

Zhejiang Dahua Technology Co., Ltd.

2021 Semi-annual Report



This document is a translated version of the Chinese version 2021 Semi-annual Report (“2021 年半年度报告”), and the published 2021 Semi-annual Report in the Chinese version shall prevail.
The complete published Chinese 2021 Semi-annual Report may be obtained at <http://www.cninfo.com.cn>.

August, 2021

Section I Important Notes, Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and senior executives of the Company hereby guarantee that the information presented in this semi-annual report is authentic, accurate, 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 Semi-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. Covid-19 risks: In the face of the Covid-19 outbreak, the Company has taken stringent prevention and control measures to protect the health of employees at home and abroad. In addition, the Company offers technological solutions to contribute to the global effort against the pandemic.

2. Supply chain security risks: In terms of supply security, the Company has comprehensively reviewed various potential supply risks through dedicated operations, and strengthened the sustainable and safe supply of key materials by means of research and development of backup scheme and diversified supply sources to ensure the security of the supply chain.

3. International operation risks: The Company's products and solutions cover more than 100 countries and regions overseas. International business operation may face trade

protection risks. In addition, the resurgence of Covid-19 around the world has resulted in more uncertainties to the overseas economic environment, which may adversely affect the development of the Company's local business. To actively prevent and respond to international business risks, the Company has established an overseas compliance and risk control system, continuously strengthened its understanding of and ability to adapt to the laws and regulations as well as the political and economic environment of the regions in which the Company operates, and formulated differentiated "One Country, One Strategy" national business strategies according to the political and economic changes in different regions to minimize business risks.

4. Foreign exchange risks: The Company's export transactions are mostly settled in United States Dollars ("USD"), while overseas business continues to grow. Therefore, fluctuations in the foreign exchange rate may affect the profits of the Company. The Company attaches great importance to exchange rate risk control and adopts various means to effectively control such risks: on the one hand, it manages various currencies by category, guides the contracting in mainstream currencies and using such currencies to hedge against the U.S. dollar while increasing the proportion of overseas localized contracting; for the countries contracted in non-mainstream currencies, exchange rate protection clauses and price adjustment mechanisms will be set in advance in the contracts to reduce the risk of exchange rate fluctuations; on the other hand, the Company effectively uses foreign exchange hedging and a series of derivative instruments, among others, to offset and hedge exchange rate risks without speculative purposes.

5. Business model change risks: With the development of technologies such as network communications, cloud computing, big data, and AI, and the upgraded uses of smartphones, business models 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 security 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.

6. Technology upgrading risks: The video surveillance industry is a typical technology-intensive industry, featuring extremely fast changes. 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.

7. Product safety risks: 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. 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 carry out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

8. Intellectual property risks: 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.

The Company plans to pay no cash dividends, no bonus shares and no capital increase by way of capitalization of provident fund.

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Documents Available for Reference

- I. Financial statements signed and sealed by Mr. Fu Liquan, the Company's legal representative, Ms. Xu Qiaofen, chief accountant, and Ms. Zhu Zhuling, the person in charge of accounting institution.
- II. Original copies of all the Company's documents and announcements published on media designated by China Securities Regulatory Commission within the reporting period.
- III. Documents available for review at the securities department of the Company.

Definitions

Item	Refers To	Definitions
Reporting Period	Refers To	January 1, 2021 to June 30, 2021
Dahua, company, the company	Refers To	Zhejiang Dahua Technology Co., Ltd.
Dahua System Engineering	Refers To	Zhejiang Dahua System Engineering Co., Ltd.
Dahua Vision Technology	Refers To	Zhejiang Dahua Vision Technology Co., Ltd.
Dahua Security Network	Refers To	Zhejiang Dahua Security Network Operation Service Co., Ltd.
Dahua Ju'an	Refers To	Zhejiang Dahua Ju'an Technology Co., Ltd.
Guangxi Dahua Information	Refers To	Guangxi Dahua Information Technology Co., Ltd.
Dahua Security	Refers To	Zhejiang Dahua Security Service Co., Ltd.
Guangxi Security	Refers To	Guangxi Dahua Security Service Co., Ltd.
Huatu Microchip	Refers To	Zhejiang Huatu Microchip Technology Co., Ltd.
Hangzhou Xiaohua	Refers To	Hangzhou Xiaohua Technology CO., LTD.
Dahua Zhilian	Refers To	Zhejiang Dahua Zhilian Co., Ltd.
Dahua investment management	Refers To	Zhejiang Dahua Investment Management Co., Ltd.
South North United	Refers To	South-North United Information Technology Co., Ltd.
Guangxi Zhicheng	Refers To	Guangxi Dahua Zhicheng Co., Ltd.
Hangzhou Huacheng	Refers To	Hangzhou Huacheng Network Technology Co., Ltd.
Xinjiang Information	Refers To	Xinjiang Dahua Zhixin Information Technology Co., Ltd.
HuaRay Technology	Refers To	Zhejiang HuaRay Technology Co., Ltd.
Fuyang Hua'ao	Refers To	Hangzhou Fuyang Hua'ao Technology Co., Ltd.
Huafei Intelligent	Refers To	Zhejiang Huafei Intelligent Technology CO., LTD.
Huachuang Vision	Refers To	Zhejiang Huachuang Vision Technology Co., Ltd.
Guizhou Huayi	Refers To	Guizhou Huayi Shixin Technology Co., Ltd.
Xinjiang Zhihe	Refers To	Xinjiang Dahua Zhihe Information Technology Co., Ltd.
China Standard Intelligent Security	Refers To	China Standard Intelligent Security Technology Co., Ltd.
Guangxi Huacheng	Refers To	Guangxi Huacheng Technology Co., Ltd.
Meitan Dahua Technology	Refers To	Guizhou Meitan Dahua Information Technology Co., Ltd.
Inner Mongolia Zhimeng	Refers To	Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.
Xinjiang Zhitian	Refers To	Xinjiang Dahua Zhitian Information Technology Co., Ltd.

Xinjiang Xinzhi	Refers To	Xinjiang Dahua Xinzhi Information Technology Co., Ltd.
Xinjiang Huayue	Refers To	Xinjiang Dahua Huayue Information Technology Co., Ltd.
Leapmotor Technology	Refers To	Zhejiang Leapmotor Technology Co., Ltd.
Leapmotor	Refers To	Leapmotor Automobile Co., Ltd.
Tianjin Dahua	Refers To	Tianjin Dahua Information Technology Co., Ltd.
Dahua Zhilong	Refers To	Hunan Dahua Zhilong Information Technology Co., Ltd.
Huaxiao Technology	Refers To	Zhejiang Huaxiao Technology Co., Ltd.
Vision Technology	Refers To	Zhejiang Fengshi Technology Co., Ltd.
Xi'an Dahua Zhilian, Xi'an Dahua	Refers To	Xi'an Dahua Zhilian Technology Co., Ltd.
Wuxi Ruipin	Refers To	Wuxi Dahua Ruipin Technology Co., Ltd.
Huaxuan Technology	Refers To	Zhejiang Huaxuan Technology Co., Ltd.
Beijing Huayue	Refers To	Beijing Huayue Shangcheng Information Technology Service Co., Ltd.
Shanghai Huashang	Refers To	Shanghai Huashang Chengyue Information Technology Service Co., Ltd.
Dahua Jinzhi	Refers To	Zhejiang Dahua Jinzhi Technology Co., Ltd.
Dahua Guangxun	Refers To	Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.
Huajuan Technology	Refers To	Hangzhou Huajuan Technology Co., Ltd.
Dahua Hong Kong	Refers To	Dahua Technology (HK) Limited
Zhoushan Operation	Refers To	Zhejiang Zhoushan Digital Development Operation Co., Ltd
Yunnan Zhili	Refers To	Yunnan Zhili Technology Co., Ltd
Guangxi Dahua Technology	Refers To	Guangxi Dahua Technology Co., Ltd.
Dahua Storage	Refers To	Zhejiang Dahua Storage Technology Co., Ltd.
Huaruijie	Refers To	Zhejiang Huaruijie Technology Co., Ltd.
Chengdu Zhilian	Refers To	Chengdu Dahua Zhilian Information Technology Co., Ltd.
Chengdu Zhian	Refers To	Chengdu Dahua Zhian Information Technology Service Co., Ltd.
Chengdu Zhishu	Refers To	Chengdu Dahua Zhishu Information Technology Service Co., Ltd.
Chengdu Zhichuang	Refers To	Chengdu Zhichuang Yunshu Technology Co., Ltd.
Chengdu Smart	Refers To	Chengdu Huishan Smart Network Technology Co., Ltd.
Huakong Software	Refers To	Zhejiang Huakong Software Co., Ltd.
Xinsheng Electronic	Refers To	Zhejiang Xinsheng Electronic Technology Co., Ltd.
Huacheng Software	Refers To	Hangzhou Huacheng Software Technology Co., Ltd.
Guizhou Dahua	Refers To	Guizhou Dahua Information Technology Co., Ltd.
Henan Dahua	Refers To	Henan Dahua Zhilian Information Technology Co., Ltd.
Waythcan	Refers To	Zhejiang Waythcan Technology Co., Ltd.

Zhengzhou Dahua Zhian	Refers To	Zhengzhou Dahua Zhian Information Technology Co., Ltd.
Dahua USA	Refers To	Dahua Technology USA Inc.
Dahua Europe	Refers To	Dahua Europe B.V.
Dahua Middle East	Refers To	Dahua Technology Middle East FZE
Dahua Mexico	Refers To	Dahua Technology Mexico S.A. De C. V
Dahua Chile	Refers To	Dahua Technology Chile SPA
Dahua Malaysia	Refers To	Dahua Security Malaysia SDN. Bhd.
Dahua Korea	Refers To	Dahua Technology Korea Company Limited
Dahua Indonesia	Refers To	Pt. Dahua Vision Technology Indonesia
Dahua Colombia	Refers To	Dahua Technology Colombia S.A. S
Dahua Australia	Refers To	Dahua Technology Australia Pty Ltd.
Dahua Singapore	Refers To	Dahua Technology Singapore PTE. Ltd.
Dahua South Africa	Refers To	Dahua Technology South Africa Proprietary Limited
Dahua Peru	Refers To	Dahua Technology Perú S.A.C
Dahua Russia	Refers To	Dahua Technology Rus Limited Liability Company
Dahua Brazil	Refers To	Dahua Technology Brasil Comércio E Serviços Em Segurança Eletrônica Ltda
Dahua Canada	Refers To	Dahua Technology Canada Inc.
Dahua Panama	Refers To	Dahua Technology Panama S.A.
Dahua Hungary	Refers To	Dahua Technology Hungary KFT
Dahua Poland	Refers To	Dahua Technology Poland SP. Z O.O.
Dahua Italy	Refers To	Dahua Technology Italy S.R.L.
Dahua Tunisia	Refers To	Dahua technology tunisia limited liability company
Dahua Kenya	Refers To	Dahua Technology Kenya Limited
Dahua UK	Refers To	Dahua Technology UK Limited
Dahua Germany	Refers To	Dahua Technology Gmbh
Dahua Serbia	Refers To	Dahua Technology Srb D.O.O.
Dahua India	Refers To	Dahua Technology India Private Limited
Dahua Turkey	Refers To	Dahua Guvenlik Teknolojileri Sanayi Ve Ticaret A.S.
Dahua Czech	Refers To	Dahua Technology Czech S.R.O.
Dahua Argentina	Refers To	Dahua Argentina S.A.
Dahua Spain	Refers To	Dahua Iberia, S.L.
Dahua Kazakhstan	Refers To	Dahua Technology Kazakhstan LLP
Dahua Denmark	Refers To	Dahua Technology Denmark APS.

Dahua France	Refers To	Dahua Technology France SAS
Dahua Lorex (US) Corporation	Refers To	Lorex corporation
Dahua Technology Holdings	Refers To	Dahua Technology Holdings Limited
Dahua New Zealand	Refers To	Dahua Technology New Zealand Limited
Dahua Netherlands	Refers To	Dahua Technology Netherlands B.V.
Dahua Morocco	Refers To	Dahua Technology Morocco Sarl
Dahua Romania	Refers To	Dahua Technology S.R.L
Dahua Uzbekistan	Refers To	Dahua Vision LLC
Dahua Lorex (Canada) Corporation	Refers To	Lorex Technology Inc.
Dahua Bulgaria	Refers To	Dahua Technology Bulgaria Eood
Dahua Sri Lanka	Refers To	Dahua Technology China (PVT) Ltd
Dahua Pakistan	Refers To	Dahua Technology Pakistan (Private) Limited
Dahua Thailand	Refers To	Dahua Technology (Thailand) Co., Ltd.
Dahua Nigeria	Refers To	Dahua Technology Nigeria Representative Ltd
Dahua Israel	Refers To	Dahua Technology Israel Ltd.
Dahua Mexico	Refers To	Vismextech DhM Servicios, S.A. De C.V.
Imou Netherlands	Refers To	Imou Network Technology Netherlands B.V.
Dahua Loris (UK) Corporation	Refers To	Lorex Technology UK Limited
Dahua Japan	Refers To	Dahua Technology Japan
Imou Hong Kong	Refers To	Imou Network (Hong Kong) Technology Co., Ltd
Dahua Qatar	Refers To	Dahua Technology QFZ LLC
Dahua Panama SEM Regional Headquarters	Refers To	Dahua Technology Pacific S.A.

Section II Company Profile and Key Financial Indicators

I. Company Profile

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 (If any)	大华股份		
Company Name in Foreign Language (If any)	ZHEJIANG DAHUA TECHNOLOGY CO., LTD.		
Legal Representative	Fu Liquan		

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. Other Information

1. Company Contact Information

Whether the Company's registered address, office address, postal code, website and e-mail address has changed during the reporting period

Applicable Not applicable

The Company's registered address, office address, postal code, website and e-mail address have not changed during the reporting period, which can be found in the 2020 Annual Report.

2. Information Disclosure and Location

Whether information disclosure and location has changed during the reporting period

Applicable Not applicable

The name of the Company's selected information disclosure newspaper, the URL of the website designated by the CSRC

where the semi-annual report is posted, and the place where the Company's semi-annual report is available have not changed during the reporting period, which can be found in the 2020 Annual Report.

IV. 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

	The Current Reporting Period	The Same Period of Last Year	Increase/Decrease of the Current Reporting Period Compared with the Same Period of the Previous Year
Operating income (RMB)	13,505,005,733.89	9,838,328,853.62	37.27%
Net profit attributable to shareholders of the listed Company (RMB)	1,643,175,887.55	1,368,974,364.44	20.03%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,439,592,047.22	1,290,258,785.10	11.57%
Net cash flow generated by operational activities (RMB)	-871,108,797.99	-106,927,963.95	-714.67%
Basic Earnings per Share (RMB/Share)	0.56	0.47	19.15%
Diluted Earnings per Share (RMB/Share)	0.56	0.47	19.15%
Weighted Average ROE	7.92%	8.35%	-0.43%
	At the End of the Current Reporting Period	At the End of the Previous Year	Increase/Decrease at the End of the Current Reporting Period Compared with the End of the Previous Year
Total assets (RMB)	39,765,934,297.15	36,595,034,080.75	8.66%
Net assets attributable to shareholders of the listed company (RMB)	21,502,466,967.23	19,773,030,426.40	8.75%

V. 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

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.

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

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	32,626,494.62	
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)	71,089,591.16	
Gains or losses from investment or asset management entrusted to others	72,949,692.60	
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	78,425,697.53	
Non-Operating Revenue and expenses other than the above	2,069,343.56	
Other gains and losses items that fit the definition of non-recurring gains and losses	169,645.79	
Less: Impact of income tax	42,970,480.79	
Impact of minority equity (after tax)	10,776,144.14	
Total	203,583,840.33	--

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 Management Discussion and Analysis

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

During the reporting period, there was no major change in the Company's principal business. For details, please refer to the 2020 Annual Report.

II. Core Competitiveness Analysis

During the reporting period, there was no major change in the Company's core competitiveness. For details, please refer to the 2020 Annual Report.

III. Main Business Analysis

Is it the same as the disclosure of the Company's main businesses during the reporting period?

Yes No

In the first half of 2021, the Covid-19 pandemic intertwined with the changes in the international situation, and commodity prices around the world rose sharply under multiple factors such as demand-side recovery, supply-side constraints, and liquidity easing. Coupled with the continued sanctions and restrictions imposed by the United States on some Chinese technology companies, the global semiconductor supply chain experienced phased and structural dislocations. In the face of the complex market environment changes, the Company made every efforts to ensure project delivery by various means. On the one hand, it adhered to various R&D strategies to ensure stable product substitution and update; on the other hand, it maintained the stability of raw material supply by increasing inventory and strengthening strategic cooperation with suppliers. Meanwhile, the Company kept on technological innovation, with continuous investment in core technologies, and accelerated layout of new directions and new products, greatly enriching the application scenarios of solutions.

During the reporting period, the Company achieved operating revenue of 13.505 billion yuan, a year-on-year increase of 37.27%, and a net profit attributable to shareholders of listed companies of 1.643 billion yuan, a year-on-year increase of 20.03%.

Main business strategies of the Company include:

1. Continuously increase investments in R&D, enhance the capacity for technological innovations and core technologies

The Company continued to step up its investment in core technologies such as AI, cloud computing and big data, as well as software capacity building. During the reporting period, the Company invested RMB 1.406 billion in R&D, accounting for 10.41% of the operating revenue in the first half of 2021.

The Company's AI continued to achieve good results in technology competitions and real-world tests. In the first half of 2021, the Company won the first place in a number of algorithm evaluations in the field of text recognition, such as the single character recognition and character line recognition of the ICDAR ReCTS Chinese sign recognition challenge and the Cityscapes dataset-Instance-Level Semantic Labeling Task instance segmentation task. In response to the changing application scenarios of AI, the Company keeps improving the system and continuously enriches its functions, thus enhancing the real-world effect. Among them, the Genius AI open platform was further improved and perfected to assist its partners and customers efficiently facilitate the implementation of intelligence in the industry.

The Company invested heavily in the basic software platform to build a smart IOT operating system for the pan-IOT industry and established the technical base of "One System and Two Platforms" for cities and enterprises, thus rapidly improving the overall software architecture capability and software opening capability. Meanwhile, the Company's software module development and management capabilities were continuously enhanced by relying on the internal software modular development and application management platform. In the first half of 2021, the Company's software business modules continued to refine and improve, with continuous improvement in software reusability and reduction in software development costs. The continuous accumulation of software modularity boosted the efficiency of the Company's basic platform and the rapid incubation of business, and contributed to the rapid response and delivery of customer business in all regional R&D teams.

Facing the wave of digital transformation of enterprises, the Company vigorously invested in the cloud business represented by "Yunrui", and established the "digital intelligence" technology base of enterprises in the public cloud field, including the intelligent middle platform, IOT middle platform, business middle platform and big data middle platform. On this basis, the Company established 6 major SaaS application product lines of Yunrui, providing universal smart IOT solutions for smart education, smart community, smart chain, smart agriculture, smart logistics, and smart construction sites. Meanwhile, the Company also built opening capabilities from PaaS to SaaS and Aopen capabilities, and partnered with ecological partners to build an open, co-constructed and win-win solution ecology, combined with the Company's software and hardware open capabilities, to fuel industrial change and

empower thousands of industries to upgrade their digital intelligence.

During the reporting period, the Company has further optimized the investment structure for software architecture capability, basic software platform, enterprise application software, government application software, Yunrui cloud business system and overseas software, which continuously enhanced the degree of its professionalism; through more comprehensive open APIs at the PaaS, DaaS, and VSaaS levels, the application development support capability of partners was continuously enhanced; through the sinking of software technical resources to the front line, the response speed of software in close proximity was accelerated and the software delivery service capability was improved.

2. Continuously development of high-quality innovative businesses

The Company attaches great importance to the cultivation of innovative businesses, and vigorously innovate and continuously expand new high growth fields by relying on its R&D accumulation in the video IOT industry as well as its supply chain integration capability and market ability. The main innovative businesses of the Company are machine vision, video collaboration, smart home, smart fire-fighting, smart storage, automotive electronics, smart drone, smart security inspection, smart display control and smart control. With deep accumulation of industry development, strong technical foundation, comprehensive insight into customer needs and in-depth understanding of segmented industries, the Company's machine vision, video collaboration and smart home businesses are developing rapidly, providing new impetus for the Company's sustained high growth and high quality development; meanwhile, other innovative businesses are further advanced in an orderly manner in accordance with the Company's established strategic plan. During the reporting period, the Company achieved an overall revenue of RMB 1.197 billion in innovative business, an increase of 94.25% percent year-on-year, building up strength for the Company's future high-speed growth.

3. Continuously optimize the construction of marketing network and enhance the synergy between technology and business

The Company continues to optimize the construction of its marketing network, sinking its domestic business to the county and township level; regarding its overseas business, it continues to deepen its country-centric business sinking to improve customer coverage and response speed. Meanwhile, the Company further strengthens the regional technical marketing system, enhances the synergy between technology and business, and comprehensively improves the technical marketing capability.

During the reporting period, the Company continued to expand its enterprise business and

accelerate towards the digital transformation. For large corporate clients, the Company implemented a tiered and graded service strategy, with one strategy for each client, digging deeper into customers' needs in production and management and providing systematic solutions and services. At present, the Company has released dozens of solutions for the large enterprise market based on its digital intelligence base, providing comprehensive services for digital upgrading of enterprises. For small and medium-sized corporate clients, the Company continued to sink its business and simultaneously joined hands with partners to promote the common construction and sharing of customers, focusing on the ecological construction of value customers to achieve comprehensive market coverage.

The Company attaches great importance to the construction of integration cooperation ecosystem, implements hierarchical and graded management for integration eco-partners, and gives full play to their role as amplifier through good services. During the reporting period, the Company stepped up its investment in the downward coverage of this business direction, with the number of eco-partners increasing rapidly, fueling a more robust business structure.

4. Maintain supply chain stability and strengthen global delivery and service capabilities

Faced with the complex and ever-changing supply environment, the Company has strengthened its ability to continuously and safely supply key materials and ensure supply chain security by developing backup solutions, optimizing the supply chain partner system, actively stocking up and diversifying supply sources. Meanwhile, the Company continues to expand the scale of delivery system cooperation ecology, strengthen training and certification while expanding the coverage of regional partners to improve the delivery service capability of partners, further strengthening the Company's systematic delivery and service capability for the global market.

5. Improve organizational capacity and operational efficiency, and continuously promote high-quality development

The Company continues to promote fine management, fully implement high-performance management and continuously reinforce its pursuit for high quality and steady growth.

The Company builds an elite organization and strengthens its platform capability; strengthens the investment in finance and IT to enhance the digital management of the Company; deepens the talent mechanism and continues to stimulate the vitality of talents through a diversified business incentive-oriented mechanism.

Year-on-year changes in key financial data

Unit: RMB

	The Current Reporting Period	The Same Period of Last Year	Year-on-year increase or decrease	Reasons for changes
Operating income	13,505,005,733.89	9,838,328,853.62	37.27%	This is mainly because that the Company focuses on the smart IOT industry, increasing the development of enterprise business and channel expansion to cover lower-tier cities, overlaid with the global economic recovery after the epidemic
Operating Cost	7,910,714,928.97	5,099,250,150.57	55.13%	Increases with the growth of operating revenue
Sales Expenses	2,059,001,711.42	1,805,227,134.27	14.06%	No Significant Change
Administration expenses	393,272,171.06	355,781,491.22	10.54%	No Significant Change
Financial Expenses	77,676,041.15	-24,567,529.26	416.17%	Mainly due to the increase in foreign exchange losses
Income tax expense	-38,451,185.77	169,559,416.73	-122.68%	This is mainly due to the inconsistency in the recognition period of income tax settlement and tax difference caused by the inconsistency of the Company's key software enterprises during the evaluation period (the last year was evaluated in the third quarter)
R&D investment	1,406,249,326.81	1,314,612,940.95	6.97%	No Significant Change
Net cash flow generated by operating activities	-871,108,797.99	-106,927,963.95	-714.67%	Mainly due to the increase in stocking in this period
Net amount of cash flow generated by investment activities	-975,034,182.68	-1,247,540,391.99	21.84%	No Significant Change
Net cash flow generated by financing activities	1,073,002,256.78	1,401,333,857.62	-23.43%	No Significant Change
Net additions to balance of equivalents	-808,743,871.72	46,435,465.25	-1,841.65%	Mainly due to the increase in stocking in this period

Significant changes in the composition of the Company's profit or sources of profit during the reporting period

□ Applicable √ Not applicable

No significant changes in the composition of the Company's profit or sources of profit during the reporting period.

Operating revenue structure

Unit: RMB

	The Current Reporting Period		The Same Period of Last Year		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	13,505,005,733.89	100%	9,838,328,853.62	100%	37.27%
By Industry					
Video IoT industry	13,505,005,733.89	100.00%	9,838,328,853.62	100.00%	37.27%
By Product					
Smart IoT products and solutions	11,574,586,946.32	85.71%	8,654,135,036.80	87.97%	33.75%
Of which: software business	551,302,402.99	4.08%	332,891,072.72	3.38%	65.61%
Innovation business (Note)	1,197,068,199.15	8.86%	616,238,387.82	6.26%	94.25%
Others	733,350,588.42	5.43%	567,955,429.00	5.77%	29.12%
By Region					
Domestic	7,777,087,103.47	57.59%	5,789,716,423.38	58.85%	34.33%
Overseas	5,727,918,630.42	42.41%	4,048,612,430.24	41.15%	41.48%

Domestic business segment

	The Current Reporting Period		The Same Period of Last Year		Year-on-year increase or decrease
	Amount	Proportion in Domestic Operating Revenue	Amount	Proportion in Domestic Operating Revenue	
To G	2,181,268,061.15	28.05%	1,968,901,971.97	34.01%	10.79%
To B	3,596,476,335.61	46.24%	2,442,778,493.48	42.19%	47.23%
Others	1,999,342,706.71	25.71%	1,378,035,957.93	23.80%	45.09%
Total	7,777,087,103.47	100.00%	5,789,716,423.38	100.00%	34.33%

Note: Innovative businesses of the Company mainly includes machine vision, video collaboration, smart home, smart fire-fighting, smart storage, automotive electronics, smart drone, smart security inspection, smart display control, smart control and other corresponding businesses. The same below.

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	13,505,005,733.89	7,910,714,928.97	41.42%	37.27%	55.13%	-6.75%
By Product						
Smart IoT products and solutions	11,574,586,946.32	6,477,078,712.53	44.04%	33.75%	54.40%	-7.49%
Of which: software business	551,302,402.99	163,767,869.40	70.29%	65.61%	53.49%	2.34%
By Region						
Domestic	7,777,087,103.47	4,685,553,053.26	39.75%	34.33%	39.70%	-2.32%
Overseas	5,727,918,630.42	3,225,161,875.71	43.69%	41.48%	84.81%	-13.20%
Domestic business segment						
To G	2,181,268,061.15	1,190,084,301.76	45.44%	10.79%	15.62%	-2.28%
To B	3,596,476,335.61	2,067,000,177.07	42.53%	47.23%	59.15%	-4.30%
Others	1,999,342,706.71	1,428,468,574.43	28.55%	45.09%	39.23%	3.00%

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

Applicable Not applicable

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

Applicable Not applicable

During the reporting period, the Company's operating revenue increased by 37.27% compared with the same period of last year, mainly due to the Company's focus on the smart IOT industry, increasing the development of enterprise business and channel expansion to cover lower-tier cities, overlaid with the global economic recovery after the epidemic. The operating costs increased by 55.13% compared with the same period of last year, mainly due to the increase of revenue during the reporting period, and the product structure changes such as infrared thermal imaging.

IV. Non-main Business Analysis

Applicable Not applicable

V. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	At the End of the Current Reporting Period		At the End of the Previous Year		Proportion Increase and decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	Proportion To Total Assets		
Cash and Bank Balances	6,690,863,029.69	16.83%	7,471,652,634.66	20.42%	-3.59%	No major changes
Accounts receivable	12,779,041,456.90	32.14%	12,857,519,110.16	35.13%	-2.99%	No major changes
Contract Assets	111,283,472.17	0.28%	84,825,834.82	0.23%	0.05%	No major changes
Inventory	7,312,285,468.20	18.39%	4,928,019,838.00	13.47%	4.92%	Mainly due to the increase in stocking
Investment Property	320,218,828.49	0.81%	336,008,869.13	0.92%	-0.11%	No major changes
Long-term Equity Investment	820,449,863.74	2.06%	455,977,616.16	1.25%	0.81%	Mainly due to the confirmation of other changes in equity of Leapmotor
Fixed Assets	1,979,508,213.29	4.98%	1,515,594,629.97	4.14%	0.84%	Mainly due to the completion of Phase II, Dahua Intelligent (IoT) Industrial Park Construction Project and its conversion to fixed assets
Projects under Construction	1,250,289,385.41	3.14%	1,164,130,453.03	3.18%	-0.04%	Mainly due to increasing investments in construction projects
Right-of-use Assets	205,470,210.43	0.52%			0.52%	Impact of the implementation of new lease standards in 2021
Short-term loan	1,104,598,520.22	2.78%	250,177,083.34	0.68%	2.10%	Mainly due to the increase in demand for short-term capital turnover

Contract liabilities	895,221,177.02	2.25%	671,120,385.08	1.83%	0.42%	Mainly due to the increase in advance payment of the current contract
Long-term loan	1,903,000,000.00	4.79%	878,000,000.00	2.40%	2.39%	Mainly due to the increase in long-term bank loans
Lease Liabilities	107,606,799.04	0.27%			0.27%	Impact of the implementation of new lease standards in 2021

2. Major overseas assets

Applicable Not applicable

3. 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								
1. Trading financial assets (excluding derivative financial assets)								
2. Derivative financial assets	1,005,680.45	7,123,015.25					16,283.27	8,144,978.97
3. Investment in other creditors' rights								
4. Investment in other equity								

instruments								
5. Others	1,470,000.00							1,470,000.00
Financial assets subtotal	2,475,680.45	7,123,015.25					16,283.27	9,614,978.97
Investment Property								
Productive Biological Assets								
Other Non-current Financial Assets	360,087,786.34	117,273,994.45			500,000,000.00		-39,438,199.19	937,923,581.60
Receivables Financing	1,207,879,654.58						-306,686,795.99	901,192,858.59
Total	1,570,443,121.37	124,397,009.70			500,000,000.00		-346,108,711.91	1,848,731,419.16
Financial liabilities		450,380.67					516.85	450,897.52

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

Yes No

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

As of June 30, 2021, restricted assets of the Company are as follows:

Item	Ending balance (RMB)	Cause of restrictions
Cash and Bank Balances	105,139,382.31	Guarantee security deposit
Notes receivable and accounts receivable financing	807,838,701.82	Pledge applied to issue bank acceptance bills; Bank acceptance bill endorsed but not derecognized
Long-term Receivables	178,385,721.02	Pledge for bank loans
Non-current Assets Due within 1 Year	31,073,678.03	Pledge for bank loans
Total	1,122,437,483.18	

VI. Investment analysis

1. Overview

Applicable Not applicable

Investment In the Reporting Period (RMB)	Investment Over the Corresponding Period of Last Year	Rate Of Change
63,998,186.36	447,786,608.55	-85.71%

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)
The Phase II Construction Project of the Smart Manufacturing Base in Hangzhou	Self-construction	Yes	Video IoT industry	215,741,729.84	818,079,406.91	Self-raise d funds	52.67%			Not applicable.	March 27, 2021	Juchao Information Website http://cninfo.com.cn/
Construction Project of Xi'an R & D Center	Self-construction	Yes	Video IoT industry	106,501,691.69	314,900,316.55	Self-raise d funds	26.92%			Not applicable.	March 27, 2021	Juchao Information Website http://cninfo.com.cn/
Project of Smart IoT Solution R & D and Industrialization	Self-construction	Yes	Video IoT industry	221,236,190.49	771,334,141.65	Self-raise d funds	47.50%			Not applicable.	March 27, 2021	Juchao Information Website http://cninfo.com.cn/

New Project of Southwest R&D Center of Dahua	Self-construction	Yes	Video IoT industry	41,284.40	41,284.40	Self-raised funds	0.00%			Not applicable.	March 27, 2021	Juchao Information Website http://cninfo.com.cn/
Total	--	--	--	543,520,896.42	1,904,355,149.51	--	--			--	--	--

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 investments	Initial amount of derivatives investment	Starting date	Termination date	Initial investment amount	Amount purchased during the reporting period	Amount sold during the reporting period	Amount of provision for impairment accrued (if any)	Investment amount at the end of the period	Proportion of investment amount in the company's net assets at the end of the reporting period	Actual profit and loss during the reporting period
China Construction Bank	No relations	No	Structured deposits	50,000.00	January 26, 2021	June 30, 2021		50,000.00	50,000.00				849.32
Bank	No relations	No	Foreign exchange contract		November 27, 2020	May 18, 2022	40,904.41	656,822.84	625,354.94		30,751.21	1.43%	1,357.07
Total				50,000.00	--	--	40,904.41	706,822.84	675,354.94		30,751.21	1.43%	2,206.39
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)				March 24, 2021									
Disclosure date of shareholder meeting's announcement on the approval of derivatives investment (if any)				April 24, 2021									

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 details of risk analysis and control measures, please refer to the "Announcement on the Use of Own Funds to Purchase Bank Wealth Management Products" (Announcement No. 2021-031) and "Announcement on Carrying out Foreign Exchange Hedging Transactions" (Announcement no. 2021-027), which were disclosed on March 24, 2021.
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 bank during the reporting period, the gains and losses of fair value shall be determined according to the association between interest rate and the foreign exchange options. For the foreign forward contracts signed between the Company and bank, the transactional financial assets or transactional financial liabilities shall be determined in accordance with the difference between the forward foreign exchange settlement contract quotation and the forward foreign exchange price.
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	For details, please refer to the "Independent Opinions of Independent Directors on Related Matters" disclosed by the Company on March 24, 2021.

VII. 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

VIII. Analysis of Major Holding and Equity Participation Companies

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 communicati	500,000,000.00	4,434,143,774.95	1,328,435,651.49	536,915,726.21	-32,877,996.20	-12,859,072.55

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		on products; the design, construction and installation of computer system integration and automated control engineering						
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 communicati ons products	646,810,000.00	23,342,782,226.15	1,340,836,969.69	11,894,804,803.64	245,463,199.70	181,793,126.65
Zhejiang Dahua Zhilian Co., Ltd.	Subsidiary Company	Production and sales of electronic products and auxiliary equipment; technological development, technical consultation and services, achievement transference	1,110,000,000.00	4,259,134,733.79	635,314,901.76	1,659,289,918.82	-195,287,805.19	-137,775,208.75

		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
Hangzhou Huajuan Technology Co., Ltd.	Deregistration	No significant impact on overall production, operation and performance
Zhejiang Waythcan Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation and performance
Imou Network (Hong Kong) Technology Co., Ltd	Established with investment	No significant impact on overall production, operation and performance
Dahua Technology QFZ LLC	Established with investment	No significant impact on overall production, operation and performance
DAHUA TECHNOLOGY PACIFIC S.A.	Established with investment	No significant impact on overall production, operation and performance

No significant holding companies and joint stock companies information should be disclosed during the reporting period.

IX. The structured entity controlled by the Company

Applicable Not applicable

X. 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. Covid-19 risks: In the face of the Covid-19 outbreak, the Company has taken stringent prevention and control measures to protect the health of employees at home and abroad. In addition, the Company offers technological solutions to contribute to the global effort against the pandemic.

2. Supply chain security risks: In terms of supply security, the Company has comprehensively reviewed various potential supply risks through dedicated operations, and strengthened the sustainable and safe supply of key materials by means of research and development of backup scheme and diversified supply sources to ensure the security of the supply chain.

3. International operation risks: The Company's products and solutions cover more than 100 countries and regions overseas. International business operation may face trade protection risks. In addition, the resurgence of Covid-19 around the world has resulted in more uncertainties to the overseas economic environment, which may adversely affect the development of the Company's local business. To actively prevent and respond to international business risks, the Company has established an overseas compliance and risk control system, continuously strengthened its understanding of and ability to adapt to the laws and regulations as well as the political and economic environment of the regions in which the Company operates, and formulated differentiated "One Country, One Strategy" national business strategies according to the political and economic changes in different regions to minimize business risks.

4. Foreign exchange risks: The Company's export transactions are mostly settled in United States Dollars ("USD"), while overseas business continues to grow. Therefore, fluctuations in the foreign exchange rate may affect the profits of the Company. The Company attaches great importance to exchange rate risk control and adopts various means to effectively control such risks: on the one hand, it manages various currencies by category, guides the contracting in mainstream currencies and using such currencies to hedge against the U.S. dollar while increasing the proportion of overseas localized contracting; for the countries contracted in non-mainstream currencies, exchange rate protection clauses and price adjustment mechanisms will be set in advance in the contracts to reduce the risk of exchange rate fluctuations; on the other hand, the Company effectively uses foreign exchange hedging and a series of derivative instruments, among others, to offset and hedge exchange rate risks without

speculative purposes.

5. Business model change risks: With the development of technologies such as network communications, cloud computing, big data, and AI, and the upgraded uses of smartphones, business models 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 security 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.

6. Technology upgrading risks: The video surveillance industry is a typical technology-intensive industry, featuring extremely fast changes. 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.

7. Product safety risks: 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. 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 carry out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

8. Intellectual property risks: 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.

Section IV Corporate Governance

I. 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	Conference Resolution
First Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting	51.52%	January 22, 2021	January 23, 2021	No proposal was voted down at the General Meeting. The Announcement of Resolutions of the First Extraordinary General Meeting of 2021 (2021-006) is published on Juchao Information Website (http://www.cninfo.com.cn)
2020 Annual General Meeting of Shareholders	Annual General Meeting	46.66%	April 23, 2021	April 24, 2021	No proposal was voted down at the General Meeting. The Announcement of Resolutions of the 2020 Annual General Meeting (2021-064) is published on Juchao Information Website (http://www.cninfo.com.cn)
Second Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting	44.65%	June 11, 2021	June 15, 2021	No proposal was voted down at the General Meeting. The Announcement of Resolutions of the Second Extraordinary General Meeting of 2021 (2021-076) is published on Juchao Information Website (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

II. Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Title	Type	Date	Causes
Ying Yong	Senior Vice President	Dismissal	March 24, 2021	Voluntarily resigned from the post of Senior Vice President but remained in the Company
Wu Yunlong	Vice President	Dismissal	March 24, 2021	Voluntarily resigned from the post of Vice President but remained in the Company
Chen Yuqing	Vice President	Dismissal	March 24, 2021	Voluntarily resigned from the post of Vice President but remained in the Company

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

Applicable Not applicable

The Company plans to pay no cash dividends, no bonus shares and no capital increase by way of capitalization of provident fund for the half-year

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

Applicable Not applicable

1. On April 1, 2021, the "Proposal of Restricted Share Incentive Plan for the Second Unlock Period of the First Grant and Reserving the Achievement for the First Unlock of Year 2018" was reviewed and approved at the Thirteenth Meeting of the Seventh Board of Directors and the Ninth Meeting of the Seventh Board of Supervisors of the Company. The Board of Directors agreed to unlock 29,431,520 restricted stocks held by 2,889 incentive objects who met the unlocking conditions. The matter was completed on April 15, 2021.

2. On April 23, 2021, the "Proposal on Buy-back and Cancellation of Some Granted but not Unlocked Restricted Stocks" was deliberated and approved at the Company's General Meeting of Shareholders in 2020, which agreed to buy back and cancel 1,028,860 authorized but not unlocked restricted stocks held by 65 incentive objects who are no longer eligible for the qualification (of which, 882,360 shares were first granted at the buy-back price of 8.17 yuan per share; reserved grant of

146,500 shares at a buy-back price of 8.75 yuan per share). The aforesaid buy-back and cancellation matter is still in process.

3. On June 25, 2021, the "Proposal on the Unlocking Conditions for the Restricted Stock Incentive Plan on the First Unlocking Period in 2020" was deliberated and approved at the Seventeenth Meeting of the Seventh Board of Directors and the Eleventh Meeting of the Seventh Board of Supervisors of the Company. At which the Board of Directors agreed to unlock 6,695,740 restricted stocks held by 10 incentive objects who meet the unlocking conditions. The matter was completed on July 9, 2021.

Section V Environmental and Social Responsibilities

I. Major Environmental Issues

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

Yes No

II. Social Responsibilities

The Company has not carried out targeted poverty alleviation and rural revitalization work during the reporting period.

Section VI Significant Events

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

Applicable Not applicable

There are no commitments, made by the Company's controlling shareholders, shareholders, related parties, purchasers and purchasing companies, that have been fulfilled during the reporting period and that have not been fulfilled by the end of the reporting period.

II. 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.

III. Illegal external guarantees

Applicable Not applicable

No illegal external guarantees during the reporting period.

IV. Appointment and dismissal of accounting firms

Whether the semi-annual report has been audited

Yes No

The Company's semi-annual report has not been audited.

V. Explanations made by the Board of Directors and the Board of Supervisors on the "Non-Standard Audit Report" from the accounting firm during the reporting period

Applicable Not applicable

VI. Statement by the Board of Directors on the "Non-Standard Audit Report" of the previous year

Applicable Not applicable

VII. Bankruptcy and Restructuring

Applicable Not applicable

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

VIII. Litigation Matters

Significant lawsuits and arbitrations

Applicable Not applicable

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

Other litigation matters

Applicable Not applicable

Basic information on litigation (arbitration)	Amount involved (yuan)	Whether an estimated liability is formed	Litigation (arbitration) progress	Outcome and impact of litigation (arbitration) hearings	Enforcement of litigation (arbitration) judgments	Date of Disclosure	Disclosure Index
Other litigation not meeting the disclosure standards for material litigation	14,574.53	177.57	On trial	Not applicable.	Not applicable.	-	N/A

IX. Penalties and Rectification

Applicable Not applicable

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

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

Applicable Not applicable

XI. 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 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 "6. 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. Transactions with related financial companies and financial companies controlled by the Company

Applicable Not applicable

No deposit, loan, credit or other financial business between the Company and the related financial company, or between the financial company controlled by the Company and the related parties.

6. Other major related transactions

Applicable Not applicable

1. On January 8, 2021, the Eighth Meeting of the Seventh Board of Directors of the Company deliberated and approved the "Proposal on Joint Capital Increase and Related Party Transactions", and agreed that the Company and related parties Zhang Xingming, He Chao, Ningbo Huaqi Investment Management Partnership (Limited Partnership), Hangzhou Kangpi Enterprise Management Partnership (Limited Partnership) and non-related party Yao Weizhong to sign the "Agreement on Equity Transfer and Capital Increase of Zhejiang Healnoc Technology Co., Ltd.". The Company and related parties Zhang Xingming, He Chao, Ningbo Huaqi Investment Management Partnership (Limited Partnership), Hangzhou Kangpi Enterprise Management Partnership (Limited Partnership) and non-related party Yao Weizhong contributed RMB 50 million in total to Zhejiang Healnoc Technology Co., Ltd. (referred to as "Healnoc") as capital increase. Among them, the Company invested RMB 20 million of its own funds, holding 20% of Healnoc equity, and Healnoc became a shareholding company. The change of industrial and commercial registrations for the above matter was completed in February 2021.

2. On January 22, 2021, the First Extraordinary Meeting of Shareholders in 2021 deliberated and approved the "Proposal on Giving up Shareholding Companies' Equity Increase Rights and Related Party Transactions". A total of 14 investors, including Zhu Jiangming, Gao Dong, Chen Jinxia, and Ningbo Huaqi Investment Management Partnership (Limited Partnership), made a B-1 round of capital

increase in Leapmotor Technology. The related transaction amount involved in companies giving up the right to increase capital in the same proportion was RMB 458.459 million. The change of industrial and commercial registrations for the above matter was completed in January 2021.

3. On January 27, 2021, the Ninth Meeting of the Seventh Board of Directors of the Company deliberated and approved the "Proposal on Giving up Shareholding Companies' Equity Increase Rights and Related Party Transactions". A total of 10 investors, including Zhejiang Mituo Investment Co., Ltd., Gao Dong, Huzhou Heninghai Investment Partnership (Limited Partnership), intended to make a B-2 round of capital increase in Leapmotor. The amount of related party transactions involved in the companies' giving up the right to increase capital in the same proportion was RMB 0.16683546 billion. The change of industrial and commercial registrations for the above matter was completed in January 2021.

4. On April 22, 2021, the "Proposal on Giving Up the Right to Increase Capital and Pre-emptive Rights of a Subsidiary in the Same Proportion and Related Transaction" was deliberated and approved at the Fourteenth Meeting of the Seventh Session of the Board of Directors of the Company, in which a total of 5 investors, including CICC Huarui Technology Employee Shareholding No. 1 Single Asset Management Plan, intended to increase capital to Zhejiang Huarui Technology Co., Ltd., with a total capital increase of RMB 9,545,783. Based on the shareholding structure after the above capital increase, Ningbo Huayu Investment Management Partnership (Limited Partnership), shareholder of Huarui Technology, intended to transfer its 44.10% shareholding of Huarui Technology to a total of 24 investors including CICC Huarui Technology Employee Shareholding No. 1 Single Asset Management Plan, at a total price of RMB 244,309,237. The Company waived the preferential subscription right and the preemptive right to purchase the above-mentioned equity interests. The change of industrial and commercial registrations for the above matter was completed in April 2021.

5. On June 7, 2021, the "Proposal on Capital Increase and Related Transaction of Holding Subsidiary" was deliberated and approved at the Sixteenth Meeting of the Seventh Board of Directors of the Company, which agreed that the Company and the related legal person Zhejiang Huashi Investment Management Co., Ltd. jointly increased the capital of the holding subsidiary Zhejiang Huaxiao Technology Co., Ltd. in the same proportion. The company increased its capital by RMB 10.2 million with its own funds, and after the completion of the capital increase, the registered capital of Huaxiao Technology increased from RMB 50 million to RMB 70 million. The change of industrial and commercial

registrations for the above matter was completed in June 2021.

6. On June 29, 2021, the "Proposal on Joint Investment and Establishment of Industrial Fund and Related Transaction with Related Parties" was deliberated and approved at the Eighteenth Meeting of the Seventh Session of the Board of Directors of the Company, which agreed to establish Zhoushan Huayan Chuangxi Equity Investment Partnership (Limited Partnership) with a total of 19 investors, including Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd. The form of the Industrial Fund is a limited partnership with a total fund scale of RMB 150.1 million; Huayan Capital, as the fund manager, contributes RMB 100,000 in currency, holding 0.07% of the shares, and Dahua Shares contributes RMB 50 million in currency, holding 33.32% of the shares. The matter is still in progress.

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	January 9, 2021	http://www.cninfo.com.cn
Announcement On Giving Up the Shareholding Company's Right to Increase Capital with The Same Percentage and Related-party Transactions	January 9, 2021	http://www.cninfo.com.cn
Announcement On Giving Up the Shareholding Company's Right to Increase Capital with The Same Percentage and Related-party Transactions	January 28, 2021	http://www.cninfo.com.cn
Announcement On Giving Up the Subsidiaries' Right to Increase Capital with The Same Percentage, Right of Preemption, And Related-party Transactions	April 23, 2021	http://www.cninfo.com.cn
Announcement On Increasing Capital in Holding Subsidiaries and Related-party Transactions	June 08, 2021	http://www.cninfo.com.cn
Announcement on Joint Investment on the Establishment of Industrial Fund and Related Transactions with Related Parties	June 30, 2021	http://www.cninfo.com.cn

XII. 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 was 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

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	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or

	disclosure of the guarantee cap							not
Zhejiang Dahua Vision Technology Co., Ltd.	May 6, 2021	698,685.74	2018.03.27	50,000.00	Joint liability guarantee	2018.03.20- 2021.03.19	Yes	Yes
			February 25, 2020	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
			10/13/2017	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			2018.09.21	25,840.40 (40 million US dollars)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			2019.06.26	18,000.00	Joint liability guarantee	2019.06.26- 2022.06.25	No	Yes
			2019.07.22	44,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			2019.09.29	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			February 17, 2020	25,000.00	Joint liability guarantee	Two years after the maturity of the debts in	No	Yes

			the master contract		
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
9/1/2020	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

			February 4, 2021	100,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			February 23, 2021	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			February 25, 2021	10,000.00	Joint liability guarantee	February 25, 2021 - September 26, 2021	No	Yes
			May 12, 2021	8,000.00	Joint liability guarantee	May 12, 2021 - December 31, 2022	No	Yes
			May 29, 2021	20,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Zhejiang Dahua Zhilian Co., Ltd.	March 24, 2021	320,000.00	April 9, 2020	10,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes	Yes

			May 1, 2020	38,760.60 (60 million U.S. dollars)	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes	Yes
			September 29, 2020	16,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
			10/12/2018	30,000.00	Joint liability guarantee	2018.10.12- 2021.10.12	No	Yes
			2019.08.30	10,000.00	Joint liability guarantee	Two years after the maturity of the debts in the 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
			April 29, 2021	10,000.00	Joint liability guarantee	One years upon expiration of debt period	No	Yes

						of master contract		
			April 29, 2021	38,760.60 (60 million U.S. dollars)	Joint liability guarantee	One years upon expiration of debt period of master contract	No	Yes
			April 29, 2021	35,530.55 (55 million U.S. dollars)	Joint liability guarantee	April 30, 2021 - May 14, 2022	No	Yes
			May 29, 2021	16,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Zhejiang Dahua System Engineering Co., Ltd.	March 24, 2021	50,000.00	February 25, 2020	4,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
			2019.08.30	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	No	Yes

						maturity of the debts in the master contract		
			August 3, 2020	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			May 29, 2021	4,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Dahua Technology (HK) Limited	March 24, 2021	130,000.00	2019.11.25	4,522.07 (7 million U.S. dollars)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	Yes
			April 20, 2021	768.62 (1 million euros)	Joint liability guarantee	April 25, 2021 - April 25, 2022	No	Yes
DAHUA TECHNOLOGY MEXICO S.A. DE C.V	March 24, 2021	10,000.00	October 27, 2020	4,199.07 (6.5 million U.S. dollars)	Joint liability guarantee	October 27, 2020 - October 20, 2021	No	Yes
			9/1/2020	646.01 (1 million U.S. dollars)	Joint liability guarantee	September 1, 2020 - August 31,	No	Yes

						2021		
Hangzhou Huacheng Network Technology Co., Ltd.	March 24, 2021	65,000.00	August 3, 2020	10,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	Yes
			2019.08.30	5,000.00	Joint liability guarantee	Two 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
			February 4, 2021	2,000.00	Joint liability guarantee	Six months upon expiration of the debt performanc e period of master contract	No	Yes
			February 23, 2021	10,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
Dahua Technology UK Limited	March 24, 2021	2,000.00	August 12, 2020	1,037.16 (GBP 1.16 million)	Joint liability guarantee	August 12, 2020 - Signing	No	Yes

						termination notice		
Zhejiang HuaRay Technology Co., Ltd.	March 24, 2021	35,000.00	February 23, 2021	5,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
Zhejiang Dahua Storage Technology Co., Ltd.	May 6, 2021	2,314.26	April 29, 2021	1,292.02 (2 million U.S. dollars)	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
			May 29, 2021	1,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Zhejiang Huachuang Vision Technology Co., Ltd.	March 24, 2021	25,000.00	May 11, 2021	5,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	Yes
Zhejiang Fengshi Technology Co., Ltd.	March 24, 2021	2,000.00	May 29, 2021	2,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the	No	Yes

						maturity date of each note discounted by China Merchants Bank during the credit period		
Wuxi Dahua Ruipin Technology Co., Ltd.	March 24, 2021	1,000.00	May 29, 2021	1,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	March 24, 2021	1,000.00	May 29, 2021	1,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Zhejiang Huaxiao Technology Co., Ltd.	March 24, 2021	2,000.00	May 29, 2021	1,000.00	Joint liability guarantee	Additional three years	No	Yes

						from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period		
Zhejiang Dahua Jinzhi Technology Co., Ltd.	March 24, 2021	1,000.00	May 29, 2021	1,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	March 24, 2021	30,000.00	May 29, 2021	5,000.00	Joint liability guarantee	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during	No	Yes

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					the credit period
Guangxi Dahua Information Technology Co., Ltd.	March 24, 2021	1,000.00	No such case during the reporting period		
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	March 24, 2021	30,000.00	No such case during the reporting period		
Zhejiang Dahua Security Network Operation Service Co., Ltd.	March 24, 2021	1,000.00	No such case during the reporting period		
Hangzhou Xiaohua Technology CO., LTD.	March 24, 2021	1,000.00	No such case during the reporting period		
Zhejiang Dahua Security Service Co., Ltd.	March 24, 2021	1,000.00	No such case during the reporting period		
Guangxi Dahua Technology Co., Ltd.	March 24, 2021	5,000.00	No such case during the reporting period		
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	March 24, 2021	20,000.00	No such case during the reporting period		
Zhejiang Waythcan Technology Co., Ltd.	March 24, 2021	1,000.00	No such case during the reporting period		
Zhejiang Huaxuan Technology Co., Ltd.	March 24, 2021	1,000.00	No such case during the reporting period		
Dahua Technology Japan	March 24, 2021	100.00	No such case during the reporting period		
DAHUA EUROPE B.V.	March 24, 2021	15,000.00	No such case during the reporting period		
Dahua Technology USA Inc.	March 24, 2021	5,000.00	No such case during the reporting period		
Dahua Technology Singapore Pte.Ltd.	March 24, 2021	200.00	No such case during the reporting period		
Dahua Technology Poland sp.zo.o.	March 24, 2021	2,000.00	No such case during the reporting period		
Dahua Technology Hungary Kft	March 24, 2021	2,000.00	No such case during the reporting period		

DAHUA TECHNOLOGY INDIA PRIVATE LIMITED	March 24, 2021	4,000.00	No such case during the reporting period
DAHUA TECHNOLOGY BRASIL COMERCIO SERV EM SEGURANCA ELETRONICA LTDA	March 24, 2021	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY MIDDLE EAST FZE	March 24, 2021	1,000.00	No such case during the reporting period
DAHUA TECHNOLOGY PERÚ S.A.C	March 24, 2021	4,000.00	No such case during the reporting period
Dahua Technology Rus Limited Liability Company	March 24, 2021	3,000.00	No such case during the reporting period
Dahua Technology Australia Pty Ltd.	March 24, 2021	500.00	No such case during the reporting period
Dahua Technology South Africa Proprietary Limited	March 24, 2021	500.00	No such case during the reporting period
Dahua Technology Canada Inc.	March 24, 2021	1,000.00	No such case during the reporting period
DAHUA GUVENLIK TEKNOLOJILERI SANAYI VE TICARET ANONIM SIRKETI	March 24, 2021	1,000.00	No such case during the reporting period
Dahua Technology SRB d.o.o.	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	March 24, 2021	100.00	No such case during the reporting period
Dahua Iberia, S.L.	March 24, 2021	100.00	No such case during the reporting period
Dahua Security Malaysia SDN. BHD.	March 24, 2021	100.00	No such case during the reporting period

Dahua Technology Kazakhstan LLP	March 24, 2021	100.00	No such case during the reporting period
PT. Dahua Vision Technology Indonesia	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology S.R.L.	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology France SAS	March 24, 2021	700.00	No such case during the reporting period
Dahua vision LLC	March 24, 2021	500.00	No such case during the reporting period
Dahua Technology New Zealand Limited	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology GmbH	March 24, 2021	300.00	No such case during the reporting period
DAHUA TECHNOLOGY COLOMBIA S.A.S.	March 24, 2021	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY PANAMA S.A.	March 24, 2021	100.00	No such case during the reporting period
Dahua Technology Chile SpA	March 24, 2021	100.00	No such case during the reporting period
Dahua technology tunisia limited liability company	March 24, 2021	100.00	No such case during the reporting period
DAHUA TECHNOLOGY KENYA LIMITED	March 24, 2021	100.00	No such case during the reporting period
DAHUA TECHNOLOGY CHINA(PVT) LTD	March 24, 2021	100.00	No such case during the reporting period
DAHUA TECHNOLOGY PAKISTAN (PRIVATE) LIMITED	March 24, 2021	100.00	No such case during the reporting period

DAHUA TECHNOLOGY MOROCCO SARL	March 24, 2021	100.00	No such case during the reporting period					
DAHUA ARGENTINA S.A.	March 24, 2021	100.00	No such case during the reporting period					
Dahua Technology Czech s.r.o.	March 24, 2021	100.00	No such case during the reporting period					
Dahua Technology Denmark ApS	March 24, 2021	100.00	No such case during the reporting period					
Dahua Technology Netherlands B.V.	March 24, 2021	100.00	No such case during the reporting period					
DAHUA TECHNOLOGY (THAILAND) CO., LTD	March 24, 2021	100.00	No such case during the reporting period					
DAHUA TECHNOLOGY ITALY S.R.L.	March 24, 2021	100.00	No such case during the reporting period					
LOREX TECHNOLOGY INC	March 24, 2021	2,000.00	No such case during the reporting period					
LOREX CORPORATION	March 24, 2021	2,000.00	No such case during the reporting period					
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		1,487,000.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)				308,351.79	
Total amount of guarantees to subsidiaries approved by the end of the reporting period (B3)		1,487,000.00	Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (B4)				885,096.50	
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)		1,487,000.00	Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)				308,351.79	
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)		1,487,000.00	Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)				885,096.50	
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets							41.16%	
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)							862,096.50	
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)							862,096.50	
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)								

3. Entrusted financing

√ Applicable □ Not applicable

Unit: ten thousand RMB

Specific type	Funding source	Entrusted amount	Unexpired balance	Overdue outstanding amount	Impairment amount accrued for overdue financial management
Bank financial products	Equity Fund	50,000.00	-	-	-
Financial products of securities companies	Equity Fund	50,000.00	50,000.00	-	-
Total		100,000.00	50,000.00	-	-

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 in the current year (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)
China Construction Bank	Bank	Structured deposits	50,000.00	Equity Fund	January 26, 2021	June 30, 2021	Financial derivatives	By contract	4.00%		849.32	Recovered at expiration		Yes	Yes	
Guosen Securities co., Ltd.	Securities company	Asset Management Plan	50,000.00	Equity Fund	February 10, 2021	February 9, 2031	Private equity fund products, fixed income assets, equity assets, public equity hybrid funds	Payment of principal and income at maturity			6,445.65	Unexpired		Yes	No	
Total			100,000.00	--	-	--	--	--	--		7,294.97	--		--	--	--

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

Applicable Not applicable

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.

XIII. Explanations on Other Significant Matters

Applicable Not applicable

On March 26, 2021, the "Proposal on the Company's Non-public Offering of Shares for 2021" and other related proposals were deliberated and approved at the Twelfth Meeting of the Seventh Session of the Board of Directors and the Eighth Meeting of the Seventh Board of Supervisors of the Company. The Company planned to issue 312,151,600 non-public shares, and the total amount of funds raised did not exceed RMB 5.6 billion (including RMB 5.6 billion). The target companies of this non-public issuance is China Mobile Capital Holdings Co., Ltd., which is the wholly-owned subsidiary of China Mobile Communications Group Co., Ltd. The matters related to this non-public offering of shares have been deliberated and approved at the Company's 2020 Annual General Meeting.

The Company disclosed "Announcement on Application for Non-public Offering of Shares Accepted by the China Securities Regulatory Commission" and "Announcement on Receipt of <Notice of First Feedback on Review of Administrative License Items by the China Securities Regulatory Commission>" (Announcement No. 2021-073, 2021-078) on June 3, 2021 and June 17, 2021 respectively.

On July 5, 2021, the Nineteenth Meeting of the Seventh Board of Directors and the Twelfth Meeting of the Seventh Board of Supervisors of the Company deliberated and approved the "Proposal on Adjustment of the Non-public Offering of Shares for 2021" and other proposals related to the Offering. After the adjustment, the Company planned to issue not more than 288,624,700 non-public shares and raise total funds of not more than RMB 5,100 million (including RMB 5,100 million). The target of this non-public issue was China Mobile Capital Holdings Limited, a wholly-owned subsidiary of China Mobile Communications Group Corporation, and on the same day, the "Report on the Response to Feedback on the Non-public Offering Stock Application Document of Zhejiang Dahua Technology Co., Ltd." was

disclosed.

The proposal of the non-public offering of shares is subject to the approval of the China Securities Regulatory Commission before implementation, and the above relevant announcement documents have been disclosed on the Securities Times and Juchao Information Network (<http://www.cninfo.com.cn>), the designated information disclosure media of the Company.

XIV. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Section VII 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	1,137,297,716	37.97%				-94,627,408	-94,627,408	1,042,670,308	34.81%
1. Other domestic shares	1,137,278,516	37.97%				-94,617,808	-94,617,808	1,042,660,708	34.81%
Shares held by domestic natural persons	1,137,278,516	37.97%				-94,617,808	-94,617,808	1,042,660,708	34.81%
2. Foreign shareholding	19,200	0.00%				-9,600	-9,600	9,600	0.00%
Shares held by foreign natural persons	19,200	0.00%				-9,600	-9,600	9,600	0.00%
II. Shares without restrictions	1,858,281,874	62.03%				94,627,408	94,627,408	1,952,909,282	65.19%
1. RMB ordinary shares	1,858,281,874	62.03%				94,627,408	94,627,408	1,952,909,282	65.19%
III. Total	2,995,579,590	100.00%				0	0	2,995,579,590	100.00%

Reasons for changes in shares

√ Applicable □ Not applicable

1. In April, 2021, the conditions for the first granting of the second unlock period and reserved granting of the first unlock period in 2018 Restricted Stock Incentive Plan were satisfied.

2. In June, 2021, the conditions for the first unlock period in 2020 Restricted Stock Incentive Plan were satisfied.

Approval for changes in shares

Applicable Not applicable

1. On April 1, 2021, the "Proposal of Restricted Share Incentive Plan for the Second Unlock Period of the First Grant and Reserving the Achievement for the First Unlock of Year 2018" was reviewed and approved at the Thirteenth Meeting of the Seventh Board of Directors and the Ninth Meeting of the Seventh Board of Supervisors of the Company. The Board of Directors agreed to unlock 29,431,520 restricted stocks held by 2,889 incentive objects who met the unlocking conditions.

2. On June 25, 2021, the "Proposal on the Unlocking Conditions for the Restricted Stock Incentive Plan on the First Unlocking Period in 2020" was deliberated and approved at the Seventeenth Meeting of the Seventh Board of Directors and the Eleventh Meeting of the Seventh Board of Supervisors of the Company. The Board of Directors agreed to unlock 6,695,740 restricted stocks held by 10 incentive objects who meet the unlocking conditions.

Transfer for changes in shares

Applicable Not applicable

1. According to the Thirteenth Meeting of the Seventh Board of Directors of the Company, the Company completed the unlocking of the second unlocking period granted for the first time and of the reserved grant of the first unlocking period as stated in 2018 Restricted Share Incentive Plan, with the unlocking date, also known as the date of listing and circulation, is April 15, 2021.

2. According to the Seventeenth Meeting of the Seventh Board of Directors of the Company, the Company completed the unlocking of the first unlocking period of 2020 Restricted Share Incentive Plan, with the unlocking date, also known as the date of listing and circulation, is July 9, 2021.

The progress on share repurchases

Applicable Not applicable

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 restricted shares at the beginning of the period	Number of unlocked shares with limited sales condition in current period	Number of increased restricted shares in the current period at the beginning of the period	Number of restricted shares at the end of the period at the beginning of the period	Reasons for limited sales	Date of unlocking
Fu Liquan	811,561,410	43,659,675	0	767,901,735	According to the	According to the

					relevant provisions of executives shares management	relevant provisions of executives shares management
Zhu Jiangming	139,846,117	19,413,000	0	120,433,117	According to the relevant provisions of executives shares management	According to the relevant provisions of executives shares management
Chen Ailing	53,447,110	0	0	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	0	0	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	3,622,540	590,370	0	3,032,170	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Ying Yong	2,271,937	0	417,313	2,689,250	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Zhao Yuning	2,515,000	333,000	0	2,182,000	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Wu Jian	2,167,001	255,000	0	1,912,001	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Chen Yuqing	1,376,963	0	458,988	1,835,951	Per relevant	Per relevant

					management regulations of equity incentives and senior managers' shares	management regulations of equity incentives and senior managers' shares
Jiang Xiaolai	2,004,400	222,200	0	1,782,200	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 targets	66,547,074	31,030,464	0	35,516,610	Per relevant management regulations of equity incentives and senior managers' shares	Per relevant management regulations of equity incentives and senior managers' shares
Total	1,137,297,716	95,503,709	876,301	1,042,670,308	--	--

II. Issuance and listing of securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total Number of Common Shareholders at The End of The Reporting Period	153,835		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				
Shareholding list of common shareholders with over 5% shares or top ten shareholders								
Name of Shareholder	Nature Of Shareholder	Shareholding Percentage	Number of common shares held at the end of the reporting period	Changes in the reporting period	Number of common shares held with limited sales conditions	Number of common shares held without limited sales condition	Pledges, markings or freezings	
							State Of Shares	Number
Fu Liquan	Domestic Natural Person	34.18%	1,023,868,980	0	767,901,735	255,967,245	Pledge	151,287,942
Zhu Jiangming	Domestic	5.36%	160,577,490	0	120,433,11	40,144,373	Pledge	10,600,000

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	Natural Person					7			
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	3.91%	117,056,918	16,521,433	0	117,056,918			
Shanghai Perseverance Asset Management (Limited Partnership) - Gaoyi Linshan No.1 Yuanwang Fund	Others	3.34%	100,000,000	-38,000,000	0	100,000,000			
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	1.50%	44,930,751	-9,706,649	0	44,930,751			
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.32%	39,611,241	0	0	39,611,241			
Central Huijin Asset Management Co., Ltd.	State-owned Legal Person	1.05%	31,448,750	0	0	31,448,750			
Shanghai Greenwoods Asset Management Co., Ltd. - Greenwoods Global Fund	Others	0.95%	28,361,893	-2,255,500	0	28,361,893			
Description of the association of above-mentioned relationship or concerted action	Mr. Fu Liquan 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.								

shareholders			
Explanation of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights	N/A		
Shareholding list of top ten common shareholders without limited sales condition			
Name of Shareholder	Number of common shares held without limited sales condition at the end of the reporting period	Type of shares	
		Type of shares	Number
Fu Liquan	255,967,245	RMB common stock	255,967,245
Hong Kong Securities Clearing Co. Ltd.	117,056,918	RMB common stock	117,056,918
Shanghai Perseverance Asset Management (Limited Partnership) - Gaoyi Linshan No.1 Yuanwang Fund	100,000,000	RMB common stock	100,000,000
China Galaxy Securities Co., Ltd.	44,930,751	RMB common stock	44,930,751
Zhu Jiangming	40,144,373	RMB common stock	40,144,373
China Securities Finance Co., Ltd.	39,611,241	RMB common stock	39,611,241
Central Huijin Asset Management Co., Ltd.	31,448,750	RMB common stock	31,448,750
Shanghai Greenwoods Asset Management Co., Ltd. - Greenwoods Global Fund	28,361,893	RMB common stock	28,361,893
National Social Security Fund ——— portfolio	23,599,431	RMB common stock	23,599,431
Agricultural Bank of China Co., Ltd. - Shanghai Investment Morgan Emerging Power Hybrid Securities Investment Fund	18,384,960	RMB common stock	18,384,960
Explanation on associated relationship or persons acting in concert among top ten common shareholders without limited shares, and between top ten common shareholders without limited shares and top ten common shareholders	Mr. Fu Liquan 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.		

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.

IV. Shareholding Changes of Directors, Supervisors and Senior Executives

Applicable Not applicable

There were no changes in the shareholding of directors, supervisors and senior executives of the Company during the reporting period. For details, please refer to the 2020 Annual Report.

V. Change of the Controlling Shareholders and Actual Controller

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

Change of the actual controller in the reporting period

Applicable Not applicable

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

Section VIII Information of Preferred Shares

Applicable Not applicable

There are no preferred shares in the reporting period.

Section IX Situation on Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Reports

Has the semi-annual report been audited?

Yes No

The Company's semi-annual financial report has not been audited.

II. Financial Statements

Units of financial reports in the notes: yuan

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

June 30, 2021

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current Assets:		
Cash and Bank Balances	6,690,863,029.69	7,471,652,634.66
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	9,614,978.97	2,475,680.45
Derivative Financial Assets		
Notes receivable	265,137,658.91	232,857,354.55
Accounts receivable	12,779,041,456.90	12,857,519,110.16
Receivables Financing	901,192,858.59	1,207,879,654.58
Prepayments	182,899,790.83	162,250,648.05
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	922,620,846.22	970,427,893.48
Including: interest receivable		

Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	7,312,285,468.20	4,928,019,838.00
Contract Assets	111,283,472.17	84,825,834.82
Holding for-sale assets		
Non-current Assets Due within 1 Year	622,854,205.58	635,956,549.07
Other Current Assets	720,101,094.63	558,434,219.93
Subtotal of Current Assets	30,517,894,860.69	29,112,299,417.75
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	2,069,432,687.70	2,250,315,769.50
Long-term Equity Investment	820,449,863.74	455,977,616.16
Investment in Other Equity Instruments		
Other Non-current Financial Assets	937,923,581.60	360,087,786.34
Investment Property	320,218,828.49	336,008,869.13
Fixed Assets	1,979,508,213.29	1,515,594,629.97
Projects under Construction	1,250,289,385.41	1,164,130,453.03
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	205,470,210.43	
Intangible Assets	587,307,545.91	406,777,323.39
Development Expenditure		
Goodwill	42,685,490.30	42,685,490.30
Long-term Deferred Expenses	34,259,213.84	32,280,430.67
Deferred Income Tax Assets	923,271,010.59	832,453,676.69
Other Non-current Assets	77,223,405.16	86,422,617.82
Subtotal of Non-current Assets	9,248,039,436.46	7,482,734,663.00
Total Assets	39,765,934,297.15	36,595,034,080.75

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Current Liabilities:		
Short-term loan	1,104,598,520.22	250,177,083.34
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities	450,897.52	
Derivative Financial Liabilities		
Notes Payable	3,610,134,581.74	3,258,552,758.17
Accounts Payable	6,781,697,701.64	6,444,787,705.28
Received Prepayments		
Contract liabilities	895,221,177.02	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	931,580,109.46	1,805,464,535.31
Tax Payable	353,698,201.33	900,144,863.67
Other Payables	717,772,801.38	970,552,877.22
Including: interest payable		
Dividends Payable	17,855,221.21	12,982,399.27
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	258,830,507.33	151,891,709.34
Other Current Liabilities	261,106,901.25	209,401,914.77
Subtotal of Current Liabilities	14,915,091,398.89	14,662,093,832.18
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan	1,903,000,000.00	878,000,000.00

Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	107,606,799.04	
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	261,028,749.21	282,427,517.82
Deferred Income	107,015,834.93	110,469,806.29
Deferred Income Tax Liabilities	74,325,425.30	67,272,768.46
Other Non-current Liabilities	358,620,950.30	391,128,045.90
Subtotal of Non-current Liabilities	2,811,597,758.78	1,729,298,138.47
Total Liabilities	17,726,689,157.67	16,391,391,970.65
Shareholders' Equity:		
Share Capital	2,994,550,730.00	2,995,579,590.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	2,592,929,671.76	1,989,655,334.05
Less: Treasury Share	325,372,156.35	581,968,930.89
Other Comprehensive Incomes	90,890,444.47	61,157,523.13
Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
General Risk Reserves		
Undistributed Profits	14,595,777,271.43	13,754,915,904.19
Total Shareholders' Equity Attributable to the Parent Company	21,502,466,967.23	19,773,030,426.40
Minority Shareholders' Equity	536,778,172.25	430,611,683.70
Total Shareholders' Equity	22,039,245,139.48	20,203,642,110.10
Total Liabilities and Shareholders' Equity	39,765,934,297.15	36,595,034,080.75

Legal representative: Fu Liquan

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

2021 Semi-annual Report of Zhejiang Dahua Technology Co., Ltd.

Item	June 30, 2021	December 31, 2020
Current Assets:		
Cash and Bank Balances	2,025,259,800.74	3,130,479,311.55
Trading Financial Assets		
Derivative Financial Assets		
Notes receivable	87,323,059.42	74,284,006.99
Accounts receivable	4,896,685,881.86	2,740,152,239.35
Receivables Financing	824,238,249.20	169,109,529.24
Prepayments	35,872,413.73	48,203,550.97
Other Receivables	12,569,808,120.45	13,796,603,550.30
Including: interest receivable		
Dividends Receivable		
Inventory	174,404,826.80	171,756,222.72
Contract Assets	8,015,054.45	8,338,657.15
Holding for-sale assets		
Non-current Assets Due within 1 Year	59,447,481.09	61,828,724.54
Other Current Assets	13,503,095.37	12,592.38
Subtotal of Current Assets	20,694,557,983.11	20,200,768,385.19
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	84,172,743.65	100,221,713.49
Long-term Equity Investment	4,080,499,755.47	3,660,410,557.29
Investment in Other Equity Instruments		
Other Non-current Financial Assets	911,867,081.60	355,853,684.59
Investment Property	166,276,925.08	173,003,549.71
Fixed Assets	582,009,977.21	550,991,444.04
Projects under Construction	592,328,669.32	438,014,907.22
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	86,093,925.51	

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Intangible Assets	149,118,648.79	156,335,152.97
Development Expenditure		
Goodwill		
Long-term Deferred Expenses	17,074,922.32	21,149,342.55
Deferred Income Tax Assets	117,342,881.29	135,371,242.86
Other Non-current Assets	5,058,584.78	35,774,247.16
Subtotal of Non-current Assets	6,791,844,115.02	5,627,125,841.88
Total Assets	27,486,402,098.13	25,827,894,227.07
Current Liabilities:		
Short-term loan	250,023,003.47	250,177,083.34
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	271,118,597.42	303,660,579.62
Accounts Payable	614,175,514.19	752,373,890.95
Received Prepayments		
Contract liabilities	50,494,831.34	85,275,423.36
Payroll payable	582,075,190.23	1,127,500,408.14
Tax Payable	237,773,945.08	627,351,201.46
Other Payables	760,021,878.84	1,002,654,121.27
Including: interest payable		
Dividends Payable	17,855,221.21	12,982,399.27
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	184,129,502.07	150,643,750.02
Other Current Liabilities	43,129,441.92	26,870,130.42
Subtotal of Current Liabilities	2,992,941,904.56	4,326,506,588.58
Non-current Liabilities:		
Long-term loan	1,800,000,000.00	750,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	42,559,262.89	
Long-term Payables		
Long-term payroll payable		

Expected Liabilities	3,515,158.54	8,333,634.18
Deferred Income		
Deferred Income Tax Liabilities	43,117,540.51	29,407,289.24
Other Non-current Liabilities	6,823,336.37	10,599,934.34
Subtotal of Non-current Liabilities	1,896,015,298.31	798,340,857.76
Total Liabilities	4,888,957,202.87	5,124,847,446.34
Shareholders' Equity:		
Share Capital	2,994,550,730.00	2,995,579,590.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	2,589,617,306.53	1,976,156,775.91
Less: Treasury Share	325,372,156.35	581,968,930.89
Other Comprehensive Incomes	537,733.09	522,554.00
Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
Undistributed Profits	15,784,420,276.07	14,759,065,785.79
Total Shareholders' Equity	22,597,444,895.26	20,703,046,780.73
Total Liabilities and Shareholders' Equity	27,486,402,098.13	25,827,894,227.07

3. Consolidated Income Statement

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Total Operating Revenue	13,505,005,733.89	9,838,328,853.62
Including: Operating Revenue	13,505,005,733.89	9,838,328,853.62
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	11,947,184,367.94	8,605,447,370.85
Including: Operating Cost	7,910,714,928.97	5,099,250,150.57
Interest Expenditures		
Service Charge and Commission Expenses		

Surrender Value		
Net Claims Paid		
The Net Amount Withdrawn for Insurance Liability Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	100,270,188.53	55,143,183.10
Sales Expenses	2,059,001,711.42	1,805,227,134.27
Administration expenses	393,272,171.06	355,781,491.22
Research and development expense	1,406,249,326.81	1,314,612,940.95
Financial Expenses	77,676,041.15	-24,567,529.26
Including: interest expenses	44,547,319.17	36,633,828.03
Interest Income	114,759,041.30	82,236,920.48
Add: Other income	426,519,272.06	458,546,321.24
Investment Income (Mark "-" for Loss)	-127,515,259.00	-32,178,746.19
Including: Investment Income from Affiliates and Joint Ventures	-155,395,120.84	-44,335,467.10
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 "-")	123,946,629.03	17,009,143.17
Credit Impairment Losses (Mark "-" for Loss)	-368,461,594.95	-87,762,680.91
Asset Impairment Losses (Mark "-" for Loss)	-9,923,448.05	-42,303,107.35
Asset Disposal Income (Mark "-" for Loss)	33,002,441.01	10,307.31

III. Operating Profit (Mark "-" for Loss)	1,635,389,406.05	1,546,202,720.04
Add: Non-operating Revenues	6,539,902.55	6,124,434.50
Less: Non-operating Expenses	4,968,968.32	12,034,840.16
IV. Total Profit (Mark "-" for Total Loss)	1,636,960,340.28	1,540,292,314.38
Less: Income Tax Expense	-38,451,185.77	169,559,416.73
V. Net Profit (Mark "-" for Net Loss)	1,675,411,526.05	1,370,732,897.65
(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	1,675,411,526.05	1,370,732,897.65
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
(II) Classified by the attribution of ownership		
1. Net Profit Attributable to the Parent Company's Owner	1,643,175,887.55	1,368,974,364.44
2. Minority Shareholders' Profit and Loss	32,235,638.50	1,758,533.21
VI. Net Amount of Other Comprehensive Incomes after Tax	29,802,949.19	1,838,733.32
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	29,732,921.34	1,838,745.43
(I) 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		
(II) Other comprehensive income	29,732,921.34	1,838,745.43

that will be reclassified as P/L		
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	31,016,888.78	1,838,745.43
7. Others	-1,283,967.44	
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	70,027.85	-12.11
VII. Total Comprehensive Income	1,705,214,475.24	1,372,571,630.97
Total Comprehensive Income Attributable to the Parent Company's Owner	1,672,908,808.89	1,370,813,109.87
Total Comprehensive Income Attributable to Minority Shareholders	32,305,666.35	1,758,521.10
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.56	0.47
(II) Diluted Earnings per Share	0.56	0.47

Legal representative: Fu Liquan 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	2021 Semi-Annual	2020 Semi-Annual
I. Operating Revenue	4,167,159,930.09	3,624,985,329.95

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Less: Operating Cost	526,172,609.28	464,299,570.21
Taxes and Surcharges	53,634,639.42	37,785,882.54
Sales Expenses	823,745,443.38	763,855,586.98
Administration expenses	211,532,912.39	209,844,615.20
Research and development expense	1,068,320,197.31	1,047,270,644.13
Financial Expenses	-19,195,740.24	5,634,218.96
Including: interest expenses	32,381,777.40	32,511,309.24
Interest Income	54,366,366.58	29,029,575.89
Add: Other income	357,721,494.76	384,657,520.57
Investment Income (Mark "-" for Loss)	-156,962,757.83	-37,634,661.64
Including: Investment Income from Affiliates and Joint Ventures	-171,271,964.55	-45,152,368.00
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 "-")	95,451,596.20	16,604,759.61
Credit Impairment Losses (Mark "-" for Loss)	-15,404,331.60	-5,673,952.18
Asset Impairment Losses (Mark "-" for Loss)	-634,899.32	-4,696,447.86
Asset Disposal Income (Mark "-" for Loss)	33,259,190.66	10,000.01
II. Operating Profit (Mark "-" for Loss)	1,816,380,161.42	1,449,562,030.44
Add: Non-operating Revenues	4,455,730.54	2,972,951.40
Less: Non-operating Expenses	581,042.68	6,055,686.02
III. Total Profit (Mark "-" for Total Loss)	1,820,254,849.28	1,446,479,295.82
Less: Income Tax Expense	-7,414,161.31	105,871,539.11
IV. Net Profit (Mark "-" for Net Loss)	1,827,669,010.59	1,340,607,756.71

(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,827,669,010.59	1,340,607,756.71
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	15,179.09	
(I) 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		
(II) Other comprehensive income that will be reclassified as P/L	15,179.09	
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		

7. Others	15,179.09	
VI. Total Comprehensive Income	1,827,684,189.68	1,340,607,756.71
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.62	0.46
(II) Diluted Earnings per Share	0.62	0.46

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	15,020,513,603.09	12,453,860,700.45
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		

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Tax Refund	1,098,611,055.94	1,193,492,111.32
Other Received Cashes Related to Operational Activities	149,033,785.99	139,593,191.08
Subtotal of cash inflow from operational activities	16,268,158,445.02	13,786,946,002.85
Cash Paid for Merchandise and Services	10,963,754,585.76	8,806,532,224.04
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	3,831,211,412.30	3,126,225,617.57
Cash Paid for Taxes and Surcharges	1,263,501,986.02	1,114,316,698.90
Other Paid Cashes Related to Operational Activities	1,080,799,258.93	846,799,426.29
Subtotal of cash outflow from operational activities	17,139,267,243.01	13,893,873,966.80
Net cash flow generated by operating activities	-871,108,797.99	-106,927,963.95
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	803,318,288.20	212,000,000.00
Cash Arising from Investment Incomes	12,730,576.24	7,031,342.00
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	47,268,105.91	851,832.61
Net Cash Arising from Disposal of Subsidiaries and Other Business		

Units		
Other Received Cashes Related to Investment Activities	56,003,510.94	135,010,923.00
Subtotal of cash inflow from investment activities	919,320,481.29	354,894,097.61
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	579,246,808.15	250,327,215.67
Cash Paid for Investments	1,302,000,000.00	1,272,547,000.00
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	13,107,855.82	79,560,273.93
Subtotal of cash outflows from investment activities	1,894,354,663.97	1,602,434,489.60
Net amount of cash flow generated by investment activities	-975,034,182.68	-1,247,540,391.99
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	52,905,784.31	59,440,000.00
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	52,905,784.31	59,440,000.00
Cash Arising from Borrowings	2,728,079,926.55	3,324,530,906.01
Other Received Cashes Related to Financing Activities		867,776,937.16
Subtotal of cash inflow from financing activities	2,780,985,710.86	4,251,747,843.17
Cash Paid for Debts Repayment	829,079,926.55	1,663,711,726.38
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	829,253,962.62	418,919,503.17
Including: Dividends and Profits Paid to Minority Shareholders by		

Subsidiaries		
Other Paid Cashes Related to Financing Activities	49,649,564.91	767,782,756.00
Subtotal of cash outflow from financing activities	1,707,983,454.08	2,850,413,985.55
Net cash flow generated by financing activities	1,073,002,256.78	1,401,333,857.62
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-35,603,147.83	-430,036.43
V. Net Increase in Cash and Cash Equivalents	-808,743,871.72	46,435,465.25
Add: Cash and Cash Equivalents at the Commencement of the Period	7,358,452,769.53	2,734,185,976.41
VI. Cash and Cash Equivalents at the End of the Period	6,549,708,897.81	2,780,621,441.66

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	1,594,534,564.89	7,212,656,097.72
Tax Refund	313,656,061.60	395,396,831.40
Other Received Cashes Related to Operational Activities	93,670,216.79	68,383,248.19
Subtotal of cash inflow from operational activities	2,001,860,843.28	7,676,436,177.31
Cash Paid for Merchandise and Services	623,359,985.97	507,090,103.14
Cash Paid to and for Employees	2,116,190,187.65	1,905,848,316.86
Cash Paid for Taxes and Surcharges	818,858,618.53	670,752,521.48
Other Paid Cashes Related to	557,213,500.36	452,566,064.54

Operational Activities		
Subtotal of cash outflow from operational activities	4,115,622,292.51	3,536,257,006.02
Net cash flow generated by operating activities	-2,113,761,449.23	4,140,179,171.29
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	803,318,288.20	199,900,000.00
Cash Arising from Investment Incomes	3,629,417.41	7,031,342.00
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	58,522,097.94	7,862,105.25
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		63,493,496.46
Subtotal of cash inflow from investment activities	865,469,803.55	278,286,943.71
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	178,160,791.03	137,011,698.40
Cash Paid for Investments	1,348,140,000.00	1,309,807,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities		
Subtotal of cash outflows from investment activities	1,526,300,791.03	1,446,818,698.40
Net amount of cash flow generated by investment activities	-660,830,987.48	-1,168,531,754.69
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		

Cash Arising from Borrowings	1,679,079,926.55	1,889,800,000.00
Other Received Cashes Related to Financing Activities	2,243,043,904.46	1,487,145,393.24
Subtotal of cash inflow from financing activities	3,922,123,831.01	3,376,945,393.24
Cash Paid for Debts Repayment	629,079,926.55	599,800,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	822,052,988.68	410,133,298.68
Other Paid Cashes Related to Financing Activities	814,356,149.58	5,735,303,661.46
Subtotal of cash outflow from financing activities	2,265,489,064.81	6,745,236,960.14
Net cash flow generated by financing activities	1,656,634,766.20	-3,368,291,566.90
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-55,649.44	-73,606.83
V. Net Increase in Cash and Cash Equivalents	-1,118,013,319.95	-396,717,757.13
Add: Cash and Cash Equivalents at the Commencement of the Period	3,090,496,504.00	860,741,299.14
VI. Cash and Cash Equivalents at the End of the Period	1,972,483,184.05	464,023,542.01

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2021 Semi-Annual														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			
		Preferred Stocks	Perpetual Bonds	Others												
I. Balance at the End of Last Year	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		

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Add: Changes in Accounting Policies														
Correction of Errors in the Previous Period														
Consolidated under the Same Control														
Others														
II. Balance at the Start of This Year	2,995,579.59			1,989,655.33	581,968.90	61,157.52		1,553,691.00		13,754.91		19,773.03	430,611.60	20,203.64
	0.00			334.05	30.89	3.13		005.92		5,904.19		0,426.40	83.70	2,110.10
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-1,028,860.00			603,274.37	-256,596.74	29,732.92				840,861.30		1,729,436.54	106,166.40	1,835,603.02
				37.71	74.54	1.34				67.24		540.83	88.55	029.38
(I) Total Comprehensive Income						29,732.92				1,643,175.88		1,672,908.89	32,305.66	1,705,214.47
						1.34				887.55		808.89	6.35	475.24
(II) Shareholders' Contribution and Reduction in Capital	-1,028,860.00			87,107.86	-256,596.70							342,675.70	69,441.53	412,117.30
				3.62	74.54							78.16	3.51	11.67
1. Common stock invested by the owner	-1,028,860.00			-7,461,896.20	-256,596.74							248,106.00	51,074.26	299,180.20
				.20	74.54							18.34	9.52	87.86
2. Capital Invested by Holders of Other Equity Instruments														
3. Amount of Share-based Payments Recorded into Shareholders' Equity				94,569.75								94,569.75	18,367.26	112,937.00
				9.82								9.82	3.99	23.81
4. Others														
(III) Profit										-802,314.50		-802,314.50		-802,314.50

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Distribution											20.31		20.31		520.31
1. Appropriation of Surplus Reserves															
2. Appropriation of General Risk Reserves															
3. Distribution to Owners (or Shareholders)											-802,314.5 20.31		-802,314.5 20.31		-802,314.5 520.31
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															

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Reserves																
1. Withdrawal in this period																
2. Used in This Period																
(VI) Others					516,166.4								516,166.4	4,419,288.69	520,585.7	
					74.09								74.09		62.78	
IV. Balance at the End of This Period	2,994,550,730.00				2,592,929,671.76	325,372,156.35	90,890,444.47		1,553,691,005.92		14,595,777.27		21,502,466,967.23	536,778,172.25	22,039,245,139.48	

Amount of Previous Period

Unit: RMB

Item	2020 Semi-Annual														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			
		Preferred Stocks	Perpetual Bonds	Others												
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 Start of This 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	
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-2,247,700.00				-48,671,349.18	-428,452,683.70	1,838,745.43				971,781,988.66		1,351,154,368.61	60,254,389.76	1,411,408,758.37	
(I) Total Comprehensive							1,838,745.43				1,368,974,364.44		1,370,813,109.87	1,758,521.10	1,372,571,630.97	

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Income														
(II) Shareholders'														
Contribution and	-2,247,700.0				-49,972.1	-428,452.						376,232.86	59,440,000.	435,672.86
Reduction in	0				23.11	683.70						0.59	00	0.59
Capital														
1. Common stock	-2,247,700.0				-119,640.3	-428,452.						306,564.61	59,440,000.	366,004.61
invested by the	0				68.28	683.70						5.42	00	5.42
owner														
2. Capital														
Invested by														
Holder of Other														
Equity Instruments														
3. Amount of														
Share-based														
Payments					69,668.24							69,668.245		69,668.245.
Recorded into					5.17							.17		17
Shareholders'														
Equity														
4. Others														
(III) Profit														
Distribution												-397,192.37	-397,192.3	-397,192.37
												5.78	75.78	5.78
1. Appropriation														
of Surplus														
Reserves														
2. Appropriation														
of General Risk														
Reserves														
3. Distribution to														
Owners (or														
Shareholders)												-397,192.37	-397,192.3	-397,192.37
												5.78	75.78	5.78
4. Others														
(IV) Internal														
Carry-forward of														
Shareholders'														
Equity														
1. Capital														
Reserves														
Transferred into														
Capital (or Share														
Capital)														

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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					1,300,773.93						1,300,773.93	-944,131.34		356,642.59	
IV. Balance at the End of This Period	3,001,465,530.00				1,834,183,770.35	629,131,574.61	14,147,021.66		1,553,691,005.92		11,219,805,643.20	16,994,161,396.52	393,415,073.51	17,387,576,470.03	

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

Amount of this period

Unit: RMB

Item	2021 Semi-Annual											
	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	2,995,579,590.00				1,976,156,775.91	581,968,930.8	522,554.00		1,553,691,005.9	14,759,065.7		20,703,046,780.73

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End of Last Year						9			2	85.79		
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	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
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-1,028,860.00				613,460,530.62	-256,596,774.54	15,179.09			1,025,354.490.28		1,894,398,114.53
(I) Total Comprehensive Income							15,179.09			1,827,669.010.59		1,827,684,189.68
(II) Shareholders' Contribution and Reduction in Capital	-1,028,860.00				94,706,282.63	-256,596,774.54						350,274,197.17
1. Common stock invested by the owner	-1,028,860.00				-7,461,896.20	-256,596,774.54						248,106,018.34
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity					102,168,178.83							102,168,178.83
4. Others												
(III) Profit Distribution										-802,314,520.31		-802,314,520.31
1. Appropriation of Surplus												

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Reserves												
2. Distribution to Owners (or Shareholders)										-802,314,520.31		-802,314,520.31
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												

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(VI) Others					518,754,247.99							518,754,247.99
IV. Balance at the End of This Period	2,994,550,730.00				2,589,617,306.53	325,372,156.35	537,733.09		1,553,691,005.92	15,784,420.276.07		22,597,444,895.26

Amount of Previous Period

Unit: RMB

Item	2020 Semi-Annual											
	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	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)	-2,247,700.00				-49,250,688.72	-428,452,683.70				943,415,380.93		1,320,369,675.91
(I) Total Comprehensive Income										1,340,607,756.71		1,340,607,756.71
(II) Shareholders' Contribution and Reduction in Capital	-2,247,700.00				-49,250,688.72	-428,452,683.70						376,954,294.98
1. Common stock invested by the owner	-2,247,700.00				-119,640,368.28	-428,452,683.70						306,564,615.42
2. Capital Invested by Holders of Other Equity Instruments												

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3. Amount of Share-based Payments Recorded into Shareholders' Equity					70,389,679.56							70,389,679.56
4. Others												
(III) Profit Distribution											-397,192,375.78	-397,192,375.78
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)											-397,192,375.78	-397,192,375.78
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												
IV. Balance at the End of This Period	3,001,465,530.00				1,818,239,212.32	629,131,574.61			1,553,691,005.92	11,340,904,217.51		17,085,168,391.14

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 stock company limited established on the basis of overall change of the former Hangzhou Dahua Information Technology Co., Ltd., co-founded by 5 natural persons, Fu Liquan, Chen Ailing, Zhu Jiangming, Liu Yunzhen and Chen Jianfeng.

On April 22, 2008, the Company issued RMB 16.8 million shares of common stock 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 66.8million 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 falls within the video IOT industry.

As of June 30, 2021, the Company has issued a total of 2,995,579,590shares, 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 August 27, 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, please 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, on a going concern basis, based on actual transactions and matters, in accordance with Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance and all specific accounting standards, application guidelines of 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 operation for at least 12 months from the end of the current reporting period, without any significant event affecting the continuing operation.

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 on the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the consolidated companies and the parent company as at June 30, 2021 and the operating results and cash flows of the consolidation and the parent company for the first half of 2021.

2. Accounting period

The accounting period of the Company is from January 1 to December 31 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 overseas operating entities determine the appropriate currency to be their functional currency based on the currency of the primary economic environment in which they operate.

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 power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence its return amount.

(2) Procedures of consolidation

The Company treats the whole enterprise group as a single accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and among the subsidiaries shall be offset. If internal transactions indicate impairment losses of related assets, the losses shall be recognized in full. If the accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the company, necessary adjustments shall be made according to the accounting policies and accounting periods of the company when preparing the consolidated financial statements.

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

During the reporting period, if there are new subsidiaries or businesses due to business consolidation under common control, the operating results and cash flows from the beginning of the current period to the end of the reporting period of

the consolidated subsidiaries or businesses will be included in the consolidated financial statements, and at the same time, the opening amount of the consolidated financial statements and related items in the comparison statements will be adjusted, which will be regarded as the consolidated reporting entity that has existed since the ultimate controlling party started to control.

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

During the reporting period, if subsidiaries or businesses are added due to the consolidation of enterprises not under common control, the fair values of identifiable assets, liabilities and contingent liabilities determined on the purchase date shall be included in the consolidated financial statements from the acquisition date.

In connection with imposing control over the investee not under common control due to additional investment and other reasons, the equity of acquiree held before the acquisition date shall be remeasured 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 the current period. Other comprehensive income that can be reclassified into the profit and loss in the future and other changes in the owner's equity under the equity method, which are related to the equity of the purchased party held before the acquisition date, are converted into the current investment income of the acquisition date.

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 shall be remeasured at fair value at the date the control right 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 original subsidiary's equity investment and can be reclassified into profit and loss in the future as well as other changes in the owner's equity accounted using the equity method, shall be converted into current investment income when the control right is lost.

b. Disposal of subsidiary achieved by stages

When disposal of equity interests of subsidiaries via multiple transaction until the control is lost, generally transactions in stages are treatment as a package deal 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.

If these transactions belong to a package of transactions, such transactions shall be treated as the transactions in which the subsidiaries concerned will be disposed and the control is lost. 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 the current profit and loss when the control right is lost.

If such transactions do not belong to a package transaction, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before the control right is lost. When the control right 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 acquisition 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 consolidation, 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

The difference between disposal consideration and the share of net assets continuously calculated by the subsidiary from the acquisition date or the consolidation date corresponding to the disposal of long-term equity investment shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

7. Classification of Joint Venture Arrangement and Accounting Treatment Method of Joint Operation

A joint arrangement includes a joint operation and a joint venture.

Joint operation refers to a joint arrangement in which the parties to the joint venture possess the assets related to the arrangement and assume the liabilities related to the arrangement.

The Company recognizes the following items related to the share of interests in the joint operation:

- (1) The assets held separately by the Company and the assets held jointly according to the Company's share;
- (2) The liabilities borne separately by the Company and liabilities jointly borne according to the Company's share;
- (3) The income generated from the sale of the Company's share of joint operating output;
- (4) The income generated from the sale of output in the joint operation according to the Company's share;
- (5) The expenses incurred separately, and recognize the expenses incurred in the joint operation according to the Company's share;

The Company's investments in joint ventures are accounted by the equity method. For details, please refer to the financial report under this section - (V) Significant Accounting Policies and Accounting Estimates - 19. Long-term Equity Investment.

8. Criteria for Recognition of Cash and Cash Equivalents

Cash refers to the Company's cash on hand and deposits that are available for payment at any time. Cash equivalents refer to the investments held by the Company which are short-term, highly liquid, easy to be converted into known amounts of cash and have little risk of value change.

9. Foreign currency transactions and translation of foreign currency statements

(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; the

owner's equity items other than "undistributed profit" are translated at a spot exchange rate when incurred. 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

A financial asset, financial liability or equity instrument shall be recognized when the Company becomes a party to the 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.

The financial assets that meet the following conditions and are not required to be measured at fair value and whose changes are incorporated to the current profit and loss shall be classified by the Company as financial assets measured at amortized cost:

- The business model aims at collecting contractual cash flow;
- The contractual cash flow is only the payment of principal and interest based on the outstanding principal amount.

The financial assets that meet the following conditions and are not required to be measured at fair value and whose changes are included in the current profit and loss shall be classified by the Company as financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income:

- The business model aims at collecting contract cash flow and selling the financial assets;
- The contractual cash flow is only the payment of principal and interest based on the outstanding principal amount.

For non-trading investments in equity instruments, the Company may irrevocably designate, at the time of initial recognition, them as financial assets at fair value through other comprehensive income (equity instruments). The designation is made on a single investment basis, and the relevant investment meets the definition of equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in the current profit and loss. At the time of initial recognition, the Company may irrevocably designate financial assets that should have been classified as amortized cost or measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in the current profit and loss, provided that the accounting mismatches can be eliminated or significantly reduced.

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 derivative instruments to be split separately.

Subject to the conditions above, the Company has no such designated financial liabilities.

(2) The basis for recognition of and the method for 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 measured at fair value and those change are included in 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 measured at fair value and those change are included in profit or loss in the current 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 of financial assets and transfer of financial assets

When one of the following conditions is met, the Company will derecognize the financial assets:

- The contractual right to receive cash flows from financial assets has been terminated;
- The financial assets have been transferred, and almost all risks and rewards in the ownership of financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company has not retained control over financial assets although it has neither transferred nor retained almost all risks and rewards in the ownership of financial assets.

When a financial asset is transferred, the financial asset shall not be derecognized if almost all risks and rewards on the ownership of the financial asset are retained.

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 (debt instruments) measured at fair value and whose changes are included in other comprehensive income)

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 measured at fair value and whose changes are included in 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) Derecognition 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 for 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 and whose changes are included other comprehensive income (debt instruments), either alone or in combination. In consideration of reasonable and well-founded information about past events, current situation and forecast of future economic situation, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable and the cash flow expected to be received under the Contract with the risk of default as weight factors, and confirms the expected credit loss.

If the credit risk of this financial instrument has been significantly increased upon initial recognition, the Company shall measure 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 shall 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.

By comparing the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date, the Company may determine the relative change of default risk during the expected duration of financial instruments to assess whether the credit risk of financial instruments has increased significantly since the initial recognition. If the financial instrument becomes overdue for more than 30 days, the Company will consider that the credit risk of this financial instrument has been significantly increased, unless there are concrete evidences indicating 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.

For accounts receivable and contract assets arising from transactions regulated by Accounting Standards for Business Enterprises No. 14 - Revenue (2017), the Company always measures its loss provision at an amount equivalent to the expected credit loss throughout the duration, regardless of whether it contains significant financing components.

The Company will always measure the loss provision for lease receivables by the amount of the expected credit loss throughout the duration.

Where the Company no longer reasonably expects the contractual cash flow of financial assets to be fully or partially recovered, the book balance of the financial assets shall be directly written down.

11. Notes Receivable

Refer to the financial report under this section - (V) Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments.

12. Accounts Receivable

Refer to the financial report under this section - (V) Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments.

13. Account Receivable Financing

Refer to the financial report under this section - (V) Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments.

14. Other Accounts Receivable

Determination method and accounting treatment for the expected credit loss of other receivables

Refer to the financial report under this section - (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, which includes purchasing costs, processing costs and other expenses incurred to bring inventories to their present location and condition.

(2) Pricing method for issuing inventories

Cost of inventories is determined using the weighted average method.

(3) Basis for the determination of net realizable value of different types of inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. Where the cost of inventories is higher than its net realizable value, provision for inventory depreciation shall be made. The net realizable value refers to the estimated selling price of inventory in daily activities minus the estimated cost of completion, the estimated selling expenses and related taxes and fees.

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.

After the provision for inventory depreciation has been made, if the factors affecting the previous write-down of the inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it

shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profit and loss.

(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

(1) Methods and standards for recognition of contract assets

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for the goods transferred or services provided to customers (and such right depends on factors other than the passage of time) is listed as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's right to receive consideration from customers unconditionally (depending only on the passage of time) is listed separately as account receivable.

(2) Determination method and accounting treatment for the expected credit loss of contract assets

For the determination method and accounting treatment of the expected credit loss of contract assets, please refer to the financial report under this section - (V) Significant Accounting Policies and Accounting Estimates - 10. Financial Instruments.

17. Contract Costs

Contract costs include the cost of fulfilling a contract and the cost for obtaining the contract.

The costs incurred by the Company for contract performance, which do not fall within the scope of relevant standards such as inventories, fixed assets or intangible assets, shall be recognized as an asset as the costs for contract performance when the following conditions are met:

- Such costs are directly related to a current contract or a contract expected to be obtained.
- Such costs increase the resources of the Company for fulfilling its obligations in the future.
- Such costs are expected to be recovered.

Where the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the costs for obtaining the contract.

Assets related to contract costs are amortized on the same basis as income from goods or services related to the assets. However, if the amortization period of the costs for obtaining the contract does not exceed one year, the Company will include it in the current profit and loss when incurred.

Where the book value of an asset related to the contract costs is higher than the difference between the following two items, the Company shall make provision for impairment of the excess and recognize it as an asset impairment loss:

- (1) The remaining consideration expected to be obtained due to the transfer of goods or services related to such asset;
- (2) The estimated cost to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in the previous period change subsequently, making the aforesaid difference higher than the book value of the said asset, the Company shall reverse the impairment reserve originally accrued and include it in the current profit and loss, but the book value of the asset after reversal does not exceed that on the reversal date assuming that no impairment reserve is accrued.

18. Holding Assets for Sale

If the book value is recovered mainly through sale (including exchange of non-monetary assets with commercial substance) instead of continuous use of a non-current asset or disposal group, it shall be classified as held 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 practice of selling such 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.

Where the book value of non-current assets (excluding financial assets, deferred income tax assets and assets formed by staff remuneration) or disposal groups classified as held for sale is higher than the net amount after fair value less disposal expenses, the book value is written down to the net amount after fair value less disposal expenses, and the written down amount shall be recognized as an asset impairment loss and included in the current profit and loss, while provision for impairment of assets held for sale is made.

19. Long-term Equity Investment

- (1) Criteria for judgment of joint control or significant influence

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 consolidation

For the long-term equity investment in subsidiaries formed by business consolidation under common control: the initial investment cost of long-term equity investments is the share with reference to the book value of the shareholders' equity of the consolidated party in the consolidated financial statements of the ultimate controlling party on the consolidation date. For the difference between the initial investment cost of long-term equity investment and the book value of payment consideration, the equity premium in capital reserve shall be adjusted. When the equity premium in capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the investee under common control can be controlled due to additional investment and other reasons, the equity premium shall be adjusted based on the difference between the initial investment cost of the long-term equity investment recognized according to the above principles and the sum of the book value of the long-term equity investment prior to the consolidation plus the book value of the newly paid consideration for the shares obtained on the consolidation date. If the equity premium is insufficient to offset, the retained earnings shall be offset.

For the long-term equity investment in subsidiaries formed by business consolidation under common control, the cost of the consolidation ascertained on the acquisition date shall be taken as the initial investment cost of the long-term equity investments. In connection with imposing control over the investee not under common control due to additional investment and other reasons, the initial investment cost shall be the sum of the book value of the equity investment originally held

and the newly increased initial investment cost.

② Long-term equity investments acquired by other 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 and loss

① Long-term equity investment calculated by cost method

Long-term equity investment in subsidiaries of the Company is calculated by cost method, provided that the investment meets the criteria for held-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 calculated by equity method

Long-term equity investments of associates and jointly controlled entities are calculated using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be included to the current profit and loss, and at the same time, the cost of long-term equity investment is adjusted.

The Company shall recognize the investment income and other comprehensive income respectively based on the shares of net profit and loss and other comprehensive income realized by the investee which it shall be entitled or shared, and at the same time 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 the owner's equity except for the investee's net profit and loss, other comprehensive income and profit distributions ("other changes in the owner's equity"), the book value of long-term equity investments shall be adjusted and included in the owner's equity.

When determining the investee's net profit and loss, other comprehensive income and share of changes in the owner's equity, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and the investee's net profit and other comprehensive income shall be recognized after adjustment according to the accounting policies and accounting period of the Company.

The unrealized profit and loss resulting from transactions between the Company and its affiliates or joint ventures shall be eliminated in portion to the investor's equity interest of investee, based on which investment income or loss shall be recognized, provided that the assets invested or sold constitute a business. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized.

The Company shall be obligated to bear additional losses incurred by net loss of joint ventures or affiliates. In addition, the book value of long-term equity investment and other long-term interests that substantially constitute the net investment in the joint ventures or affiliates shall be written down to zero. When the joint ventures or affiliates realize the net profit in the future, the Company shall resume the recognition of the income share after the income share makes up for the unrecognized loss share.

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.

If the long-term equity investment calculated by equity method is partially disposed of, and the remaining equity is still calculated by equity method, other comprehensive income recognized by the original equity method shall be carried forward based on the corresponding proportion on the same basis as the investee directly disposes of relevant assets or

liabilities, and other changes in the owner's equity shall be transferred into the current profit and loss on a pro rata basis. Where the joint control of or significant impacts on the investee is lost due to the disposal of equity investment, other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be calculated in the same way as the investee's direct disposal of related assets or liabilities at the termination of the equity method, and all other changes in the owner's equity shall be transferred to the current profit and loss at the termination of the equity method.

If the control right of the investee is lost due to the disposal of some equity investments and other reasons, and if the remaining equity can exert joint control or significant influence on the investee when individual financial statements are prepared, it shall be calculated based on the equity method instead, and the remaining equity shall be regarded as being calculated and adjusted by the equity method immediately upon acquisition. Other comprehensive income recognized before obtaining the control right of the investee shall be carried forward proportionally on the same basis as the direct disposal of related assets or liabilities by the investee, and other changes in the owner's equity confirmed by the equity method shall be transferred into the current profit and loss in proportion. If the remaining equity cannot exercise joint control or exert significant impacts on the investee, it is recognized as a financial asset, and the difference between its fair value and book value on the date of loss of control is included in the current profit and loss, and all other comprehensive income and other changes in the owner's equity recognized before obtaining the control right of the investee are carried forward.

If the equity investment of a subsidiary is disposed of step by step through multiple transactions until the control right is lost, which belongs to a package transaction, accounting treatment shall be performed for each transaction as a transaction that disposes of the equity investment of a subsidiary and loses the control right. The difference between the disposal price before the loss of control right and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income in individual financial statements, and then included in the current profit and loss of the loss of control right when the control right is lost. If it is not a "package deal", accounting treatment shall be made for each transaction separately.

20. Investment Real Estate

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 investment real estate shall be included in the cost of investment real estate when the relevant economic benefits are likely to flow in and its cost can be measured reliably. Otherwise, it shall be included in the current profit and loss when incurred. 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 shall be measured at cost (and considering the impact of expected abandonment cost factors). Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the related economic benefits are likely to flow in and the cost can be measured reliably. The book value of the replaced part shall be terminated. All other subsequent expenditures shall be included in the current profit and loss when incurred.

(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.

(3) Disposal of fixed assets

When a fixed asset is disposed of, or no economic benefit is expected to be generated through the use or disposal, the recognition of the fixed asset shall be terminated. The disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting their book value and relevant taxes is included in the current profit and loss.

22. Projects under Construction

Projects under construction are measured at the actual costs incurred. Actual costs include construction cost, installation cost, borrowing costs eligible for capitalization, and other expenditures necessary to bring the project under construction to its intended usable condition. When projects under construction reach the intended usable condition, they shall be turned into fixed assets and shall be depreciated from the next 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 on 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 if the abnormal interruption occurs in the acquisition, construction or production process of the assets eligible for capitalization, and such interruption lasts for 3 consecutive months or above. If the interruption is a necessary step for making the eligible 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 capitalization period, the exchange difference of the principal and interest of the special foreign currency loan shall be capitalized and included in the cost of the assets eligible for capitalization. The exchange difference of principal and interest of foreign currency borrowings except for special foreign currency borrowings shall be included in the current profit and 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 limited-service life

Item	Estimated useful lives	Basis
Land use rights	40 or 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 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

Expenditures in the research phase are recorded into the current profit and loss when incurred. Expenditure at the development phase shall be recognized as intangible assets if it meeting the following conditions at the same time; expenditure in the development phase shall be included in the current profit and loss if it fails to meet the following conditions:

- 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.

If it is impossible to distinguish the expenditure at the research phase from the expenditure at the development phase, all the R&D expenditure incurred shall be booked into the current profit and loss.

25. Impairment of Long-term Assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets, construction in progress, intangible assets, oil and gas assets and other long-term assets that measured at cost are tested for impairment if there is any indication that an asset may be impaired at 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.

For the goodwill arising from business consolidation and intangible assets with uncertain service life, and intangible assets that have not reached the usable condition, impairment test shall be conducted at the end of every year, regardless of whether there are signs of impairment or not.

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. Related asset groups or asset group combinations are the asset groups or asset group combinations that can benefit from the synergistic effect of the business consolidation.

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. Then, an impairment test shall be conducted for the asset group or combination of asset groups containing goodwill, and the book value is compared with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss shall first be offset against the book value of goodwill allocated to the asset group or combination of asset groups. Next, based on the proportion of the book value of the assets except for goodwill in the asset group or portfolio of the asset group, the book value of other assets shall be deducted proportionally. Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

26. Long-term Deferred Expenses

Long-term deferred expenses are the expenses that have occurred but should be amortized in the current period and subsequent periods with amortization period longer than 1 year, mainly including improvement expenditure of fixed assets leased. Long-term deferred expenses shall be evenly amortized by installments over the expected benefit period.

27. Contract Liabilities

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company lists the obligation to transfer commodities or offer services to customers for the consideration received or receivable from customers as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

28. Employee Compensation

(1) Accountant Treatment 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 welfare expense of staff incurred in the Company shall be included in the current profits and losses at the actual amounts incurred, in which non-monetary welfare expense shall be measured at fair value.

(2) Accountant Treatment 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. Additionally, the Company has also joined in the enterprise annuity plan/supplementary pension insurance fund approved by the related national department. The Company conducts payment/payment of annuity plan to local social insurance institutions according to certain proportion of employees' wages and corresponding expenditures are included in current profits and losses 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 Treatment of Termination Benefits

For the dismissal welfare provided to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: When the Company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; When the Company determines the costs or expenses associated with the restructuring involving the payment of dismissal welfare.

29. Estimated Liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities, when all of the following conditions are met:

- (1) The obligations are current obligations undertaken by the Company.
- (2) The performance of such obligation may cause the outflow of economic benefits from the Company.
- (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.

The expenses required have a successive range, in which the possibilities of occurrence of all results are the same, and the best estimate shall be determined according to the middle value within the range. In other cases, the best estimate shall be determined by the following conditions:

- Where the contingency involves a single item, the amount most likely to occur.
- Where the contingency involves multiple items, is shall be determined in accordance with various possible outcomes and related probability.

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 reviewed the book value of the estimated liability. If there is conclusive evidence indicating that the book value cannot reflect the current best estimate, the book value should be adjusted according to 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. Share-based payment vested immediately after grant shall be included in the relevant cost or expense at the fair value of equity instrument on the date of grant, and the capital reserve will be increased accordingly. For share-based payment vested when the services in the waiting period are offered or the specified performance requirements are satisfied after the date of grant, the service obtained in the current period is included in the relevant cost or expense on each balance sheet date during the waiting period based on the best estimate of the number of vesting equity instruments and the fair value on the date of grant, and the capital reserve will be increased accordingly.

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 granted is cancelled during the waiting period, it will be accounted for as accelerated exercise and the amount recognizable in the remaining waiting period should be immediately included in the current profits and losses. The capital reserve should also be recognized. 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

The Company shall recognize the revenue when it has performed its obligations hereunder (i.e., when the customer obtains control over relevant goods or services). Acquiring the right of control over relevant commodities or services means leading use of such commodities or services and obtaining almost all economic benefits from such commodities or services.

If the contract contains two or more performance obligations, the Company shall apportion the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the commodities or services promised by each individual performance obligation. The Company measures the revenue according to the transaction price apportioned to each individual performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to collect due to the transfer of commodities or services to customers, excluding the payments collected on behalf of third parties and the payments expected to be returned to customers. The Company determines the transaction price according to the contract terms and in combination with old practices. When the transaction price is determined, factors such as variable consideration, major financing components in the contract, non-cash consideration, consideration payable to a customer shall be taken into account. The Company determines the transaction price, including variable consideration, according to the amount by which the accumulative recognized revenue is much more unlikely to be significantly reversed when relevant uncertainties are eliminated. If there are major financing components in the contract, the Company shall determine the transaction price according to the amount payable in cash when the customer acquires the right of control over the commodities or services, and amortize the difference between the transaction price and the contract consideration by effective interest method during the contract period.

When one of the following conditions is met, it shall be deemed to perform obligation within a certain period of time, otherwise it belongs to the performance of obligation at a certain point of time:

- The customer acquires and consumes the economic benefits arising from the Company's performance while performing the contract.
- The customer can control the commodities in production during the Company's performance.
- The commodities produced by the Company during the performance are irreplaceable, and the company has the right to collect payment for the accumulated performance to date during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period of time, except that the performance progress cannot be reasonably recognized. In consideration of the nature of commodities or services, the Company determines the performance progress by output method or input method. If the performance progress cannot be reasonably recognized and the costs incurred are expected to be compensated, the Company will recognize the revenue according to the amount of costs incurred until the performance progress can be reasonably recognized.

For the performance obligations performed at a certain point of time, the Company will recognize the revenue when the customer acquires the right of control over relevant commodities or services. While determining whether the customer has acquired the right of control over the commodities, the Company shall take the followings into consideration:

- The Company has the current right to collect payment for the commodity or service, that is, the customer is obligated to pay for the commodity or service.
- The Company has transferred the legal ownership of the commodity to the customer, that is, the customer already has the legal ownership of the commodity.
- The Company has transferred the physical commodity to the customer, that is, the customer has possessed the physical commodity.
- The Company has transferred the major risks and rewards of the commodity ownership to the customer, that is, the customer has acquired the major risks and rewards of the commodity ownership.
- The customer has accepted the commodity or service.

The difference in accounting policies for revenue recognition caused by same business in different business models
N/A

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 Company performs accounting treatment of policy-oriented concessional loan discount interest in the following cases:

- ① Where the finance allocates the discount interest funds to the lending bank, and the lending bank provides loans to the Company at the policy preferential interest rate, the actually received loan amount shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the policy preferential interest rate.
- ② If the finance directly allocates the discount interest funds to the Company, the Company will offset the relevant borrowing costs against the corresponding discount interest.

33. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income tax includes the current income tax and the deferred income tax. The Company includes the current income tax and the deferred income tax into the current profits and losses, except for the income tax arising from business combination and transactions or events directly included in the owner's equity (including other comprehensive income).

The deferred income tax assets and deferred income tax liabilities shall be calculated and recognized according to the difference between the tax base of 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.

The followings are special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized:

- Initial recognition of goodwill.
- Transactions or events not involving business combination or not having influence on accounting profits and taxable income upon occurrence of business combination (or deductible losses).

For the taxable temporary difference related to investment of subsidiaries, affiliates, and joint ventures, the deferred income tax liabilities shall be recognized unless the reversal time of the temporary difference can be controlled and it is unlikely to be reversed in the foreseeable future. For the deductible temporary difference related to investment of subsidiaries, affiliates, and joint ventures, the deferred income tax assets shall be recognized if the temporary difference is likely to be reversed in the foreseeable future and it is likely to obtain the taxable income to offset the deductible temporary difference.

On the balance sheet date, the deferred income tax assets or deferred income tax liabilities are calculated at the applicable tax rate during the expected recovery of the assets or settlement of the liabilities according to the tax law.

On the balance sheet date, the book value of deferred income tax assets shall be reviewed. If no sufficient taxable income is likely to be obtained to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written down. The amount written down shall be reversed when it is likely to obtain sufficient taxable income.

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 shall be presented by net amount after offset if the following conditions are met at the same time:

- The taxpayer has the legal right to settle current income tax assets and current income tax liabilities on a net basis.
- The deferred income tax assets and the deferred income tax liabilities are related to income tax to be paid by the same taxpayer to the same tax collection and management authority or related to different taxpayers, but the relevant taxpayer is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets, repay debt whenever every deferred income tax asset and liability with importance would be reversed in the future.

34. Lease

Lease refers to the contract whereby a lessor transfers the right to use assets to a lessee in return for consideration within a period of time.

On the commencement date of a contract, the Company shall assess whether the contract is a lease or includes a lease.

Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for consideration, the contract is a lease or includes a lease.

Where a contract concurrently contains multiple separate leases, the lessee and lessor shall split the contract and conduct accounting treatment respectively for all separate leases.

(1) The Lessee

① Right-of-use Assets

The Company recognizes the right-of-use assets for the lease other than short-term lease and low-value asset lease on the lease inception date. The right-of-use assets are initially measured at cost, which includes: initial measurement amount of lease liabilities; lease payment paid on or before the commencement of the lease term (if there are lease incentives, the relevant amount of lease incentives enjoyed shall be deducted); initial direct costs incurred by the lessee; the estimated cost to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms.

The Company depreciates the right-of-use assets according to the straight-line method. If it can be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it cannot be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the

leased assets shall be depreciated within the shorter of the lease term and the remaining service life of the leased asset.

② Lease Liabilities

On the lease inception date, the Company recognizes the lease liabilities for the lease other than short-term lease and low-value asset lease. Lease liabilities shall be initially measured at the present value of the unpaid lease payment. Lease payment includes: Where there are lease incentives in the fixed payment and substantial fixed payment, the amount related to the lease incentives shall be deducted; the variable lease payment that depends on the index or ratio shall be determined on the basis of the index or ratio on the lease inception date at the initial measurement; the exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised; the funds to be paid for the termination of the lease option, provided that the lease period reflects that the Company will terminate the lease option; the funds expected to be paid on the basis of the guaranteed residual value provided by the Company. The interest rate implicit in lease is applied as the discount rate. If the interest rate implicit in lease cannot be determined, the Company's incremental borrowing rate shall be applied as the discount rate.

The Company shall calculate the interest expense of the lease liability during each period of the lease term at a fixed periodic interest rate and include it into the current profits and losses or relevant asset costs. The variable lease payment which is not included in the measurement of lease liabilities shall be included into the current profits and losses or relevant asset costs when actually incurred.

After the lease inception date, the Company remeasures the lease liability according to the present value of the changed lease payment in the following circumstances: Changes in the evaluation results of the call option, renewal option or lease termination option, or inconsistency between actual exercise of the renewal option or lease termination option and the original evaluation results; changes in the payable amount estimated according to guaranteed residual value; changes in the index or ratio applied to determine the amount of lease payments. When remeasuring the lease liability, the Company shall accordingly adjust the book value of right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included into the current profits and losses.

③ Short-term Leases and Low-value Asset Leases

The Company does not recognize the right-of-use assets and lease liabilities for the short-term leases and low-value asset leases, and include the relevant lease payments into the current profits and losses or relevant asset costs according

to the straight-line method during each period of the lease term. Short-term leases refer to, on the lease inception date, the leases with a lease term of no more than 12 months and excluding the call option. Low-value asset leases refer to leases with low value when a single leased asset is brand-new. If the Company sublets or is expected to sublet the leased assets, the original lease shall not be recognized as the low-value asset lease.

④ Lease Change

If there is a change in lease and all of the following conditions are met, the Company shall take the changed lease as an individual lease for accounting treatment: Such lease change expands the lease scope by increasing the right of use of one or more lease assets; the increased consideration and the separate price for the expanded lease range shall be equivalent to the amount adjusted by the contract.

If the changed lease does not be accounted as an individual lease, on the effective date of such changed lease, the Company shall reapportion the changed contract consideration, redetermine the lease term, and remeasures the lease liabilities according to the changed lease payment and revised discount rate.

(2) The Lessor

On the lease inception date, the Company shall classify a lease as a finance lease or an operating lease. Finance lease refers to the lease by which almost all the risks and rewards related to the ownership of the leased asset are essentially transferred, regardless of whether the ownership is finally transferred or not. Operating lease refers to the lease other than a finance lease.

As the lessor for sublease, the Company shall classify the sublease based on the right-of-use assets generated from original lease. If the original lease is a short-term lease and the Company does not recognize the right-of-use assets and lease liabilities for it, the Company shall classify the sublease as an operating lease.

① Accounting Treatment of Operating Lease

The lease expense 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 included into current expenses; in case of large amount, it shall be capitalized and included into current profits and losses 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 Treatment of Finance Lease

On the commencement date of the lessee, the difference between the recorded amount of the leased asset and the minimum lease receivables shall be accounted for as unrecognized finance income and recognized as rental income in each period in which the rent will be received in the future. 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

Content and Reasons for Change in Accounting Policies	Procedure for Approval	Notes
Accounting Standards for Enterprises No.21 – Lease (CaiKuai [2018] No.35) (hereinafter referred to as "new lease criteria") issued by the Ministry of Finance on December 7, 2018 specify that the new lease criteria should be implemented by the enterprises concurrently listed at home and abroad and those who adopt International Financial Reporting Standards (IFRS) or Accounting Standards for Enterprises for preparing financial statement since January 1, 2019 and by other enterprises implementing Accounting Standards for Enterprises since January 1, 2021.	Proposal on Change in Accounting Policies has been approved at the eleventh meeting of the seventh session of the Board of Directors of the Company on March 23, 2021.	According to the new lease criteria, the right-of-use assets and lease liabilities for all leased assets shall be recognized according to the minimum present lease value of the rent payable in the future (except for short-term leases and low-value asset leases with simplified treatment), and the depreciation expense and the unrecognized financing expense are also recognized separately since January 1, 2021. Since January 1, 2021, the Company discloses the financial statement according to the new lease criteria, and only adjusts the amount of related items in the financial statement at the beginning of the year when the new lease criteria is first implemented, without retroactive adjustment of information in the comparable periods. The changes in accounting policies have no significant impact on the financial position, operating results and cash flow of the Company.

From January 1, 2021, the Company implements Accounting Standards for Enterprises No.21 – Lease (Revised) (hereinafter referred to as "new lease criteria") issued by the Ministry of Finance in 2018. The new lease criteria has the

following effects on the items in the financial statement as of January 1, 2021:

① Content of and Reasons for Change in Accounting Policies

For the operating lease contracts existed before first implementation of the new lease criteria, the Company distinguishes different connection methods according to the remaining lease term:

Where the remaining lease term is longer than 1 year, the Company recognizes the lease liabilities according to the remaining lease payment and incremental borrowing rate on January 1, 2021, and initially recognizes the right-of-use assets according to the amount equivalent to the lease liabilities plus the prepaid rent transferred from other assets. Where the remaining lease term is less than 1 year, the Company does not recognize the right-of-use assets and the lease liabilities by simplified method, without significant impact on the financial statement.

For the operating lease contracts with low-value assets existed before first implementation of the new lease criteria, the Company does not recognize the right-of-use assets and the lease liabilities by simplified method, without significant impact on the financial statement.

② Affected Item and Amount

Item	Impact on Balance on January 1, 2021	
	Consolidated Balance Sheet	Balance Sheet of the Parent Company
Prepayments	-9,255,773.15	-7,480,693.68
Other Receivables	-1,452,172.37	-141,861.28
Other Current Assets	102,047.54	
Right-of-use Assets	155,673,708.67	82,586,983.09
Non-current Liabilities Due within 1 Year	58,971,448.27	29,457,938.99
Lease Liabilities	86,096,362.42	45,506,489.14

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) The first implementation of new lease criteria from 2021 to adjust the relevant items of the financial statements implemented at the beginning of the year for the first time

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, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	7,471,652,634.66	7,471,652,634.66	
Deposit Reservation			

for Balance			
Loans to Banks and Other Financial Institutions			
Trading Financial Assets	2,475,680.45	2,475,680.45	
Derivative Financial Assets			
Notes receivable	232,857,354.55	232,857,354.55	
Accounts receivable	12,857,519,110.16	12,857,519,110.16	
Receivables Financing	1,207,879,654.58	1,207,879,654.58	
Prepayments	162,250,648.05	152,994,874.90	-9,255,773.15
Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	970,427,893.48	968,975,721.11	-1,452,172.37
Including: interest receivable			
Dividends Receivable			
Buying Back the Sale of Financial Assets			
Inventory	4,928,019,838.00	4,928,019,838.00	
Contract Assets	84,825,834.82	84,825,834.82	
Holding for-sale assets			
Non-current Assets Due within 1 Year	635,956,549.07	635,956,549.07	
Other Current Assets	558,434,219.93	558,536,267.47	102,047.54
Subtotal of Current Assets	29,112,299,417.75	29,101,693,519.77	-10,605,897.98
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	2,250,315,769.50	
Long-term Equity Investment	455,977,616.16	455,977,616.16	
Investment in Other Equity Instruments			
Other Non-current Financial Assets	360,087,786.34	360,087,786.34	
Investment Property	336,008,869.13	336,008,869.13	
Fixed Assets	1,515,594,629.97	1,515,594,629.97	
Projects under Construction	1,164,130,453.03	1,164,130,453.03	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets		155,673,708.67	155,673,708.67
Intangible Assets	406,777,323.39	406,777,323.39	
Development Expenditure			
Goodwill	42,685,490.30	42,685,490.30	
Long-term Deferred Expenses	32,280,430.67	32,280,430.67	
Deferred Income Tax Assets	832,453,676.69	832,453,676.69	
Other Non-current Assets	86,422,617.82	86,422,617.82	
Subtotal of Non-current Assets	7,482,734,663.00	7,638,408,371.67	155,673,708.67
Total Assets	36,595,034,080.75	36,740,101,891.44	145,067,810.69
Current Liabilities:			
Short-term loan	250,177,083.34	250,177,083.34	
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	3,258,552,758.17	
Accounts Payable	6,444,787,705.28	6,444,787,705.28	
Received Prepayments			
Contract liabilities	671,120,385.08	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	1,805,464,535.31	
Tax Payable	900,144,863.67	900,144,863.67	
Other Payables	970,552,877.22	970,552,877.22	
Including: interest payable			
Dividends Payable	12,982,399.27	12,982,399.27	
Service Charge and Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	151,891,709.34	210,863,157.61	58,971,448.27
Other Current Liabilities	209,401,914.77	209,401,914.77	
Subtotal of Current Liabilities	14,662,093,832.18	14,721,065,280.45	58,971,448.27
Non-current Liabilities:			

Insurance Contract Reserves			
Long-term loan	878,000,000.00	878,000,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities		86,096,362.42	86,096,362.42
Long-term Payables			
Long-term payroll payable			
Expected Liabilities	282,427,517.82	282,427,517.82	
Deferred Income	110,469,806.29	110,469,806.29	
Deferred Income Tax Liabilities	67,272,768.46	67,272,768.46	
Other Non-current Liabilities	391,128,045.90	391,128,045.90	
Subtotal of Non-current Liabilities	1,729,298,138.47	1,815,394,500.89	86,096,362.42
Total Liabilities	16,391,391,970.65	16,536,459,781.34	145,067,810.69
Shareholders' Equity:			
Share Capital	2,995,579,590.00	2,995,579,590.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,989,655,334.05	1,989,655,334.05	
Less: Treasury Share	581,968,930.89	581,968,930.89	
Other Comprehensive Incomes	61,157,523.13	61,157,523.13	
Special Reserves			
Surplus Reserves	1,553,691,005.92	1,553,691,005.92	
General Risk Reserves			

Undistributed Profits	13,754,915,904.19	13,754,915,904.19	
Total Shareholders' Equity Attributable to the Parent Company	19,773,030,426.40	19,773,030,426.40	
Minority Shareholders' Equity	430,611,683.70	430,611,683.70	
Total Shareholders' Equity	20,203,642,110.10	20,203,642,110.10	
Total Liabilities and Shareholders' Equity	36,595,034,080.75	36,740,101,891.44	145,067,810.69

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	3,130,479,311.55	3,130,479,311.55	
Trading Financial Assets			
Derivative Financial Assets			
Notes receivable	74,284,006.99	74,284,006.99	
Accounts receivable	2,740,152,239.35	2,740,152,239.35	
Receivables Financing	169,109,529.24	169,109,529.24	
Prepayments	48,203,550.97	40,722,857.29	-7,480,693.68
Other Receivables	13,796,603,550.30	13,796,461,689.02	-141,861.28
Including: interest receivable			
Dividends Receivable			
Inventory	171,756,222.72	171,756,222.72	
Contract Assets	8,338,657.15	8,338,657.15	
Holding for-sale assets			
Non-current Assets Due within 1 Year	61,828,724.54	61,828,724.54	
Other Current Assets	12,592.38	12,592.38	
Subtotal of Current Assets	20,200,768,385.19	20,193,145,830.23	-7,622,554.96

Non-current Assets:			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables	100,221,713.49	100,221,713.49	
Long-term Equity Investment	3,660,410,557.29	3,660,410,557.29	
Investment in Other Equity Instruments			
Other Non-current Financial Assets	355,853,684.59	355,853,684.59	
Investment Property	173,003,549.71	173,003,549.71	
Fixed Assets	550,991,444.04	550,991,444.04	
Projects under Construction	438,014,907.22	438,014,907.22	
Productive Biological Assets			
Oil and gas assets			
Right-of-use Assets		82,586,983.09	82,586,983.09
Intangible Assets	156,335,152.97	156,335,152.97	
Development Expenditure			
Goodwill			
Long-term Deferred Expenses	21,149,342.55	21,149,342.55	
Deferred Income Tax Assets	135,371,242.86	135,371,242.86	
Other Non-current Assets	35,774,247.16	35,774,247.16	
Subtotal of Non-current Assets	5,627,125,841.88	5,709,712,824.97	82,586,983.09
Total Assets	25,827,894,227.07	25,902,858,655.20	74,964,428.13
Current Liabilities:			
Short-term loan	250,177,083.34	250,177,083.34	
Transactional financial			

liabilities			
Derivative Financial Liabilities			
Notes Payable	303,660,579.62	303,660,579.62	
Accounts Payable	752,373,890.95	752,373,890.95	
Received Prepayments			
Contract liabilities	85,275,423.36	85,275,423.36	
Payroll payable	1,127,500,408.14	1,127,500,408.14	
Tax Payable	627,351,201.46	627,351,201.46	
Other Payables	1,002,654,121.27	1,002,654,121.27	
Including: interest payable			
Dividends Payable	12,982,399.27	12,982,399.27	
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	150,643,750.02	180,101,689.01	29,457,938.99
Other Current Liabilities	26,870,130.42	26,870,130.42	
Subtotal of Current Liabilities	4,326,506,588.58	4,355,964,527.57	29,457,938.99
Non-current Liabilities:			
Long-term loan	750,000,000.00	750,000,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities		45,506,489.14	45,506,489.14
Long-term Payables			
Long-term payroll payable			
Expected Liabilities	8,333,634.18	8,333,634.18	
Deferred Income			
Deferred Income Tax	29,407,289.24	29,407,289.24	

Liabilities			
Other Non-current Liabilities	10,599,934.34	10,599,934.34	
Subtotal of Non-current Liabilities	798,340,857.76	843,847,346.90	45,506,489.14
Total Liabilities	5,124,847,446.34	5,199,811,874.47	74,964,428.13
Shareholders' Equity:			
Share Capital	2,995,579,590.00	2,995,579,590.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,976,156,775.91	1,976,156,775.91	
Less: Treasury Share	581,968,930.89	581,968,930.89	
Other Comprehensive Incomes	522,554.00	522,554.00	
Special Reserves			
Surplus Reserves	1,553,691,005.92	1,553,691,005.92	
Undistributed Profits	14,759,065,785.79	14,759,065,785.79	
Total Shareholders' Equity	20,703,046,780.73	20,703,046,780.73	
Total Liabilities and Shareholders' Equity	25,827,894,227.07	25,902,858,655.20	74,964,428.13

(4) Explanation of data comparison for early stage of retroactive adjustment due to first implementation of the new lease criteria from 2021

Applicable Not applicable

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	13%, 9%, 6%, simple collection rate of 5%, and simple collection rate of 3%, 0%, tax-free

	difference shall be the value added tax	
Urban Maintenance and Construction Tax	Actually paid turnover tax	7%、5%
Enterprise Income Tax	Calculated based on the taxable income	12.5%、15%、16.5%、20%、25%
Education Surcharges	Actually paid turnover tax	3%
Local Education Surcharges	Actually paid turnover tax	2%

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%
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%
Zhejiang Huaxiao Technology Co., Ltd.	20%
Zhejiang Huaxuan Technology Co., Ltd.	20%
Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.	20%
Guangxi Dahua Technology Co., Ltd.	20%
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	20%
Shanghai Huashang Chengyue Information Technology Service 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%
Chengdu Dahua Zhilian Information Technology Co., Ltd.	20%
Hangzhou Xiaohua Technology CO., LTD.	20%
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	20%
Chengdu Zhichuang Yunshu Technology Co., Ltd.	20%
Chengdu Huishan Smart Network Technology Co., Ltd.	20%
Guizhou Huayi Shixin Technology Co., Ltd.	20%
Zhejiang Zhoushan Digital Development Operation Co., Ltd	20%
Tianjin Dahua Information Technology Co., Ltd.	20%
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 of National Leading Group for Identification and Management of High-tech Enterprises on December 29, 2020, the Company was identified as a high-tech enterprise, which is 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 of National Leading Group for Identification and Management of High-tech Enterprises on January 20, 2020, our subsidiary Zhejiang Dahua System Engineering Co., Ltd. was identified as a high-tech enterprise, valid for 3 years. The corporate income tax of this year was reduced at the tax 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 of National Leading Group for Identification and Management of High-tech Enterprises on December 29, 2020, our subsidiary Zhejiang Dahua Security Network Operations Services Co., Ltd. was identified as a high-tech enterprise, which is valid for 3 years. The corporate income tax of this year was reduced at the tax rate of 15%.

(4) 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, the subsidiary - Zhejiang Huachuang Vision Technology Co. Ltd. was certified as a high-tech enterprise, which is valid for 3years. As of the approval date of this report, it is still in the stage of re-examination and declaration of high-tech enterprise qualification in 2021. According to the Announcement of the State Taxation Administration on Issues Concerning the Implementation of Preferential Policies for Income Tax of High-tech Enterprises, the enterprise income tax of high-tech enterprises can be paid in advance temporarily at the tax rate of 15% within the year when the qualification expires and before it is re-recognized, so the enterprise income tax of this year is calculated and paid at a reduced 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, the subsidiary - Zhejiang HuaRay Technology Co., Ltd. was certified as a high-tech enterprise, which is valid for 3 years. As of

the approval date of this report, it is still in the stage of re-examination and declaration of high-tech enterprise qualification in 2021. According to the Announcement of the State Taxation Administration on Issues Concerning the Implementation of Preferential Policies for Income Tax of High-tech Enterprises, the enterprise income tax of high-tech enterprises can be paid in advance temporarily at the tax rate of 15% within the year when the qualification expires and before it is re-recognized, so the enterprise income tax of this year is calculated and paid at a reduced tax rate of 15%.

(6) 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 of National Leading Group for Identification and Management of High-tech Enterprises on December 29, 2020, our subsidiary Zhejiang Huafei Intelligence Technology Co., Ltd. was identified as a high-tech enterprise, which is valid for 3 years. The corporate income tax for this year was reduced at the tax rate of 15%.

(7) According to the Notice on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro-Enterprises (Cai Shui [2019] No.13), the following subsidiaries should pay the corporate income tax at the tax rate of 20% of their taxable income: Zhejiang Dahua Ju'an Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., Zhejiang Huaxuan Technology Co., Ltd., Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd., Guangxi Dahua Technology Co. Ltd., Beijing Huayue Shangcheng Information Technology Service Co., Ltd., Shanghai Huashang Chengyue Information Technology Service Co., Ltd., Zhejiang Dahua Storage Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Yunnan Zhili Technology Co., Ltd., Guizhou Dahua Information Technology Co., Ltd., Henan Dahua Zhilian Information Technology Co., Ltd., Chengdu Dahua Zhilian Information Technology Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Chengdu Dahua Zhishu Information Technology Service Co., Ltd., Chengdu Zhichuang Yunshu Technology Co., Ltd., Chengdu Huishan Smart Network Technology Co., Ltd., Guizhou Huayi Shixin Technology Co., Ltd., Zhejiang Zhoushan Digital Development Operation Co., Ltd., and Tianjin Dahua Information Technology Co., Ltd.

(8) According to the document (CaiShui [2011] No.58) jointly issued by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs, and the announcement (CaiShui [2020] No.23) issued by the Ministry of Finance, the following subsidiaries can enjoy preferential tax policies related to the Development of the West Regions Program from 2011 to 2030: Xinjiang Dahua Zhixin Information Technology Co., Ltd., Xinjiang Dahua Zhihe Information Technology Co., Ltd., Xinjiang Dahua Zhitian 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. The corporate income tax of this year was reduced to a rate of 15%.

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	23,851.15	24,145.51
Bank Balance	6,444,134,464.33	7,336,459,974.17
Other Cash and Bank Balances	246,704,714.21	135,168,514.98
Total	6,690,863,029.69	7,471,652,634.66
Including: Total Amount Deposited in Overseas Banks	1,693,137,203.87	1,625,638,746.76
The total amount restricted for use due to	105,139,382.31	101,126,967.62

mortgage, pledge or freeze		
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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
Bid / Performance bond	105,139,382.31	101,126,967.62
Total	105,139,382.31	101,126,967.62

2. Trading 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	9,614,978.97	2,475,680.45
Including:		
Derivative Financial Assets	8,144,978.97	1,005,680.45
Financial products	1,470,000.00	1,470,000.00
Total	9,614,978.97	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	67,400,083.22	57,617,340.08
Commercial acceptance bill	197,737,575.69	175,240,014.47
Total	265,137,658.91	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 the Bad Debt Provision Accrued Based on Combinations	290,756,778.94	100.00%	25,619,120.03	8.81%	265,137,658.91	248,409,731.28	100.00%	15,552,376.73	6.26%	232,857,354.55

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Including:										
Bank Acceptance Notes	68,775,595.12	23.65%	1,375,511.90	2.00%	67,400,083.22	58,793,204.17	23.67%	1,175,864.09	2.00%	57,617,340.08
Commercial acceptance bill	221,981,183.82	76.35%	24,243,608.13	10.92%	197,737,575.69	189,616,527.11	76.33%	14,376,512.64	7.58%	175,240,014.47
Total	290,756,778.94	100.00%	25,619,120.03		265,137,658.91	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	68,775,595.12	1,375,511.90	2.00%
Commercial acceptance bill	221,981,183.82	24,243,608.13	10.92%
Total	290,756,778.94	25,619,120.03	--

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 method of other receivables for disclosure of the information relating to the bad debts provisions:

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	199,647.81				1,375,511.90
Commercial acceptance bill	14,376,512.64	9,867,095.49				24,243,608.13
Total	15,552,376.73	10,066,743.30				25,619,120.03

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

No notes receivable that the company has pledged at the end of the period

(4) Notes receivable endorsed or discounted by the company 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		32,558,357.84
Total		32,558,357.84

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	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on single item	555,237,732.63	3.69%	555,237,732.63	100.00%		669,736,293.01	4.53%	313,697,573.83	46.84%	356,038,719.18
Including:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	555,237,732.63	3.69%	555,237,732.63	100.00%		669,736,293.01	4.53%	313,697,573.83	46.84%	356,038,719.18
Accounts receivables with the bad debt provision accrued based on combinations	14,482,272,449.11	96.31%	1,703,230,992.21	11.76%	12,779,041,456.90	14,106,509,538.15	95.47%	1,605,029,147.17	11.38%	12,501,480,390.98
Including:										
Portfolio 2: Aging Analysis Portfolio	14,482,272,449.11	96.31%	1,703,230,992.21	11.76%	12,779,041,456.90	14,106,509,538.15	95.47%	1,605,029,147.17	11.38%	12,501,480,390.98
Total	15,037,510,181.74	100.00%	2,258,468,724.84		12,779,041,456.90	14,776,245,831.16	100.00%	1,918,726,721.00		12,857,519,110.16

Bad debt provision based on single item

Unit: RMB

Name	Balance at the End of the Period
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	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	225,140,645.36	225,140,645.36	100.00%	No recovery is expected
Customer 2	260,153,530.00	260,153,530.00	100.00%	No recovery is expected
Customer 3	18,790,253.00	18,790,253.00	100.00%	No recovery is expected
Customer 4	51,153,304.27	51,153,304.27	100.00%	No recovery is expected
Total	555,237,732.63	555,237,732.63	--	--

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)	11,166,163,761.03	558,317,864.04	5.00%
1 to 2 years	1,433,638,437.00	143,363,843.70	10.00%
2 to 3 years	879,732,640.04	263,919,792.01	30.00%
3 to 4 years	456,095,367.69	228,047,683.84	50.00%
4 to 5 years	185,302,173.62	148,241,738.89	80.00%
5 years or above	361,340,069.73	361,340,069.73	100.00%
Total	14,482,272,449.11	1,703,230,992.21	--

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	Balance at the End of the Period
Within 1 year (including 1 year)	11,166,163,761.03
1 to 2 years	1,433,638,437.00
2 to 3 years	1,383,817,068.40
3 years or above	1,053,890,915.31
3 to 4 years	456,095,367.69
4 to 5 years	236,455,477.89
5 years or above	361,340,069.73

Total	15,037,510,181.74
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(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	1,918,726,721.00	353,620,673.67		12,563,422.37	-1,315,247.46	2,258,468,724.84
Total	1,918,726,721.00	353,620,673.67		12,563,422.37	-1,315,247.46	2,258,468,724.84

(3) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	12,563,422.37

(4) Accounts receivable of the top five closing balances collected by debtors

The accounts receivables of the top five closing balance collected by the arrears is summed up to 1,384,695,461.81 yuan, accounting for 9.21% of the total closing balance of the accounts receivables, the closing balance of bad debt provisions accrued is summed up to 688,274,933.44 yuan.

(5) Accounts receivable derecognized due to the transfer of financial assets

1) According to the accounts receivable acquisition agreement without recourse signed between the subsidiary Dahua Hong Kong and JPMorgan Chase Bank in the current period, the Company transferred accounts receivable of USD 5,784,951.68 to JPMorgan Chase Bank, equivalent to RMB 37,371,366.35 and the recognition of accounts receivable after the transfer.

2) According to the accounts receivable acquisition agreement without recourse signed between the subsidiary Dahua Hong Kong and JPMorgan Chase Bank in the current period, the Company transferred accounts receivable of USD 2,035,418.14 to JPMorgan Chase Bank, equivalent to RMB 13,149,004.73, and terminated the recognition 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	882,840,084.73	1,191,810,834.58

Supply chain finance	18,352,773.86	16,068,820.00
Total	901,192,858.59	1,207,879,654.58

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

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	161,401,258.38	88.25%	139,389,298.38	91.11%
1 to 2 years	15,263,798.22	8.34%	11,346,933.87	7.42%
2 to 3 years	4,025,492.64	2.20%	575,066.34	0.37%
3 years or above	2,209,241.59	1.21%	1,683,576.31	1.10%
Total	182,899,790.83	--	152,994,874.90	--

(2) Advance payment of the top five closing balances by prepayment parties

The total amount of the top five advance payments of closing balance collected according to the concentration ratio of advance payment objects is RMB 55,124,551.62, accounting for 30.14% of the total closing balance of the advance payments.

7. Other Receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Other Receivables	922,620,846.22	968,975,721.11
Total	922,620,846.22	968,975,721.11

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening book balance
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Deposits	193,243,653.12	149,004,407.45
Prepaid or advance expense	135,590,425.70	106,409,461.12
Equity Transfer Fund	588,000,000.00	588,000,000.00
Export refunds		100,115,398.53
Employee home loan	100,477,712.99	114,008,578.27
Others	5,828,784.85	6,018,587.80
Total	1,023,140,576.66	1,063,556,433.17

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, 2021	72,640,383.80	21,183,679.76	756,648.50	94,580,712.06
Balance in the Current Period on January 1, 2021	—	—	—	—
--Transfer to phase two	-4,310,189.22	4,310,189.22		
--Transfer to phase three	-10,409.96	-79,068.62	89,478.58	
Provisions of this period	2,026,627.51	4,025,319.14		6,051,946.65
Reversal of the current period		77,476.64	25,028.10	102,504.74
Other variations	-10,423.53			-10,423.53
Balance on June 30, 2021	70,335,988.60	29,362,642.86	821,098.98	100,519,730.44

Book balance changes with significant changes in loss provision in the current period

 Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Balance at the End of the Period
Within 1 year (including 1 year)	845,320,220.80
1 to 2 years	84,848,763.38

2 to 3 years	32,656,049.04
3 years or above	60,315,543.44
3 to 4 years	30,471,131.28
4 to 5 years	25,539,747.20
5 years or above	4,304,664.96
Total	1,023,140,576.66

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	94,580,712.06	6,051,946.65	102,504.74		-10,423.53	100,519,730.44
Total	94,580,712.06	6,051,946.65	102,504.74		-10,423.53	100,519,730.44

4) Accounts receivable actually written off in this period

There's no actual written-off accounts receivable in this period.

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	19.16%	9,800,000.00
Company 2	Equity Transfer Fund	107,800,000.00	Within 1 year	10.54%	5,390,000.00
Company 3	Equity Transfer Fund	66,150,000.00	Within 1 year	6.47%	3,307,500.00
Company 4	Equity Transfer Fund	64,680,000.00	Within 1 year	6.32%	3,234,000.00
Company 5	Equity Transfer	62,720,000.00	Within 1 year	6.13%	3,136,000.00

	Fund				
Total	--	497,350,000.00	--	48.62%	24,867,500.00

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

(1) Categories of inventories

Unit: RMB

Item	Balance at the End of the Period			Balance at the Start of the Period		
	Book balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book value	Book balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book value
Raw materials	2,950,939,755.21	29,768,503.82	2,921,171,251.39	1,775,145,593.83	26,591,186.48	1,748,554,407.35
Work-in-progress	1,479,391,068.29	21,306,985.49	1,458,084,082.80	1,230,145,494.18	33,254,762.89	1,196,890,731.29
Finished goods	2,679,971,318.04	80,993,196.17	2,598,978,121.87	1,904,284,563.26	87,368,092.93	1,816,916,470.33
Outsourced work-in-progress	334,052,012.14		334,052,012.14	165,658,229.03		165,658,229.03
Total	7,444,354,153.68	132,068,685.48	7,312,285,468.20	5,075,233,880.30	147,214,042.30	4,928,019,838.00

(2) Provision for stock depreciation and for contract performance cost impairment

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	Others	

				write-offs		
Raw materials	26,591,186.48	7,048,661.98		3,871,344.64		29,768,503.82
Work-in-progresses	33,254,762.89	2,044,463.95		13,992,241.35		21,306,985.49
Finished goods	87,368,092.93	9,662,433.94		15,928,978.76	108,351.94	80,993,196.17
Total	147,214,042.30	18,755,559.87		33,792,564.75	108,351.94	132,068,685.48

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 but unsettled assets arising from construction contracts	158,780.49	3,175.61	155,604.88	1,017,240.04	28,227.92	989,012.12
Operation and maintenance services	59,167,778.43	932,903.74	58,234,874.69	33,574,009.14	599,464.04	32,974,545.10
Quality deposit	62,327,099.97	9,434,107.37	52,892,992.60	58,308,795.21	7,446,517.61	50,862,277.60
Total	121,653,658.89	10,370,186.72	111,283,472.17	92,900,044.39	8,074,209.57	84,825,834.82

If the bad debt provisions of accounts receivable are accrued according to the general model of expected credit losses, please refer to the disclosing methods of other receivables for disclosure of the information relating to bad debts provisions:

Applicable Not applicable

Provisions for impairment of contract assets of this period

Unit: RMB

Item	Provisions of this period	Reversal of the current period	Offset / Write-off in the current period	Causes
Completed but unsettled assets arising from construction contracts		25,052.31		
Operation and maintenance services	333,439.70			
Quality deposit	1,987,589.76			
Total	2,321,029.46	25,052.31		--

10. Non-current assets due within one year

Item	Balance at the End of the Period	Balance at the Start of the Period
Long-term accounts receivables due within 1 year	622,854,205.58	635,956,549.07
Total	622,854,205.58	635,956,549.07

Other notes:

The amount of long-term receivables due within one year pledged by the Company at the end of the period is RMB 31,073,678.03 . For details, please refer to “VII. Consolidated Financial Statements Project Notes /63, Assets with Restricted Ownership or Right of Use”.

11. Other current assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Not deducted input tax	647,355,012.36	447,082,394.96
Prepaid enterprise income tax	66,520,940.04	91,891,780.90
Receivable return cost	6,225,142.23	19,562,091.61
Total	720,101,094.63	558,536,267.47

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	2,069,432,687.70		2,069,432,687.70	2,250,315,769.50		2,250,315,769.50	
Including: Unrealized Financing Income	331,270,718.55		331,270,718.55	375,421,302.27		375,421,302.27	3.69%-10.93%
Total	2,069,432,687.70		2,069,432,687.70	2,250,315,769.50		2,250,315,769.50	--

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

(2) 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 178,385,721.02 . For details, please refer to “VII. Consolidated Financial Statements Project Notes /63, 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.	376,829,395.58			15,500,136.45			8,909,387.47		-1,835,013.29	381,585,131.27	
Ruicity Digital Technology Co., Ltd.	57,944,111.48			-3,588,203.81						54,355,907.67	
China Standard Intelligent Security Technology Co., Ltd.	9,665,399.07			-1,209,353.29						8,456,045.78	
Zhejiang Zhian Internet of Things Engineering Co., Ltd.	4,403,222.69			1,442,574.58						5,845,797.27	
Zhejiang Leapmotor				-164,798,905.92		518,754,247.99				353,955,342.07	

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Technology Co., Ltd.											
Digital Dongyang Technology Operation Co., Ltd.	2,400,000.00			-134,417.30						2,265,582.70	
Hangzhou Juhuan Information Technology Co., Ltd.	1,148,962.20			-425,465.81						723,496.39	
Ningbo Dahua Anbang Security Services Co., Ltd.	1,136,743.24			-78,167.35						1,058,575.89	
Wenzhou Dahua Security Services Co., Ltd.	845,387.15			155,744.92						1,001,132.07	
Zhoushan Dahua Technology Co., Ltd.	736,351.40			10,372.11						746,723.51	
Shaoxing Dahua Security Services Co., Ltd.	524,006.45			-7,521.21						516,485.24	
Taizhou Dahua Security Services Co., Ltd.	327,520.78			53,487.51						381,008.29	
Lishui Dahua Intelligent Technology Co., Ltd.	16,516.12			9,569.99						26,086.11	

Guangdong Dahua Zhishi Technology Co., Ltd.				142,478.81					-142,478.81		
Zhejiang Huanuokang Technology Co., Ltd.		12,000,000.00		-2,467,450.52						9,532,549.48	
Subtotal	455,977,616.16	12,000,000.00		-155,395,120.84		518,754,247.99	8,909,387.47		-1,977,492.10	820,449,863.74	
Total	455,977,616.16	12,000,000.00		-155,395,120.84		518,754,247.99	8,909,387.47		-1,977,492.10	820,449,863.74	

14. Other non-current financial assets

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Equity instrument investment	373,467,039.68	360,087,786.34
Investment in financial product	564,456,541.92	
Total	937,923,581.60	360,087,786.34

15. Investment properties

(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. Balance at the Start of the Period	387,536,763.70	9,893,017.27		397,429,780.97
2. Increased in the Current Period	1,849,820.55	23,027.59		1,872,848.14
(1) Outsourcing				
(2) Transfer of fixed assets\intangible assets	1,849,820.55	23,027.59		1,872,848.14
(3) Acquisition				
3. Decreased in the Current Period	8,045,870.07	1,076,293.88		9,122,163.95

(1) Disposal				
(2) Transfer of fixed assets / intangible assets	8,045,870.07	1,076,293.88		9,122,163.95
(3) Other transfer-out				
4. Balance at the End of the Period	381,340,714.18	8,839,750.98		390,180,465.16
II. Accumulated Depreciation and Amortization				
1. Balance at the Start of the Period	59,861,557.64	1,559,354.20		61,420,911.84
2. Increased in the Current Period	9,875,894.88	132,316.15		10,008,211.03
(1) Accrual or Amortization	9,504,345.73	130,934.49		9,635,280.22
(2) Transfer of fixed assets\intangible assets	371,549.15	1,381.66		372,930.81
3. Decreased in the Current Period	1,398,299.19	69,187.01		1,467,486.20
(1) Disposal				
(2) Transfer of fixed assets / intangible assets	1,398,299.19	69,187.01		1,467,486.20
(3) Other transfer-out				
4. Balance at the End of the Period	68,339,153.33	1,622,483.34		69,961,636.67
III. Provision for Impairment				
1. Balance at the Start of the Period				
2. Increased in the Current Period				
(1) Accrual				
3. Decreased in the Current Period				
(1) Disposal				

(2) Other Transfer-out				
4. Balance at the End of the Period				
IV. Book value				
1. Closing Balance on Book Value	313,001,560.85	7,217,267.64		320,218,828.49
2. Opening Balance on Book Value	327,675,206.06	8,333,663.07		336,008,869.13

(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	1,979,508,213.29	1,515,594,629.97
Total	1,979,508,213.29	1,515,594,629.97

(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. Balance at the Start of the Period	1,210,289,116.15	295,906,750.90	49,627,842.50	994,587,982.50	2,550,411,692.05
2. Increased in the Current Period	442,655,979.29	9,514,093.55	725,472.83	161,349,090.92	614,244,636.59
(1) Purchase		9,514,093.55	725,472.83	161,349,090.92	171,588,657.30
(2) Transferred From Construction in Progress	434,610,109.22				434,610,109.22
(3) Acquisition					
(4) Investment property transfer	8,045,870.07				8,045,870.07
3. Decreased in	19,671,457.32	652,389.49	233,298.55	14,004,758.53	34,561,903.89

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the Current Period					
(1) Disposal or Scrapping	17,821,636.77	652,389.49	233,298.55	14,004,758.53	32,712,083.34
(2) Transfer to investment properties	1,849,820.55				1,849,820.55
4. Currency Translation Difference	-134,503.60	-82,657.22	-111,408.52	-631,567.77	-960,137.11
5. Balance at the End of the Period	1,633,139,134.52	304,685,797.74	50,008,608.26	1,141,300,747.12	3,129,134,287.64
II. Accumulated depreciation					
1. Balance at the Start of the Period	274,599,746.80	97,659,790.39	29,106,542.75	633,450,982.14	1,034,817,062.08
2. Increased in the Current Period	35,596,043.47	13,380,323.54	3,153,805.14	86,050,236.24	138,180,408.39
(1) Accrual	34,197,744.28	13,380,323.54	3,153,805.14	86,050,236.24	136,782,109.20
(2) Investment property transfer	1,398,299.19				1,398,299.19
3. Decreased in the Current Period	11,305,895.07	261,337.65	233,298.55	11,079,910.10	22,880,441.37
(1) Disposal or Scrapping	10,934,345.92	261,337.65	233,298.55	11,079,910.10	22,508,892.22
(2) Transfer to investment properties	371,549.15				371,549.15
4. Currency Translation Difference	-22,193.10	-72,232.48	-66,092.09	-330,437.08	-490,954.75
5. Balance at the End of the Period	298,867,702.10	110,706,543.80	31,960,957.25	708,090,871.20	1,149,626,074.35
III. Provision for Impairment					
1. Balance at the Start of the Period					
2. Increased in the Current Period					
(1) Accrual					

3. Decreased in the Current Period					
(1) Disposal or Scrapping					
4. Balance at the End of the Period					
IV. Book value					
1. Closing Balance on Book Value	1,334,271,432.42	193,979,253.94	18,047,651.01	433,209,875.92	1,979,508,213.29
2. Opening 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

17. Construction in progress

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Projects under Construction	1,250,289,385.41	1,164,130,453.03
Total	1,250,289,385.41	1,164,130,453.03

(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	33,180,772.50		33,180,772.50	33,127,985.19		33,127,985.19
The Phase II Construction Project of the Smart	193,642,526.09		193,642,526.09	449,783,408.47		449,783,408.47

Manufacturing Base in Hangzhou						
Construction Project of Xi'an R & D Center	280,270,686.55		280,270,686.55	173,768,994.86		173,768,994.86
The construction project of the marketing center in Xi'an	120,072,023.53		120,072,023.53	66,257,152.93		66,257,152.93
Project of Smart IoT Solution R & D and Industrialization	579,711,423.57		579,711,423.57	428,273,059.98		428,273,059.98
Others	43,411,953.17		43,411,953.17	12,919,851.60		12,919,851.60
Total	1,250,289,385.41		1,250,289,385.41	1,164,130,453.03		1,164,130,453.03

(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 Solution R & D and Industrialization	RMB 0.912 billion	428,273,059.98	151,438,363.59			579,711,423.57	63.57%	63.57%				Equity Fund
The Phase II Construction Project of the Smart Manufacturing Base in Hangzhou	RMB 0.827 billion	449,783,408.47	178,454,833.99	434,595,716.37		193,642,526.09	75.96%	75.96%				Equity Fund
Construction Project of	RMB 0.734 billion	173,768,994.86	106,501,691.69			280,270,686.55	38.20%	38.20%				Equity Fund

Xi'an R & D Center												
The construction project of the marketing center in Xi'an	RMB 0.3 billion	66,257,152.93	53,814,870.60			120,072,023.53	40.02%	40.02%				Equity Fund
Phase I, Urban Intelligent Information Industry Construction Project	RMB 39.33 million	33,127,985.19	52,787.31			33,180,772.50	84.36%	84.36%				Equity Fund
Total		1,151,210,601.43	490,262,547.18	434,595,716.37		1,206,877,432.24	--	--				--

18. Right-of-use assets

Unit: RMB

Item	Buildings and constructions	Total
I. Original book value:		
1. Balance at the Start of the Period	155,673,708.67	155,673,708.67
2. Increased in the Current Period	94,766,699.23	94,766,699.23
3. Decreased in the Current Period	2,056,658.96	2,056,658.96
4. Currency Translation Difference	-1,174,034.78	-1,174,034.78
5. Balance at the End of the Period	247,209,714.16	247,209,714.16
II. Accumulated depreciation		
1. Balance at the Start of the Period		
2. Increased in the Current Period	42,053,689.80	42,053,689.80
(1) Accrual	42,053,689.80	42,053,689.80
3. Decreased in the Current Period	316,293.86	316,293.86
(1) Disposal	316,293.86	316,293.86
4. Currency Translation Difference	2,107.79	2,107.79
5. Balance at the End of the Period	41,739,503.73	41,739,503.73
III. Provision for Impairment		
1. Balance at the Start of the Period		

2. Increased in the Current Period		
(1) Accrual		
3. Decreased in the Current Period		
(1) Disposal		
4. Balance at the End of the Period		
IV. Book value		
1. Closing Balance on Book Value	205,470,210.43	205,470,210.43
2. Opening Balance on Book Value	155,673,708.67	155,673,708.67

19. 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. Balance at the Start of the Period	373,911,184.43		72,512,508.78	142,373,035.57	2,085,200.00	4,000,000.00	594,881,928.78
2. Increased in the Current Period	197,040,823.17		307,999.92	5,913,671.27			203,262,494.36
(1) Purchase	195,964,529.29		307,999.92	2,404,183.62			198,676,712.83
(2) Internal research and development							
(3) Acquisition							
(4) Transfer of construction in progress				3,509,487.65			3,509,487.65
(5) Investment	1,076,293.88						1,076,293.88

property transfer							
3. Decreased in the Current Period	23,027.59			60,234.36			83,261.95
(1) Disposal				60,234.36			60,234.36
(2) Transfer to investment properties	23,027.59						23,027.59
(3) Disposal of subsidiaries							
4. Currency Translation Difference	-16,940.00			-277,131.29	-16,262.40		-310,333.69
5. Balance at the End of the Period	570,912,040.01		72,820,508.70	147,949,341.19	2,068,937.60	4,000,000.00	797,750,827.50
II. Accumulated amortization							
1. Balance at the Start of the Period	29,762,345.53		47,600,274.66	104,656,785.20	2,085,200.00	4,000,000.00	188,104,605.39
2. Increased in the Current Period	5,541,559.71		3,399,560.57	13,634,881.81			22,576,002.09
(1) Accrual	5,472,372.70		3,399,560.57	13,634,881.81			22,506,815.08
(2) Investment property transfer	69,187.01						69,187.01
3. Decreased in	1,381.66			60,234.36			61,616.02

the Current Period							
(1) Disposal				60,234.36			60,234.36
(2) Transfer to investment properties	1,381.66						1,381.66
4. Currency Translation Difference				-159,447.47	-16,262.40		-175,709.87
5. Balance at the End of the Period	35,302,523.58		50,999,835.23	118,071,985.18	2,068,937.60	4,000,000.00	210,443,281.59
III. Provision for Impairment							
1. Balance at the Start of the Period							
2. Increased in the Current Period							
(1) Accrual							
3. Decreased in the Current Period							
(1) Disposal							
4. Balance at the End of							

the Period							
IV. Book value							
1. Closing Balance on Book Value	535,609,516.43		21,820,673.47	29,877,356.01			587,307,545.91
2. Opening Balance on Book Value	344,148,838.90		24,912,234.12	37,716,250.37			406,777,323.39

(2) Land Use Rights with Certificates of Title Not Granted

Unit: RMB

Item	Book value	Reasons for certificates of title not granted
Chengdu Project Land	163,641,982.09	In the process of obtaining the real estate certificates
Zhengzhou Project Land	30,396,000.00	In the process of obtaining the real estate certificates

20. 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		
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	42,685,490.30					42,685,490.30

(2) Provision of impairment in goodwill

Information about the asset group or asset group combination where the goodwill is located

The invested entity 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 relating to the goodwill generated for the acquisition of Dahua Technology Italy S.R.L., namely, the long-term asset group, including fixed assets and intangible assets, formed for Dahua Technology Italy S.R.L. on June 30, 2021.
Lorex Technology Inc.	36,070,196.12	The asset group relating to the goodwill generated for the acquisition of Lorex Technology Inc., namely, the long-term asset group, including fixed assets and intangible assets, formed for Lorex Technology Inc. on June 30, 2021.

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 determined according to the present value of the expected future cash flow of the relevant asset group. Its future cash flows shall be determined according to the five-year financial budget from 2021 to 2025 approved by the management, and the discount rate of 15% to 18% is applied. 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 has evaluated the recoverable amount of goodwill and there is no evidence that the recoverable amount of goodwill of relevant asset groups is lower than its book value, and there is no indication of impairment.

21. Long-term deferred 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	491,299.17		491,299.17		
Improvement expenditure of fixed assets leased by operating lease	31,789,131.50	14,665,459.69	12,144,539.27	50,838.08	34,259,213.84
Total	32,280,430.67	14,665,459.69	12,635,838.44	50,838.08	34,259,213.84

22. 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
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	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	2,242,651,712.06	460,259,512.44	1,909,935,626.30	398,764,404.73
Unrealized Profit from Internal Transactions	775,645,396.25	151,162,598.99	614,859,671.43	133,692,510.71
Deductible Losses	651,246,145.50	115,683,114.86	520,264,565.80	81,682,494.52
Equity incentive expense	419,645,927.83	66,189,161.13	587,174,173.32	91,434,898.97
Expected Liabilities	235,702,333.03	35,873,648.95	249,218,594.89	37,770,815.89
Payroll payable	267,407,865.84	44,823,664.36	248,689,069.67	41,294,136.66
Costs from Tax Increase Due to Absence of Invoice	198,411,132.06	42,493,581.51	215,743,240.70	46,777,204.87
Changes in fair value gains and losses	433,943.84	108,485.96		
Others	39,821,318.15	6,677,242.39	4,545,104.94	1,037,210.34
Total	4,830,965,774.56	923,271,010.59	4,350,430,047.05	832,453,676.69

(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	189,429,234.07	31,760,088.22	235,151,871.90	27,236,997.72
Changes in fair value of financial instruments	280,472,003.17	42,565,337.08	180,909,531.20	40,035,770.74
Total	469,901,237.24	74,325,425.30	416,061,403.10	67,272,768.46

(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
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Deferred Income Tax Assets		923,271,010.59		832,453,676.69
Deferred Income Tax Liabilities		74,325,425.30		67,272,768.46

(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	327,646,206.06	335,677,986.45
Deductible Losses	778,887,491.06	666,511,990.20
Total	1,106,533,697.12	1,002,189,976.65

(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Amount at the end of the period	Opening balance	Notes
2021	18,283,602.90	20,311,684.07	
2022	13,558,094.01	21,549,664.58	
2023	57,185,450.24	59,777,478.08	
2024	202,915,989.17	212,857,740.29	
2025	309,141,006.00	352,015,423.18	
2026	177,803,348.74		
Total	778,887,491.06	666,511,990.20	--

23. 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	77,223,405.16		77,223,405.16	10,822,617.82		10,822,617.82
Advance payment for land				75,600,000.00		75,600,000.00

Total	77,223,405.16		77,223,405.16	86,422,617.82		86,422,617.82
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24. 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	1,099,000,000.00	250,000,000.00
Interest payable for short-term loan	5,598,520.22	177,083.34
Total	1,104,598,520.22	250,177,083.34

25. Trading financial liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Transactional financial liabilities	450,897.52	
Including: Derivative financial liabilities	450,897.52	
Total	450,897.52	

26. Notes payable

Unit: RMB

Types	Balance at the End of the Period	Balance at the Start of the Period
Commercial acceptance bill	2,252,402,114.75	2,322,699,486.30
Bank acceptance bill	1,357,732,466.99	935,853,271.87
Total	3,610,134,581.74	3,258,552,758.17

27. 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	6,374,629,384.82	6,186,065,780.61
Payment for engineering equipments	407,068,316.82	258,721,924.67
Total	6,781,697,701.64	6,444,787,705.28

(2) Important accounts payable aged over 1 year

There is no important account payable aged more than one year.

28 Contract liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Advance payment for product sales	335,633,797.01	186,958,669.05
Pre-payments from construction projects	467,174,817.43	458,335,908.05
Points sales	25,892,534.51	25,825,807.98
Advance payment for service	66,520,028.07	
Total	895,221,177.02	671,120,385.08

29. Payroll 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	1,798,899,948.47	2,830,486,976.04	3,705,444,706.05	923,942,218.46
II . Dimission benefits - defined contribution scheme	6,564,586.84	119,869,776.30	118,796,472.14	7,637,891.00
III. Dismissal welfare		6,970,234.11	6,970,234.11	
Total	1,805,464,535.31	2,957,326,986.45	3,831,211,412.30	931,580,109.46

(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	1,525,308,786.25	2,500,239,591.61	3,426,690,763.77	598,857,614.09
2. Staff welfare		35,435,575.79	35,435,575.79	
3. Social insurance contributions	5,721,208.70	80,391,201.93	80,524,182.03	5,588,228.60

Including: medical insurance	3,945,349.33	77,861,462.02	77,704,565.02	4,102,246.33
Work injury insurance premium	347,114.77	2,202,111.45	2,324,389.45	224,836.77
Maternity insurance premium	1,428,744.60	327,628.46	495,227.56	1,261,145.50
4. Housing funds	54,890.86	149,779,209.02	149,784,512.44	49,587.44
5. Labor union and education funds	267,815,062.66	64,641,397.69	13,009,672.02	319,446,788.33
Total	1,798,899,948.47	2,830,486,976.04	3,705,444,706.05	923,942,218.46

(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	6,005,826.98	115,259,086.81	114,136,642.38	7,128,271.41
2. Unemployment insurance	558,759.86	4,610,689.49	4,659,829.76	509,619.59
Total	6,564,586.84	119,869,776.30	118,796,472.14	7,637,891.00

30. Taxes payable

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
VAT	124,732,187.49	324,985,170.91
Enterprise Income Tax	168,714,378.96	528,220,256.03
Individual income tax	26,091,883.24	12,804,973.65
Urban Maintenance and Construction Tax	7,538,722.18	13,569,797.71
Education surcharges (including local education surcharges)	6,868,471.30	13,930,579.23
Sales tax	12,976,148.44	3,587,770.62
Others	6,776,409.72	3,046,315.52
Total	353,698,201.33	900,144,863.67

31. Other payables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Dividends Payable	17,855,221.21	12,982,399.27
Other Payables	699,917,580.17	957,570,477.95
Total	717,772,801.38	970,552,877.22

(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	17,855,221.21	12,982,399.27
Total	17,855,221.21	12,982,399.27

(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	105,489,820.71	74,208,249.14
Temporarily borrowed and advance payments	213,592,183.29	275,423,794.55
Equity Transfer Fund	29,325,000.00	
Restricted share repurchase obligations	325,372,156.35	581,968,930.89
Others	26,138,419.82	25,969,503.37
Total	699,917,580.17	957,570,477.95

2) Other important payables aged over 1 year

There are no other important payables aged over 1 year.

32. Non-current liabilities due within one year

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
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Long-term debt due within one year	175,000,000.00	150,000,000.00
Lease liabilities due within one year	81,973,170.49	58,971,448.27
Interest payable due within 1 year	1,857,336.84	1,891,709.34
Total	258,830,507.33	210,863,157.61

33. 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	64,956,557.08	70,570,174.49
Contract liabilities pending write-off tax	85,235,954.42	79,678,501.51
Non-derecognized notes	110,914,389.75	59,153,238.77
Total	261,106,901.25	209,401,914.77

34. 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	103,000,000.00	128,000,000.00
Fiduciary loans	1,800,000,000.00	750,000,000.00
Total	1,903,000,000.00	878,000,000.00

35. Lease liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Lease Liabilities	107,606,799.04	86,096,362.42
Total	107,606,799.04	86,096,362.42

36. Estimated liabilities

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period	Causes
Pending litigation	1,775,746.00		Pending litigation

Others		423,933.76	Loss-making contract
Expected after-sales maintenance cost	252,138,141.48	258,303,127.48	After-sales maintenance cost
Expected return amount after the period	7,114,861.73	23,700,456.58	Expected sales return
Total	261,028,749.21	282,427,517.82	--

37. 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	110,469,806.29		3,453,971.36	107,015,834.93	Received government subsidies related to assets
Total	110,469,806.29		3,453,971.36	107,015,834.93	--

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	52,348,286.44			1,929,499.23			50,418,787.21	Related to assets
Phase I investment financial incentive fund for security video surveillance product production	53,505,000.00						53,505,000.00	Related to assets

base project								
Funding for manufacturing enterprise technological transformation projects	4,616,519.85			1,524,472.13			3,092,047.72	Related to assets
Total	110,469,806.29			3,453,971.36			107,015,834.93	

Other notes:

1. According to the Economic Development Zone Management Committee, Hangzhou Fuyang District Financial Bureau FJG【2017】No. 35 and FCQ【2017】No. 506 documents, the company received 31.66 million yuan of special subsidy from Fuyang Dahua Intelligent (IOT) Industrial Park in 2015 and 2017 respectively, a total of 63.32 million yuan, as the government subsidy related to assets, which is recognized as deferred income, and shall be recognized as other income in installments according to the estimated service life (20 years).
2. According to Fuyang Economic Development Zone Management Committee, Hangzhou Fuyang District Financial Bureau FJG【2019】No. 18, 【2020】No. 39 and FCQ【2019】No. 286 documents, the company received investment financial reward fund of 27.455 million yuan and 26.05 million yuan in 2019 and 2020 respectively for security video surveillance product production base project phase one, as the government subsidy related to assets, which is recognized as deferred income. As of June 30, 2020, this part of assets has not been completed and has not been amortized.
3. According to Hangzhou Fuyang District Bureau of Economy and Information Technology, Hangzhou Fuyang District Bureau of Finance FJXC【2019】No. 49 and FCQ【2019】No. 804 documents, the company received project fund of 9.1977 million yuan for the first batch of technical renovation project of municipal manufacturing enterprises in 2019, as the government subsidy related to assets, which is recognized as deferred income, and shall be recognized as other income in installments according to the estimated service life (15-111 months).

38. 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	248,620,950.30	281,128,045.90
Other loans	110,000,000.00	110,000,000.00
Total	358,620,950.30	391,128,045.90

Other notes:

The company has reached a cooperation intention with CDB Development Fund to increase the capital of Dahua Zhilian Co., Ltd., a subsidiary of the company. It is agreed that CDB Development Fund will not assign directors, supervisors and

other senior managers to Dahua Zhilian; The company shall pay the investment income with an annualized yield of 1.2% to CDB Development Fund through dividends and call premium and other means, and the company shall redeem the equity of CDB Development Fund to Dahua Zhilian from 2022 to 2024, and recognize it as other non-current liabilities.

39. Share capital

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	2,995,579,590.00				-1,028,860.00	-1,028,860.00	2,994,550,730.00

Other notes:

According to the company's thirteenth meeting of the seventh board of directors held in April 2021 and the revised articles of association of the company, which have passed by the company at 2020 annual general meeting of shareholders, the company repurchased and canceled 1,028,860 restricted shares granted but not unlocked held by the resigned equity incentive objects, reduced the registered capital by RMB 1,028,860.00, with the company's registered capital reduced to 2,994,550,730.00 yuan. The above capital reduction matters are being handled.

40. 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)	1,345,746,389.28	182,546,901.94	21,612,609.65	1,506,680,681.57
Other capital reserves	643,908,944.77	624,886,947.36	182,546,901.94	1,086,248,990.19
Total	1,989,655,334.05	807,433,849.30	204,159,511.59	2,592,929,671.76

Other notes, including increases or decreases in this period and their reasons:

- The amount of employee services exchanged by the company for equity payment in the current period is RMB 84,708,381.89, of which minority shareholders enjoy amount of RMB 6,804,324.44. The employee service amount offset due to the repurchase and cancellation of restricted shares held by equity incentive objects that have been granted but not yet unlocked is RMB 3,864,873.97, and other capital reserves are increased by RMB 74,039,183.48. If the amount deductible before tax exceeds the cost related to share-based payment recognized in the accounting standards, the income tax impact amount is RMB 32,093,515.89, increasing other capital reserves.
- The company repurchased and canceled 1,028,860 granted but unlocked restricted shares held by equity incentive objects in the current period, reduced the share capital by 1,028,860.00 yuan, and reduced the capital reserve (share capital premium) by 7,461,896.20 yuan.
- In the equity settled share-based payment, the minority shareholders possess a portion of 11,562,939.55 yuan, reducing the capital reserve (capital stock premium) by 11,562,939.55 yuan.

4. Since the performance conditions in 2020 have met the unlocking conditions for the second unlocking period for the first time and the unlocking conditions for the first unlocking period reserved for the first time set in the incentive plan, except for the incentive objects who have resigned, the restricted shares held by the incentive objects for the second unlocking period and the restricted shares held by the incentive objects reserved for the first unlocking period are unlocked. Among other capital reserves, the recognized related expenses of restricted shares unlocked in the current period are 134,025,460.59 yuan, the income tax impact amount of the amount that can be deducted before tax exceeding the cost related to share based payment recognized in the accounting standards is 48,521,441.35 yuan, a total of 182,546,901.94 yuan which is transferred to the capital reserve (share capital premium).

5. Due to the failure to increase the capital of subsidiaries in the same proportion, the shareholding ratio of subsidiaries decreased, and the capital reserve (capital stock premium) decreased by 2,587,773.90 yuan.

6. The impact of other changes in other owners' equity of Zhejiang Leapmotor Technology Co., Ltd. that the company should enjoy under the equity method in the current period increased other capital reserves by RMB 518,754,247.99.

41. Treasury share

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	581,968,930.89		256,596,774.54	325,372,156.35
Total	581,968,930.89		256,596,774.54	325,372,156.35

Other notes, including increases or decreases in this period and their reasons:

1. Due to the resignation of some employees, the Company repurchased this part of restricted shares in the current period, with a total of 1,028,860 restricted shares repurchased, a corresponding reduction in the share capital of 1,028,860.00 yuan, and a corresponding reduction in the amount of treasury shares of 8,490,756.20 yuan.

2. Since the second phase of grant for the first time and the first phase of the reserved grant of the restricted stock incentive plan in 2018 met the unlocking conditions, a total of 29,431,520 restricted shares were unlocked, and the treasury shares and related liabilities were reduced by 243,233,196.40 yuan.

3. The cash dividends distributed to restricted stock holders reduced treasury shares and related liabilities, the restricted stock unlocked the actual distribution of some escrow cash dividends and the recovery of cash dividends distributed to relevant resigned personnel due to employee resignation, resulting in a total reduction of treasury shares and related liabilities of 4,872,821.94 yuan.

42. Other comprehensive income

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	Less: Recorded into other comprehensive incomes in previous period and transferred	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	

			to P/L in current period	to retained income in current period				
II. Other comprehensive income that will be reclassified into P/L	61,157,523.13	29,802,949.19				29,732,921.34	70,027.85	90,890,444.47
Currency conversion difference	54,715,972.03	30,978,213.12				31,016,888.78	-38,675.66	85,732,860.81
Others	6,441,551.10	-1,175,263.93				-1,283,967.44	108,703.51	5,157,583.66
Other comprehensive incomes in total	61,157,523.13	29,802,949.19				29,732,921.34	70,027.85	90,890,444.47

43. Surplus 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
Statutory surplus reserve	1,553,691,005.92			1,553,691,005.92
Total	1,553,691,005.92			1,553,691,005.92

44. Undistributed profits

Unit: RMB

Item	Current Period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	13,754,915,904.19	10,248,023,654.54
Undistributed Profit after Adjustment at the Start of the Period	13,754,915,904.19	10,248,023,654.54
Add: net profit attributable to parent company's owner in current period	1,643,175,887.55	1,368,974,364.44
Less: s Common Stock Dividends Payable	802,815,330.12	397,654,658.45
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	500,809.81	462,282.67
Undistributed Profit at the End of the Period	14,595,777,271.43	11,219,805,643.20

45. Operating income and operating costs

(1) 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	13,306,440,228.58	7,773,003,019.77	9,602,675,069.68	4,920,046,273.00
Other businesses	198,565,505.31	137,711,909.20	235,653,783.94	179,203,877.57
Total	13,505,005,733.89	7,910,714,928.97	9,838,328,853.62	5,099,250,150.57

(2) Information about operating income and operating costs (by product)

Item	This Period's Amount of Occurrence	
	Income	Cost
Smart IoT products and solutions	11,574,586,946.32	6,477,078,712.53
Of which: software business	551,302,402.99	163,767,869.40
Innovative business	1,197,068,199.15	805,660,868.12
Others	733,350,588.42	627,975,348.32
Total	13,505,005,733.89	7,910,714,928.97

(3) Information about operating income and operating costs (by district)

Item	This Period's Amount of Occurrence	
	Income	Cost
Domestic	7,777,087,103.47	4,685,553,053.26
Overseas	5,727,918,630.42	3,225,161,875.71
Total	13,505,005,733.89	7,910,714,928.97

Information about performance of obligations:

The Company shall timely fulfill its performance obligations in accordance with the contract, and recognize the relevant revenue when the customer obtains the control right of related commodities, which is mainly divided into fulfilling its performance obligations at a certain point of time and performing the performance obligations within a certain period of time.

The Company shall recognize the revenue from the sales of goods when the control over the goods is transferred, namely, when the goods are transported to the designated place of the other party, or delivered to the carrier designated by the other party, or when they are delivered to the other party for acceptance.

If the Company identifies part of the business as performance obligations fulfilled within a certain period of time according to the nature of the business, the Company shall recognize the revenue according to the performance progress within that

period of time, except that the performance progress cannot be reasonably recognized. If the Company cannot reasonably recognize the performance progress using the output method or the input method, but the costs incurred are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance progress can be reasonably recognized.

46. Taxes and surcharges

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Urban Maintenance and Construction Tax	44,660,286.58	23,318,746.92
Education Surcharges	31,900,534.13	16,649,481.08
House property tax	2,351,433.37	2,429,673.54
Land usage tax	656,297.10	939,532.57
Vehicle and vessel use tax	23,707.54	34,922.82
Stamp duty	5,084,326.28	4,827,847.03
Others	15,593,603.53	6,942,979.14
Total	100,270,188.53	55,143,183.10

47. Selling expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	1,044,869,188.90	883,747,948.12
After-sales service expense	151,149,337.68	188,026,183.46
Transportation and vehicle expenses	228,486,216.43	162,242,677.25
Marketing expense	158,441,695.91	125,951,940.36
Taxation and insurance expense	114,258,333.64	117,797,928.06
Administrative expenses	77,325,742.64	106,886,558.37
Business entertainment	92,867,175.49	68,957,545.58
Traveling expense	85,796,783.51	62,166,335.57
Communication expense	7,644,337.28	26,252,604.63
Knowledge resource fee	25,449,407.98	21,141,479.54
Depreciation cost and asset amortization	55,213,618.90	15,640,480.09
Others	17,499,873.06	26,415,453.24
Total	2,059,001,711.42	1,805,227,134.27

48. Administration expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	272,130,616.85	258,180,429.50
Depreciation cost and asset amortization	41,179,216.36	36,171,195.90
Administrative expenses	32,286,309.59	26,698,756.21
Knowledge resource fee	20,467,417.96	17,269,047.77
Consumables and service fees	4,673,608.79	8,690,430.41
Business entertainment	3,377,855.85	3,527,325.45
Transportation and vehicle expenses	3,149,317.93	2,405,347.17
Traveling expense	3,425,734.01	1,599,133.76
Others	12,582,093.72	1,239,825.05
Total	393,272,171.06	355,781,491.22

49. R&D expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Labor cost	1,238,777,601.85	1,142,032,536.26
Research consumables and service fees	84,653,952.01	105,243,650.19
Depreciation cost and asset amortization	40,480,759.70	27,160,042.95
Traveling expense	22,875,356.11	17,825,255.20
Administrative expenses	13,009,916.31	13,410,737.82
Communication expense	4,368,448.13	6,041,044.08
Others	2,083,292.70	2,899,674.45
Total	1,406,249,326.81	1,314,612,940.95

50. Financial expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Interest expense	44,547,319.17	36,633,828.03
Less: interest income	114,759,041.30	82,236,920.48

P/L on foreign exchange	131,529,465.80	5,140,375.51
Others	16,358,297.48	15,895,187.68
Total	77,676,041.15	-24,567,529.26

51. Other incomes

Unit: RMB

Sources of other incomes	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Value-added tax refund	355,601,489.70	373,851,655.76
Special subsidies	70,558,018.03	84,531,537.83
VAT additional deduction	359,764.33	163,127.65
Total	426,519,272.06	458,546,321.24

52. 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	-155,395,120.84	-44,335,467.10
Investment income from disposal of long-term equity investment	281,454.95	6,255,168.49
Investment Income from Disposal Trading Financial Assets	22,063,805.80	-1,616,153.94
Investment income from possession of other non-current financial assets	5,364,955.30	7,307,215.11
Investment income from treasury bond reverse repurchase	169,645.79	210,491.25
Total	-127,515,259.00	-32,178,746.19

53. 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	7,123,015.25	2,431,780.82
Including: gains from changes at fair value of derivative financial instruments	7,123,015.25	2,431,780.82
Transactional financial liabilities	-450,380.67	

Other Non-current Financial Assets	117,273,994.45	14,577,362.35
Total	123,946,629.03	17,009,143.17

54. Credit impairment losses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Bad debt losses of other receivables	-5,949,441.91	-4,374,932.26
Bad debt losses of accounts receivable	-353,620,673.67	-80,445,242.05
Bad debt losses from receivable financing	1,175,263.93	
Bad debt losses on notes receivable	-10,066,743.30	
Contract assets impairment losses		-2,942,506.60
Total	-368,461,594.95	-87,762,680.91

55. Impairment losses of assets

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
II. Losses of inventory falling price and losses of contract performance cost impairment	-7,627,470.90	-42,303,107.35
XII. Contract assets impairment losses	-2,295,977.15	
Total	-9,923,448.05	-42,303,107.35

56. Asset disposal income

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	33,113,440.14	10,307.31
Income from disposal of right-of-use assets	-110,999.13	

57. 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	171,808.80	877,665.31	171,808.80
Gains and losses of non-current asset retirement	679,706.38	398,527.61	679,706.38
Others	5,688,387.37	4,848,241.58	5,688,387.37
Total	6,539,902.55	6,124,434.50	6,539,902.55

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
Wuzhou City allocates special funds to actively support and cultivate eligible 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
2019 Top Ten Merit Enterprise (Excellent Entrepreneur) 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	Yes	No		300,000.00	Related to income

			regulations)					
Subsidies for overseas employees to stay in office during the epidemic	Government of other countries overseas	Subsidy	Subsidies received by undertaking the functions of the state to ensure the supply or price control of certain public utilities or socially necessary products	Yes	No	111,808.80	511,665.31	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		16,000.00	Related to income
2020 China (Xiaoguwei) "Internet + Transportation" Innovation and Entrepreneurship Competition	Guangdong Traffic E-payment Association	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	60,000.00		Related to income

58. 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	115,939.69	9,139,267.32	115,939.69
Gains and losses of non-current asset retirement	1,337,107.72	819,686.61	1,337,107.72
Including: Losses on disposal of fixed assets	1,337,107.72	819,686.61	1,337,107.72
Water conservancy fund	12,816.79	7,139.14	
Others	3,503,104.12	2,068,747.09	3,503,104.12
Total	4,968,968.32	12,034,840.16	4,956,151.53

59. 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	10,662,968.22	140,980,035.67
Deferred income tax expense	-49,114,153.99	28,579,381.06
Total	-38,451,185.77	169,559,416.73

(2) Reconciliation of accounting profits and income tax expenses

Unit: RMB

Item	This Period's Amount of Occurrence
Total Profit	1,636,960,340.28
Income tax expense calculated at statutory/applicable tax rate	245,544,051.04
Impact by applying different tax rates to subsidiaries	-12,634,599.61
Impact of income tax before adjustment in this period	-195,277,436.51
Impact of the non-deductible costs, expenses and losses	37,271,664.04
Impact of additional deduction of the research and development expenses	-174,804,839.08

Others	61,449,974.35
Income tax expense	-38,451,185.77

60. Other comprehensive income

See the notes to this section for details.

61. 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	31,424,004.92	17,443,454.89
Government subsidies	62,592,472.14	78,834,593.67
Tender and performance guarantee deposit	25,458,692.40	28,166,941.19
Others	29,558,616.53	15,148,201.33
Total	149,033,785.99	139,593,191.08

(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	148,852,318.30	140,230,672.86
Communication expense	19,886,351.20	15,732,684.76
Business entertainment	101,210,043.24	71,195,825.63
Traveling expense	118,402,918.50	82,296,281.44
Marketing expense	118,471,634.44	77,354,370.79
Transportation and vehicle expenses	204,194,430.33	163,643,754.38
Knowledge resource fee	43,764,104.24	34,596,983.79
Research and development consumption and external inspection fee	14,958,712.93	20,323,161.02
Taxation and insurance expense	8,896,959.13	24,354,809.36
Tender and performance guarantee deposit	58,034,090.23	13,108,747.03
Incomings and outgoings and	81,594,660.65	34,877,860.45

advanced payments		
Consumables and service fees	149,595,572.15	152,728,533.48
Others	12,937,463.59	16,355,741.30
Total	1,080,799,258.93	846,799,426.29

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Cash arising from investment in financial derivatives	26,678,510.94	71,517,426.54
Advance payment for equity transfer	29,325,000.00	60,000,000.00
Receipts of loans from non-financial institutions		3,493,496.46
Total	56,003,510.94	135,010,923.00

(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 investment in financial derivatives	13,107,855.82	72,348,580.48
Net cash from disposal of subsidiaries		7,211,693.45
Total	13,107,855.82	79,560,273.93

(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		767,782,756.00
Equity incentive subscription		99,994,181.16
Total		867,776,937.16

(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		767,782,756.00

Cash paid for the repayment of lease liabilities	49,649,564.91	
Total	49,649,564.91	767,782,756.00

62. 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	1,675,411,526.05	1,370,732,897.65
Add: provision for impairment of assets	378,385,043.00	130,065,788.26
Depreciation of fixed assets, oil and gas assets, productive biological assets	146,286,454.93	131,141,539.18
Depreciation of Right-of-use Assets	42,053,689.80	
Amortization of Intangible Assets	22,637,749.57	24,767,627.82
Amortization of long-term prepaid expenses	12,635,838.44	12,452,944.39
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-33,002,441.01	-10,307.31
Losses on scrapping of fixed assets (mark "-" for incomes)	657,401.34	421,159.00
Losses on fair value changes (mark "-" for incomes)	-123,946,629.03	-17,009,143.17
Financial expenses (mark "-" for incomes)	52,271,024.16	15,327,107.25
Losses on investment (mark "-" for incomes)	127,515,259.00	32,178,746.19
Decrease on deferred income tax assets (mark "-" for increases)	-108,136,559.40	1,505,192.29
Increase on deferred income tax liabilities (mark "-" for decreases)	7,052,656.84	1,938,115.51
Decrease on inventories (mark "-" for increases)	-2,369,120,273.38	-675,761,590.32
Decrease on operational receivables (mark "-" for increases)	-230,579,623.21	1,756,139,392.57
Increase on operational payables (mark "-" for decreases)	-552,073,423.01	-2,965,863,025.21
Others	80,843,507.92	75,045,591.95
Net cash flow generated by operating activities	-871,108,797.99	-106,927,963.95
2. Major investing and financing activities not involving cash	--	--

receipts and payment:		
Conversion of Debt into Capital		
Convertible Bonds Due within 1 Year		
Fixed Assets under Finance Lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	6,549,708,897.81	2,780,621,441.66
Less: Balance at the Start of the Period of cash	7,358,452,769.53	2,734,185,976.41
Add: closing balance of cash equivalents		
Less: Balance at the Start of the Period of cash equivalents		
Net additions to balance of equivalents	-808,743,871.72	46,435,465.25

(2) 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	6,549,708,897.81	7,358,452,769.53
Including: cash on hand	23,851.15	24,145.51
Bank deposit for payment at any time	6,408,119,714.76	7,324,387,076.66
Other monetary capital for payment at any time	141,565,331.90	34,041,547.36
II . Cash equivalents		
III. Closing balance of cash and cash equivalents	6,549,708,897.81	7,358,452,769.53
Including: restricted cash and cash equivalents used by the parent company or subsidiaries within the group		

63. Assets with restricted ownership rights or rights of use

Unit: RMB

Item	Book value at the end of the period	Cause of restrictions
Cash and Bank Balances	105,139,382.31	Guarantee security deposit
Notes receivable and accounts receivable financing	807,838,701.82	Pledge applied to issue bank acceptance bills; Bank acceptance bill endorsed but not derecognized

Long-term Receivables	178,385,721.02	Pledge for bank loans
Non-current Assets Due within 1 Year	31,073,678.03	Pledge for bank loans
Total	1,122,437,483.18	--

64. 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	276,531,466.74	6.4601	1,786,420,928.29
EUR	30,332,705.33	7.6862	233,143,239.71
HKD	31,490,079.12	0.8321	26,202,210.93
INR	440,078,738.69	0.0869	38,263,158.10
ZAR	82,346,607.70	0.4501	37,061,347.36
AED	20,192,437.43	1.7587	35,511,833.94
Total amount of other currencies			165,594,154.00
Accounts receivable	--	--	
Including: USD	414,254,529.88	6.4601	2,676,125,688.48
EUR	48,305,751.95	7.6862	371,287,670.64
HKD			
INR	3,582,881,535.50	0.0869	311,517,804.88
PLN	62,270,833.80	1.7009	105,917,083.92
Russian ruble	724,940,450.19	0.0892	64,686,396.91
Total amount of other currencies			284,084,517.16
Long-term loan	--	--	
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	238,225,290.88	6.4601	1,538,959,201.61

INR	1,227,728,425.79	0.0869	106,746,276.82
MXN	20,510,565.96	0.3260	6,685,975.15
EUR	729,698.63	7.6862	5,608,609.61
Australian dollar	524,672.91	4.8528	2,546,132.70
BRL	792,477.35	1.3033	1,032,827.81
Total amount of other currencies			3,560,629.10

(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.

65. Government subsidies

(1) Basic information about government subsidies

Unit: RMB

Types	Amount	Items reported	Amount taken to current P&L
VAT refund	355,601,489.70	Other Incomes	355,601,489.70
District-level funding for the creation of an international software city	10,000,000.00	Other Incomes	10,000,000.00
Provincial Science and Technology Development Special Fund Subsidy	8,340,000.00	Other Incomes	8,340,000.00
Tax refund	6,023,635.39	Other Incomes	6,023,635.39
Subsidy for the central pilot project of modern supply chain system construction in the circulation field in Hangzhou	6,012,500.00	Other Incomes	6,012,500.00
District supporting funds for the first batch of technological projects	6,000,000.00	Other Incomes	6,000,000.00
Funding for provincial key industrial Internet platform projects	5,000,000.00	Other Incomes	5,000,000.00
Patent subsidies	4,835,720.00	Other Incomes	4,835,720.00

Special subsidies for development of the integrated circuit industry in Hangzhou	4,089,100.00	Other Incomes	4,089,100.00
Other special subsidies	3,745,573.60	Other Incomes	3,745,573.60
Funding for industrial chain pilot projects for emergency in Zhejiang province	3,000,000.00	Other Incomes	3,000,000.00
Funding for Hangzhou 5G Industry Project	2,884,000.00	Other Incomes	2,884,000.00
Fund for Hangzhou Intelligent Manufacturing Demonstration and Manufacturing Digital Transformation Project	1,500,000.00	Other Incomes	1,500,000.00
Return from social security	1,464,864.34	Other Incomes	1,464,864.34
Subsidies for job stability	1,438,653.34	Other Incomes	1,438,653.34
Fund for intellectual property award	1,042,000.00	Other Incomes	1,042,000.00
Subsidy funds for industrial technology basic public service platform projects	885,000.00	Other Incomes	885,000.00
Subsidies for high-tech enterprise	800,000.00	Other Incomes	800,000.00
Government subsidies during the epidemic	43,000.00	Other Incomes	43,000.00
VAT additional deduction	359,764.33	Other Incomes	359,764.33
Subsidies for overseas employees to stay in office during the epidemic	111,808.80	Non-operating Revenue	111,808.80
2020 China (Xiaoguwai) "Internet + Transportation" Innovation and Entrepreneurship Competition	60,000.00	Non-operating Revenue	60,000.00
Phase I investment financial incentive fund for security video surveillance product production base project	53,505,000.00	Deferred Income	
Fuyang Dahua Intelligent (IOT) Industrial Park	63,320,000.00	Deferred income / Other income	1,929,499.23
Hangzhou City's funding for technological transformation of manufacturing enterprises	9,197,700.00	Deferred income / Other income	1,524,472.13

(2) Repayment of government subsidies

√ Applicable □ Not applicable

Item	Amount	Causes
Preferential loan discount funds for provincial epidemic prevention and control key guarantee enterprises	102,326.40	Due to the prepayment of the epidemic loan, the excess subsidy of the financial discount was refunded

VIII. Changes in the Scope of Consolidation

1. Consolidation not under the common control

(1) Profits or losses arising from re-measurement of the equity held before acquisition date in fair value

Is there any transaction that leads to business consolidation achieved through multiple transactions in various stages with control acquired within the reporting period?

Yes No

2. Disposal of subsidiaries

Is there any situation where disposal of investment in subsidiaries in a single transaction causes loss of control?

Yes No

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

3. Changes in the scope of combination 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) The company invested and established two domestic subsidiaries, Zhejiang Huashi Zhijian Technology Limited and Zhengzhou Dahua Zhian Information Technology Limited, as well as three overseas subsidiaries, Huacheng Network (Hong Kong) Technology Limited, Dahua Technology QFZ LLC, and DAHUA TECHNOLOGY PACIFIC S.A., the above subsidiaries have been included in the scope of consolidation since the date of establishment.

(2) Hangzhou Huajun Technology Limited, a subsidiary of the company, was canceled in the current period and will not be included in the scope of consolidation from the date of cancellation.

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

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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	Youjiang District, Baise	Youjiang District, Baise	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	Shihezi, Xinjiang	Shihezi, Xinjiang	Electronics and information		92%	Establishment
HuaRay Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and application services industry	45.9% (Note 3)		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 4)		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 5)		Establishment
Xinjiang Zhihe	Cele County, Hotan, Xinjiang	Cele County, Hotan, 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 Ruijin	Wuxi City	Wuxi City	Electronics and information	51%		Establishment
Huaxuan Technology	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
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
Huaruijie	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Automobile manufacturing	51%		Establishment
Chengdu Zhilian	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100%		Establishment
Chengdu Zhian	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100%		Establishment
Chengdu Zhishu	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100%		Establishment
Chengdu Zhichuang	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100%		Establishment
Chengdu Smart	Dayi County, Chengdu	Dayi County, Chengdu	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
Waythcan	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45% (Note 6)		Establishment
Zhengzhou Dahua Zhian	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		67%	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
Dahua Mexico	Mexico	Mexico	Electronics and information		100%	Establishment

Imou Netherlands	Netherlands	Netherlands	Electronics and information		100%	Establishment
Dahua Loris (UK) Corporation	UK	UK	Electronics and information		100%	Establishment
Dahua Japan	Japan	Japan	Electronics and information		100%	Establishment
Dahua Qatar	Qatar	Qatar	Electronics and information		100%	Establishment
Imou Hong Kong	Hong Kong	Hong Kong	Electronics and information		100%	Establishment
Dahua Panama SEM Regional Headquarters	Panama	Panama	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% of the equity of Hangzhou Xiaohua Technology Limited, and Zhejiang Huashi Investment Management Limited grants 12% of its voting rights to the company according to the agreement. The company actually holds 57% of the voting rights of Hangzhou Xiaohua Technology Limited, which constitutes actual control and include it in the scope of consolidation.

(2) According to the industrial and commercial registration data, CDB Development Fund holds the equity of the company. According to the cooperation agreement between the company and CDB Development Fund, CDB Development Fund shall not assign directors, supervisors and other senior managers to Dahua Zhilian; regarding its investment, the company shall pay the investment income with an annualized rate of return of 1.2% to CDB Development Fund every year by means of dividend and repurchase premium, etc., and the company shall redeem the equity of CDB Development Fund to Dahua Zhilian phase by phase from 2022 to 2024, and the company regards its investment amount as other non-current liabilities. The company actually holds 100% voting rights and interests of Dahua Zhilian.

(3) On April 30, 2021, the registered capital of Zhejiang Huarui Technology Limited increased from RMB 50 million to RMB 55,555,556. As the Company waived the right to increase capital in the same proportion and the right of preemption of Huarui Technology, the original 51% equity of Huarui Technology held by the Company was diluted to 45.9%. After the equity dilution, the Company remained the largest shareholder of Huarui, and the remaining shareholders had a low and diversified shareholding, and Huarui was still a subsidiary of the Company. On June 26, 2021, "Zhejiang Huarui Technology Limited." was renamed as "Zhejiang Huarui Technology Co., Ltd."

(4) The company directly holds 45.50% of the equity of Zhejiang Huafei Intelligent Technology Limited, and at the same time, Zhejiang Huashi Investment Management Limited grants 16% of the voting rights to the company according to the agreement. The company actually holds 61.50% of the voting rights of Zhejiang Huafei Intelligent Technology Limited, which constitutes actual control and includes it in the scope of consolidation.

(5) The company directly holds 45% of the equity of Guizhou Huayi Shixin Technology Limited, and at the same time, Guizhou Yiyun Investment Limited grants 6% of the voting rights to the company according to the agreement. The company actually holds 51% of the voting rights of Guizhou Huayi Shixin Technology Limited, which constitutes actual control and includes it in the scope of consolidation.

(6) The company directly hold 45% equity of Zhejiang Huashi Zhijian Technology Limited, and at the same time, Ningbo Hualing Investment Management Partnership (limited partnership) grants 40% of the voting rights held to the company in accordance with the agreement. The company effectively holds 85% of the voting rights of Zhejiang Huashi Zhijian

Technology Limited, which constitutes actual control and includes it in the scope of consolidation.

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

On April 30, 2021, the registered capital of Zhejiang Huarui Technology Limited increased from RMB 50 million to RMB 55,555,556. As the Company waived the right to increase capital in the same proportion and the right of preemption of Huarui Technology, the original 51% equity of Huarui Technology held by the Company was diluted to 45.9%. After the equity dilution, the Company remained the largest shareholder of Huarui, and the remaining shareholders had a low and diversified shareholding. Huarui was still a subsidiary of the Company, and included in the scope of consolidation.

3. Equity in joint venture arrangements or affiliates

(1) Financial summary of non-essential joint ventures and affiliates

Unit: RMB

	Closing balance / accrual of current period	Balance at the Start of the Period / accrual of previous period
Joint ventures:	--	--
The total count of the following items based on the shareholding ratios	--	--
Affiliates:	--	--
Total book value of investments	820,449,863.74	455,977,616.16
The total count of the following items based on the shareholding ratios	--	--
--Net profit	-155,395,120.84	-44,335,467.10
--Other comprehensive income	-1,835,013.29	-63,899.99
--Total comprehensive income	-157,230,134.13	-44,399,367.09

X. Risks Relating to Financial Instruments

The company faces various financial risks in the course of operation: 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.

(一) Credit risk

Credit risk refers to the risk of financial loss to the company 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. The customers rated as "high risk" will be placed in the list of restricted customers, and the company can sell on credit to such company in the future only with additional approval, 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 capital shortage when an enterprise performs its obligation to settle 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. By monitoring the cash balance, negotiable securities available for cash at any time and rolling forecast of cash flow in the next 12 months, the financial department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts.

The financial liabilities of the Company are listed as follows based on the undiscounted contractual cash flow:

Item	June 30, 2021		
	Within 1 year	More than 1 year	Total
Short-term loan	1,104,598,520.22		1,104,598,520.22
Notes Payable	3,610,134,581.74		3,610,134,581.74
Accounts Payable	6,781,697,701.64		6,781,697,701.64
Other Payables	717,772,801.38		717,772,801.38
Non-current Liabilities Due within 1 Year	267,905,114.96		267,905,114.96
Lease Liabilities		111,686,035.50	111,686,035.50
Long-term loan		1,903,000,000.00	1,903,000,000.00
Total	12,482,108,719.94	2,014,686,035.50	14,496,794,755.44

Item	December 31, 2020		
	Within 1 year	More than 1 year	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

(III) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to changes in market interest rates. 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 or future cash flow of financial instruments fluctuates 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 Start of the Period		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and Bank Balances	1,786,420,928.29	535,775,944.04	2,322,196,872.33	2,066,290,327.08	722,490,474.86	2,788,780,801.94
Accounts receivable	2,676,125,688.48	1,137,493,473.51	3,813,619,161.99	2,758,289,939.69	1,026,362,106.74	3,784,652,046.43
Accounts Payable	1,538,959,201.61	126,180,451.19	1,665,139,652.80	1,435,207,173.38	78,343,376.34	1,513,550,549.72
Total	6,001,505,818.38	1,799,449,868.74	7,800,955,687.12	6,259,787,440.15	1,827,195,957.94	8,086,983,398.09

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		9,614,978.97		9,614,978.97
1. Financial assets measured at fair value and whose changes are included in current profits and losses		9,614,978.97		9,614,978.97
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets		8,144,978.97		8,144,978.97
(4) Others		1,470,000.00		1,470,000.00
2. Financial assets designated to be measured at fair value and whose changes are included in current profits and losses				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other creditor's rights investment				
(III) Other equity instrument investment				
(IV) Investment property				
1. Right to use the land for lease				
2. The buildings for lease				
3. Land use rights held and prepared to transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
(VI) Accounts receivables financing		901,192,858.59		901,192,858.59
(VII) Other non-current financial assets			937,923,581.60	937,923,581.60
Total assets constantly measured at fair value		910,807,837.56	937,923,581.60	1,848,731,419.16
(VI) Trading financial liabilities		450,897.52		450,897.52
Including: Issued trading bonds				
Derivative Financial Liabilities		450,897.52		450,897.52
Others				
(VII) Financial liabilities designated to be measured at fair value and included in current profits or losses				
Total amount of liabilities constantly		450,897.52		450,897.52

measured at their fair values				
II. Non-constant measurement at fair values	--	--	--	--
(I) Assets held for sale				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. The valuation techniques adopted and the qualitative and quantitative information of important parameters for continuous and non-continuous second-level fair value measurements

The fair value of derivative financial assets shall be recognized according to the difference between the quotation of forward foreign exchange settlement and the forward foreign exchange price;

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. The valuation techniques adopted and the qualitative and quantitative information of important parameters for continuous and non-continuous third-level fair value measurements

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 company	Registered Address	Business Nature	Registered Capital	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
Fu Liquan				34.18%	34.18%
Chen Ailing				2.38%	2.38%

The ultimate 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

Here is the information about 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 Limited (Note 1)	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 Limited (Note 2)	Affiliate, such relationship was terminated in June 2021.
Taizhou Dahua Security Services Co., Ltd.	Affiliate
Wenzhou Dahua Security Services Co., Ltd.	Affiliate
Zhejiang Zhian Internet of Things Technology Co., Ltd. (Note 3)	Affiliate
Zhejiang Leapmotor Technology Limited and its affiliates (Note 4)	Affiliate, and enterprise controlled by the Company's actual controller
China Standard Intelligent Security Technology Co., Ltd.	Affiliate
Ruicity Digital Technology Co., Ltd. and its affiliates (Note 5)	Affiliate
Zhoushan Dahua Technology Co., Ltd.	Affiliate
Digital Dongyang Technology Operation Co., Ltd.	Affiliate
Hangzhou Juhuan Information Technology Co., Ltd.	Affiliate

Other notes

Note 1: On July 6, 2021, Zhejiang Dahua Technology Co., Ltd. transferred all the shares held by Guangdong Dahua Zhishi Technology Limited to Zhejiang Huashi Zhijian Technology Limited, a subsidiary within the scope of consolidation. "Guangdong Dahua Zhishi Technology Limited" was renamed "Guangdong Zhishi Digital Technology Limited".

Note 2: Shenzhen Congwen Security Electronics Limited is an affiliate company of the company. The company transferred its equity in June 2020, but within 12 months, Shenzhen Congwen Security Electronics Limited was still recognized as the company's associated legal person of the company, the relationship ended in June 2021.

Note 3: On April 28, 2021, "Zhejiang Dahua Zhian Internet of Things Technology Co., Ltd." was renamed as "Zhejiang Zhian Internet of Things Engineering Co., Ltd."

Note 4: On April 30, 2021, "Zhejiang Leapmotor Technology Limited" was renamed as "Zhejiang Leapmotor Technology Co., Ltd." "Zhejiang Leapmotor Technology Co., Ltd. and its affiliates" include a total of five companies, namely Leapmotor Automobile Limited, Hangzhou Leapmotor Automobile Sales Service Limited, Zhejiang Youchong New Energy Technology Limited, Wuhan Lingchao Automobile Sales Service Limited, and Zhejiang Leapmotor Automobile Sales Service Limited, which have related transactions with the Company.

Note 5: "Ruicity Digital Technology Co., Ltd. and its affiliates" include Ruicity Digital Technology Co., Ltd. and its subsidiary Ruicity (Shandong) Digital Technology Co., Ltd.

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 spouses of senior executives of the company
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)	Enterprise controlled by actual controller
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 in which the actual controller has significant influence
Zhoushan Zhixin Equity Investment Partnership (Limited Partnership)	Enterprise controlled by actual controller
Zhejiang Huatu Microchip Technology Limited (Note 1)	Enterprises in which the actual controller has significant influence
Zhejiang Xinsheng Electronic Technology Limited (Note 1)	Enterprises in which the actual controller has significant influence
Zhoushan Dahua Security Service Limited	Subsidiary of the affiliate
South-North United Information Technology Co., Ltd. (Note 2)	This company shall end its affiliate relationship within the year of 2021
Wangsu Technology Co., Ltd. (Note 3)	Enterprises over which the previous senior executives have significant influence
Zhejiang Huashi Investment Management Co., Ltd.	Enterprise controlled by actual controller
Zhejiang Zhihua IOT Technology Limited	Subsidiaries of affiliates
Hangzhou Xianmai Technology Limited	Enterprise controlled by actual controller
Zhejiang Nuoja Biotechnology Co., Ltd.	Enterprises over which the previous senior executives have significant influence
China Mobile Communications Group Co., Ltd. and its affiliates (Note 4)	Groups that have important influence on the company

Other notes

Note 1: Zhejiang Huatu Microchip Technology Limited and Zhejiang Xinsheng Electronic Technology Limited were

disposed by Dahua in July 2020, after the disposal, however, they remain enterprises in which the actual controller has significant influence.

Note 2: South-North United Information Technology Co., Ltd. was disposed by Dahua in 2020, but within the 12 months after the disposal, South-North United Information was still recognized as the company's associated legal person, and the relationship ended in April 2021.

Note 3: Huang Siying, the original independent director of the company, served as a director of Wangsu Technology Limited and left his post in August 2020, within the 12 months of her departure, Wangsu Technology Co., Ltd was still recognized as the company's associated legal person.

Note 4: The company signed a share subscription agreement with effective conditions with China Mobile Capital Holdings Co., Ltd., a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd., on March 26, 2021, and signed the "Strategic Cooperation Agreement with Effective Conditions" with China Mobile Communications Group Co., Ltd. and China Mobile Capital Holdings Co., Ltd. After the completion of this non-public offering, China Mobile Capital will hold more than 5% of the shares of the company. According to the "Shenzhen Stock Exchange Stock Listing Rules", as a result of signing agreements or arrangements with the listed company or its affiliates, the entity directly or indirectly holding more than 5% of the shares of the listed company after the agreement or arrangement takes effect or within the next 12 months is regarded as the related party of the listed company. Therefore, the company has a related relationship with China Mobile Communication Group Co., Ltd. and its affiliated companies since March 26, 2021.

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
Zhejiang Leapmotor Technology Co., Ltd and its affiliates	Purchase of materials	35,679.20		No	1,362,577.05
Hangzhou Xunwei Robotics Technology Co., Ltd.	Material procurement, acceptance of service	444,057.57		No	3,271,015.27
Hangzhou Nuoqia Technology Co., Ltd.	Acceptance of services	484,234.68		No	206,422.02
Zhejiang Huanuokang Technology Co., Ltd.	Purchase of materials	1,336,283.11		No	145,132.74
Zhoushan Dahua Security Service Limited	Acceptance of services	4,088,447.17		No	1,020,944.24

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Shenzhen Conwin Security Electronics CO., Ltd.	Acceptance of services	8,000.00		No	
Others	Material procurement, acceptance of service	136,955,034.68			

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Zhejiang Leapmotor Technology Co., Ltd and its affiliates	Sales of merchandise	25,154,144.53	1,600,748.70
Ningbo Dahua Anbang Security Services Co., Ltd.	Sales of merchandise	609,380.47	74,075.23
Zhoushan Dahua Technology Co., Ltd.	Sales of merchandise	80,051.32	12,183.18
Wenzhou Dahua Security Services Co., Ltd.	Provision of services		23,584.91
Hangzhou Xintu Technology Co., Ltd.	Sales of merchandise and provision of services	236,264.22	236,913.67
Shenzhen Conwin Security Electronics CO., Ltd.	Sales of merchandise		378,258.42
Guangdong Dahua Zhishi Technology Co., Ltd.	Sales of merchandise	12,724,922.75	4,684,747.26
Intelbras S.A.	Sales of merchandise	303,183,526.51	126,462,175.51
Hangzhou Xunwei Robotics Technology Co., Ltd.	Sales of merchandise	11,469.03	14,159.28
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise		-56,034.48
Hangzhou Nuojia Technology Co., Ltd.	Sales of merchandise and provision of services	45,893.80	104,055.89
China Standard Intelligent Security Technology Co., Ltd.	Sales of merchandise	1,327.43	62,220.38
Zhejiang Huanuokang Technology Co., Ltd.	Sales of merchandise	1,471,146.02	292,228.09
Ruicity Digital Technology Co., Ltd. and its affiliates	Sales of merchandise and provision of services	15,964,205.97	3,913,235.39
Taizhou Dahua Security Services Co., Ltd.	Sales of merchandise	69.03	
Zhejiang Zhihua IOT Technology Limited	Sales of merchandise	14,867.26	
Zhejiang Nuojia Biotechnology Co., Ltd.	Sales of merchandise	7,522.13	
Others	Sales of merchandise and provision of services	59,132,012.56	

(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	495,771.41	344,155.74
China Standard Intelligent Security Technology Co., Ltd.	Buildings and constructions		74,697.48
South-North United Information Technology Co., Ltd.	Buildings and constructions	414,961.09	
Ruicity Digital Technology Co., Ltd. and its affiliates	Transportation equipment	28,723.15	
Others	Transportation equipment	15,044.25	

(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.	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	Yes
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	250,000,000.00	February 17, 2020	Two years after the maturity of the	No

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Technology Co., Ltd.			debts in the master contract	
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	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 7, 2020	March 31, 2024	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 Vision Technology Co., Ltd.	1,000,000,000.00	February 4, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	February 25, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	100,000,000.00	February 25, 2021	September 26, 2021	No
Zhejiang Dahua Vision Technology Co., Ltd.	80,000,000.00	May 12, 2021	December 31, 2022	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
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.	100,000,000.00	April 09, 2020	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Limited (guaranteed currency)	60,000,000.00	May 1, 2020	One years upon expiration of debt period of master contract	Yes

is USD)				
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	September 29, 2020	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	May 1, 2021	One years upon expiration of debt period of master contract	No
Zhejiang Dahua Zhilian Limited (guaranteed currency is USD)	60,000,000.00	May 1, 2021	April 30, 2022	No
Zhejiang Dahua Zhilian Limited (guaranteed currency is USD)	55,000,000.00	April 30, 2021	May 14, 2022	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
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 7, 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	Yes
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
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
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 (Hong Kong) Limited (guaranteed currency is euro)	1,000,000.00	April 25, 2021	April 25, 2022	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is USD)	6,500,000.00	October 27, 2020	October 20, 2021	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is USD)	1,000,000.00	September 01, 2020	August 31, 2021	No
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	Yes
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
Hangzhou Huacheng Network Technology Co., Ltd.	20,000,000.00	February 4, 2021	Six months upon expiration of the debt performance period of master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	100,000,000.00	February 25, 2021	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	Sign the termination notice	No
Zhejiang HuaRay Technology Co., Ltd.	50,000,000.00	February 25, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd. (guaranteed currency is USD)	2,000,000.00	May 2, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Storage Technology Co., Ltd.	10,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each	No

			note discounted by China Merchants Bank during the credit period	
Zhejiang Huachuang Vision Technology Co., Ltd.	50,000,000.00	May 11, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
Wuxi Dahua Ruipin Technology Co., Ltd.	10,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
Zhejiang Huafei Intelligent Technology CO., LTD.	10,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
Zhejiang Huaxiao Technology Co., Ltd.	10,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
Zhejiang Dahua Jinzhi Technology Co., Ltd.	10,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	No
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	May 29, 2021	Additional three years from the effective date of the commitment letter to the maturity date of each note discounted by China Merchants Bank during the credit period	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
Zhejiang Huanuokang Technology Co., Ltd.	Selling of fixed assets		64,475.38
Ruicity Digital Technology Co., Ltd. and its affiliates	Selling of fixed assets	112,127.64	142,819.61
Zhejiang Leapmotor Technology Co., Ltd and its affiliates	Procurement of fixed assets	1,157,719.80	196,477.09

(5) Remuneration for key management personnel

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Salary of key management personnel	5,430,399.52	6,528,420.50

(6) Other related-party transactions

1. On January 8, 2021, the Eighth Meeting of the Seventh Board of Directors of the Company deliberated and approved the "Proposal on Joint Capital Increase and Related Party Transactions", and agreed that the Company and related parties Zhang Xingming, He Chao, Ningbo Huaqi Investment Management Partnership (Limited Partnership), Hangzhou Kangpi Enterprise Management Partnership (Limited Partnership) and non-related party Yao Weizhong to sign the "Agreement on Equity Transfer and Capital Increase of Zhejiang Healnoc Technology Co., Ltd.". The Company and related parties Zhang Xingming, He Chao, Ningbo Huaqi Investment Management Partnership (Limited Partnership), Hangzhou Kangpi Enterprise Management Partnership (Limited Partnership) and non-related party Yao Weizhong contributed RMB 50 million in total to Zhejiang Healnoc Technology Co., Ltd. (referred to as "Healnoc") as capital increase. Among them, the Company invested RMB 20 million of its own funds, holding 20% of Healnoc equity, and Healnoc became a shareholding company. The change of industrial and commercial registrations for the above matter was completed in February 2021.

2. On January 22, 2021, the First Extraordinary Meeting of Shareholders in 2021 deliberated and approved the "Proposal on Giving up Shareholding Companies' Equity Increase Rights and Related Party Transactions". A total of 14 investors, including Zhu Jiangming, Gao Dong, Chen Jinxia, and Ningbo Huaqi Investment Management Partnership (Limited Partnership), made a B-1 round of capital increase in Leapmotor Technology. The related transaction amount involved in companies giving up the right to increase capital in the same proportion was RMB 458.459 million. The change of industrial and commercial registrations for the above matter was completed in January 2021.

3. On January 27, 2021, the Ninth Meeting of the Seventh Board of Directors of the Company deliberated and approved the "Proposal on Giving up Shareholding Companies' Equity Increase Rights and Related Party Transactions". A total of 10 investors, including Zhejiang Mituo Investment Co., Ltd., Gao Dong, Huzhou Heninghai Investment Partnership (Limited Partnership), intended to make a B-2 round of capital increase in Leapmotor. The amount of related party transactions involved in the companies' giving up the right to increase capital in the same proportion was RMB 0.16683546 billion. The change of industrial and commercial registrations for the above matter was completed in January 2021.

4. On April 22, 2021, the "Proposal on Giving Up the Right to Increase Capital and Pre-emptive Rights of a Subsidiary in the Same Proportion and Related Transaction" was deliberated and approved at the Fourteenth Meeting of the Seventh Session of the Board of Directors of the Company, in which a total of 5 investors, including CICC Huarui Technology Employee Shareholding No. 1 Single Asset Management Plan, intended to increase capital to Zhejiang Huarui Technology Co., Ltd., with a total capital increase of RMB 9,545,783. Based on the shareholding structure after the above capital increase, Ningbo Huayu Investment Management Partnership (Limited Partnership), shareholder of Huarui Technology, intended to transfer its 44.10% shareholding of Huarui Technology to a total of 24 investors including CICC Huarui Technology Employee Shareholding No. 1 Single Asset Management Plan, at a total price of RMB 244,309,237. The Company waived the preferential subscription right and the preemptive right to purchase the above-mentioned equity interests. The change of industrial and commercial registrations for the above matter was completed in April 2021.
5. On June 7, 2021, the "Proposal on Capital Increase and Related Transaction of Holding Subsidiary" was deliberated and approved at the Sixteenth Meeting of the Seventh Board of Directors of the Company, which agreed that the Company and the related legal person Zhejiang Huashi Investment Management Co., Ltd. jointly increased the capital of the holding subsidiary Zhejiang Huaxiao Technology Co., Ltd. in the same proportion. The company increased its capital by RMB10.2 million with its own funds, and after the completion of the capital increase, the registered capital of Huaxiao Technology increased from RMB 50 million to RMB 70 million. The change of industrial and commercial registrations for the above matter was completed in June 2021.
6. On June 29, 2021, the "Proposal on Joint Investment and Establishment of Industrial Fund and Related Transaction with Related Parties" was deliberated and approved at the Eighteenth Meeting of the Seventh Session of the Board of Directors of the Company, which agreed to establish Zhoushan Huayan Chuangxi Equity Investment Partnership (Limited Partnership) with a total of 19 investors, including Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd. The form of the Industrial Fund is a limited partnership with a total fund scale of RMB 150.1 million; Huayan Capital, as the fund manager, contributes RMB 100,000 in currency, holding 0.07% of the shares, and Dahua Shares contributes RMB 50 million in currency, holding 33.32% of the shares. The matter is still in progress.

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 Leapmotor Technology Co., Ltd and its affiliates	30,762,326.83	1,550,779.35	20,226,671.24	1,097,618.01
Accounts receivable	Zhejiang Zhian Internet of Things Engineering Co., Ltd.	100,000.00	30,000.00	100,000.00	10,000.00
Accounts receivable	Guangdong Dahua Zhishi Technology Co., Ltd.	12,670,875.40	633,543.77	9,674,896.53	483,744.83
Accounts receivable	Ningbo Dahua Anbang Security Services Co., Ltd.	644,510.00	32,225.50	826,971.00	41,348.55

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Accounts receivable	Hangzhou Xintu Technology Co., Ltd.	47,473.26	2,373.66	94,500.00	4,725.00
Accounts receivable	Hangzhou Xunwei Robotics Technology Co., Ltd.	7,200.00	360.00	15,300.00	765.00
Accounts receivable	Hangzhou Nuoqia Technology Co., Ltd.	2,099.00	104.95	48,305.00	2,415.25
Accounts receivable	China Standard Intelligent Security Technology Co., Ltd.	1,017,406.10	184,290.85	1,017,723.17	94,223.41
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd.	1,801,425.53	90,071.28	1,106,873.88	73,242.70
Accounts receivable	Intelbras S.A.	195,449,590.28	9,772,606.21	208,554,357.60	10,427,717.88
Accounts receivable	Shaoxing Dahua Security Services Co., Ltd.	50,000.00	5,000.00	50,000.00	5,000.00
Accounts receivable	South-North United Information Technology Co., Ltd.			29,508,038.92	6,150,422.02
Accounts receivable	Ruicity Digital Technology Co., Ltd. and its affiliates	22,074,231.76	1,103,711.59	12,589,716.40	629,485.82
Accounts receivable	Hangzhou Juhuanyan Information Technology Co., Ltd.	1,223,000.00	219,041.50	1,223,000.00	92,728.30
Accounts receivable	Zhoushan Dahua Technology Co., Ltd.	78,065.00	3,903.25		
Accounts receivable	Others	132,288,139.25	9,113,249.13	2,228,554.7	111,428.76
Prepayment	Others	20,195,635.70		9,430,662.05	
Prepayment	Zhejiang Leapmotor Technology Co., Ltd and its affiliates	119,200.00		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	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	62,720,000.00	3,136,000.00
Other Receivable	Zhoushan Zhixin Equity Investment Partnership (Limited Partnership)	64,680,000.00	3,234,000.00	64,680,000.00	3,234,000.00

s					
Other Receivables	Zhejiang Leapmotor Technology Co., Ltd and its affiliates			5,600.00	280.00
Other Receivables	Others	1,247,969.22	299,940.46	54,751.47	2,737.57

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening book balance
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd and its affiliates	11,943,849.77	11,126,290.19
Accounts Payable	Ningxia Shendun Security Services Co., Ltd.	350,375.00	350,375.00
Accounts Payable	Hangzhou Nuoqia Technology Co., Ltd.	1,863,441.59	2,371,466.69
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd.	1,107,343.59	1,018,404.74
Accounts Payable	Wangsu Technology Co., Ltd.	18,000.00	18,000.00
Accounts Payable	Others	56,790,867.78	
Contract liabilities	Hangzhou Nuoqia Technology Co., Ltd.		353.98
Contract liabilities	Zhejiang Leapmotor Technology Co., Ltd and its affiliates	1,195,593.81	982,300.88
Contract liabilities	South-North United Information Technology Co., Ltd.		6,371.68
Contract liabilities	Ruicity Digital Technology Co., Ltd. and its affiliates		112,127.64
Contract liabilities	Hangzhou Juhuanyan Information Technology Co., Ltd.	250,000.00	250,000.00
Contract liabilities	Zhejiang Zhihua IOT Technology Limited	2,830.19	
Contract liabilities	Hangzhou Xintu Technology Co., Ltd.	3,721.17	
Contract	Others	1,478,163.34	

liabilities			
Other Payables	Zhejiang Leapmotor Technology Co., Ltd and its affiliates	173,520.00	173,520.00
Other Payables	Others	720,000.00	

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	-
Total amount of equity instruments exercised by the Company in current period	29,431,520 shares of restricted stock
Total amount of equity instruments of the Company invalidated in current period	1,028,860 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	The first-grant price of restricted stock granted under the Restricted Stock Incentive Plan in 2018 was RMB 8.17 per share, and the remaining term of the contract was 20 months; the grant price of the reserved granted restricted stock was 8.75 yuan per share, and the remaining term of the contract was 20 months. In 2020, the grant price of restricted stock granted under the Restricted Stock Incentive Plan is RMB 7.467 per share, the remaining period of the contract is 23 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	470,599,182.63

Amount of equity-settled share-based payment confirmed in current period	80,843,507.92
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3. Situation of cash-settled share-based payment

Applicable Not applicable

XIV. Commitments and contingencies

1. Significant commitments

Important commitments on the balance sheet day

As of June 30, 2021, the pledges of the company are as follows:

(1) On August 19, 2016, Xinjiang Dahua Zhixin Information Technology LLC, as a subsidiary, pledged its future accounts receivable of 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 June 30, 2021, the amount of receivables pledged was RMB 209,459,399.05 (including the balance of long-term receivables of RMB 178,385,721.02 and the balance of non-current assets of RMB 31,073,678.03 due within one year). The loan balance under the guarantee contract was RMB 128,000,000.00 (including the long-term loans of RMB 103,000,000.00 and the non-current liabilities of RMB 25,000,000.00 due within one year).

(2) On June 28, 2019, Zhejiang Dahua Technology Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the (33100000) ZSZCCZ (2019) No. 12373 Asset Pool Pledge Guarantee Contract (Contract Term: June 28, 2019 to June 28, 2021). On June 29th, 2021, Zhejiang Dahua Technology Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. renewed the (33100000) ZSZCCZ (2021) No. 13431 Asset Pool Pledge Guarantee Contract (Contract Term: June 29, 2021 to June 29, 2022), to provide guarantee for the Asset Pool Business Cooperation Agreement signed by the Company, its subsidiary Zhejiang Dahua Vision Technology Co., Ltd., its subsidiary Zhejiang Dahua System Engineering Co., Ltd., its subsidiary Guangxi Dahua Information Technology Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd., with the maximum financing amount of the fund pledge pool not exceeding RMB 3 billion.

Under this note pool business, as of June 30, 2021, Zhejiang Dahua Technology Co., Ltd. has RMB 590,293,741.29 of undue notes receivable (including RMB 580,000,000.00 of related party bills receivable within the consolidated scope), its subsidiary Zhejiang Dahua Vision Technology Co., Ltd. has RMB 623,227,941.27 of undue notes receivable (including RMB 100,000,000.00 of related party bills receivable within the consolidated scope), and its subsidiary Zhejiang Dahua System Engineering Co., Ltd. has RMB 6,641,384.68 of undue notes receivable. Under the pledge, Zhejiang Dahua Technology Co., Ltd. issued RMB 16,874,532.77 of bank acceptance bills, its subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued RMB 1,148,501,714.35 of bank acceptance bills, and its subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued RMB 811,669.15 of bank acceptance bills.

(3) On November 23, 2020, Zhejiang Dahua Zhilian Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the (33100000) ZSZCCZ (2020) No. 28875 Asset Pool Pledge Guarantee Contract (Contract Term: November 23, 2020 to June 28, 2021). On June 29, 2021, Zhejiang Dahua Zhilian Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. renewed the (33100000) ZSZCCZ (2021) No. 14619 Asset Pool Pledge and Guarantee Contract (Contract Term: from June 29, 2021 to June 29, 2022), to provide a guarantee for the Notes Pool Business Cooperation Agreement signed by Zhejiang Dahua Zhilian Co., Ltd. and Zheshang Bank Co., Ltd. The financing amount for the fund pledge pool shall not

exceed RMB 0.5 billion.

Under this note pool business, as of June 30, 2021, Zhejiang Dahua Zhilian Co., Ltd. has RMB 23,719,523.56 of undue notes receivable for issuing acceptance bills. Under the pledge, Zhejiang Dahua Zhilian Co., Ltd. issued RMB 20,124,055.34 of bank acceptance bills.

(3) Zhejiang Dahua Technology Co., Ltd. and Hangzhou Branch of China Merchants Bank Co., Ltd. entered into the Special Credit Agreement for Notes Pool Business, which promised a special credit line of RMB 2 billion for the notes pool to be allocated to its subsidiaries: Zhejiang Dahua Vision Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Hangzhou Huacheng Network Technology Co., Ltd., Zhejiang Fengshi Technology Co., Ltd., Zhejiang HuaRay Technology Co., Ltd., and Zhejiang Dahua Zhilian Co., Ltd. As of June 30, 2021, Zhejiang Dahua Technology Co., Ltd. has RMB 2,702,695.15 of undue notes receivable, its subsidiary Zhejiang Dahua Vision Technology Co., Ltd. has RMB 137,255,796.12 of undue notes receivable (including RMB 10,000,000.00 of related party bills receivable within the consolidated scope), its subsidiary Hangzhou Huacheng Network Technology Co., Ltd. has RMB 553,230.00 of undue notes receivable, and its subsidiary Zhejiang Fengshi Technology Co., Ltd. has RMB 2,530,000.00 of undue notes receivable pledged for issuing bank acceptance bills. Under the pledge, its subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued RMB 2,143,046.99 of bank acceptance bills, its subsidiary Hangzhou Huacheng Network Technology Co., Ltd. issued RMB 89,824,929.61 of bank acceptance bills, and its subsidiary Zhejiang Fengshi Technology Co., Ltd. issued RMB 42,626,897.54 of bank acceptance bills.

2. Contingencies

(1) Important contingent matters on the balance sheet day

No important contingent matters on the balance sheet date

(2) Even if the company has no important contingencies to disclose, it shall give explanation

No important contingent matter needs to be disclosed by the Company.

XV. Events after the Balance Sheet Date

Events after the balance sheet date that do not need to be disclosed in the current period

XVI. Other Significant Events

1. Subsection information

(1) Basis for determining the reporting subsection and the accounting policy

The company determines its operating divisions based on the internal organizational structure, management requirements and internal reporting system, etc. The company has only one operating division, namely the R & D, 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	7,777,087,103.47	4,685,553,053.26
Overseas	5,727,918,630.42	3,225,161,875.71
Total	13,505,005,733.89	7,910,714,928.97

Product subsection

Unit: RMB

Item	Operating income	Operating Cost
Smart IoT products and solutions	11,574,586,946.32	6,477,078,712.53
Of which: software business	551,302,402.99	163,767,869.40
Innovative business	1,197,068,199.15	805,660,868.12
Others	733,350,588.42	627,975,348.32
Total	13,505,005,733.89	7,910,714,928.97

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	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Including:										
Accounts receivables with the bad debt provision accrued based on combinations	4,989,564,802.09	100.00%	92,878,920.23	1.86%	4,896,685,881.86	2,826,617,475.98	100.00%	86,465,236.63	3.06%	2,740,152,239.35
Including:										
Portfolio 1: Related Parties Portfolio	4,019,543,525.13	80.56%			4,019,543,525.13	1,932,175,484.83	68.36%			1,932,175,484.83

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Portfolio 2: Aging Analysis	970,021,276.96	19.44%	92,878,920.23	9.57%	877,142,356.73	894,441,991.15	31.64%	86,465,236.63	9.67%	807,976,754.52
Portfolio										
Total	4,989,564,802.09	100.00%	92,878,920.23		4,896,685,881.86	2,826,617,475.98	100.00%	86,465,236.63		2,740,152,239.35

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	734,787,592.39	36,739,379.62	5.00%
1 to 2 years	166,749,028.78	16,674,902.88	10.00%
2 to 3 years	31,739,273.19	9,521,781.96	30.00%
3 to 4 years	11,810,976.15	5,905,488.08	50.00%
4 to 5 years	4,485,193.79	3,588,155.03	80.00%
5 years or above	20,449,212.66	20,449,212.66	100.00%
Total	970,021,276.96	92,878,920.23	--

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	Balance at the End of the Period
Within 1 year (including 1 year)	4,686,674,470.49
1 to 2 years	201,288,024.00
2 to 3 years	40,762,688.26
3 years or above	60,839,619.34
3 to 4 years	23,643,456.86
4 to 5 years	5,284,603.14
5 years or above	31,911,559.34
Total	4,989,564,802.09

(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	86,465,236.63	6,389,796.36			23,887.24	92,878,920.23
Total	86,465,236.63	6,389,796.36			23,887.24	92,878,920.23

(3) Accounts receivable actually written off in this period

No accounts receivable actually written off in this period

(4) Accounts receivable of the top five closing balances collected by debtors

The accounts receivables of the top five closing balance collected by the arrears are summed up to 4,130,531,853.22-yuan, accounting for 82.78% of the total closing balance of the accounts receivables, the closing balance of bad debt provisions accrued is summed up to 8,870,616.09 yuan.

(5) Accounts receivable derecognized due to the transfer of financial assets

There are no accounts receivable derecognized due to the transfer of financial assets in this period.

(6) Amount of assets and liabilities formed by transfer of accounts receivable and continuing involvement

Amount of assets and liabilities formed by transfer of accounts receivable and continuing involvement in the current period

2. Other receivables

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
Other Receivables	12,569,808,120.45	13,796,461,689.02
Total	12,569,808,120.45	13,796,461,689.02

(1) Other accounts receivable**1) Other receivables categorized by the nature of the funds**

Unit: RMB

Nature of the funds	Closing balance	Opening book balance
Deposits	41,419,009.16	30,677,198.60
Prepaid or advance expense	45,589,302.55	39,286,222.84
Equity Transfer Fund	588,000,000.00	588,000,000.00
Employee home loan	77,390,223.99	86,870,816.57
Incomings and outgoings	11,869,943,982.59	13,102,867,304.50

Others	3,868,628.42	5,061,884.88
Total	12,626,211,146.71	13,852,763,427.39

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, 2021	52,038,067.76	3,625,283.30	638,387.31	56,301,738.37
Balance in the Current Period on January 1, 2021	—	—	—	—
--Transfer to phase two	-859,905.17	859,905.17		
--Transfer to phase three	-7,280.00	-51,530.00	58,810.00	
Provisions of this period	129,313.02		49,451.51	178,764.53
Reversal of the current period		77,476.64		77,476.64
Balance on June 30, 2021	51,300,195.61	4,356,181.83	746,648.82	56,403,026.26

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Balance at the End of the Period
Within 1 year (including 1 year)	11,739,098,893.95
1 to 2 years	240,396,769.21
2 to 3 years	622,803,652.18
3 years or above	23,911,831.37
3 to 4 years	17,175,201.68
4 to 5 years	5,388,147.34
5 years or above	1,348,482.35
Total	12,626,211,146.71

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	56,301,738.37	178,764.53	77,476.64			56,403,026.26
Total	56,301,738.37	178,764.53	77,476.64			56,403,026.26

4) Accounts receivable actually written off in this period

There's no actual written-off accounts receivable in this period.

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	8,138,628,511.25	RMB 8,137,680,605.42 within 1 year, RMB 947,894.82 for 1-2 years and RMB 11.01 for 2-3 years	64.46%	
Company 2	Incomings and outgoings	1,609,097,559.05	Within 1 year	12.74%	
Company 3	Incomings and outgoings	818,285,111.83	RMB 761,614,290.09 within 1 year, 56,670,821.74 for 1-2 years	6.48%	
Company 4	Incomings and outgoings	438,458,642.74	RMB 25,596,991.82 within 1 year, RMB 30,056,859.69 for 1-2 years, RMB 382,804,791.23 for 2-3 years	3.47%	
Company 5	Incomings and outgoings	320,846,120.30	RMB 271,685,329.76 within 1 year, RMB 49,160,790.54 for 1-2 years	2.54%	
Total	--	11,325,315,945.17	--	89.69%	

3. Long-term equity investment

Unit: RMB

Item	Balance at the End of the Period	Balance at the Start of the Period
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	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Investment in subsidiaries	3,659,666,877.16		3,659,666,877.16	3,598,917,483.61		3,598,917,483.61
Investment in affiliates and joint ventures	420,832,878.31		420,832,878.31	61,493,073.68		61,493,073.68
Total	4,080,499,755.47		4,080,499,755.47	3,660,410,557.29		3,660,410,557.29

(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.	533,280,154.61	5,588,203.39				538,868,358.00	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	27,240,264.48	-12,754.64				27,227,509.84	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00					5,100,000.00	
Guangxi Dahua Information Technology Co., Ltd.	6,289,815.02	67,635.35				6,357,450.37	
Dahua Technology (HK) Limited	608,628,700.00					608,628,700.00	

Zhejiang Dahua Security Service Co., Ltd.	180,383.54	-32,541.88				147,841.66	
Zhejiang Dahua Vision Technology Co., Ltd.	669,609,997.31	5,058,770.44				674,668,767.75	
Guangxi Dahua Security Service Co., Ltd.	20,002,580.76					20,002,580.76	
Hangzhou Xiaohua Technology CO., LTD.	5,813,279.51	84,353.48				5,897,632.99	
Zhejiang Dahua Zhilian Co., Ltd.	1,001,165,918.91	292,730.38				1,001,458,649.29	
Zhejiang Dahua Investment Management Co., Ltd.	62,175,000.00					62,175,000.00	
Guangxi Dahua Zhicheng Co., Ltd.	71,226,231.21	-4,116.36				71,222,114.85	
Hangzhou Huacheng Network Technology Co., Ltd.	29,566,484.68	476,899.83				30,043,384.51	
Zhejiang HuaRay Technology Co., Ltd.	32,352,342.50	1,085,920.86				33,438,263.36	
Hangzhou Fuyang Hua'ao	5,100,000.00					5,100,000.00	

Technology Co., Ltd.							
Zhejiang Huafei Intelligent Technology CO., LTD.	25,616,346.82	254,145.78				25,870,492.60	
Zhejiang Huachuang Vision Technology Co., Ltd.	30,091,777.77	527,689.48				30,619,467.25	
Zhejiang Fengshi Technology Co., Ltd.	9,006,836.94	5,839.38				9,012,676.32	
Dahua Technology Holdings Limited	8,102,000.00					8,102,000.00	
Zhejiang Huaxiao Technology Co., Ltd.	28,023,346.51	10,341,818.49				38,365,165.00	
Xi'an Dahua Zhilian Technology Co., Ltd.	56,197,022.50	36,226.90				56,233,249.40	
Wuxi Dahua Ruipin Technology Co., Ltd.	12,875,213.66	5,122,001.12				17,997,214.78	
Zhejiang Huaxuan Technology Co., Ltd.	55,525,681.73	-14,570.04				55,511,111.69	
Beijing Huayue Shangcheng Information Technology Service Co.,	10,583,863.46	200,854.05				10,784,717.51	

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Ltd.							
Zhejiang Dahua Jinzhi Technology Co., Ltd.	60,000,000.00					60,000,000.00	
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	1,673,832.92	107,966.48				1,781,799.40	
Sichuan Dahua Guangxun Photoelectric Technology Co., Ltd.	5,530,000.00					5,530,000.00	
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 Dahua Storage Technology Co., Ltd.	8,295,404.08	17,395,619.87				25,691,023.95	
Zhejiang Huaruijie Technology Co., Ltd.	51,267,388.28	103,118.00				51,370,506.28	
Chengdu Dahua Zhilian Information	45,851.60	20,311.42				66,163.02	

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Technology Co., Ltd.							
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 Security Inspection Technology Co., Ltd.		13,677,159.92				13,677,159.92	
Dahua Technology USA Inc.		2,395.40				2,395.40	
Xinjiang Dahua Zhixin Information Technology Co., Ltd.	2,055.08					2,055.08	
Guangxi Huacheng Technology Co., Ltd.	135,146.72	29,563.34				164,710.06	
Hangzhou Huacheng Software Technology Co., Ltd.	478,183.81	313,618.71				791,802.52	
Dahua Technology Canada Inc.	96,379.20	20,534.40				116,913.60	
Total	3,598,917,483.61	60,749,393.55				3,659,666,877.16	

(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											
Ruicity Digital Technology Co., Ltd.	57,944,111.48			-3,588,203.81						54,355,907.67	
Zhejiang Leapmotor Technology Co., Ltd.				-164,798,905.92		518,754,247.99				353,955,342.07	
Digital Dongyang Technology Operation Co., Ltd.	2,400,000.00			-134,417.30						2,265,582.70	
Hangzhou Juhuan Information Technology Co., Ltd.	1,148,962.20			-425,465.81						723,496.39	
Guangdong Dahua Zhishi Technology Co., Ltd.				142,478.81					-142,478.81		
Zhejiang Huanuokang Technology Co., Ltd.		12,000,000.00		-2,467,450.52						9,532,549.48	
Subtotal	61,493,073.68	12,000,000.00		-171,271,964.55		518,754,247.99			-142,478.81	420,832,878.31	
Total	61,493,073.68	12,000,000.00		-171,271,964.55		518,754,247.99			-142,478.81	420,832,878.31	

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	4,149,060,053.90	513,023,110.70	3,604,445,938.19	448,774,239.46
Other businesses	18,099,876.19	13,149,498.58	20,539,391.76	15,525,330.75
Total	4,167,159,930.09	526,172,609.28	3,624,985,329.95	464,299,570.21

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	-171,271,964.55	-45,152,368.00
Investment income from disposal of long-term equity investment	281,454.95	
Investment Income from Disposal Trading Financial Assets	8,493,150.68	
Investment income from possession of other non-current financial assets	5,364,955.30	7,307,215.11
Investment income from treasury bond reverse repurchase	169,645.79	210,491.25
Total	-156,962,757.83	-37,634,661.64

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	32,626,494.62	
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)	71,089,591.16	
Gains or losses from investment or asset management entrusted to	72,949,692.60	

others		
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	78,425,697.53	
Non-Operating Revenue and expenses other than the above	2,069,343.56	
Other gains and losses items that fit the definition of non-recurring gains and losses	169,645.79	
Less: Impact of income tax	42,970,480.79	
Impact of minority equity	10,776,144.14	
Total	203,583,840.33	--

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	7.92%	0.56	0.56
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	6.94%	0.49	0.49

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.

Applicable Not applicable

Zhejiang Dahua Technology Co., Ltd.

Chairman: Fu Liquan

August 28, 2021