38%	2.38%

The final controllers of the Company are Mr. Fu Liquan and Ms. Chen Ailing.

2. Information about the Company's subsidiaries

For details of subsidiaries of the Company, see Note "IX. Equities in other entities".

3. Information about the Company's joint ventures and affiliates

For details of significant joint ventures and associates of the Company, see Note "IX. Equities in other entities".

Here are the information about other joint ventures and affiliates that have related-party transactions with the Company in the current period or have balance from related-party transactions with the Company in the previous period:

Names of joint ventures and affiliates	Relationship with the Company
Intelbras S.A.	Affiliate
Guangdong Dahua Zhishi Technology Co., Ltd.	Affiliate
Lishui Dahua Intelligent Technology Co., Ltd.	Affiliate
Ningbo Dahua Anbang Security Services Co., Ltd.	Affiliate
Shaoxing Dahua Security Services Co., Ltd.	Affiliate
Shenzhen Congwen Security Electronics Co., Ltd. (Note 1)	Affiliate
Taizhou Dahua Security Services Co., Ltd.	Affiliate
Wenzhou Dahua Security Services Co., Ltd.	Affiliate
Zhejiang Dahua Zhian Internet of Things Technology Co., Ltd.	Affiliate
Zhejiang Leapmotor Technology Co., Ltd.	Affiliate, and enterprise controlled by the Company's actual controller
China Standard Intelligent Security Technology Co., Ltd.	Affiliate
Zhongruixin Digital Technology Co., Ltd.	Affiliate
Zhoushan Dahua Technology Co., Ltd.	Affiliate
Digital Dongyang Technology Operation Co. Ltd	Affiliate
Hangzhou Juhuan Information Technology Co., Ltd.	Affiliate

Note 1: Shenzhen Congwen Security Electronics Co., Ltd. is a joint venture of the company. In June 2020, the company has transferred the company's equity. The company and Shenzhen Congwen Security Electronics Co., Ltd. ended their relationship in June 2020.

4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Hangzhou Nuoja Technology Co., Ltd.	Enterprises controlled by the spouses of company's senior executives
Hangzhou Xunwei Robotics Technology Co., Ltd.	Enterprise significantly influenced by the senior manager of the Company
Hangzhou Xintu Technology Co., Ltd.	Enterprise controlled by the senior manager of the Company
Ningbo Hualing Investment Management Partnership (Limited Partnership)	Enterprises controlled by actual controllers
Ningxia Shendun Security Services Co., Ltd.	Subsidiary of a company with shares held by the Company
Zhejiang Huanuokang Technology Co., Ltd.	Company controlled by the Company's actual controller
Zhejiang Lancable Technology Co., Ltd.	Enterprise controlled by the senior manager of the Company
Zhoushan Weixin Equity Investment Partnership (Limited Partnership)	Enterprises on which the actual controllers have important influence
Zhoushan Zhixin Equity Investment Partnership (Limited Partnership)	Enterprises controlled by actual controllers
Zhejiang Huatu Microchip Technology Co., Ltd. (Note 1)	Enterprises on which the actual controllers have important influence
Zhejiang Xinsheng Electronic Technology Co., Ltd. (Note 1)	Enterprises on which the actual controllers have important influence
Zhoushan Dahua Security Service Co., Ltd.	Subsidiary of the affiliate
Leapmotor Automobile Co., Ltd.	Associates, and subsidiaries controlled by actual controllers
Ningbo Dahua-ZhiAn IOT Technology Co., Ltd.	Subsidiary of the affiliate
Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	Associates, and subsidiaries controlled by actual controllers
Hangzhou Maycur Technology Co., Ltd.	Enterprises whose previous senior executives have important influence
Wenzhou Dahua Security Services Co., Ltd.	Affiliate
Ningbo Dahua Anbang Security Services Co., Ltd.	Affiliate
Gansu Aode Electronic Technology Co., Ltd.	Subsidiary of a company with shares held by the Company
South-North United Information Technology Co., Ltd. (Note 2)	This company was disposed by Dahua in March 2020, but within 12 months after the disposal, North-South United Information was still identified as the company's affiliated legal person.
Zhejiang Jing'an Electronic Engineering Co., Ltd. (Note 3)	This company ended its affiliate relationship within the year 2020
Hangzhou Xiaoshan Micro Medical Outpatient Department Co. Ltd. (Note 4)	This company ended its affiliate relationship within the year 2020

Zhejiang Youchong Ampere Technology Co., Ltd	Associates, and subsidiaries controlled by actual controllers
Wuhan Lingchao Automobile Sales Service Co., Ltd.	Associates, and subsidiaries controlled by actual controllers
Zhejiang Leapmotor Automobile Marketing Service Co., Ltd.	Associates, and subsidiaries controlled by actual controllers
Wangsu Technology Co., Ltd.	The former independent director of the company Huang Siying served as the director of the company. Huang Siying resigned in June 2020. Within 12 months of her departure, Wangsu Technology was still recognized as the company's affiliated legal person.
Shanghai Yanhua Intelligent Technology (Group) Co., Ltd. (Note 5)	This company ended its affiliate relationship within the year 2020
Zhejiang Huashi Investment Management Co., Ltd.	Enterprises controlled by actual controllers

Other notes

Note 1: Zhejiang Huatu Microchip Technology Co., Ltd. and Zhejiang Xinsheng Electronic Technology Co., Ltd. have been disposed by Dahua Co., Ltd. in July 2020. After the disposal, they are still enterprises whose actual controllers have important influence.

Note 2: South-North United Information Technology Co., Ltd. was disposed by Dahua in March 2020, but within 12 months after the disposal, South-North United Information was still identified as the company's affiliated legal person.

Note 3: Zhejiang Jing'an Electronic Engineering Co., Ltd. ended its associated relationship on July 10, 2020. Wu Yunlong, company senior manager, resigned as a director of the company on July 10, 2019, and completed industrial and commercial registration of changes.

Note 4: Hangzhou Xiaoshan Micro Medical Outpatient Department Co. Ltd. ended its associated relationship on September 19, 2020. He Chao, former independent director of the company, resigned as a director of the company on September 20, 2019, and completed industrial and commercial registration of changes.

Note 5: Shanghai Yanhua Intelligent Technology (Group) Co., Ltd. ended its associated relationship on December 17, 2020. The company's former senior executive Wei Meizhong resigned as the company's director on December 18, 2019, and completed industrial and commercial registration of changes.

5. Information about related-party transactions

(1) Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

Merchandise purchase and acceptance of labor services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Approved transaction limit	Over the transaction limit or not	Previous Period's Amount of Occurrence
Hangzhou Huayun Technology Co., Ltd.	Purchase of materials				6,939.66

Zhejiang Leapmotor Technology Co., Ltd.	Acceptance of services and Purchase of materials	8,244,640.58		No	1,315,899.80
Hangzhou Xiaoshan Weiyi Outpatient Co., Ltd.	Acceptance of services	14,000.00		No	95,331.90
Wenzhou Dahua Security Services Co., Ltd.	Acceptance of services				2,460,733.11
Hangzhou Nuojia Technology Co., Ltd.	Acceptance of services	1,012,601.69		No	1,698,113.21
Zhejiang Huanuokang Technology Co., Ltd.	Purchase of materials	596,460.11		No	955,752.22
Leapmotor Automobile Co., Ltd.	Purchase of materials	3,463,351.31		No	1,473,403.32
Zhejiang Xinsheng Electronic Technology Co., Ltd.	Purchase of materials	136,605,952.06		No	
Zhoushan Dahua Security Service Co., Ltd.	Acceptance of services	4,826,642.66		No	
Hangzhou Xunwei Robotics Technology Co., Ltd.	Purchase of materials	3,271,015.27		No	
Ningbo Dahua-ZhiAn IOT Technology Co., Ltd.	Purchase of materials	630,530.97		No	
Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	Acceptance of services	172,551.33		No	
Shenzhen Conwin Security Electronics CO., Ltd.	Acceptance of services	70,796.46		No	
Hangzhou Maycur Technology Co., Ltd.	Acceptance of services	36,792.45		No	

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party	This Period's	Previous
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	transaction	Amount of Occurrence	Period's Amount of Occurrence
Ningbo Dahua Anbang Security Services Co., Ltd.	Sales of merchandise	821,763.77	161,522.62
Lishui Dahua Intelligent Technology Co., Ltd.	Sales of merchandise	4,194.69	188,679.25
Zhoushan Dahua Technology Co., Ltd.	Sales of merchandise	95,379.63	326,391.14
Wenzhou Dahua Security Services Co., Ltd.	Rendering of service	94,339.62	
Zhejiang Leapmotor Technology Co., Ltd.	Sales of merchandise and provision of services	11,902,130.12	773,488.67
Hangzhou Xintu Technology Co., Ltd.	Rendering of service	565,507.27	632,251.60
Taizhou Dahua Security Services Co., Ltd.	Sales of merchandise	10,592.03	56,206.89
Shenzhen Conwin Security Electronics CO., Ltd.	Sales of merchandise	756,046.05	1,579,928.49
Guangdong Dahua Zhishi Technology Co., Ltd.	Sales of merchandise	16,255,224.27	11,442,110.68
Zhejiang Dahua Zhian Internet of Things Technology Co., Ltd.	Sales of merchandise and provision of services		943,396.23
Ningbo Dahua-ZhiAn IOT Technology Co., Ltd.	Sales of merchandise	22,123.89	
Hangzhou Xunwei Robotics Technology Co., Ltd.	Sales of merchandise	36,991.13	48,849.56
Hangzhou Huayun Technology Co., Ltd.	Sales of merchandise		595,835.37
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise	-56,034.48	1,082,238.04
Hangzhou Nuojia Technology Co., Ltd.	Sales of merchandise	1,047,780.68	673,544.27
Leapmotor Automobile Co., Ltd.	Sales of merchandise and provision of services	14,318,157.48	6,839,109.07
China Standard Intelligent Security Technology Co., Ltd.	Sales of merchandise	62,220.38	2,047,376.15
Zhejiang Huanuokang Technology Co., Ltd.	Sales of merchandise	666,441.44	316,796.38
Shanghai Yanhua Intelligent Technology (Group) Co., Ltd	Sales of merchandise	4,933,341.13	6,752,608.19
Intelbras S.A.	Sales of merchandise	440,704,672.41	108,640,714.53
Shaoxing Dahua Security Services Co., Ltd.	Sales of merchandise and provision of services		47,169.81
Zhejiang Youchong Ampere Technology Co., Ltd	Sales of merchandise		6,743.36
Zhejiang Leapmotor Automobile Marketing	Sales of merchandise		940.18

Service Co., Ltd.			
South-North United Information Technology Co., Ltd.	Sales of merchandise	49,976.19	
Zhongruixin Digital Technology Co., Ltd.	Sales of merchandise	21,997,494.69	
Hangzhou Juhuanyan Information Technology Co., Ltd.	Sales of merchandise	523,392.88	
Zhejiang Xinsheng Electronic Technology Co., Ltd.	Sales of merchandise and provision of services	241,730.65	
Zhejiang Jing'an Electronic Engineering Co., Ltd.	Sales of merchandise and provision of services	-25,231.45	

(2) Related leasing

The Company being the lessor:

Unit: RMB

Name of the lessee	Type of the leased assets	Rental income confirmed in this period	Rental income confirmed in the previous period
Zhejiang Leapmotor Technology Co., Ltd.	Buildings and constructions	688,311.48	688,311.51
China Standard Intelligent Security Technology Co., Ltd.	Buildings and constructions	74,697.48	209,258.66
South-North United Information Technology Co., Ltd.	Buildings and constructions	509,880.24	
Zhongruixin Digital Technology Co., Ltd.	Transportation Equipment	23,599.11	
Zhejiang Xinsheng Electronic Technology Co., Ltd.	Transportation Equipment	5,309.73	

(3) Related guarantee

The Company being the guarantor:

Unit: RMB

Secured parties	Guarantee Amount	Starting date	Maturity date	Guarantee fulfilled completely or not
Zhejiang Dahua Vision Technology Co., Ltd.	290,000,000.00	June 6, 2016	January 15, 2020	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	240,000,000.00	April 13, 2018	April 12, 2020	Yes

Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	January 03, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	January 17, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	March 22, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	April 18, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	230,000,000.00	May 13, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	140,000,000.00	September 26, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	380,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	600,000,000.00	August 10, 2017	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	650,000,000.00	May 10, 2019	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	50,000,000.00	September 20, 2019	Three years since the date on which the debt period of master contract expires or the date on which the secured claim is determined, whichever is later	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	100,000,000.00	October 22, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	December 10, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision	300,000,000.00	January 15, 2020	Three years after the maturity of the debts in the master	Yes

Technology Co., Ltd.			contract	
Zhejiang Dahua Vision Technology Co., Ltd.	220,000,000.00	October 13, 2017	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	March 20, 2018	March 19, 2021	No
Zhejiang Dahua Vision Technology Co., Ltd. (guarantee currency is US dollar)	40,000,000.00	September 21, 2018	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	180,000,000.00	June 26, 2019	June 25, 2022	No
Zhejiang Dahua Vision Technology Co., Ltd.	440,000,000.00	July 22, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	September 29, 2019	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	250,000,000.00	February 17, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	February 26, 2020	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 7, 2020	March 31, 2021	No
Zhejiang Dahua Vision Technology Co., Ltd.	240,000,000.00	April 13, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	July 31, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	600,000,000.00	August 12, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	330,000,000.00	August 18, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	August 15, 2020	Five years upon expiration of debt period of master contract	No

Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	September 27, 2020	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	June 6, 2016	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	60,000,000.00	May 13, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	December 12, 2019	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	June 6, 2016	June 30, 2020	Yes
Zhejiang Dahua Zhilian Co., Ltd.	500,000,000.00	September 01, 2018	September 1, 2020	Yes
Zhejiang Dahua Zhilian Co., Ltd.	400,000,000.00	November 1, 2019	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	October 12, 2018	October 12, 2021	No
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	60,000,000.00	February 26, 2020	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	April 9, 2020	One years upon expiration of debt period of master contract	No
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is USD)	60,000,000.00	May 1, 2020	One years upon expiration of debt period of master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	March 28, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	165,000,000.00	September 25, 2020	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	75,000,000.00	September 27, 2020	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	February 26, 2020	Three years after the maturity of the debts in the master	No

			contract	
Zhejiang Dahua System Engineering Co., Ltd.	100,000,000.00	June 6, 2016	March 30, 2020	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	May 13, 2019	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua System Engineering Co., Ltd.	100,000,000.00	May 10, 2019	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua System Engineering Co., Ltd.	10,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	60,000,000.00	November 07, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	February 26, 2020	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	July 31, 2020	Two years after the maturity of the debts in the master contract	No
Dahua Technology (HK) Limited (guarantee currency is US dollar)	50,000,000.00	December 15, 2017	December 15, 2020	Yes
Dahua Technology (HK) Limited (guarantee currency is US dollar)	7,000,000.00	November 25, 2019	Two years after the maturity of the debts in the master contract	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is Mexican Peso)	59,973,141.38	March 26, 2019	March 26, 2020	Yes
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is Mexican Peso)	179,919,424.15	April 9, 2019	April 9, 2020	Yes
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guarantee currency is USD)	6,500,000.00	October 27, 2020	October 20, 2021	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V	1,000,000.00	September 1, 2020	August 31, 2021	No

(guarantee currency is USD)				
Hangzhou Huacheng Network Technology Co., Ltd.	50,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	100,000,000.00	February 26, 2020	Three years after the maturity of the debts in the master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	55,000,000.00	September 25, 2020	Two years after the maturity of the debts in the master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	50,000,000.00	September 27, 2020	Three years after the maturity of the debts in the master contract	No
Dahua Technology UK Limited (guaranteed currency is GBP)	1,160,000.00	August 12, 2020	Signing termination notice	No

(4) Asset transfer and debt restructuring of related parties

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
China Standard Intelligent Security Technology Co., Ltd.	Selling of fixed assets		1,659.82
Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	Purchasing fixed assets	11,877,309.97	
Leapmotor Automobile Co., Ltd.	Purchasing fixed assets	54,966.37	
Zhejiang Leapmotor Technology Co., Ltd.	Purchasing fixed assets	648,518.03	
Zhejiang Leapmotor Technology Co., Ltd.	Purchasing intangible assets	9,635,998.19	
Wuhan Lingchao Automobile Sales Service Co., Ltd.	Purchasing fixed assets	1,109,609.35	
Zhongruixin Digital Technology Co., Ltd.	Selling of fixed assets	201,884.52	
Wangsu Technology Co., Ltd.	Purchasing fixed assets	180,000.00	
Zhejiang Huanuokang Technology Co., Ltd.	Selling of fixed assets	64,475.38	
Zhejiang Leapmotor Automobile Marketing Service Co., Ltd.	Purchasing fixed assets	6,355.75	

(5) Remuneration to key management personnel

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary of key management personnel	26,703,463.41	23,643,285.50

(6) Other related-party transactions

- 1). On February 3, 2020, the 30th session of the 6th Board of Directors' meeting held by the Company reviewed and approved the "Proposal on Joint Investment and Related Party Transactions with Related Persons". It is agreed that the Company and its related party Ningbo Huagu Enterprise Management Partnership (Limited Partnership) and Ningbo Hualing Investment Management Partnership (Limited Partnership) jointly invested RMB 50 million to establish Zhejiang Dahua Storage Technology Co., Ltd. Among them, Dahua invested RMB 25.5 million with its own funds, accounting for 51% of the registered capital. In February 2020, the company was established.
- 2). On February 24, 2020, the 31st session of the 6th Board of Directors' meeting held by the Company reviewed and approved the "Proposal on Joint Investment with Related Parties to Establish a Holding Subsidiary and Related Party Transactions". It is agreed that the Company and its related party Zhejiang Leapmotor Technology Co., Ltd, Ningbo Hualing Investment Management Partnership (Limited Partnership), and Ningbo Huaqi Enterprise Management Partnership (Limited Partnership) jointly invested RMB 150 million to establish Zhejiang Dahua Automotive Technology Co., Ltd. Among them, Dahua invested RMB 76.5 million with its own funds, accounting for 51% of the registered capital. In March 2020, the company was established.
- 3). On July 8, 2020, the 36th meeting of the 6th board of directors held by the Company reviewed and approved the "Proposal on Equity Transfer and Related Transactions of Subsidiary". The Company will transfer 49% equity of Zhejiang Dahua Robot Technology Co., Ltd., held by related party Zhejiang Huashi Investment Management Co., Ltd., the related transactions of which totals RMB 7,004,918. The change of industrial and commercial registrations for the above matter was completed in August 2020.
- 4). On July 24, 2020, the 2nd Extraordinary General Meeting of Shareholders of 2020 held by the Company reviewed and approved the "Proposal on Equity Transfer Agreement and Related Transactions of Wholly-owned Subsidiaries". It is agreed that the Company would transfer 100% of the equity of its subsidiary Zhejiang Huatu Microchip Technology Co., Ltd. to Hangzhou Gancheng Equity Investment Partnership (Limited Partnership), Shaoxing Gansheng Equity Investment Partnership (Limited Partnership), Zhejiang FTZ Fenghang Investment Partnership (Limited Partnership), Yuyao Yangming Zhixing Investment Center (Limited Partnership), Ganzhou Dayu Capital Management Partnership (Limited Partnership), Chen Heyu, Ningbo Hualing Investment Management Partnership (Limited Partnership), Zhoushan Zhixin Equity Investment Partnership (Limited Partnership), and Zhoushan Weixin Equity Investment Partnership (Limited Partnership). The transfer price of 100% equity of Zhejiang Huatu Microchip Technology Co., Ltd. is RMB 1200 million, of which 40% of the equity is transferred to the related parties including Ningbo Hualing Investment Management Partnership (Limited Partnership), Zhoushan Zhixin Equity Investment Partnership (Limited Partnership) and Zhoushan Weixin Equity Investment Partnership (Limited Partnership). The transfer price is RMB 480 million. The company has received a total of RMB 612 million (51% of the equity transfer payment) paid by the counterparty for the first phase of equity transfer, including the equity transfer payment RMB 244.8 million from related parties including Ningbo Hualing Investment Management Partnership (Limited Partnership) and Zhoushan Zhixin Equity Investment partnership (limited partnership) and Zhoushan Weixin Equity Investment Partnership (limited partnership). The change of industrial and commercial registrations for the above matter was completed in August 2020.

5) On September 23, 2020, the third meeting of the 7th board of directors held by the Company reviewed and approved the "Proposal on Transfer of Equity of Holding Subsidiary and Waiver of Right of Preemption and Related Transaction". The Company transferred 51% equity of its holding subsidiary, Hangzhou Tecomore Technology Co., Ltd, to an unrelated natural person Wu Yuwei at a price of RMB 4,823,223. At the same time, the related legal person Zhejiang Huashi Investment Management Co., Ltd. transferred its 27.50% equity of Tanmu Technology to Wu Yuwei at a price of RMB 2,600,757; Tanmu Technology shareholder Yang Feng transferred 12% of his equity to Wu Yuwei at a price of RMB 1,134,876, the shareholder Wei Meizhong transferred 7% of his equity to Wu Yuwei at a price of RMB 662,011, and the shareholder Zhang Guoquan transferred 2.50% of his equity to Wu Yuwei at a price of RMB 23,6433. The Company waived its right of preemption to 49% of the shares of Tanmu Technology. The change of industrial and commercial registrations for the above matter was completed in September 2020.

6) On November 16, 2020, the fifth meeting of the seventh board of directors of the company reviewed and approved the "Proposal on Transfer of Part of Assets and Related Transactions to Holding Subsidiaries", and agreed to transfer the robotics business-related asset group and other assets and liabilities (including but not limited to physical assets, intangible assets and liabilities) and the personnel and businesses corresponding to the aforementioned assets of the company and its wholly-owned subsidiary Zhejiang Dahua Robotics Technology Co., Ltd. to the holding subsidiary Zhejiang Huarui Technology Co., Ltd. at the transfer price of RMB 40.275 million. The above matter was completed in December 2020.

7) On December 30, 2020, the seventh meeting of the seventh board of directors of the company reviewed and approved the "Proposal on Joint Investment and Related Transactions with Related Parties", and proposed to invest RMB 50 million jointly with the related legal person Ningbo Hualing Investment Management Partnership (Limited Partnership) and Hangzhou Huazhen Equity Investment Partnership (Limited Partnership) to establish Zhejiang Huashi Intelligent Inspection Technology Co., Ltd. In the company, Dahua invested RMB 22.50 million with its own funds, resulting in its holding of 45% of the equity, and held 85% of the voting rights therein through the agreement on voting rights. In January 2021, the company was established.

6. Receivables and payables of the related parties

(1) Receivables

Unit: RMB

Item Name	Related parties	Balance at the End of the Period		Balance at the Start of the Period	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Zhejiang Dahua Zhian Internet of Things Technology Co., Ltd.	100,000.00	10,000.00	100,000.00	5,000.00
Accounts receivable	Guangdong Dahua Zhishi Technology Co., Ltd.	9,674,896.53	483,744.83	12,553,692.95	627,684.65
Accounts receivable	Ningbo Dahua Anbang Security Services Co., Ltd.	826,971.00	41,348.55		
Accounts receivable	Zhejiang Leapmotor Technology Co., Ltd.	4,533,769.13	236,439.44	674,210.13	33,710.51

Accounts receivable	Hangzhou Xintu Technology Co., Ltd.	94,500.00	4,725.00	3,379.63	168.98
Accounts receivable	Zhejiang Lancable Technology Co., Ltd.			676,259.00	33,812.95
Accounts receivable	Shenzhen Conwin Security Electronics CO., Ltd.			207,500.00	10,375.00
Accounts receivable	Hangzhou Xunwei Robotics Technology Co., Ltd.	15,300.00	765.00		
Accounts receivable	Hangzhou Nuoqia Technology Co., Ltd.	48,305.00	2,415.25	2,902,026.06	1,421,211.26
Accounts receivable	Leapmotor Automobile Co., Ltd.	15,692,902.11	861,178.57	9,340,735.86	574,240.05
Accounts receivable	Zhoushan Dahua Technology Co., Ltd.			217,168.00	10,858.40
Accounts receivable	China Standard Intelligent Security Technology Co., Ltd.	1,017,723.17	94,223.41	1,025,951.05	51,297.55
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd.	1,106,873.88	73,242.70	357,980.05	17,899.00
Accounts receivable	Intelbras S.A.	208,554,357.60	10,427,717.88	123,762,782.51	6,188,139.13
Accounts receivable	Shaoxing Dahua Security Services Co., Ltd.	50,000.00	5,000.00	50,000.00	2,500.00
Accounts receivable	Zhejiang Leapmotor Automobile Marketing Service Co., Ltd.			1,062.40	53.12
Accounts receivable	South-North United Information Technology Co., Ltd.	29,508,038.92	6,150,422.02		
Accounts receivable	Zhongruixin Digital Technology Co., Ltd.	12,589,716.40	629,485.82		
Accounts receivable	Hangzhou Juhuanyan Information Technology Co., Ltd.	1,223,000.00	92,728.30		
Accounts receivable	Zhejiang Xinsheng Electronic Technology Co., Ltd.	1,912,804.53	95,640.23		
Accounts receivable	Zhejiang Huatu Microchip Technology Co., Ltd.	315,750.17	15,788.53		
Prepayment	Zhejiang Xinsheng Electronic Technology Co., Ltd.	9,430,662.05			
Prepayment	Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	811,033.19			

Other Receivables	Shenzhen Conwin Security Electronics CO., Ltd.	8,000.00	400.00		
Other Receivables	Ningbo Hualing Investment Management Partnership (Limited Partnership)	107,800,000.00	5,390,000.00		
Other Receivables	Zhoushan Weixin Equity Investment Partnership (Limited Partnership)	62,720,000.00	3,136,000.00		
Other Receivables	Zhoushan Zhixin Equity Investment Partnership (Limited Partnership)	64,680,000.00	3,234,000.00		
Other Receivables	Zhejiang Xinsheng Electronic Technology Co., Ltd.	54,751.47	2,737.57		
Other Receivables	Hangzhou Leapmotor Automobile Marketing Service Co., Ltd.	5,600.00	280.00		

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable	Ningxia Shendun Security Services Co., Ltd.	350,375.00	350,375.00
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd.	5,566,641.83	706,019.53
Accounts Payable	Hangzhou Nuoqia Technology Co., Ltd.	2,371,466.69	2,019,656.96
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd.	1,018,404.74	1,079,999.99
Accounts Payable	Leapmotor Automobile Co., Ltd.	5,559,648.36	1,521,631.91
Accounts Payable	Wangsu Technology Co., Ltd.	18,000.00	
Contract liabilities	Hangzhou Nuoqia Technology Co., Ltd.	353.98	
Contract liabilities	Leapmotor Automobile Co., Ltd.	982,300.88	
Contract liabilities	South-North United Information Technology Co., Ltd.	6,371.68	
Contract liabilities	Zhongruixin Digital Technology	112,127.64	

	Co., Ltd.		
Contract liabilities	Hangzhou Juhuan Information Technology Co., Ltd.	250,000.00	
Other Payables	Zhejiang Leapmotor Technology Co., Ltd.	173,520.00	173,520.00

XIII. Share-based payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Total amount of equity instruments granted by the Company in current period	13,391,480 shares of restricted stock
Total amount of equity instruments exercised by the Company in current period	36,931,560 shares of restricted stock
Total amount of equity instruments of the Company invalidated in current period	8,133,640 shares of restricted stock
The range of the exercise prices of other outstanding equity instruments issued by Company at the end of the period and the remaining contractual term	In 2018, the restricted stock award price granted by the restricted stock incentive plan for the first time was RMB 8.17/share, and the remaining period of the contract was 26 months; The award price of restricted stock reserved for the grant was RMB 8.75/share, and the remaining period of the contract was 26 months. In 2020, the restricted stock award price granted by the restricted stock incentive plan was RMB 7.467/share, and the remaining period of the contract was 29 months.

2. Situation of equity-settled share-based payment

Applicable Not applicable

Unit: RMB

The method for determining the fair value of equity instruments on the day of granting	Determined based on the stock price at the grant date and the grant cost of the restricted stocks
The basis for determining the amount of exercisable equity instruments	Estimated according to equity instruments held by the employees
Reason for the significant difference between the estimation of current period and the previous period	N/A
The accumulated amount of equity-settled share-based payment counted into the capital reserve	396,559,999.15

Amount of equity-settled share-based payment confirmed in current period	170,911,019.61
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3. Situation of cash-settled share-based payment

Applicable Not applicable

4. Modification and termination of share-based payment

According to the resolution of the 27th session of the 6th Board of Directors' meeting of the Company held on November 4, 2019, the Company reviewed and approved the 2018 Restricted Stock Incentive Plan (Draft Revision) and its summary, and adjusted the performance conditions that the Company had to meet to unlock the incentive objects of the granted restricted stock. The adjusted performance conditions are as follows:

(1) The restricted stocks granted for the first time in 2018 will be unlocked in three times when the company meets the following performance conditions:

Unlocking time	Performance conditions
Unlocking condition for the first time	Indicator 1: The compound annual revenue growth rate of the previous year before the unlocking time is not less than 23% compared to the previous year of the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2019 is not less than 17%. Indicator 2: The growth rate of the net profit attributable to the parent company at the time before the unlocking time is not less than 32% compared to the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2019 is not less than 19%;
Unlocking condition for the second time	Indicator 1: The compound annual revenue growth rate of the previous year before the unlocking time is not less than 23% compared to the previous year of the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2020 is not less than 18%. Indicator 2: The growth rate of the net profit attributable to the parent company at the time before the unlocking time is not less than 60% compared to the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2020 is not less than 19%;
Unlocking condition for the third time	Indicator 1: The compound annual revenue growth rate of the year before the unlocking time is not less than 23% compared with the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2021 is not less than 19%. Indicator 2: The growth rate of the net profit attributable to the parent company at the time before the unlocking time is not less than 90% compared to the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2021 is not less than 19%;

(2) The reserved restricted stocks granted in 2019 will be unlocked in two times when the company meets the following performance conditions:

Unlocking time	Performance conditions
Unlocking	Indicator 1: The compound annual revenue growth rate of the previous year before the unlocking time is

condition for the first time	not less than 23% compared to the previous year of the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2020 is not less than 18%. Indicator 2: The growth rate of the net profit attributable to the parent company at the time before the unlocking time is not less than 60% compared to the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2020 is not less than 19%;
Unlocking condition for the second time	Indicator 1: The compound annual revenue growth rate of the previous year before the unlocking time is not less than 23% compared to the previous year of the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2021 is not less than 19%. Indicator 2: The growth rate of the net profit attributable to the parent company at the time before the unlocking time is not less than 90% compared to the year before the granting time, and the weighted average ROE attributable to the Company's common stock shareholders as of December 31, 2021 is not less than 19%;

XIV. Commitments and contingencies

1. Significant commitments

Important commitments on the balance sheet day

As of December 31, 2020, the pledge information of the Company was as follows:

(1) On August 19, 2016, the subsidiary Xinjiang Dahua Zhixin Information Technology LLC pledged its future accounts receivable amounting to RMB 351,064,980.00 incurred from the available service fee under the Franchise Agreement for the Shihezi "Safe Shicheng" PPP Project, and signed the Fixed Assets Loan Contract (total contract amount: RMB 230,000,000.00, contract No.: 2016-01) with Shihezi Sub-Branch of the Construction Bank of China, to provide guarantee for the Company's loan (loan contract No.: 2016-01) amounting to RMB 230,000,000.00 (Term of borrowing: from August, 2016 to August, 2027). As of December 31, 2020, the pledged receivables were RMB 206,106,430.16 (of which the long-term receivable balance was RMB 175,530,696.65, and the non-current asset balance due within one year was RMB 30,575,733.51), and the loan balance under the guarantee contract was RMB 128,000,000.00 (of which the long-term loan balance was RMB 128,000,000.00).

(2) On October 23, 2018, Zhejiang Dahua Technology Co., Ltd. and the Hangzhou Branch of China Zheshang Bank Co., Ltd. signed the "Guarantee Contract for Pledge of Asset Pool", with the number (33100000) Zheshang Asset Pool Quality (2018) No. 22518, providing guarantee for the "Notes Pool Business Cooperation Agreement" signed by the company and its subsidiary Zhejiang Dahua Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Zhejiang Dahua Zhilian Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. The maximum financing amount of the fund pledge pool does not exceed RMB 2.5 billion.

Under this notes pool business, as of December 31, 2020, the company Zhejiang Dahua Technology Co., Ltd. has unexpired notes receivable of RMB 45,567,588.59 (including RMB 30,000,000.00 notes receivable from related parties within the scope of consolidation), subsidiary Zhejiang Dahua Technology Co., Ltd. has unexpired notes receivable of RMB 914,217,569.78 (including RMB 101,118,101.09 of notes receivable from related parties within the scope of consolidation), its subsidiary Zhejiang Dahua System Engineering Co., Ltd. has unexpired notes receivable of RMB 7,379,986.74, Subsidiary Zhejiang Dahua Zhilian Co., Ltd. pledged RMB 10,324,271.73 of unexpired notes receivable for the issuance of acceptance bills. Under this pledge, the amount of bank acceptance bills issued by the company Zhejiang Dahua Technology Co., Ltd. was RMB 22,558,747.88, and the amount of bank acceptance bills issued by the subsidiary Zhejiang Dahua Technology Co., Ltd is RMB 784,844,390.13, and the amount of bank acceptance bills issued by the

subsidiary Zhejiang Dahua System Engineering Co., Ltd. is RMB 9,424,414.2, and the amount of bank acceptance bills issued by the subsidiary Zhejiang Dahua Zhilian Co., Ltd. is RMB 5,727,740.61.

(3) The company Zhejiang Dahua Technology Co., Ltd. and China Merchants Bank Co., Ltd. Hangzhou Branch signed the "Special Credit Granting Agreement for Notes Pool Business", agreed on a 2.5 billion notes pool special credit line, and at the same time allocated the line to the subsidiary Zhejiang Dahua Technology Co., Ltd., subsidiary Zhejiang Dahua System Engineering Co., Ltd., subsidiary Hangzhou Huacheng Network Technology Co., Ltd., subsidiary Zhejiang Fengshi Technology Co., Ltd., subsidiary Zhejiang Huarui Technology Co., Ltd. and subsidiary Zhejiang Dahua Zhilian Limited company. As of December 31, 2020, the company Zhejiang Dahua Technology Co., Ltd. has undue notes receivable of RMB 7,548,533.40. Subsidiary Zhejiang Dahua Technology Co., Ltd. has undue notes receivable of RMB 103,254,487.57 (of which RMB 10,000,000.00 is notes receivable from related parties within the consolidation scope); Subsidiary Zhejiang Dahua System Engineering Co., Ltd. has undue notes receivable of RMB 2,552,983.00; Subsidiary Hangzhou Huacheng Network Technology Co., Ltd. has undue notes receivable of RMB 2,167,098.50.; Subsidiary Zhejiang Huarui Technology Co., Ltd. has undue notes receivable of RMB 1,158,395.00, and subsidiary Zhejiang Fengshi Technology Co., Ltd. has undue notes receivable of RMB 2,907,094.84 which is pledged to issue bank acceptance bills. Under the pledge, the amount of bank acceptance bill issued by the subsidiary Zhejiang Dahua Technology Co., Ltd. was RMB 6,791,655.48; The amount of bank acceptance bill issued by the subsidiary Hangzhou Huacheng Network Technology Co., Ltd. was RMB 63,424,118.97; The amount of bank acceptance bill issued by the subsidiary Zhejiang Dahua Zhilian Co., Ltd. was RMB 29,576,252.30, and the amount of bank acceptance bill issued by the subsidiary Zhejiang Fengshi Technology Co., Ltd. was RMB 13,959,913.25.

2. Contingencies

(1) Important contingent matters on the balance sheet day

There are no important contingencies on the balance sheet date.

(2) If no important contingent matter to be disclosed by the Company, it should also be noted accordingly

No important contingent matter needs to be disclosed by the Company.

XV. Events after the Balance Sheet Date

1. Distribution of profits

According to the resolution of the eleventh meeting of the seventh board of directors of the company on March 23, 2021, the company's profit distribution plan for 2020 is: based on the company's total share capital of 2,995,579,590 shares on December 31, 2020, distribute to all shareholders cash RMB 2.68 (including tax) for every 10 shares, with a total cash dividend of RMB 802,815,330.12. No bonus shares will be given, and the capital reserve will not be converted into share capital. The remaining undistributed profit after the distribution of dividends will be carried forward to the next year. The matter shall be implemented after being approved by the general meeting of shareholders.

2. Description of other matters after the balance sheet date

(1) On January 8, 2021, the eighth meeting of the seventh board of directors of the company reviewed and approved the

"Proposal on joint capital increase with related parties and related transactions". The company and related parties Zhang Xingming, He Chao, and Ningbo Huaqi Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Huaqi"), Hangzhou Kangdi Enterprise Management Partnership (Limited Partnership) and unrelated party Yao Weizhongjin invested RMB 50 million jointly to increase the capital of Zhejiang Huanuokang Technology Co., Ltd., of which, Dahua Co., Ltd. subscribed and contributed RMB 20 million with its own funds. After the capital increase, the company will hold 20% equity of Huanuokang, and Huanuokang will become the company's shareholding company.

(2) On January 8, 2021, the eighth meeting of the seventh board of directors of the company deliberated and approved the "Announcement on giving up the right to increase capital in the same proportion of the company and related transactions", totally 14 investors including Zhu Jiangming, Gao Dong, Chen Jinxia, Everfront Phoenix Mountain Ltd, Ningbo Hualing Investment Management Partnership (Limited Partnership), Shanghai Xiangheyongyuan Equity Investment Partnership (Limited Partnership), Changsha Nuofeng Private Equity Fund Partnership (Limited Partnership), Hangzhou Fanchain Technology Co., Ltd., Huzhou Heninghai Equity Investment Partnership (Limited Partnership), Zhang Wenjun, Hangzhou Qian Yao Investment Partnership (Limited Partnership), Hefei Xuanyizhahui New Power Industry Investment Fund Partnership (Limited Partnership), Zhoushan Haohai Venture Capital Partnership and Hangzhou Hanzhi Investment Partnership (Limited Partnership) planned to make a B-1 round of capital increase to Leapmotor Technology, with a total capital increase of RMB 2,957,800,000. Among them, the newly-added registered capital of Leapmotor Technology is RMB 143,136,214, and the newly-added capital reserve is RMB 2,814,663,786. In this capital increase, the company waived the right to increase capital in the same proportion. After the capital increase, the registered capital of Leapmotor Technology will increase from RMB 580,713,558 to RMB 723,849,772, and the proportion of shares held by the company in Leapmotor Technology will drop from 15.50% to 12.43%. The related transaction amount involved in the company's waiver of the right to increase capital in the same proportion for Leapmotor Technology this time is RMB 458,845,900,000.

(3) On January 22, 2021, the Ninth Meeting of the Seventh Board of Directors of the company reviewed and approved the "Proposal on giving up the right to increase capital in the same proportion of the company with shares and related transactions", totally 10 investors including Zhejiang Mituo Investment Co., Ltd., Gao Dong, Everfront Phoenix Mountain Ltd, Huzhou Heninghai Equity Investment Partnership (Limited Partnership), Zhoushan Haohai Venture Capital Partnership (Limited Partnership), Hangzhou Hanzhi Investment Partnership (Limited Partnership), Huzhou Jingxin Equity Investment Partnership (Limited Partnership), Central Enterprise Poor Area Industrial Investment Fund Co. Ltd., Hangzhou Chunsheng Investment Co. Ltd and Gao Yanfeng planned to increase the capital of Zhejiang Leapmotor Technology Co., Ltd., with a total amount of RMB 1,342,200,000. Among them, the newly-added registered capital of Leapmotor Technology is RMB 64,952,812, and the newly-added capital provident fund is RMB 1,277,247,188. In this capital increase, the company waived the right to increase capital in the same proportion. After the capital increase, the registered capital of Leapmotor Technology will increase from RMB 723,849,772 to RMB 788,802,584, and the proportion of the company's equity in Leapmotor Technology will drop from 12.43% to 11.41%. The amount of related transactions involved in the company's waiver of the right to increase capital in the same proportion for Leapmotor Technology this time is RMB 166,835,460.

XVI. Other Significant Events

1. Subsection information

(1) Basis for determining the reporting subsection and the accounting policy

The company determines its operating segments based on its internal organizational structure, management requirements, and internal reporting systems. The company has only one operating segment, namely the research and development, production and sales of video IOT products. The accounting policy of the reporting subsection is consistent

with that of the Company.

(2) Financial information of the reporting subsection

Regional subsection

Unit: RMB

Item	Operating income	Operating Cost
Domestic	15,979,394,846.89	9,929,618,506.93
Overseas	10,486,573,334.21	5,234,712,648.73
Total	26,465,968,181.10	15,164,331,155.66

Product subsection

Unit: RMB

Item	Operating income	Operating Cost
Product	10,236,157,625.57	5,296,463,922.73
Solutions	12,800,135,421.65	7,587,954,310.54
Innovative business	1,760,985,972.72	1,113,066,781.05
Others	1,668,689,161.16	1,166,846,141.34
Total	26,465,968,181.10	15,164,331,155.66

XVII. Notes to Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Balance at the End of the Period					Balance at the Start of the Period				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percent age	Amount	Accrued proportion	
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	2,826,617,475.98	100.00%	86,465,236.63	3.06%	2,740,152,239.35	8,542,679,634.33	100.00%	102,502,488.46	1.20%	8,440,177,145.87
Including:										
Portfolio 1: Related Parties Portfolio	1,932,175,484.83	68.36%			1,932,175,484.83	7,626,134,745.39	89.27%			7,626,134,745.39
Portfolio 2: Aging Analysis Portfolio	894,441,991.15	31.64%	86,465,236.63	9.67%	807,976,754.52	916,544,888.94	10.73%	102,502,488.46	11.18%	814,042,400.48
Total	2,826,617,475.98	100.00%	86,465,236.63		2,740,152,239.35	8,542,679,634.33	100.00%	102,502,488.46		8,440,177,145.87

Bad debt provision based on combinations

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year	680,571,903.75	34,028,595.19	5.00%
1 to 2 years	154,911,970.82	15,491,197.08	10.00%
2 to 3 years	23,196,988.15	6,959,096.45	30.00%
3 to 4 years	9,668,419.20	4,834,209.60	50.00%
4 to 5 years	4,702,854.61	3,762,283.69	80.00%
5 years or above	21,389,854.62	21,389,854.62	100.00%
Total	894,441,991.15	86,465,236.63	--

Please refer to the disclosing methods of other receivables for the information disclosure of bad debts provisions, if the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	2,541,687,811.61
1 to 2 years	189,611,750.53
2 to 3 years	32,175,046.73
3 years or above	63,142,867.11
3 to 4 years	20,342,193.17
4 to 5 years	4,702,854.61
5 years or above	38,097,819.33
Total	2,826,617,475.98

(2) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Accrued by aging analysis	102,502,488.46	2,341,603.88		18,378,855.71		86,465,236.63
Total	102,502,488.46	2,341,603.88		18,378,855.71		86,465,236.63

(3) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	18,378,855.71

(4) Accounts receivable of the top five closing balances collected by debtors

The total amount of the top five accounts receivable at the end of the period collected by the owing party was RMB 1,907,785,404.18, accounting for 67.49% of the total ending balance of the accounts receivable, and the corresponding total amount of the ending balance of the bad debt provision was RMB 6,678,011.07.

2. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Other Receivables	13,796,603,550.30	5,138,830,912.64
Total	13,796,603,550.30	5,138,830,912.64

(1) Other Receivables**1) Other receivables categorized by the nature of the funds**

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	30,677,198.60	34,668,226.17
Prepaid or advance expense	39,428,084.12	60,885,579.94
Equity transfer fund	588,000,000.00	
Employee home loan	86,870,816.57	104,094,000.60
Incomings and outgoings	13,102,867,304.50	4,966,265,220.25
Others	5,061,884.88	239,332.03
Total	13,852,905,288.67	5,166,152,358.99

2) Bad debt provision

Unit: RMB

Bad debt provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit	Expected credit losses for the entire extension (with credit impairment)	

		impairment)		
Balance on January 1, 2020	22,938,777.96	3,641,770.30	740,898.09	27,321,446.35
Balance of the current period on January 1, 2020	—	—	—	—
--Transfer to phase two	-316,676.94	316,676.94		
--Transfer to phase three	-51,463.70	-30,692.50	82,156.20	
Provisions of this period	29,467,430.44	187,007.18		29,654,437.62
Write off in this period		489,478.62	184,666.98	674,145.60
Balance on December 31, 2020	52,038,067.76	3,625,283.30	638,387.31	56,301,738.37

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	12,980,727,729.39
1 to 2 years	614,069,736.79
2 to 3 years	237,102,892.97
3 years or above	21,004,929.52
3 to 4 years	16,763,734.25
4 to 5 years	3,018,578.63
5 years or above	1,222,616.64
Total	13,852,905,288.67

3) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance at the Start of the Period	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Portfolio 2: Aging Analysis Portfolio	27,321,446.35	29,654,437.62		674,145.60		56,301,738.37

Total	27,321,446.35	29,654,437.62		674,145.60		56,301,738.37
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4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	674,145.60

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Balance at the End of the Period	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Company 1	Incomings and outgoings	10,017,528,845.38	RMB 10,017,331,824.37 within 1 year, and RMB 197,021.01 within 1-2 years	72.31%	
Company 2	Incomings and outgoings	1,129,888,383.20	Within 1 year	8.16%	
Company 3	Incomings and outgoings	739,235,109.97	Within 1 year	5.34%	
Company 4	Incomings and outgoings	571,314,730.75	RMB 27,393,077.53 within 1 year, RMB 526,857,735.15 within 1-2 years, RMB 17,063,918.07 within 2-3 years	4.12%	
Company 5	Incomings and outgoings	211,101,555.42	RMB 208,132,365.63 within 1 year, RMB 2,969,189.79 within 1-2 years	1.52%	
Total	--	12,669,068,624.72	--	91.45%	

3. Long-term equity investment

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Investment in subsidiaries	3,598,917,483.6 1		3,598,917,483.6 1	3,399,382,831.0 4		3,399,382,831.0 4
Investment in affiliates and joint ventures	61,493,073.68		61,493,073.68	123,876,230.74		123,876,230.74
Total	3,660,410,557.2 9		3,660,410,557.2 9	3,523,259,061.7 8		3,523,259,061.7 8

(1) Investment in Subsidiaries

Unit: RMB

The invested entity	Balance at the Start of the Period (book value)	Decrease/Increase in the current period				Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Provision for impairment accrued	Others		
Zhejiang Dahua System Engineering Co., Ltd.	521,483,038.93	11,797,115.68				533,280,154.61	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	26,892,712.76	347,551.72				27,240,264.48	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00					5,100,000.00	
Guangxi Dahua Information Technology Co., Ltd.	6,322,087.88	-32,272.86				6,289,815.02	
Zhejiang Dahua Security Service Co., Ltd.	118,808.18	61,575.36				180,383.54	
Dahua Technology (HK) Limited	608,628,700.00					608,628,700.00	
Zhejiang Dahua Vision Technology Co., Ltd.	659,214,949.98	10,395,047.33				669,609,997.31	
Guangxi Dahua Security Service Co., Ltd.	20,002,580.76					20,002,580.76	
Zhejiang Huatu Microchip Technology Co., Ltd.	10,240,451.40	64,942,721.86	75,183,173.26				
Hangzhou Xiaohua Technology CO.,	5,455,499.43	357,780.08				5,813,279.51	

LTD.							
Zhejiang Dahua Zhilian Co., Ltd.	1,000,102,353.10	1,063,565.81				1,001,165,918.91	
Hangzhou Tecomore Technology Co., Ltd.	5,610,799.78	-92,993.66	5,517,806.12				
Guangxi Dahua Zhicheng Co., Ltd.	71,214,032.03	12,199.18				71,226,231.21	
Hangzhou Huacheng Network Technology Co., Ltd.	27,777,421.83	1,789,062.85				29,566,484.68	
Xinjiang Dahua Zhixin Information Technology Co., Ltd.	15,730.64	-13,675.56				2,055.08	
Zhejiang Dahua Investment Management Co., Ltd.	62,175,000.00					62,175,000.00	
Zhejiang Huachuang Vision Technology Co., Ltd.	28,424,310.27	1,667,467.50				30,091,777.77	
Zhejiang HuaRay Technology Co., Ltd.	29,518,772.60	2,833,569.90				32,352,342.50	
Xinjiang Dahua Intelligence Technology Co., Ltd.	10,000,000.00		10,000,000.00				
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,100,000.00					5,100,000.00	
Zhejiang Huafei Intelligent Technology CO., LTD.	23,418,324.66	2,198,022.16				25,616,346.82	
Zhejiang Huaxiao Technology Co., Ltd.	27,339,060.80	684,285.71				28,023,346.51	
Xi'an Dahua Zhilian Technology Co., Ltd.	56,085,489.52	111,532.98				56,197,022.50	
Wuxi Dahua Ruipin Technology Co., Ltd.	9,663,203.80	3,212,009.86				12,875,213.66	
Zhejiang Dahua Robot Technology Co., Ltd.	48,109,176.80	7,416,504.93				55,525,681.73	

Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	4,274,772.43	6,309,091.03				10,583,863.46	
Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.	5,530,000.00					5,530,000.00	
DahuaTechnologyHoldingsLimited	8,102,000.00					8,102,000.00	
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	1,276,408.38	397,424.54				1,673,832.92	
Zhejiang Dahua Jinzhi Technology Co., Ltd.	60,000,000.00					60,000,000.00	
Guangxi Huacheng Technology Co., Ltd.	33,786.68	101,360.04				135,146.72	
DahuaTechnologyCanadaInc.	13,358.40	83,020.80				96,379.20	
Zhejiang Zhoushan Digital Development Operation Co., Ltd	17,640,000.00					17,640,000.00	
Guangxi Dahua Technology Co., Ltd.	30,000,000.00					30,000,000.00	
Yunnan Zhili Technology Co., Ltd	4,500,000.00					4,500,000.00	
Zhejiang Fengshi Technology Co., Ltd.		9,006,836.94				9,006,836.94	
Chengdu Dahua Zhian Information Technology Service Co., Ltd.		100,000,000.00				100,000,000.00	
Chengdu Huishan Smart Network Technology Co., Ltd.		5,500,000.00				5,500,000.00	
Zhejiang Dahua Storage Technology Co., Ltd.		8,295,404.08				8,295,404.08	
Zhejiang Dahua Automotive Technology Co., Ltd.		51,267,388.28				51,267,388.28	
Chengdu Dahua Zhilian Information Technology Co., Ltd.		45,851.60				45,851.60	

Hangzhou Huacheng Software Technology Co., Ltd.		478,183.81				478,183.81	
Total	3,399,382,831.04	290,235,631.95	90,700,979.38			3,598,917,483.61	

(2) Investment in affiliates and joint ventures

Unit: RMB

Name of Investees	Balance at the Start of the Period (book value)	Decrease/Increase in the current period								Balance at the End of the Period (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
I . Joint ventures											
II . Affiliates											
Zhejiang Leapmotor Technology Co., Ltd.	123,065,033.65			-215,531,552.93		92,466,519.28					
Hangzhou Juhanyan Information Technology Co., Ltd.	811,197.09	500,000.00		-162,234.89						1,148,962.20	
Zhongruixin Digital Technology		64,000,000.00		-6,055,888.52						57,944,111.48	

Co., Ltd.											
Digital Dongyang Technology Operation Co. Ltd		2,400,000.00								2,400,000.00	
Guangdong Dahua Zhishi Technology Co., Ltd.				-167,839.13					167,839.13		
Subtotal	123,876,230.7 4	66,900,000.00		-221,917,515.47		92,466,519.28			167,839.13	61,493,073.68	
Total	123,876,230.7 4	66,900,000.00		-221,917,515.47		92,466,519.28			167,839.13	61,493,073.68	

4. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Previous Period's Amount of Occurrence	
	Income	Cost	Income	Cost
Main Business	9,193,145,592.07	1,394,205,060.39	8,439,490,160.11	1,168,930,845.23
Other businesses	48,278,519.27	38,349,300.31	42,569,972.85	31,775,678.78
Total	9,241,424,111.34	1,432,554,360.70	8,482,060,132.96	1,200,706,524.01

5. Investment income

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Long-term equity investment income measured by equity method	-221,917,515.47	-115,786,382.36
Investment income from disposal of long-term equity investment	1,123,740,515.93	-1,000,000.00
Investment income from disposal of trading financial assets	7,128,255.20	
Investment income of other non-current financial assets during the holding period	9,845,215.11	17,171,892.61
Investment income from treasury bond reverse repurchase	448,892.17	308,838.52
Total	919,245,362.94	-99,305,651.23

XVIII. Supplementary Information**1. Breakdown of non-recurring gains and losses for this period**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses from disposal of non-current assets	1,136,183,266.58	
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)	207,848,405.50	

Gains or losses from investment or asset management entrusted to others	9,327,707.25	
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company	196,450,796.20	
Reversal of the receivables and contract assets depreciation reserves for separate impairment test	2,384,082.35	
Non-Operating Revenue and expenses other than the above	-9,645,488.43	
Other gains and losses items that fit the definition of non-recurring gains and losses	-92,017,627.11	
Less: Impact of income tax	254,721,170.78	
Impact of minority equity	28,093,057.25	
Total	1,167,716,914.31	--

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

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted Average ROE	Earnings per share	
		Basic Earnings per Share (RMB/Share)	Diluted Earnings per Share (RMB/Share)
Net profit attributable to common shareholders of the Company	22.09%	1.34	1.33
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	15.48%	0.94	0.93

3. Differences in accounting data between domestic and overseas accounting standards

(1) Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

(2) Differences of net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese accounting standards

Applicable Not applicable

(3) Reasons for accounting data differences under domestic and overseas accounting standards. For difference adjustment on the data already audited by an overseas audit institution, name of the audit institution should be noted.

Section XIII Documents Available for Reference

- I. Financial statements signed and sealed by Mr. Fu Liquan, the person in charge of the company, Ms. Xu Qiaofen, accountant in charge, and Ms. Zhu Zhuling, the person in charge of the accounting department;
- II. The original copy of the Audit Report with the seal of the Accounting Firm and signed and stamped by Certified Public Accountants;
- III. Original copies of all the Company's documents and announcements published on media designated by China Securities Regulatory Commission within the reporting period.
- IV. Other related materials.

The said documents are prepared and placed at the Company's Securities Investment Department

Zhejiang Dahua Technology Co., Ltd.

Legal representative: Fu Liquan

March 24, 2021