Zhejiang Dahua Technology Co., Ltd.

2023 Semi-Annual Report

August 26, 2023

This document is a translated version of the Chinese version 2023 Semi-Annual Report ("2023 年半年度报告"), and the published semi-annual report in the Chinese version shall prevail.

The complete published Chinese 2023 Semi-Annual Report may be obtained at http://www.cninfo.com.cn.

Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management hereby guarantee that the information presented in this report are true, accurate, and complete without 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 semiannual 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 counter-measures to avoid and reduce the risks.

(1) Risk of technology upgrading: The smart IoT industry is a typical technology-intensive industry, featuring extremely fast upgrading. If the Company is unable to keep up with development trends of industrial technologies, to pay full attention to customers' diversified needs, and to devote sufficient R&D investments, it may still face the risk of losing market competitiveness due to discontinuous innovation. By increasing R & D investment, the Company continues to strengthen research on such core technologies as AI, video cloud,

and machine vision, and reserves product, technology, management and talent resources for a broader market in the future, so as to achieve sustainable and steady business development.

(2) Risk of business model change: With the development of network communications, cloud computing, big data, and AI, among other technologies, as well as the upgrades of smartphone applications, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise fails to grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market pattern 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 smart IoT industry, the continuous integration of video, information communication and digital technologies, and the diversification and uncertainty of customer demands. While consolidating its current advantageous market, the Company is also actively exploring and piloting new businesses and new commercial modes, with business and technical layout.

(3) Risk of declined local fiscal payment capacity: At present, local fiscal debt is relatively high. If the local fiscal payment capacity declines, it may slow down the growth of industry demands, prolong the construction period of projects, extend the collection of capitals, and delay customers' payment. The Company continues to improve the internal control system and optimize the project review methods, select local projects carefully and assess project risks systematically with prudent assessment of the market logic and cash flow balance logic, and

reasonable control of risks. In addition, it formulates plans to deal with potential risks such as cash flow shortage, project delay, and payment delay.

(4) Exchange rate risk: The Company's export transactions have been mostly settled in U.S. dollars. As our overseas business is in continuous growth, the fluctuation of exchange rate may affect our profitability. The Company hedges and avoids exchange rate risks by centralized management of foreign exchange funds and hedging of purchase payments in line with its main use of U.S. dollars as the settlement currency.

(5) Risk of product safety: The Company attaches great importance to and continuously strengthens resource investment to ensure safe and reliable system operations so as to respond to 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 plans, ensuring product safety in the whole process from demands, design, to coding and testing. At the same time, the Company actively carries out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

(6) Intellectual property risk: The promotion of the Company's globalization strategy and its own brand strategy may expose the Company to intellectual property rights risks and patent infringement, as well as such risks as business

relations, fluctuations in the public opinion environment, increased legal proceedings and rising costs. With a high priority on technological innovation, the Company has established a mechanism for the protection and management of intangible assets such as innovation achievements, own brands and trade secrets, so as to continuously gather advantageous intellectual property assets; with the establishment of an intellectual property compliance and risk control system, the Company continuously strengthens its ability to understand and master intellectual property laws and regulations as well as the administrative and judicial environment in the regions where it operates.

(7) Risk of international operations: The Company's products and solutions are available in more than 100 countries and regions overseas. As such, its international business operations may be exposed to risks of trade protection (e.g. FCC ban in the U.S.) and political situations (e.g. local wars) in the countries and regions where it operates. The Company actively guards against and responds to risks of international operations by establishing an overseas compliance risk control system. It continuously strengthens the understanding and adaptability of the laws and regulations as well as the political and economic environment of the regions where its business is involved, and formulates differentiated business strategies based on "one country, one policy" in accordance with the changes in politics and economy of different regions to reduce operational risks.

(8) Risk of the supply chain: The Company comprehensively reviews all kinds of potential risks in the supply chain, and strengthens the ability of continuous safe supplies of key materials to ensure supply chain security by developing backup solutions and building rich channels with diversified supply sources.

The Company plans not to pay cash dividend, give bonus shares, or convert capital reserve into share capital.

Table of Contents

Documents Available for Reference

i. Financial statements signed and sealed by the Company's person in charge, the chief accountant, and the person in charge of accounting department (accounting officer).

ii. The original of all the Company's documents publicly disclosed during the reporting period and the original of the announcement.

iii. The said documents need to be prepared and placed at the Company's Securities Department for reference by investors.

Definitions

Item of definition	Refers To	Definitions
Reporting Period	Refers To	From January 1, 2023 to June 30, 2023
Dahua, company, the company	Refers To	Zhejiang Dahua Technology Co., Ltd.
Dahua System Engineering, System Engineering Company	Refers To	Zhejiang Dahua System Engineering Co., Ltd.
Dahua Vision Technology	Refers To	Zhejiang Dahua Vision Technology Co., Ltd.
Dahua Security Network, Operation Company	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.
Guangxi Yunlian	Refers To	Guangxi Dahua Yunlian Information Technology Co., Ltd.
Xiaohua Technology, Hangzhou Xiaohua	Refers To	Hangzhou Xiaohua Technology CO., LTD.
Dahua Zhilian	Refers To	Zhejiang Dahua Zhilian Co., Ltd.
Dahua Investment, Dahua Investment Management	Refers To	Zhejiang Dahua Investment Management Co., Ltd.
Guangxi Zhicheng, Dahua Zhicheng	Refers To	Guangxi Dahua Zhicheng Co., Ltd.
Hangzhou Huacheng, Huacheng Network	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.
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 Information, Tianjin Dahua	Refers To	Tianjin Dahua Information Technology Co., Ltd.
Hunan Dahua Zhilong, 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.
Huaruipin	Refers To	Jiangsu Huaruipin 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 Hong Kong, Dahua (HK) Limited	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.
Huayixin	Refers To	Zhejiang Huayixin 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 Network	Refers To	Chengdu Huishan Smart Network Technology Co., Ltd.
Huakong Software	Refers To	Zhejiang Huakong Software Co., Ltd.
Huacheng Software	Refers To	Hangzhou Huacheng Software Co., Ltd.
Guizhou Dahua	Refers To	Guizhou Dahua Information Technology Co., Ltd.
Henan Dahua	Refers To	Henan Dahua Zhilian Information Technology Co., Ltd.
Huajian	Refers To	Zhejiang Huajian Technology Co., Ltd.
Zhengzhou Dahua Zhian	Refers To	Zhengzhou Dahua Zhian Information Technology Co., Ltd.
Dahua International	Refers To	Dahua Technology International Co., Ltd.
Anhui Zhilian	Refers To	Anhui Dahua Zhilian Information Technology Co., Ltd.
Anhui Zhishu	Refers To	Anhui Dahua Zhishu Information Technology Co., Ltd.
Changsha Dahua	Refers To	Changsha Dahua Technology Co., Ltd.
Tianjin Huajian	Refers To	Tianjin Huajian Technology Co., Ltd.
Wuhu Huajian	Refers To	Wuhu Huajian Technology Co., Ltd.
Zhejiang Pixfra	Refers To	Zhejiang Pixfra Technology Co., Ltd.
Yiwu Huaxi	Refers To	Yiwu Huaxi Technology Co., Ltd.
Dahua Operation	Refers To	Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.
Nanyang Intelligent	Refers To	Nanyang Dahua Intelligent Information Technology Co., Ltd.
Yibin Huahui	Refers To	Yibin Huahui Information Technology Co., Ltd.

Chengdu Huazhiwei	Refers To	Chengdu Huazhiwei Technology Co., Ltd.
IMOU Xi'an	Refers To	Xi'an IMOU Zhilian Technology Co., Ltd.
Luoyang Zhiyu	Refers To	Luoyang Dahua Zhiyu Information Technology Co., Ltd.
Huaqi Intelligence	Refers To	Zhejiang Huaqi Intelligent Technology Co., Ltd.
Chengdu Information	Refers To	Chengdu Dahua Wisdom Information Technology Co., Ltd.
Huajian Technology	Refers To	Zhejiang Huajian 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 ESERVIÇOS 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. zo.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 Sanayive 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 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 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 Service	Refers To	VISMEXTECH DHM SERVICIOS, S.A. DEC.V.
Huacheng Netherlands	Refers To	Imou Network Technology Netherlands B.V.
Dahua Japan	Refers To	Dahua Technology Japan LLC
Huacheng Hong Kong	Refers To	Huacheng Network (HK) Technology Limited
Dahua Qatar	Refers To	Dahua Technology QFZ LLC
Dahua Pacific	Refers To	Dahua Technology Pacific S.A
INTELBRAS S.A.	Refers To	INTELBRAS S.A. INDÚSTRIA DE TELECOMUNICAÇÃO ELETRÔNICA BRASILEIRA
Dahua Saudi Arabia	Refers To	Dahua Technology Middle East for Maintenance Single Person Company
Dahua Bengal	Refers To	Dahua Technology Bangladesh Private Limited
IMOU Australia	Refers To	IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD
IMOU Vietnam	Refers To	CÔNG TY TNHH CÔNG NGHỆ IMOU NETWORK VIỆT NAM
HuaRay Singapore	Refers To	HUARAY TECHNOLOGY SINGAPORE PTE. LTD.
Dahua Belgium Co.	Refers To	Dahua Technology Belgium BV
Dahua Saudi Arabia Co.	Refers To	Dahua Technology Regional Headquarters
Dahua Argentina Co.	Refers To	Dahua Technology Azerbaijan LLC
Dahua Vietnam Co., Ltd.	Refers To	Dahua Technology Vietnam Company Limited

Section II Company Profile and Key Financial Indicators

I. Company Overview

Stock Abbreviation	DAHUA	Stock Code	002236
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	Zhejiang Dahua Technology Co., Ltd.		
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	Li Sirui
Contact Address	No. 1399 Bixing Road, Binjiang District, Hangzhou City	No. 1399 Bixing Road, Binjiang District, Hangzhou City
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, the Company's office address and its postal code, the Company's website, e-mail address, etc. have changed during the reporting period

□ Applicable ☑ Not applicable

There is no change in the Company's registered address, the Company's office address and its postal code, the Company's website, e-mail address, etc. during the reporting period. Refer to the 2022 Annual Report for details.

2. Information Disclosure and Location

Whether the information disclosure and location have changed during the reporting period

□ Applicable ☑ Not applicable

There is no change in the name and website of the stock exchange and media outlets disclosed in the semi-annual report, or the location of the semi-annual report. Refer to the 2022 Annual Report for details.

3. Other Related Information

Whether there is any change in other related information

□ Applicable ☑ Not applicable

IV. Key Accounting Data and Financial Indicators

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

□ Yes ☑ No

	Current reporting period	Same period of last year	Increase/decrease ratio compared with the same period of last year
Operating revenue (RMB)	14,633,547,280.64	14,087,085,840.97	3.88%
Net profit attributable to shareholders of the listed Company (RMB)	1,976,018,373.13	1,519,848,967.71	30.01%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,754,769,829.96	1,255,639,844.11	39.75%
Net cash flow generated by operational activities (RMB)	262,696,745.71	-1,727,794,646.76	115.20%
Basic Earnings per Share (RMB/Share)	0.63	0.51	23.53%
Diluted Earnings per Share (RMB/Share)	0.63	0.51	23.53%
Weighted Average ROE	6.70%	6.27%	0.43%
	End of the reporting period	End of the last year	Increase/decrease ratio at the end of the current reporting period compared with the end of last year
Total assets (RMB)	48,857,796,042.93	46,252,893,804.54	5.63%
Net assets attributable to shareholders of the listed company (RMB)	32,372,695,713.25	25,836,798,918.61	25.30%

V. Differences in accounting data Under 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

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)	174,686,029.13	
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company, in line with national policies, and consecutively received by a standard quota or quantity)	69,161,827.70	
Gains or losses from investment or asset management entrusted to others	43,299,295.17	
Profits and losses resulting from the changes in fair value for holding trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities, and financial assets available for trading, excluding the effective hedging businesses related to the regular business operation of the Company	59,884,244.14	
Reversal of the receivables depreciation reserves for separate impairment test	4,513.91	
Non-Operating Revenue and expenses other than the above	3,513,400.79	
Other gains and losses items that fit the definition of non-recurring gains and losses	-55,002,533.78	
Less: Impact of income tax	72,883,163.54	
Impact of minority equity (after tax)	1,415,070.35	
Total	221,248,543.17	

Other gains or losses that fit the definition of non-recurring gains or losses:

□ Applicable ☑ Not applicable

The Company has no other gains or losses that fit the definition of non-recurring gains or losses.

Note for the definition of non-recurring gains and losses listed in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Issuance Their Securities to the Public - Non-recurring gains and losses*, as recurring gains and losses.

□ Applicable ☑ Not applicable

The Company did not define any non-recurring gains and losses listed in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Issuance Their Securities to the Public - Non-recurring gains and losses* as recurring gains and losses.

Section III Management Discussion and Analysis

I. Main Businesses of the Company during the Reporting Period

There is no major change in the Company's main businesses during the reporting period. Refer to the 2022 Annual Report for details.

II. Core Competitiveness Analysis

There is no major change in areas of core competitiveness during the reporting period. Refer to the 2022 Annual Report for details.

III. Main Business Analysis

Overview

In the first half of 2023, China's economy has improved and the overall growth is optimistic. Considering especially the development of digital applications and AI, the Internet of Things industry has demonstrated resilience and great potential. In this context, the Company has made full use of its five capabilities of "full sensing, full intelligence, full connection, full computing, and full ecosystem". To build complete ecosystems for industries, it has been paying attention to business opportunities and demand changes in people's living, integrated traffic, energy, manufacturing, education and other sectors, while providing innovative solutions to customers and further boosting its own business performance. At the same time, the Company has continued to improve its production and operation, achieving significant business growth. This has laid solid foundation for long-term stable development of the Company.

During the reporting period, the Company has achieved operating income of RMB 14.634 billion, an increase of 3.88% on a year-on-year basis, and realized net profit attributable to shareholders of the listed Company of RMB 1.976 billion, an increase of 30.01% on a year-on-year basis. The Company has acted according to its high-quality development strategy, continuously improving its competitiveness. The Company's main business tactics include:

1. **Focus on smart IoT and boost the quality of related services**

Dahua will continue to focus on the smart IoT industry, and adhere to the strategic positioning of a video-centric smart IoT solution and service provider, and the two major business directions of cities and enterprises. With insights into industrial scenarios and profound understanding of client needs, the Company will provide refined smart IoT solutions, so as to promote high-quality, green and innovative development of the economy and society.

The Company has adhered to the altruistic principle, integrating resources to improve products, solutions and overall performance of all business areas, and increasing investment in R&D and innovation, so that it can meet the needs for digital intelligence in all walks of life. It has optimized organization and management, enhanced business and governance capabilities, operated in areas at lower administrative levels, and strengthened the global marketing network and compliance system. It has been working hard on building open ecosystems where its partners can bring their own capabilities into play, so as to create a healthy, inclusive, mutually beneficial and win-win ecosystem, and pursue the common prosperity of the IoT industry. To ensure excellence performance, the Company has been exploring highly efficient business models and high-value products and solutions, improving them and replicating their success, so as to standardize business processes and enhance employee efficiency. While maintaining the steady growth of revenue, the Company has continued to improve gross profit and cash flow, and achieved steady growth of net profit.

2. **Increase investment in research and development, and enhance innovation capabilities and core technical strengths**

The Company has been increasing investment in key technologies such as artificial intelligence, cloud computing and big data, 5G and core devices and developing relevant software. During the reporting period, the Company has invested RMB 1.815 billion in research and development, accounting for 12.4% of the operating revenue in the first half of 2023.

The Company has been increasing investment in innovation and key technologies to create technical barriers, and improving the AIoT and IoT digital intelligence platforms. The Company will continue to strengthen the research, development and commercialization of multidimensional awareness, artificial intelligence, cloud computing and big data, software platforms, machine vision and robotics, 5G, cyber security and other technologies. At the same time, the Company has been deepening its understanding of scenario-based industry solutions, focusing on valuable business areas, and designing industry-leading products, solutions and technology systems to further enhance the quality of supply and expand the business scope.

With the continuous development of artificial intelligence, in the field of vision, "industry brains" that fully combine practical experience in industries are indispensable for the commercialization of foundation models. The Company has been combining the power of foundation models with the data and knowledge of segmented industries to train visual foundation models adapted to different industries. Also, by integrating multimodal technologies, the data from different modalities will be integrated to jointly train the models, thus effectively improving the accuracy of IoT awareness.

In the future, the Company's technological breakthroughs and industrialization in the field of industry visual foundation models will lead to improvement of its generalization, accuracy and expressiveness capabilities and accelerate the promotion of digitization and intelligence of the industry, raising the technology threshold in the IoT industry and creating a new competitive edge for the Company.

3. **Optimize marketing network and improve all-round marketing capabilities**

The Company has an extensive and in-depth marketing and service network around the world, and currently has 32 provincial/regional offices in China. To improve customer coverage, the Company has been marketing in lower-level administrative areas, penetrating various industries, exploring potential customers, and working with our eco-partners to create a win-win ecosystem and build a comprehensive altruistic service platform integrating technologies, products, solutions, operations, services, and business management consultation, so as to facilitate the continuous innovation and development of our partners.

The Company has an extensive and in-depth distribution network in overseas markets, laying a solid foundation for the stable growth of its basic businesses. At the same time, the Company has been expanding brand influence and making great efforts to introduce customers to our solutions and provide relevant services. With our strong technical strength, localized sales networks, and globalized logistics and after-sales service systems, the Company has been gradually increasing the share of solution revenues in its overseas market. In addition, by continuing to cultivate international business development and management teams and enhancing local business development and organizational operation capabilities, the Company is further expanding overseas markets.

4. **Construct a win-win ecosystem that is built and shared by every player**

The Company has fully upgraded its ecosystem. With the core of eco-cooperation for value creation, the Company has optimized the ecosystem development strategy, developed innovative solutions for different scenarios, and promoted digitalization and intelligence upgrade. In the trillion yuan-worth smart IoT industry, Dahua has adhered to the concept of openness and win-win cooperation, and worked with its eco-partners to build the full-scenario closed-loop capability, so as to empower the digitalization and intelligence upgrade in numerous industries. The Company has fully opened up hardware, software, algorithms, services and business ecology to enable open connectivity of equipment through DHOP, and developed diverse components based on the IoT digital intelligence platform, opening up PaaS to SaaS capabilities. In addition, the Company has also built the Genius Artificial Intelligence Open Platform to provide one-stop algorithm training services for partners. For service partners and business partners, the Company has insisted on the business philosophy of "delivering convenience to partners while solving complexity by ourselves", to optimize the corresponding marketing policies, resource support and organization, so as to build a benign sharing and win-win ecosystem, realize the industrial vision of "connect all things with cloud, and create a future with digital intelligence".

5. **Promote innovation in diverse business areas**

In recent years, the scope of the IoT industry has been expanding. Based on the in-depth understanding of diversified needs of customers and the experience in the smart IoT industry over the years, the Company has been actively identifying areas with huge growth potential and broad market, improving the strategic layout in emerging industries, encouraging employees to innovate, accelerating the development of products and solutions in emerging business areas, and promoting innovation in diverse business areas. At present, the Company has set up industry-based Internet (HuaRay), smart home (IMOU), thermal imaging (Huagan), automotive electronics (Hirige Jie), intelligent fire protection (Wisualarm), intelligent security (Huajian) and other business areas. The rapid development of innovated business has greatly broadened the channel of the Company's smart IoT, which is an important driving force for the Company to keep moving forward steadily in the long term.

YoY rates in key financial indicators

Unit: RMB

	Current reporting period	Same period of last year	Year-on-year increase or decrease	Reasons for changes
Operating revenue	14,633,547,280.64	14,087,085,840.97	3.88%	No major changes
Operating Cost	8,363,987,899.64	8,802,576,621.32	-4.98%	No major changes
Sales Expenses	2,190,619,243.64	2,039,728,296.24	7.40%	No major changes
Administration expenses	574,719,904.27	416,806,198.58	37.89%	Mainly due to the increase in equity incentive expenses, depreciation cost of new buildings and the utility bills of property
Financial Expenses	-420,452,697.53	-274,601,124.61	-53.11%	Mainly due to the increase in exchange earnings arising from exchange rate fluctuations
Income tax expense	201,745,311.54	93,448,750.74	115.89%	Mainly due to the increase in profit in the current period, and consequently the increase in income tax and the decrease of tax rebates compared with the same period of the previous year
R&D investment	1,814,620,715.06	1,563,479,271.17	16.06%	Mainly due to the Company's increased R&D investment
Net cash flow generated by operating activities	262,696,745.71	-1,727,794,646.76	115.20%	Mainly due to the decrease in trade accounts payable in the current period because of prepayments in the fourth quarter of 2022
Net amount of cash flow generated by investment activities	-171,498,326.33	-111,912,983.12	-53.24%	Mainly due to the decrease in net inflow of capital for investment and wealth management in the current period
Net cash flow generated by financing activities	3,782,792,161.14	646,641,330.65	484.99%	Mainly due to the increase in cash arising from absorbed investment in the current period
Net Increase in Cash and Cash Equivalents	3,919,584,443.18	-1,107,052,493.98	454.06%	Mainly due to the increase in absorbed investment and the decrease in procurement expense in the current period

There are major changes in the composition or sources of profit of the Company in the current period

□ Applicable ☑ Not applicable

There is no major change in the composition or sources of profit of the Company in the current period

Composition of operating revenue

Unit: RMB

	Current reporting period		Same period of last year		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	14,633,547,280.64	100%	14,087,085,840.97	100%	3.88%
By Industry					
Smart IoT Industry	14,633,547,280.64	100.00%	14,087,085,840.97	100.00%	3.88%
By Product					
Smart IoT Products and Solutions	12,161,117,387.94	83.10%	11,798,309,265.54	83.75%	3.08%

Including: Software Business	757,373,050.95	5.18%	602,291,989.74	4.28%	25.75%
Innovative Business (Note)	2,258,998,031.19	15.44%	1,685,969,891.14	11.97%	33.99%
Others	213,431,861.51	1.46%	602,806,684.29	4.28%	-64.59%
By region					
Domestic	7,771,201,571.54	53.11%	7,295,809,974.26	51.79%	6.52%
Overseas	6,862,345,709.10	46.89%	6,791,275,866.71	48.21%	1.05%

Domestic Sub-business Segment

Unit: RMB

	Current reporting period		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	2,081,937,638.79	26.79%	2,030,325,740.84	27.83%	2.54%
To B	3,858,049,784.38	49.65%	3,539,315,842.45	48.51%	9.01%
Others	1,831,214,148.37	23.56%	1,726,168,390.97	23.66%	6.09%
Total	7,771,201,571.54	100.00%	7,295,809,974.26	100.00%	6.52%

Note: Innovative business mainly includes machine vision and mobile robots, smart living, automotive electronics, smart security inspection, smart fire control, smart storage, thermal imaging, and other relevant businesses; the innovative business areas in the first half of 2022 do not include thermal imaging business; the same as below.

Industry, product, or region accounting for more than 10% of the Company's operating revenue or profit

☑ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Operating Cost	Gross margin	Increase or decrease of operating revenue 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						
Smart IoT Industry	14,633,547,280.64	8,363,987,899.64	42.84%	3.88%	-4.98%	5.33%
By Product						
Smart IoT Products and Solutions	12,161,117,387.94	6,726,306,045.85	44.69%	3.08%	-4.75%	4.54%
Including: Software Business	757,373,050.95	241,174,322.48	68.16%	25.75%	29.09%	-0.82%
Innovated Businesses	2,258,998,031.19	1,466,634,666.72	35.08%	33.99%	21.18%	6.86%
By region						
Domestic	7,771,201,571.54	4,750,611,105.50	38.87%	6.52%	-2.59%	5.71%
Overseas	6,862,345,709.10	3,613,376,794.14	47.34%	1.05%	-7.96%	5.15%
Domestic Sub-business Segment						
To G	2,081,937,638.79	1,142,529,609.07	45.12%	2.54%	-10.18%	7.77%
To B	3,858,049,784.38	2,284,127,107.54	40.80%	9.01%	2.29%	3.89%
Others	1,831,214,148.37	1,323,954,388.89	27.70%	6.09%	-3.48%	7.17%

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

□ Applicable ☑ Not applicable

IV. Non-Main Business Analysis

□ Applicable ☑ Not applicable

V. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of the reporting period		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	11,936,864,545.30	24.43%	8,029,878,650.77	17.36%	7.07%	Mainly due to the increase in funds raised through private placements
Accounts receivable	16,026,362,081.73	32.80%	15,411,908,561.50	33.32%	-0.52%	No major changes.
Contract Assets	135,350,874.39	0.28%	106,335,405.35	0.23%	0.05%	No major changes.
Inventory	6,254,601,963.07	12.80%	7,315,372,440.02	15.82%	-3.02%	Mainly due to the decrease in stock in the current period
Investment Property	434,725,805.77	0.89%	423,035,823.82	0.91%	-0.02%	No major changes.
Long-term Equity Investment	1,192,130,131.68	2.44%	1,461,099,644.55	3.16%	-0.72%	Mainly due to the disposal of equities in affiliated businesses and the recognition of losses on investments in affiliated businesses in the current period
Fixed Assets	4,527,953,284.98	9.27%	4,643,617,574.85	10.04%	-0.77%	No major changes.
Projects under Construction	594,110,798.33	1.22%	423,535,552.03	0.92%	0.30%	No major changes.
Right-of-use Assets	317,699,205.96	0.65%	314,700,977.50	0.68%	-0.03%	No major changes.
Short-term loan	489,869,105.97	1.00%	257,943,618.51	0.56%	0.44%	Mainly due to the increase in discounts for bills
Contract liabilities	997,166,396.05	2.04%	1,219,548,011.88	2.64%	-0.60%	Mainly due to the deferred income arising from product sales revenue and project

						payments received in advance in the current period
Long-term loan	402,000,000.00	0.82%	453,825,000.00	0.98%	-0.16%	No major changes.
Lease Liabilities	193,897,179.10	0.40%	196,340,654.27	0.42%	-0.02%	No major changes.

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 （derivative financial assets excluded）								
2. Other non-current financial assets	931,043,130.33	133,060,297.91					314,844,890.02	1,378,948,318.26
3. Receivables financing	679,441,917.62						-86,624,733.14	592,817,184.48
4. Others	1,470,000.00							1,470,000.00
Financial assets subtotal	1,611,955,047.95	133,060,297.91					228,220,156.88	1,973,235,502.74
Financial liabilities	26,652,319.25	-2,138,038.50						24,514,280.75

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, 2023, restricted assets of the Company are as follows:

Item	Closing balance (RMB)	Cause of restrictions
Cash and Bank Balances	116,444,661.11	Guarantee letter security deposit and other restricted funds
Notes receivable and receivables financing	925,505,845.85	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognized
Long-term Receivables	122,659,963.34	Pledge for bank borrowings
Non-current Assets Due within 1 Year	28,239,667.72	Pledge for bank borrowings

Total	1,192,850,138.02	

VI. Investment Analysis

1. Overview

☑ Applicable □ Not applicable

Investment in the Reporting Period (RMB)	Investment for the same Period of Last Year	Rate of Change
2,707,295,505.00	191,467,784.85	1,313.97%

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

For details, refer to “5. Utilization of raised funds”

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

1) Derivatives investments for hedging purposes during the reporting period

☑ Applicable □ Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing balance	Proportion of investment amount in the company’s net assets at end of the reporting period
Foreign exchange contract		213.80		189,168.27	154,008.13	90,301.63	2.79%
Total		213.80		189,168.27	154,008.13	90,301.63	2.79%
Explanation of whether the Company’s hedging business accounting policies and specific accounting principles have	The Company calculated and presented its foreign exchange derivatives trading business in accordance with Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial						

changed significantly during the reporting period compared with the previous reporting period	Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments and other relevant provisions. Held-for-trading financial assets/held-for-trading financial liabilities were adopted for initial and subsequent measurements of the foreign exchange contracts. The fair values of the foreign exchange contracts were basically determined by referencing the different parameters of the financial institutions based on the then market conditions as well as the remaining term and duration of transaction, so as to be recognized as the held-for-trading financial assets or held-for-trading financial liabilities. There was no significant change in the fair values of the foreign exchange contracts compared with that in the previous reporting period.
Description of actual profit and loss during the reporting period	The actual profit and loss amounted to RMB -34,387,600 during the reporting period.
Descriptions of the effect of hedging	The Company carried out foreign exchange hedging business appropriately as the case may be, which could effectively reduce the risks in foreign exchange market and avoid exchange rate fluctuation risks.
Sources of funds for derivatives investment	Equity Fund
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 Conducting Foreign Exchange Hedging Transactions" (Announcement No. 2023-030), which was disclosed by the Company on April 28, 2023.
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.	The Company recognized and measured its foreign exchange hedging business in accordance with Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments and other relevant provisions. The fair values of foreign exchange forward contracts were basically measured and recognized by referencing the different parameters of the financial institutions based on the then market conditions as well as the remaining term and duration of the transaction. The profit from fair value change of foreign exchange contracts was RMB 2.138 million during the reporting period.
Litigation involved (if applicable)	N/A
Disclosure date of board of directors' announcement on the approval of derivatives investment (if any)	April 28, 2023
Disclosure date of shareholder meeting's announcement on the approval of derivatives investment (if any)	May 27, 2023
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 April 28, 2023.

2) Derivatives investments for speculative purposes during the reporting period

□ Applicable ☑ Not applicable

The Company had no derivatives investments for speculative purposes during the reporting period.

5. Utilization of raised funds

☑ Applicable □ Not applicable

(1) Utilization of raised funds

☑ Applicable □ Not applicable

Unit: RMB ten thousand

Year of fund-raising	Way of fund-raising	Total amount of funds raised	The amount of funds raised used in the current period	Aggregate amount of funds raised used as of the current period	Amount of funds raised in the current period that were repurposed	Aggregate amount of funds raised as of the current period that were repurposed	Percentage of the aggregate amount of funds raised as of the current period that were repurposed	Amount of funds raised not yet used	Purpose and use of the funds raised not yet used	Amount of funds raised put aside for more than two years
2023	Non-public offering of shares	508,983.26	322,380.17	322,380.17	0	0	0.00%	188,205.31	Deposited in banks	0
Total	--	508,983.26	322,380.17	322,380.17	0	0	0.00%	188,205.31	--	0
Notes on utilization of raised funds										
1. According to the "Reply on Approving the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (Zheng Jian License [2022] No. 853) released by CSRC, the Company issued 293,103,400 shares to specific parties at an issue price of RMB 17.40 per share. The total amount of funds raised in this offering is RMB 5,099,999,160.00 and after deducting RMB 10,166,575.28 (excluding VAT), the cost associated with issuance, the actual net amount of funds raised is RMB 5,089,832,584.72, which has been verified by BDO China Shu Lun Pan CPAs (special general partnership) in the Capital Verification Report (Lixin Accounting Report [2023] No. ZF10231). 2. The Company has used a total of RMB 3,223,801,700 (including RMB 2,156,868,200 invested in advance), received RMB 16,022,200 of net interest income from banks, and as of June 30, 2023, the balance of unused raised funds is RMB 1,882,053,100 (excluding RMB 1,272,800 of unpaid issuance fees).										

(2) Projects with pledged investments using raised funds

☑ Applicable □ Not applicable

Unit: RMB ten thousand

Projects with pledged investments and investment directions of excess funds due to oversubscription	Whether the projects have been changed (including partial changes)	Total pledged investments using raised funds	Total adjusted investments (1)	Amount Invested in the Current Reporting Period	Cumulative investments as of the end of reporting period (2)	Investment progress as of the end of reporting period (3)=(2)/(1)	The date the project reaches its intended usable status	Benefits realized during the reporting period	Whether expected benefits have been achieved	Whether there are major changes in project feasibility
Projects with pledged investments										
Project of Smart IoT	No	92,990.00	92,990.00	92,990.00	92,990.00	100.00%	2023	3,009.74	Not applicable.	No

Solution R & D and Industrialization										
The phase II construction project of the smart manufacturing base in Hangzhou	No	77,580.00	77,580.00	62,981.78	62,981.78	81.18%	2024	Not applicable.	Not applicable.	No
Construction Project of Xi'an R & D Center	No	88,960.00	88,960.00	53,260.17	53,260.17	59.87%	2026	Not applicable.	Not applicable.	For details, refer to the notes on major changes in project feasibility
New project of Southwest R&D Center of Dahua Co., Ltd.	No	100,470.00	100,470.00	10,237.23	10,237.23	10.19%	2026	Not applicable.	Not applicable.	
Replenishment of working capital	No	148,983.26	148,983.26	102,910.99	102,910.99	69.08%	Not applicable.	Not applicable.	Not applicable.	No
Subtotals for projects with pledged investments	--	508,983.26	508,983.26	322,380.17	322,380.17	--	--	3,009.74	--	--
Investment directions of excess funds due to oversubscription										
N/A										
Total	--	508,983.26	508,983.26	322,380.17	322,380.17	--	--	3,009.74	--	--

Explain the circumstances and reasons for failing to achieve the planned progress and expected benefits for each project (including the reasons for selecting "Not applicable" for "Whether expected benefits have been achieved")	Due to the uneven benefits of smart IoT solution R&D and industrialization projects around the year, whether the expected benefits can be achieved will be measured after an entire year. The phase-2 project of Smart manufacturing base in Hangzhou is still under construction, and there was no corresponding expected benefit in this reporting period.
Notes on major changes in project feasibility	Since the start of the Company's fundraising and investment projects at the beginning of 2021, the macroeconomic and external market environment has undergone great changes, and for some uncompleted fundraising and investment projects, the Company is still evaluating the investment directions and schedules of relevant fundraising and investment projects based on factors such as external environment, corporate strategy, and investment benefits. If subsequent adjustments are made, the

	review and disclosure procedures will be performed in a timely manner in accordance with relevant regulations.
The amount, purpose and progress of the use of the excess funds due to oversubscription	Not applicable.
Changes of the implementation location of the projects using raised funds	Not applicable.
Changes of the implementation method of the projects using raised funds	Applicable
	Such cases happened during the reporting period
	On May 19, 2023, the 43rd meeting of the seventh session of the board of directors and the 30th meeting of the 7th session of the Board of Supervisors were held to deliberate and approve the "Proposal on Increasing the Implementation Entities of Some Fundraising and Investment Projects", agreeing to add Chengdu Dahua Zhilian Information Technology Co., Ltd., a wholly-owned subsidiary, as one of the implementation entities of the "New Construction Project for Dahua Southwest R&D Center".
Advance investments and replacements of raised funds in projects	Applicable
	On May 19, 2023, the 43rd meeting of the 7th Board of Directors and the 30th meeting of the 7th Board of Supervisors were held to deliberate and approve the "Proposal on Replacing Self-Financing Funds Pre-invested in Fundraising Projects and Payment of Issuance Expenses with Raised Funds", agreeing that the Company would use the raised funds to replace the self-financing funds pre-invested in fundraising projects and pre-paid issuance expenses totaling RMB 215,908.93 million.
Temporary replenishment of working capital with idle raised funds	Not applicable.
The amount and reasons for the balance of funds raised in the implementation of the project	Not applicable.
The intended use and disposal of the unused funds raised	The unused raised funds are deposited in the special account of the raised funds opened by the Company and will be used for the subsequent payment of projects using the funds raised.
Problems or other circumstances in the use and disclosure of the funds raised	N/A

(3) Change of projects that use raised funds

□ Applicable ☑ Not applicable

There is no change of projects that use raised funds in the reporting period

VII. Major Assets and Equity Sales

1. Major assets sales

□ Applicable ☑ Not applicable

No major assets were sold during the reporting period of the Company.

2. Major equity sales

□ Applicable ☑ Not applicable

VIII. Analysis of Major Subsidiaries and Associates

☑ 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 revenue	Operating Profit	Net Profit
Zhejiang Dahua System Engineering Co., Ltd.	Subsidiary Company	Design, construction and installation of construction projects; technology development, services, consultation and transfer; development, manufacturing, installation and marketing of electronic products, safety equipment and communication devices; manufacturing and marketing of computer hardware and software; import and export of goods and technologies	500,000,000.00	3,623,864,337.22	1,245,654,436.81	409,331,764.22	-12,531,792.49	239,959.61
Zhejiang Dahua Vision Technology Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing, marketing and system services of computer hardware and software; design, development, manufacturing and marketing of electronic products and safety equipment; marketing and technical services of IOT equipment; warehousing services, bonded warehouse operation	1,306,810,000.00	21,125,246,871.99	2,553,627,693.83	9,803,988,813.24	219,792,928.45	187,885,848.26
Zhejiang Dahua Zhilian	Subsidiary Company	Technology development, services,	1,110,000,000.00	6,843,608,380.27	1,543,911,552.09	3,102,609,372.48	89,313,099.99	67,118,800.18

Co., Ltd.		consultation, and transfer; manufacturing and marketing of computer hardware and software; development, manufacturing and marketing of electronic products and electronic components, safety equipment and communication devices; leasing of self-owned houses; warehousing services; catering services; import and export of goods						

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
Zhejiang Huajian Technology Co., Ltd.	Equity purchase	No significant impact on overall production, operation, and performance
Dahua Technology Belgium BV	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Regional Headquarters	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Azerbaijan LLC	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Vietnam Company Limited	Established with investment	No significant impact on overall production, operation, and performance

IX. 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 counter-measures to avoid and reduce the risks.

(1) Risk of technology upgrading: The smart IoT industry is a typical technology-intensive industry, featuring extremely fast upgrading. If the Company is unable to keep up with development trends of industrial technologies, to pay full

attention to customers' diversified needs, and to devote sufficient R&D investments, it may still face the risk of losing market competitiveness due to discontinuous innovation. By increasing R & D investment, the Company continues to strengthen research on such core technologies as AI, video cloud, and machine vision, and reserves product, technology, management and talent resources for a broader market in the future, so as to achieve sustainable and steady business development.

(2) Risk of business model change: With the development of network communications, cloud computing, big data, and AI, among other technologies, as well as the upgrades of smartphone applications, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise fails to grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market pattern 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 smart IoT industry, the continuous integration of video, information communication and digital technologies, and the diversification and uncertainty of customer demands. While consolidating its current advantageous market, the Company is also actively exploring and piloting new businesses and new commercial modes, with business and technical layout.

(3) Risk of declined local fiscal payment capacity: At present, local fiscal debt is relatively high. If the local fiscal payment capacity declines, it may slow down the growth of industry demands, prolong the construction period of projects, extend the collection of capitals, and delay customers' payment. The Company continues to improve the internal control system and optimize the project review methods, select local projects carefully and assess project risks systematically with prudent assessment of the market logic and cash flow balance logic, and reasonable control of risks. In addition, it formulates plans to deal with potential risks such as cash flow shortage, project delay, and payment delay.

(4) Exchange rate risk: The Company's export transactions have been mostly settled in U.S. dollars. As our overseas business is in continuous growth, the fluctuation of exchange rate may affect our profitability. The Company hedges and avoids exchange rate risks by centralized management of foreign exchange funds and hedging of purchase payments in line with its main use of U.S. dollars as the settlement currency.

(5) Risk of product safety: The Company attaches great importance to and continuously strengthens resource investment to ensure safe and reliable system operations so as to respond to 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 plans, ensuring product safety in the whole process from demands, design, to coding and testing. At the same time, the Company actively carries out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

(6) Intellectual property risk: The promotion of the Company's globalization strategy and its own brand strategy may expose the Company to intellectual property rights risks and patent infringement, as well as such risks as business relations, fluctuations in the public opinion environment, increased legal proceedings and rising costs. With a high priority on technological innovation, the Company has established a mechanism for the protection and management of intangible assets such as innovation achievements, own brands and trade secrets, so as to continuously gather

advantageous intellectual property assets; with the establishment of an intellectual property compliance and risk control system, the Company continuously strengthens its ability to understand and master intellectual property laws and regulations as well as the administrative and judicial environment in the regions where it operates.

(7) Risk of international operations: The Company's products and solutions are available in more than 100 countries and regions overseas. As such, its international business operations may be exposed to risks of trade protection (e.g. FCC ban in the U.S.) and political situations (e.g. local wars) in the countries and regions where it operates. The Company actively guards against and responds to risks of international operations by establishing an overseas compliance risk control system. It continuously strengthens the understanding and adaptability of the laws and regulations as well as the political and economic environment of the regions where its business is involved, and formulates differentiated business strategies based on "one country, one policy" in accordance with the changes in politics and economy of different regions to reduce operational risks.

(8) Risk of the supply chain: The Company comprehensively reviews all kinds of potential risks in the supply chain, and strengthens the ability of continuous safe supplies of key materials to ensure supply chain security by developing backup solutions and building rich channels with diversified supply sources.

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 2023	Extraordinary General Meeting	39.75%	March 6, 2023	March 7, 2023	Resolution of the First Extraordinary General Meeting of Shareholders in 2023
2022 Annual General Meeting of Shareholders	Annual General Meeting	52.63%	May 26, 2023	May 27, 2023	Resolution of the 2022 Annual General Meeting of Shareholders

2. Convening of the Extraordinary General Meeting of Shareholders upon request of the preferred stockholders whose voting rights are restored

□ Applicable ☑ Not applicable

II. Changes of Directors, Supervisors and Senior Management of the Company

☑ Applicable □ Not applicable

Name	Title	Type	Date	Causes
Zhao Yuning	Director	Elected	March 6, 2023	Electing an additional director

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

□ Applicable ☑ Not applicable

The Company plans not to pay cash dividends or bonus shares, or convert capital reserve into share capital in the first half of 2023.

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

☑ Applicable □ Not applicable

1. Equity incentive

In 2022, with the approval of the Company's Board of Directors, the Board of Supervisors and 2021 Annual General meeting of shareholders, the Company implemented the 2022 Stock Options and Restricted Stock Incentive Plan (hereinafter referred to as the "2022 Incentive Plan").

(1) On April 27, 2023, the Company held the 42nd meeting of the 7th Board of Directors and the 29th meeting of the 7th Board of Supervisors, at which the “Proposal on Cancellation of Some Stock Options of 2022 Stock Options and Restricted Stock Incentive Plan" and the "Proposal on Repurchase of some Restricted Stock Options of 2022 Stock Options and Restricted Stock Incentive Plan" were deliberated and approved, agreeing to cancel/repurchase of stock options/restricted stock that did not meet the conditions to exercise/cancel the restriction. The independent directors of the Company provided independent opinions and the lawyers issued legal opinions.

(2) On May 26, 2023, the Company held the 2022 Annual General Meeting of Shareholders, at which the "Proposal on Cancellation of Some Restricted Shares of 2022 Stock Options and Restricted Stock Incentive Plan” were deliberated and approved, and relevant capital reduction was announced. Upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company completed and disclosed the cancellation of the aforementioned restricted stock repurchase on August 15, 2023. On June 7, 2023, the Company released the "Announcement on the Completion of the Cancellation of some Stock Options" and canceled the stock options that did not meet exercise conditions.

(3) On June 16, 2023, the Company held the 44th meeting of the 7th Board of Directors and the 31st meeting of the 7th Board of Supervisors, at which the "Proposal on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Revised Draft) and its Summary" and the "Proposal on the Assessment Management Measures for the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Revised)" were deliberated and approved. The Company proposed to revise the 2023 and 2024 company-level performance indicators in the 2022 Incentive Plan, and the relevant amendments are yet to be submitted to the shareholders' meeting for consideration.

2. Implementation of employee stock ownership plan

□ Applicable ☑ Not applicable

3. Other employee incentive measures

□ Applicable ☑ Not applicable

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

Measures taken to reduce carbon emissions during the reporting period and their effects

□ Applicable ☑ Not applicable

II. Social Responsibilities

In 2023, the Company will continue to adhere to the core concept of "Customer-centered and striving for the goal" and practice the mission of "enabling a safer society and smarter living", and come up with innovative ways to facilitate pollution prevention and control through digital intelligence. The Company has enhanced forest fire prevention efficiency through a variety of fire monitoring and perception technologies, built an all-round perception system to protect arable land, helped upgrade elderly care services and make them become more considerate, and reduced carbon emissions through science and technology. The Company has been working on scenarios with quantifiable and measurable value, while optimizing clients' security systems, improving their production efficiency, assisting their business management and facilitating the digital upgrade of thousands of industries. Meanwhile, the Company has continuously optimized governance systems and governance efficiency. With an efficient, reasonable decision-making mechanism, a supervision mechanism of checks and balances, and a stable and long-term incentive mechanism, we have ensured the healthy, stable and sustainable development of the Company.

Section VI Significant Events

I. Commitments that have been fulfilled by the Company's actual controller(s), shareholders, related parties, acquirers, the Company and the relevant parties 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 that have been fulfilled by the Company's actual controller(s), shareholders, related parties, acquirers, the Company and the relevant parties during the reporting period or those 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 financial report has been audited

□ Yes ☑ No

The semi-annual financial 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. Lawsuits

Major lawsuits and arbitrations

□ Applicable ☑ Not applicable

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

Other lawsuits

□ Applicable ☑ Not applicable

IX. Penalties and Rectification

□ Applicable ☑ Not applicable

X. Integrity of the Company, Its Controlling Shareholders and Actual Controllers

□ 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 transactions in acquisition or sale of assets or equities in the reporting period.

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

☑ Applicable □ Not applicable

For details, see "7. 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

□ Applicable ☑ Not applicable

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

6. Transactions between the financial company controlled by the Company and the related parties

□ Applicable ☑ Not applicable

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

7. Other significant related-party transactions

☑ Applicable □ Not applicable

1. On February 17, 2023, the "Proposal on Proposed Increase of Capital by Some Senior Managers and Core Employees of the Company to the Spin-off Subsidiaries and Related Transactions" was reviewed and approved at the 39th session of the 7th Board of Directors and the 27th session of the 7th Board of Supervisors. It has been agreed that some senior managers and core employees of the Company can increase the capital of RMB 6,049,190(where the registered capital was increased by RMB 1,675,676 and the balance was included in the capital reserves) to the holding subsidiary Zhejiang HuaRay Technology Co., Ltd.(hereinafter referred to as “HuaRay Technology”). 11 natural persons consisting of senior managers including Zhao Yuning, Zhu Jiantang, etc. increased directly the capital by RMB 4,839,353 in total. After this capital increase, the equity of the Company in HuaRay Technology will be changed from 42.228% to 41.0878%, and HuaRay Technology will still be a holding subsidiary of the Company covered by the Company’s consolidated statements.

2. On March 17, 2023, the "Proposal on Capital Increase and Share Expansion in the Holding Subsidiary to Introduce Investors and Related Transactions" was reviewed and approved at the 40th session of the 7th Board of Directors held by the Company. It has been agreed that the holding subsidiary HuaRay Technology can introduce through capital increase and share expansion a total of 8 investors including Yibin Lvneng Equity Investment Partnership (Limited Partnership) and Zhu Jiangming. The Investors will increase the monetary capital of HuaRay Technology by RMB 260,000,061 (where RMB 8,934,710 is taken as the new registered capital and the balance is included in the capital reserves), and obtain a total of 12.58% equity in HuaRay Technology after the capital increase. After this capital increase, the equity of the Company in HuaRay Technology will be changed from 41.0878% to 35.9171%, and HuaRay Technology will still be a holding subsidiary of the Company covered by the Company’s consolidated statements.

3. On April 7, 2023, the "Proposal on Giving up the Subsidiary's Right of First Refusal(ROFR) and Related-party Transactions" was reviewed and approved at the 41st meeting of the 7th Board of Directors, where Zhejiang Huashi Investment Management Co., Ltd., the shareholder of Zhejiang Huaxiao Technology Co., Ltd.(hereinafter referred to as "Huaxiao Technology"), transferred its 20% equity to Huaxiao's employee stock ownership platform and core management-level staff, and the Board of Directors agreed that the Company may give up the right of first refusal.

4. On April 7, 2023, the Company held the 41st meeting of the 7th Board of Directors and the 28th meeting of the 7th Board of Supervisors, at which the "Proposal on the Implementation of Equity Incentive and Related Transactions of Controlled Subsidiaries" was deliberated and approved, agreeing that Hangzhou Huacheng Network Technology Co., Ltd. (hereinafter referred to as "Huacheng Network"), one of the Company's controlled subsidiaries, would propose to offer stock option incentives to its directors, supervisors, and management and core employees by means of capital increase. Among them, the Company's director Zhao Yuning, supervisor Zheng Jieping and senior executives Liu Ming, Zhu Jiantang, Li Zhijie, Xu Zhicheng, Wu Jian, Song Ke, Xu Qiaofen, etc., injected RMB 7,881,049.75 into Huacheng Network (an increase in registered capital of RMB 2,236,316). After this stock option

incentives, the equity of the Company in Huacheng Network was changed from 51% to 44.61%, and Huacheng Network is still a holding subsidiary of the Company covered by the Company's consolidated statements.

5. On June 25, 2023, the Company held the 45th meeting of the 7th Board of Directors and the 32nd meeting of the 7th Board of Supervisors, at which the "Proposal on Capital Increase and Implementation of Equity Incentive and Related Transactions of Controlled Subsidiaries" was deliberated and approved, and agreeing that Zhejiang Huagan Technology Co., Ltd. ("Huagan Technology"), one of the Company's controlled subsidiaries, would injected RMB 539.8647 million into Huagan Technology (an increase in registered capital of RMB 281.09169 million) based on the value of its the thermal imaging business and related assets. At the same time, Huagan Technology offered incentives to some directors, supervisors, senior executives, core employees and their core management team through capital increase, and the issue price is RMB 1 / registered capital.

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

Announcement name	Disclosure date	Website for the disclosure
Announcement on Proposed Increase of Capital by Some Senior Managers and Core Employees of the Company to the Spin-off Subsidiaries and Related Transactions	February 18, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Capital Increase and Share Expansion in the Holding Subsidiary to Introduce Investors and Related Transactions	March 21, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Giving up the Subsidiary's Right of First Refusal(ROFR) and Related-party Transactions	April 8, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Implementation of Equity Incentive and Related Transactions of the Controlled Subsidiaries	April 8, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Capital Increase and Implementation of Equity Incentive and Related Transactions of Controlled Subsidiaries	June 27, 2023	Juchao Information Network 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

Some of the Company's own real estate properties were used for rental, and there are no other leases of major property except for the leased real estate property used for office, warehouse, and production workshops.

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: RMB ten thousand

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 external guarantees actually occurred during the reporting period (A2)				
Total amount of external guarantees approved by the end of the reporting period (A3)				Total balance of external guarantees at the end of the reporting period (A4)				
Company's guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Zhejiang Dahua Vision Technology Co., Ltd.	April 28, 2023	840,000.00	June 10, 2022	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	20,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by	Yes	No

						the China Merchants Bank within the credit extension period		
			June 9, 2023	20,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			October 13, 2017	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			September 21, 2018	28,903.20 (USD 40 million)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			April 7, 2020	53,000.00	Joint liability guarantee	From April 7, 2020 to March 31, 2024	No	No
			August 12, 2020	60,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			August 18, 2020	33,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			September 1, 2020	30,000.00	Joint liability guarantee	Five years upon expiration of debt period of master contract	No	No
			February 4, 2021	100,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			July 26, 2021	44,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 1, 2020	3,500.00	Joint liability guarantee	From August 1, 2021 to July 31, 2023	No	No
			September 27, 2021	90,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			October 20, 2021	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			July 22, 2022	20,000.00	Joint liability	Three years after the maturity	No	No

					guarantee	of the debts in the master contract		
			July 25, 2022	35,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			September 19, 2022	60,000.00	Joint liability guarantee	From September 19, 2022 to September 18, 2024	No	No
			June 9, 2023	40,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No	No
			June 25, 2023	20,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Zhejiang Dahua Zhilian Co., Ltd.	April 28, 2023	270,000.00	April 29, 2022	43,354.80 (USD 60 million)	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes	No
			May 14, 2022	39,741.90 (USD 55 million)	Joint liability guarantee	From May 14, 2022 to May 14, 2023	Yes	No

			June 10, 2022	16,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	16,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			November 16, 2022	15,896.76 (USD 22 million)	Joint liability guarantee	From November 16, 2022 to May 14, 2023	Yes	No
			June 9, 2023	16,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			September 24, 2020	30,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			July 26, 2021	16,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			November 10, 2021	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			December 3, 2021	3,612.9 (USD 5 million)	Joint liability guarantee	From December 3, 2021 to December 2, 2024	No	No
			March 25, 2022	8,000.00	Joint liability guarantee	From March 25, 2022 to December 31, 2023	No	No
			April 29, 2022	1,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	No	No
			August 25, 2022	20,000.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			September 19, 2022	15,000.00	Joint liability guarant	From September 19, 2022 to September 18,	No	No

					ee	2024		
			June 9, 2023	16,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No	No
			June 19, 2023	12,000.00	Joint liability guarantee	June 19, 2023-June 18, 2024	No	No
			June 19, 2023	35,000.00	Joint liability guarantee	June 19, 2023-June 18, 2024	No	No
Zhejiang Dahua System Engineering Co., Ltd.	April 28, 2023	30,000.00	June 10, 2022	4,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	4,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			August 30, 2019	1,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			November 10, 2021	6,000.00	Joint liability	Three years after the maturity	No	No

					guarantee	of the debts in the master contract		
			July 25, 2022	5,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 25, 2022	500.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			June 9, 2023	4,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No	No
Dahua Technology (HK) Limited	April 28, 2023	60,000.00	March 25, 2022	1,445.16 (USD 2 million)	Joint liability guarantee	From March 25, 2022 to March 25, 2023	Yes	No
			April 21, 2023	1,445.16 (USD 2 million)	Joint liability guarantee	From April 21, 2023 to April 21, 2024	No	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V	April 28, 2023	8,000.00	September 1, 2021	722.58 (USD 1 million)	Joint liability guarantee	September 1, 2021-December 1, 2023	No	No
			October 21, 2022	3,612.90 (USD 5 million)	Joint liability guarantee	From October 21, 2022 to October 20, 2023	No	No
Hangzhou Huacheng Network Technology Co., Ltd.	April 28, 2023	17,000.00	August 30, 2019	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No

			July 26, 2021	5,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 25, 2022	6,500.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Dahua Technology UK Limited	April 28, 2023	2,000.00	August 12, 2020	1,060.61 (GBP 1.16 million)	Joint liability guarantee	August 12, 2020 - Signature of notice of termination	No	No
Zhejiang Huayixin Technology Co., Ltd.	April 28, 2023	4,500.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			April 29, 2022	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			May 16, 2022	1,445.16 (USD 2 million)	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 25, 2022	200.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	800.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No
Zhejiang Fengshi Technology Co., Ltd.	April 28, 2023	15,000.00	June 10, 2022	2,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit	Yes	No

						extension period		
			June 9, 2023	2,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	10,000.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	2,000.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No
			June 25, 2023	2,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Jiangsu Huaruipin Technology Co. Ltd.	April 28, 2023	4,500.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			October 20, 2021	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No

			August 25, 2022	800.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	1,500.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No
Zhejiang Huaxiao Technology Co., Ltd.	April 28, 2023	2,000.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	200.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	800.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No
Xi'an Dahua Zhilian Technology Co., Ltd.	April 28, 2023	20,000.00	June 10, 2022	5,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	5,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No

			August 25, 2022	10,000.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	2,500.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No
			June 25, 2023	5,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	April 28, 2023	10,000.00	June 10, 2022	5,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	5,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	3,000.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			June 25, 2023	5,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	April 28, 2023	15,000.00	June 10, 2022	10,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of	Yes	No

						each note discounted by the China Merchants Bank within the credit extension period		
			June 9, 2023	8,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			June 25, 2023	8,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Changsha Dahua Technology Co., Ltd.	April 28, 2023	8,000.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	3,000.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	2,000.00	Joint liability guarantee	From October 21, 2022 to September 18, 2024	No	No

			June 25, 2023	1,000.00	Joint liability guarantee	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No	No
Zhejiang Pixfra Technology Co., Ltd.	April 28, 2023	1,000.00	June 10, 2022	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	500.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Zhejiang Huafei Intelligent Technology CO., LTD.	April 28, 2023	700.00	June 10, 2022	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	200.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Zhejiang Huajian Technology Co., Ltd.	April 28, 2023	1,000.00	June 10, 2022	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank	Yes	No

						within the credit extension period		
			June 9, 2023	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	200.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Hangzhou Xiaohua Technology CO., LTD.	April 28, 2023	700.00	June 10, 2022	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			August 25, 2022	200.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	April 28, 2023	500.00	August 25, 2022	500.00	Joint liability guarantee	From August 25, 2022 to August 25, 2025	No	No
Zhejiang Dahua Jinzhi Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Guangxi Dahua Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Guangxi Dahua Technology Co., Ltd.	April 28, 2023	300.00	No such case during the reporting period					
Anhui Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Anhui Dahua Zhishu Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Dahua Zhishu Information Technology Service	April 28, 2023	800.00	No such case during the reporting period					

Co., Ltd.			
Chengdu Huishan Smart Network Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period
Chengdu Zhichuang Yunshu Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Henan Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period
Hunan Dahua Zhilong Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Tianjin Dahua Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Tianjin Huajian Technology Co., Ltd.	April 28, 2023	200.00	No such case during the reporting period
Yiwu Huaxi Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Zhejiang Huakong Software Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology USA Inc.	April 28, 2023	15,000.00	No such case during the reporting period
Dahua Technology Japan LLC	April 28, 2023	100.00	No such case during the reporting period
DAHUA EUROPE B.V.	April 28, 2023	10,000.00	No such case during the reporting period
Dahua Technology Singapore Pte.Ltd.	April 28, 2023	200.00	No such case during the reporting period
Dahua Technology Poland Sp.Zo.O.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Hungary Kft	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology India Private Limited	April 28, 2023	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY BRASIL COMÉRCIO E SERVIÇOS EM SEGURANÇA ELETRÔNICA LTDA	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Middle East FZE	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Perú S.A.C	April 28, 2023	1,000.00	No such case during the reporting period

Dahua Technology Australia PTY LTD	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology South Africa Proprietary Limited	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology Canada INC.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Guvenlik Teknolojileri Sanayi ve Ticaret A.S.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology SRB d.o.o.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	April 28, 2023	100.00	No such case during the reporting period
Dahua Iberia, S.L.	April 28, 2023	100.00	No such case during the reporting period
Dahua Security Malaysia SDN. BHD.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Kazakhstan LLP	April 28, 2023	100.00	No such case during the reporting period
PT. Dahua Vision Technology Indonesia	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology S.R.L.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology France SAS	April 28, 2023	700.00	No such case during the reporting period
Dahua Vision LLc	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology New Zealand Limited	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology GmbH	April 28, 2023	300.00	No such case during the reporting period
Dahua Technology Colombia S.A.S.	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology Panama S.A.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Chile SpA	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Tunisia Limited Liability Company	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Kenya Limited	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Pakistan (private) Limited	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Morocco SARL	April 28, 2023	100.00	No such case during the reporting period
Dahua Argentina S.A.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Czech s.r.o.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Denmark ApS	April 28, 2023	100.00	No such case during the reporting period

Dahua Technology(Thailand) Co.,LTD.	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Italy S.R.L.	April 28, 2023	100.00	No such case during the reporting period					
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Dahua Technology Belgium B.V.	April 28, 2023	100.00	No such case during the reporting period					
VISMEXTECH DHM SERVICIOS, S.A. DE C.V.	April 28, 2023	100.00	No such case during the reporting period					
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		1,360,000.00		Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)		210,445.16		
Total amount of guarantees to subsidiaries approved by the end of the reporting period (B3)		1,360,000.00		Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (B4)		939,702.51		
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 by the end of the reporting period (C3)				Total balance of guarantees actually paid to 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)		1,360,000.00		Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)		210,445.16		
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)		1,360,000.00		Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)		939,702.51		
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets				29.03%				
Including:								
Balance of guarantees provided 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%				887,202.51				

(E)	
Amount of the portion of the total guarantee amount exceeding 50% of net assets (F)	
Total amount of the above three guarantees (D+E+F)	887,202.51
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: RMB ten thousand

Specific type	Funding source	Entrusted amount	Unexpired balance	Overdue outstanding amount	Impairment amount accrued for overdue financial management
Financial products of securities companies	Equity Fund	32,000.00	82,000.00		
Total		32,000.00	82,000.00		

Specific matters on high-risk entrusted capital management with a large amount for a single item, or with low security and poor liquidity

☑ Applicable □ Not applicable

Unit: RMB ten thousand

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)
Guosen Securities co., Ltd.	Securities	Asset Management Plan	82,000.00	Equity Fund	February 10, 2021	February 9, 2031	Private equity fund products, fixed income assets, equity asse	Payment of principal and income at maturity			4,329.93	Unexpired		Yes	Yes	

							ts, public equity hybrid funds									
Total			82,000.00	--	--	--	--	--	--		4,329.93	--		--	--	--

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

□ Applicable ☑ Not applicable

4. 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

The Company initiated its non-public offering of shares to China Mobile Communications Group Co., Ltd. in 2021, and obtained the Approval of Non-public Offering of Shares of Zhejiang Dahua Technology Co., Ltd. (Z.J.X.K. (2022) No. 853) issued by China Securities Regulatory Commission on April 24, 2022. The Company disclosed the Report on Non-public Offering of Shares to Specific Investors, Announcement on Non-public Offering of Shares to Specific Investors and other documents on March 31, 2023 and April 12, 2023. The Company completed its non-public offering of shares to China Mobile Communications Group Co., Ltd. The 293,103,400 shares issued in this non-public offering shall be listed on the exchange as of April 14, 2023. The announcements above have been disclosed on Securities Times and www.cninfo.com.cn, as designated by the Company.

XIV. Significant Events of the Company's Subsidiaries

☑ Applicable □ Not applicable

The Company's subsidiaries, Zhejiang Dahua System Engineering Co., Ltd., Hangzhou Huacheng Software Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd. and Zhejiang Waythcan Technology Co., Ltd., have been identified as high-tech enterprises and received the High-tech Enterprise Certificate approved and issued by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration during the reporting period.

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	1,075,053,850	35.44%	293,103,400	0	0	-902,114	292,201,286	1,367,255,136	41.10%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0
2. Shares held by state-owned legal persons	0	0.00%	293,103,400	0	0	0	293,103,400	293,103,400	8.81%
3. Other domestic shares	1,075,053,850	35.44%	0	0	0	-902,114	-902,114	1,074,151,736	32.29%
Of which: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	1,075,053,850	35.44%	0	0	0	-902,114	-902,114	1,074,151,736	32.29%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Of which: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by	0	0.00%	0	0	0	0	0	0	0.00%

foreign natural persons									
II. Shares without restrictions	1,958,107,320	64.56%	0	0	0	902,114	902,114	1,959,009,434	58.90%
1. RMB ordinary shares	1,958,107,320	64.56%	0	0	0	902,114	902,114	1,959,009,434	58.90%
2. Foreign shares listed in China	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed in foreign countries	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	3,033,161,170	100.00%	293,103,400	0	0	0	293,103,400	3,326,264,570	100.00%

Reasons for changes in shares

☑ Applicable □ Not applicable

1. The Company completed its offering of shares to China Mobile Communications Group Co., Ltd. during the reporting period. The 293,103,400 shares issued in this offering shall be listed on the exchange as of April 14, 2023.

2. According to relevant regulations, the Company shall lock the shares held by its directors, supervisors, and senior management through reverification at the beginning of each year and shall lock the shares held by the resigned directors, supervisors, and senior management in different proportions at different stages based on their resignation dates and former terms of office.

Approval for changes in shares

☑ Applicable □ Not applicable

1. On April 18, 2022, the application of the Company for issuance of shares to China Mobile Communications Group Co., Ltd. was reviewed and approved by the Issuance Examination Committee of the China Securities Regulatory Commission.

2. On April 24, 2022, the CSRC issued the Reply on Approving the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd. (Zheng Jian License [2022] No. 853).

Transfer for changes in shares

☑ Applicable □ Not applicable

The Company completed its offering of shares to China Mobile Communications Group Co., Ltd. during the reporting period. The 293,103,400 shares issued in this offering shall be listed on the exchange as of April 14, 2023.

The progress on share repurchases

□ Applicable ☑ Not applicable

The progress in 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

Where the Company issued shares to specific parties resulting in changes in its share capital during the reporting period, see "Section II IV. Key Accounting Data and Financial Indicators" for the 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.

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

□ Applicable ☑ Not applicable

2. Changes in restricted stocks

☑ Applicable □ Not applicable

Unit: share

Name of Shareholder	Number Of Shares With Limited Sales Condition At The Beginning Of The Period	Number of unlocked shares with limited sales condition in current period	Number of increased shares with limited sales condition in current period	Number of shares with limited sales condition at the end of the period	Reasons for limited sales	Date of unlocking
Fu Liquan	767,901,735	0	0	767,901,735	Lock-up shares for senior management	Unlocking according to the relevant provisions of executives shares management
China Mobile Communications Group Co., Ltd.	0	0	293,103,400	293,103,400	Subscription of non-public shares	April 14, 2026
Zhu Jiangming	120,433,117	301,500	0	120,131,617	Lock-up shares for resigned senior management	Unlocking according to the relevant provisions of executives shares management
Chen Ailing	53,447,110	0	0	53,447,110	Lock-up shares for senior management	Unlocking according to the relevant provisions of executives shares management
Wu Jun	51,860,164	0	19,500	51,879,664	Lock-up shares for senior management	Unlocking according to the relevant provisions of executives shares management
Zhang Xingming	2,710,153	677,538	0	2,032,615	Lock-up shares for resigned	Unlocking according to the

					senior management and restricted shares for equity incentive award	regulations on senior management and equity incentive shares
Zhao Yuning	1,132,750	0	300,500	1,433,250	Senior management's lock-up shares, restricted shares for equity incentive award and transferable amount management of different trusteeship units	Unlocking according to the regulations on senior management and equity incentive shares
Wu Jian	1,401,251	0	8,250	1,409,501	Senior management's lock-up shares and restricted shares for equity incentive award	Unlocking according to the regulations on senior management and equity incentive shares
Zhu Jiantang	932,669	0	224,000	1,156,669	Senior management's lock-up shares, restricted shares for equity incentive award and transferable amount management of different trusteeship units	Unlocking according to the regulations on senior management and equity incentive shares
Chen Yuqing	1,073,963	0	19,500	1,093,463	Lock-up shares for resigned senior management	Unlocking according to the relevant provisions of executives shares management
Other senior executives and equity incentive objects	74,160,938	494,826	0	73,666,112	Senior management's lock-up shares and restricted shares for equity incentive award	Unlocking according to the regulations on senior management and equity incentive shares
Total	1,075,053,850	1,473,864	293,675,150	1,367,255,136	--	--

II. Issuance and listing of securities

☑ Applicable □ Not applicable

Name of the stock and its derivative securities	Issue Date	Issuance price (or interest rate)	Quantity of issuance	Listing date	Number of approved listed transactions	Transaction termination date	Disclosure Index	Date of Disclosure
Stocks								
DAHUA	March 23, 2023	17.4	293,103,400	April 14, 2023	293,103,400		Juchao Information Network Announcement	April 12, 2023

Description of the issuance of securities during the reporting period

According to the Approval of Non-public Offering of Shares of Zhejiang Dahua Technology Co., Ltd. (Zheng Jian License (2022) No. 853) issued by the China Securities Regulatory Commission, the Company issued 293,103,400 shares to China Mobile Communications Group Co., Ltd. at an issue price of RMB 17.40 per share, which were listed on Shenzhen Stock Exchange on April 14, 2023.

III. Total number of shareholders and their shareholdings

Unit: share

Total Number of Common Shareholders at The End of The Reporting Period		188,544		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 common 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 freezing	
							State Of Shares	Number
Fu Liquan	Domestic Natural Person	30.78%	1,023,868,980	0	767,901,735	255,967,245	Pledge	156,000,000
China Mobile Communications Group Co., Ltd.	State-owned Legal Person	8.81%	293,103,400	293,103,400	293,103,400	0		
Zhu Jiangming	Domestic Natural Person	4.82%	160,175,490	0	120,131,617	40,043,873		
Chen Ailing	Domestic Natural Person	2.14%	71,262,813	0	53,447,110	17,815,703	Pledge	31,800,000
Wu Jun	Domestic Natural	2.08%	69,172,886	0	51,879,664	17,293,222		

	Person							
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	2.06%	68,496,245	-89,638,363	0	68,496,245		
National Social Security Fund 103	Others	1.19%	39,732,000	39732000	0	39,732,000		
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.19%	39,611,241	0	0	39,611,241		
China Galaxy Securities Co., Ltd.	State-owned Legal Person	0.90%	29,824,730	-6089430	0	29,824,730		
China Construction Bank Corporation Limited - Qianhai Kaiyuan Utility Stock Securities Investment Fund	Others	0.70%	23,298,603	23298603	0	23,298,603		
Strategic investors or general legal entities becoming top 10 common shareholders as a result of the placement of new shares (if any) (see Note 3)		China Mobile Communications Group Co., Ltd. as a strategic investor of the Company undertakes not to transfer any shares of the Company subscribed in any way within 36 months from the first day of listing of the new shares						
Description of the association relationship or concerted action of above-mentioned 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						
Explanation of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights		Not applicable.						
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (see Note 11)		Not applicable.						

Shareholding of the 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.	68,496,245	RMB common stock	68,496,245

Zhu Jiangming	40,043,873	RMB common stock	40,043,873
National Social Security Fund 103	39,732,000	RMB common stock	39,732,000
China Securities Finance Co., Ltd.	39,611,241	RMB common stock	39,611,241
China Galaxy Securities Co., Ltd.	29,824,730	RMB common stock	29,824,730
China Construction Bank Corporation Limited - Qianhai Kaiyuan Utility Stock Securities Investment Fund	23,298,603	RMB common stock	23,298,603
Industrial and Commercial Bank of China Limited - Qianhai Kaiyuan New Economy Flexible Allocation Hybrid Securities Investment Fund	18,067,450	RMB common stock	18,067,450
Chen Ailing	17,815,703	RMB common stock	17,815,703
Wu Jun	17,293,222	RMB common stock	17,293,222
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		
Explanation on Top Ten Common Shareholders' Participation in Securities Margin Trading (If Any) (see Note 4)	N/A		

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

□ Yes ☑ No

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

IV. Shareholding Changes of Directors, Supervisors and Senior Management

□ Applicable ☑ Not applicable

There was no change in shareholding of directors, supervisors and senior management of the Company during the reporting period, see the 2022 Annual Report for more information.

V. Particulars about the Change to the Controlling Shareholders and Actual Controllers

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

Whether the semi-annual report has been audited

□ Yes ☑ No

The semi-annual 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, 2023

Unit: RMB

Item	June 30, 2023	January 1, 2023
Current Assets:		
Cash and Bank Balances	11,936,864,545.30	8,029,878,650.77
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	1,470,000.00	1,470,000.00
Derivative Financial Assets		
Notes receivable	643,621,901.77	872,302,071.18
Accounts receivable	16,026,362,081.73	15,411,908,561.50
Receivables Financing	592,817,184.48	679,441,917.62
Prepayments	198,699,221.08	121,691,239.14
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	355,240,242.40	401,849,246.88
Including: interest receivable		
Dividends Receivable	4,373,583.72	8,519,063.17
Buying Back the Sale of Financial Assets		
Inventory	6,254,601,963.07	7,315,372,440.02
Contract Assets	135,350,874.39	106,335,405.35
Holding for-sale assets		
Non-current Assets Due within 1 Year	450,902,515.94	476,871,949.75
Other Current Assets	676,284,489.75	1,352,406,151.72
Subtotal of Current Assets	37,272,215,019.91	34,769,527,633.93
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	1,297,305,069.07	1,436,256,651.54
Long-term Equity Investment	1,192,130,131.68	1,461,099,644.55
Investment in Other Equity		

Instruments		
Other Non-current Financial Assets	1,378,948,318.26	931,043,130.33
Investment Property	434,725,805.77	423,035,823.82
Fixed Assets	4,527,953,284.98	4,643,617,574.85
Projects under Construction	594,110,798.33	423,535,552.03
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	317,699,205.96	314,700,977.50
Intangible Assets	585,321,371.93	557,183,251.12
Development Expenditure		
Goodwill	6,615,294.18	6,615,294.18
Long-term Deferred Expenses	125,478,289.77	130,626,422.97
Deferred Income Tax Assets	1,010,703,390.49	1,014,419,944.15
Other Non-current Assets	114,590,062.60	141,231,903.57
Subtotal of Non-current Assets	11,585,581,023.02	11,483,366,170.61
Total assets	48,857,796,042.93	46,252,893,804.54
Current Liabilities:		
Short-term loan	489,869,105.97	257,943,618.51
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities	24,514,280.75	26,652,319.25
Derivative Financial Liabilities		
Notes Payable	3,405,804,594.55	4,364,097,761.17
Accounts Payable	5,382,245,929.49	7,340,277,388.29
Received Prepayments		
Contract liabilities	997,166,396.05	1,219,548,011.88
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	1,052,578,177.93	1,583,203,165.43
Tax Payable	438,124,777.04	326,881,747.78
Other Payables	726,192,979.56	1,004,056,999.91
Including: interest payable		
Dividends Payable	10,349,050.92	
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	1,998,344,960.10	2,558,010,785.73
Other Current Liabilities	133,734,672.39	166,004,612.27
Subtotal of Current Liabilities	14,648,575,873.83	18,846,676,410.22
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan	402,000,000.00	453,825,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	193,897,179.10	196,340,654.27
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	224,345,821.95	227,764,387.93

Deferred Income	177,727,208.90	104,663,047.38
Deferred Income Tax Liabilities	2,217,705.84	1,168,473.33
Other Non-current Liabilities	156,913,075.39	204,084,072.08
Subtotal of Non-current Liabilities	1,157,100,991.18	1,187,845,634.99
Total Liabilities	15,805,676,865.01	20,034,522,045.21
Shareholders' Equity:		
Share Capital	3,294,468,990.00	3,033,161,170.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	8,768,776,583.46	3,950,209,243.25
Less: Treasury Share	340,058,648.28	609,859,632.00
Other Comprehensive Incomes	41,111,643.94	36,942,339.77
Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
General Risk Reserves		
Undistributed Profits	19,054,706,138.21	17,872,654,791.67
Total Shareholders' Equity Attributable to the Parent Company	32,372,695,713.25	25,836,798,918.61
Minority Shareholders' Equity	679,423,464.67	381,572,840.72
Total Shareholders' Equity	33,052,119,177.92	26,218,371,759.33
Total Liabilities and Shareholders' Equity	48,857,796,042.93	46,252,893,804.54

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

Item	June 30, 2023	January 1, 2023
Current Assets:		
Cash and Bank Balances	6,481,351,040.64	4,022,841,447.49
Trading Financial Assets		
Derivative Financial Assets		
Notes receivable	182,887,476.99	178,821,430.81
Accounts receivable	4,704,118,990.27	4,837,478,515.65
Receivables Financing	823,973,067.57	1,061,433,149.01
Prepayments	15,248,016.01	11,881,594.83
Other Receivables	12,942,027,391.89	13,025,162,686.64
Including: interest receivable		
Dividends Receivable		
Inventory	641,536,401.04	950,125,105.39
Contract Assets	35,788,312.15	27,158,633.27
Holding for-sale assets		
Non-current Assets Due within 1 Year	25,327,113.12	35,911,131.98
Other Current Assets	67,355,677.70	627,219,565.83
Subtotal of Current Assets	25,919,613,487.38	24,778,033,260.90
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	9,031,389.34	12,287,217.89
Long-term Equity Investment	8,025,866,329.90	5,482,249,288.75
Investment in Other Equity Instruments		
Other Non-current Financial Assets	1,356,478,318.26	908,573,130.33
Investment Property	450,042,133.15	317,849,081.03
Fixed Assets	1,407,576,973.45	1,627,286,403.38

Projects under Construction	32,163,840.96	34,991,576.38
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	101,518,274.31	114,223,037.09
Intangible Assets	116,406,209.39	132,109,501.05
Development Expenditure		
Goodwill		
Long-term Deferred Expenses	61,821,008.41	69,447,374.46
Deferred Income Tax Assets	45,410,505.97	39,347,253.53
Other Non-current Assets	26,589,469.75	25,825,038.50
Subtotal of Non-current Assets	11,632,904,452.89	8,764,188,902.39
Total assets	37,552,517,940.27	33,542,222,163.29
Current Liabilities:		
Short-term loan		3,632,141.60
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	402,382,017.38	485,319,623.33
Accounts Payable	837,784,081.91	1,074,133,501.08
Received Prepayments		
Contract liabilities	101,173,804.36	169,956,348.75
Payroll payable	774,671,215.51	1,116,235,627.09
Tax Payable	143,447,661.25	140,279,695.45
Other Payables	1,162,760,668.79	1,328,875,885.44
Including: interest payable		
Dividends Payable	10,349,050.92	
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	1,838,288,181.23	2,393,499,176.95
Other Current Liabilities	18,377,273.71	85,397,527.74
Subtotal of Current Liabilities	5,278,884,904.14	6,797,329,527.43
Non-current Liabilities:		
Long-term loan	350,000,000.00	350,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	54,428,133.81	64,598,842.13
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	2,004,971.69	2,204,024.80
Deferred Income		
Deferred Income Tax Liabilities		
Other Non-current Liabilities	406,094.85	392,972.39
Subtotal of Non-current Liabilities	406,839,200.35	417,195,839.32
Total Liabilities	5,685,724,104.49	7,214,525,366.75
Shareholders' Equity:		
Share Capital	3,294,468,990.00	3,033,161,170.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	8,538,112,902.95	3,788,412,149.09
Less: Treasury Share	340,058,648.28	609,859,632.00
Other Comprehensive Incomes		
Special Reserves		
Surplus Reserves	1,553,691,005.92	1,553,691,005.92
Undistributed Profits	18,820,579,585.19	18,562,292,103.53
Total Shareholders' Equity	31,866,793,835.78	26,327,696,796.54
Total Liabilities and Shareholders'	37,552,517,940.27	33,542,222,163.29

Equity		

3. Consolidated Income Statement

Unit: RMB

Item	2023 Semi-Annual	2022 Semi-Annual
I. Total Operating Revenue	14,633,547,280.64	14,087,085,840.97
Including: Operating Revenue	14,633,547,280.64	14,087,085,840.97
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	12,639,678,879.61	12,627,463,461.27
Including: Operating Cost	8,363,987,899.64	8,802,576,621.32
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount of Withdrawn Reserve for Insurance Liability		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	116,183,814.53	79,474,198.57
Sales Expenses	2,190,619,243.64	2,039,728,296.24
Administration expenses	574,719,904.27	416,806,198.58
Research and development expense	1,814,620,715.06	1,563,479,271.17
Financial Expenses	-420,452,697.53	-274,601,124.61
Including: interest expenses	58,636,214.41	66,900,870.38
Interest Income	139,792,759.54	99,279,785.76
Add: Other income	362,570,654.41	500,467,768.02
Investment Income (Mark "-" for Loss)	-14,144,210.12	-167,792,112.54
Including: Investment Income from Affiliates and Joint Ventures	-154,531,486.76	-190,450,701.35
Profits from recognition Termination of Financial Assets at Amortized Cost	-196,693.85	-515,403.33
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	135,198,336.41	138,606,187.66
Credit Impairment Losses (Mark "-" for Loss)	-188,589,781.56	-226,803,032.66
Asset Impairment Losses (Mark "-" for Loss)	-51,813,530.75	-68,919,039.80
Asset Disposal Income (Mark "-" for Loss)	1,762,054.22	921,560.18
III. Operating Profit (Mark "-" for Loss)	2,238,851,923.64	1,636,103,710.56
Add: Non-operating Revenues	7,290,762.49	4,176,182.18
Less: Non-operating Expenses	4,137,712.72	3,553,253.46
IV. Total Profit (Mark "-" for Total Loss)	2,242,004,973.41	1,636,726,639.28
Less: Income Tax Expense	201,745,311.54	93,448,750.74
V. Net Profit (Mark "-" for Net Loss)	2,040,259,661.87	1,543,277,888.54

(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	2,040,259,661.87	1,543,277,888.54
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
(II) Classified by the attribution of ownership		
1. Net Profit Attributable to Shareholders of Parent Company (Mark "-" for Net Loss)	1,976,018,373.13	1,519,848,967.71
2. Minority Shareholders' Profit and Loss (Mark "-" for Net Loss)	64,241,288.74	23,428,920.83
VI. Net Amount of Other Comprehensive Incomes after Tax	4,075,172.57	-3,570,948.60
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	4,169,304.17	-3,554,206.18
(I) Other comprehensive income that cannot be reclassified into profit or loss		
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	4,169,304.17	-3,554,206.18
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	4,169,304.17	-3,554,206.18
7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	-94,131.60	-16,742.42
VII. Total Comprehensive Income	2,044,334,834.44	1,539,706,939.94
Total Comprehensive Income Attributable to the Parent Company's Owner	1,980,187,677.30	1,516,294,761.53
Total Comprehensive Income Attributable to Minority Shareholders	64,147,157.14	23,412,178.41
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.63	0.51
(II) Diluted Earnings per Share	0.63	0.51

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	2023 Semi-Annual	2022 Semi-Annual
I. Operating Revenue	4,184,317,063.89	3,866,053,547.81
Less: Operating Cost	719,784,720.11	445,347,117.51
Taxes and Surcharges	54,229,390.73	56,800,667.28
Sales Expenses	1,015,381,496.95	899,736,981.65
Administration expenses	317,706,226.18	220,965,637.90
Research and development expense	1,289,644,332.69	1,151,255,899.09
Financial Expenses	-36,661,815.34	-6,125,001.13
Including: interest expenses	46,683,379.85	44,101,316.61
Interest Income	81,624,138.58	49,528,634.04
Add: Other income	276,803,489.04	415,570,228.58
Investment Income (Mark "-" for Loss)	-188,877,854.91	-218,295,447.12
Including: Investment Income from Affiliates and Joint Ventures	-189,891,800.93	-216,827,314.09
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)	-3,367,354.25	-3,745,833.33
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	133,060,297.91	162,677,125.00
Credit Impairment Losses (Mark "-" for Loss)	-9,113,671.32	-8,464,769.91
Asset Impairment Losses (Mark "-" for Loss)	1,499,115.65	-2,529,272.38
Asset Disposal Income (Mark "-" for Loss)	432,756.61	681,965.58
II. Operating Profit (Mark "-" for Loss)	1,038,036,845.55	1,447,712,075.26
Add: Non-operating Revenues	756,053.99	2,450,575.07
Less: Non-operating Expenses	682,163.61	1,283,456.12
III. Total Profit (Mark "-" for Total Loss)	1,038,110,735.93	1,448,879,194.21
Less: Income Tax Expense	-14,143,772.32	55,485,544.69
IV. Net Profit (Mark "-" for Net Loss)	1,052,254,508.25	1,393,393,649.52
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,052,254,508.25	1,393,393,649.52
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
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		
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		
VI. Total Comprehensive Income	1,052,254,508.25	1,393,393,649.52
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.34	0.47
(II) Diluted Earnings per Share	0.34	0.47

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2023 Semi-Annual	2022 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	15,419,789,484.32	15,265,440,930.92
Net Increase in Customer's Bank Deposits and Interbank Deposits		
Net Increase in Borrowings from the Central Bank		
Net Increase in Borrowings from Other Financial Institutions		
Cash Arising from Receiving Premiums for the Original Insurance Contract		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	562,339,362.06	821,998,893.46
Other Received Cashes Related to Operational Activities	620,225,332.09	643,355,851.17
Subtotal of cash inflow from operational activities	16,602,354,178.47	16,730,795,675.55
Cash Paid for Merchandise and Services	10,753,333,485.70	12,250,857,651.04
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	3,776,397,158.68	4,166,888,180.62
Cash Paid for Taxes and Surcharges	816,894,394.93	1,086,604,856.49
Other Paid Cashes Related to Operational Activities	993,032,393.45	954,239,634.16
Subtotal of cash outflow from operational activities	16,339,657,432.76	18,458,590,322.31
Net cash flow generated by operating activities	262,696,745.71	-1,727,794,646.76
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	999,781,208.81	1,424,220,516.19
Cash Arising from Investment Incomes	14,922,299.29	14,408,600.68
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	2,406,406.21	3,618,138.04
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		1,078,062.03
Other Received Cashes Related to Investment Activities	6,756,472.78	17,359,422.11
Subtotal of cash inflow from investment activities	1,023,866,387.09	1,460,684,739.05
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	639,960,429.28	671,321,793.27
Cash Paid for Investments	518,446,286.75	899,086,646.00
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	36,957,997.39	2,189,282.90
Subtotal of cash outflows from investment activities	1,195,364,713.42	1,572,597,722.17
Net amount of cash flow generated by investment activities	-171,498,326.33	-111,912,983.12
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	5,389,711,811.41	624,169,632.00
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	293,712,651.41	14,310,000.00
Cash Arising from Borrowings	1,212,246,016.69	3,497,977,041.60
Other Received Cashes Related to Financing Activities		453,263.81
Subtotal of cash inflow from financing activities	6,601,957,828.10	4,122,599,937.41
Cash Paid for Debts Repayment	1,627,680,609.51	2,184,297,390.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	836,082,043.03	858,441,875.43
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries	1,104,770.95	
Other Paid Cashes Related to Financing Activities	355,403,014.42	433,219,341.33
Subtotal of cash outflow from financing activities	2,819,165,666.96	3,475,958,606.76
Net cash flow generated by financing	3,782,792,161.14	646,641,330.65

activities		
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	45,593,862.66	86,013,805.25
V. Net Increase in Cash and Cash Equivalents	3,919,584,443.18	-1,107,052,493.98
Add: Cash and Cash Equivalents at the Commencement of the Period	7,878,465,052.63	7,617,576,852.32
VI. Cash and Cash Equivalents at the End of the Period	11,798,049,495.81	6,510,524,358.34

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2023 Semi-Annual	2022 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	4,641,334,206.69	4,901,653,844.89
Tax Refund		
Other Received Cashes Related to Operational Activities	413,453,400.08	485,465,467.41
Subtotal of cash inflow from operational activities	5,054,787,606.77	5,387,119,312.30
Cash Paid for Merchandise and Services	347,160,343.46	380,698,114.67
Cash Paid to and for Employees	2,289,406,464.99	2,540,544,711.65
Cash Paid for Taxes and Surcharges	391,459,849.51	657,020,098.45
Other Paid Cashes Related to Operational Activities	483,866,340.52	545,699,527.90
Subtotal of cash outflow from operational activities	3,511,892,998.48	4,123,962,452.67
Net cash flow generated by operating activities	1,542,894,608.29	1,263,156,859.63
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	696,333,948.05	528,823,920.19
Cash Arising from Investment Incomes	3,522,690.73	6,666,341.48
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	4,782,857.98	11,212,058.02
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	704,639,496.76	546,702,319.69
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	185,751,851.23	280,356,493.56
Cash Paid for Investments	3,177,146,235.00	168,623,191.19
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	3,362,898,086.23	448,979,684.75
Net amount of cash flow generated by investment activities	-2,658,258,589.47	97,722,634.94
III. Cash Flow from Financing		

Activities:		
Cash Arising from Absorbing Investments	5,095,999,160.00	609,859,632.00
Cash Arising from Borrowings		1,143,632,141.60
Other Received Cashes Related to Financing Activities	1,431,261,852.19	984,338,789.26
Subtotal of cash inflow from financing activities	6,527,261,012.19	2,737,830,562.86
Cash Paid for Debts Repayment	553,632,141.60	140,000,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	819,579,768.57	834,910,324.11
Other Paid Cashes Related to Financing Activities	1,547,840,710.10	2,291,278,042.11
Subtotal of cash outflow from financing activities	2,921,052,620.27	3,266,188,366.22
Net cash flow generated by financing activities	3,606,208,391.92	-528,357,803.36
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	228,637.48	387,560.48
V. Net Increase in Cash and Cash Equivalents	2,491,073,048.22	832,909,251.69
Add: Cash and Cash Equivalents at the Commencement of the Period	3,933,169,520.92	2,408,352,525.10
VI. Cash and Cash Equivalents at the End of the Period	6,424,242,569.14	3,241,261,776.79

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2023 Semi-Annual														
	Shareholders' Equity Attributable to the Parent Company's Owner													Minority Shareholders' Equity	Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	3,033,161,170.00				3,950,209,243.25	609,859,632.00	36,942,339.77		1,553,691,005.92		17,872,654,791.67		25,836,798,918.61	381,572,840.72	26,218,371,759.33
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	3,033,161,170.00				3,950,209,243.25	609,859,632.00	36,942,339.77		1,553,691,005.92		17,872,654,791.67		25,836,798,918.61	381,572,840.72	26,218,371,759.33
III. Increases or Decreases in This Period (Mark "-" for Decreases)	261,307,820.00				4,818,567,340.21	-269,800,983.72	4,169,304.17				1,182,051,346.54		6,535,896,794.64	297,850,623.95	6,833,747,418.59
(I) Total Comprehensive Income							4,169,304.17				1,976,018,373.13		1,980,187,677.30	64,147,157.14	2,044,334,834.44
(II) Shareholders' Contribution and Reduction in Capital	261,307,820.00				4,726,973,177.93	-269,800,983.72							5,258,081,981.65	322,856,853.27	5,580,938,834.92
1．Common stock invested by the owner	261,307,820.00				4,569,072,831.92	-269,800,983.72							5,100,181,635.64	290,412,651.41	5,390,594,287.05
2．Capital Invested by Holders of Other Equity Instruments															
3．Amount of Share-based Payments Recorded into Shareholders' Equity					157,900,346.01								157,900,346.01	32,444,201.86	190,344,547.87
4．Others															
(III) Profit Distribution											-793,967,026.59		-793,967,026.59		-793,967,026.59
1．Appropriation of Surplus Reserves															
2．Appropriation of General Risk Reserves															
3．Distribution to Owners (or											-793,96		-793,96		-793,96

Shareholders)											7,026.59		7,026.59		7,026.59
4. Others															
(IV) Internal Carry-forward of Shareholders' Equity															
1. Capital Reserves Transferred into Capital (or Share Capital)															
2. Surplus Reserves Transferred into Capital (or Share Capital)															
3. Surplus Reserves Covering Losses															
4. Carry-forward retained earnings of the variation of the defined benefit plan															
5. Other Carry-forward Retained Earnings of the Comprehensive Income															
6. Others															
(V) Special Reserves															
1. Withdrawal in this period															
2. Used in This Period															
(VI) Others					91,594,162.28								91,594,162.28	-89,153,386.46	2,440,775.82
IV. Balance at the End of This Period	3,294,468,990.00				8,768,776,583.46	340,058,648.28	41,111,643.94		1,553,691,005.92		19,054,706,138.21		32,372,695,713.25	679,423,464.67	33,052,119,177.92

Amount of the previous year

Unit: RMB

Item	2022 Semi-Annual														
	Shareholders' Equity Attributable to the Parent Company's Owner													Minority Shareholders' Equity	Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	2,994,550,730.00				2,939,512,235.75	277,169,524.09	76,005,792.49		1,553,691,005.92		16,331,012,273.48		23,617,602,513.55	552,741,994.59	24,170,344,508.14
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	2,994,550,730.00				2,939,512,235.75	277,169,524.09	76,005,792.49		1,553,691,005.92		16,331,012,273.48		23,617,602,513.55	552,741,994.59	24,170,344,508.14
III. Increases or Decreases in This Period (Mark "-" for Decreases)	38,610,440.00				304,049,488.10	332,690,107.91	-3,554,206.18				737,135,393.70		743,551,007.71	-25,753,563.35	717,797,444.36
(I) Total Comprehensive Income							-3,554,206.18				1,519,848,967.71		1,516,294,761.53	23,412,178.41	1,539,706,939.94
(II) Shareholders' Contribution and Reduction in Capital	38,610,440.00				300,267,748.88	332,690,107.91							6,188,080.97	21,610,969.49	27,799,050.46
1 . Common stock invested by the owner	38,610,440.00				278,018,905.02	332,690,107.91							-16,060,762.89	14,310,000.00	-1,750,762.89

2 . Capital Invested by Holders of Other Equity Instruments															
3 . Amount of Share-based Payments Recorded into Shareholders' Equity					22,248,843.86								22,248,843.86	7,300,969.49	29,549,813.35
4 . Others															
(III) Profit Distribution											-782,713,574.01		-782,713,574.01		-782,713,574.01
1 . Appropriation of Surplus Reserves															
2 . Appropriation of General Risk Reserves															
3 . Distribution to Owners (or Shareholders)											-782,713,574.01		-782,713,574.01		-782,713,574.01
4 . Others															
(IV) Internal Carry-forward of Shareholders' Equity															
1 . Capital Reserves Transferred into Capital (or Share Capital)															
2 . Surplus Reserves Transferred into Capital (or Share Capital)															
3 . Surplus Reserves Covering Losses															
4 . Carry-forward retained earnings of the variation of the defined															

benefit plan															
5 . Other Carry-forward Retained Earnings of the Comprehensive Income															
6. Others															
(V) Special Reserves															
1 . Withdrawal in this period															
2 . Used in This Period															
(VI) Others					3,781,739.22								3,781,739.22	-70,776,711.25	-66,994,972.03
IV. Balance at the End of This Period	3,033,161,170.00				3,243,561,723.85	609,859,632.00	72,451,586.31		1,553,691,005.92		17,068,147,667.18		24,361,153,521.26	526,988,431.24	24,888,141,952.50

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

Amount of this period

Unit: RMB

Item	2023 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	3,033,161,170.00				3,788,412,149.09	609,859,632.00			1,553,691,005.92	18,562,292,103.53		26,327,696,796.54
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,033,161,170.00				3,788,412,149.09	609,859,632.00			1,553,691,005.92	18,562,292,103.53		26,327,696,796.54
III. Increases or Decreases	261,307,820.00				4,749,700,753.86	-269,800,983.72				258,287,481.66		5,539,097,039.24

in This Period (Mark "-" for Decreases)												
(I) Total Comprehensive Income									1,052,254,508.25		1,052,254,508.25
(II) Shareholders' Contribution and Reduction in Capital	261,307,820.00				4,718,336,754.33	-269,800,983.72						5,249,445,558.05
1．Common stock invested by the owner	261,307,820.00				4,569,072,831.92	-269,800,983.72						5,100,181,635.64
2．Capital Invested by Holders of Other Equity Instruments												
3．Amount of Share-based Payments Recorded into Shareholders' Equity					149,263,922.41							149,263,922.41
4．Others												
(III) Profit Distribution										-793,967,026.59		-793,967,026.59
1．Appropriation of Surplus Reserves												
2．Distribution to Owners (or Shareholders)										-793,967,026.59		-793,967,026.59
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					31,363,999.53							31,363,999.53
IV. Balance at the End of This Period	3,294,468,990.00				8,538,112,902.95	340,058,648.28			1,553,691,005.92	18,820,579,585.19		31,866,793,835.78

Amount of the previous year

Unit: RMB

Item	2022 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	2,994,550,730.00				2,925,020,649.68	277,169,524.09			1,553,691,005.92	17,370,986,709.52		24,567,079,571.03
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	2,994,550,730.00				2,925,020,649.68	277,169,524.09			1,553,691,005.92	17,370,986,709.52		24,567,079,571.03

III. Increases or Decreases in This Period (Mark "-" for Decreases)	38,610,440.00				303,909,568.32	332,690,107.91				610,680,075.51		620,509,975.92
(I) Total Comprehensive Income										1,393,393,649.52		1,393,393,649.52
(II) Shareholders' Contribution and Reduction in Capital	38,610,440.00				292,964,540.35	332,690,107.91						-1,115,127.56
1 . Common stock invested by the owner	38,610,440.00				278,018,905.02	332,690,107.91						-16,060,762.89
2 . Capital Invested by Holders of Other Equity Instruments												
3 . Amount of Share-based Payments Recorded into Shareholders' Equity					14,945,635.33							14,945,635.33
4 . Others												
(III) Profit Distribution										-782,713,574.01		-782,713,574.01
1 . Appropriation of Surplus Reserves												
2 . Distribution to Owners (or Shareholders)										-782,713,574.01		-782,713,574.01
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					10,945,027.97							10,945,027.97
IV. Balance at the End of This Period	3,033,161,170.00				3,228,930,218.00	609,859,632.00			1,553,691,005.92	17,981,666,785.03		25,187,589,546.95

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 corporation established on the basis of overall change of the former Hangzhou Dahua Information Technology Co., Ltd. It was co-founded by five natural persons, including Fu Liquan, Chen Ailing, Zhu Jiangming, Liu Yunzhen and Chen Jianfeng.

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

As of June 30, 2023, the Company has issued a total of 3,294,468,990 shares, with a registered capital of RMB 3,294,468,990.00. The registered address is No.1187, Bin'an Road, Binjiang District, Hangzhou, and the headquarters is located at No.1399, Binxing Road, Binjiang District, Hangzhou.

The main operating activities of the Company include the follows: general items: software development; manufacturing of digital video surveillance systems; marketing of digital video surveillance systems manufacturing of safety equipment; marketing of safety equipment; manufacturing of IoT equipment; marketing of IoT devices; research and development of IoT technologies; IoT technical services; IoT application services; big data services; services of 5G communication technologies; manufacturing of computer hardware, software and peripheral equipment; wholesale of computer hardware, software and auxiliary equipment; retail of computer hardware, software and auxiliary equipment; manufacturing of cloud computing equipment; marketing of cloud computing equipment; technical services of cloud computing equipment; manufacturing of communication devices; marketing of communication devices; manufacturing of mobile communication devices; marketing of mobile communication devices; manufacturing of network equipment; marketing of network equipment; manufacturing of display devices; marketing of display devices; manufacturing of intelligent unmanned aerial vehicles; marketing of intelligent unmanned aerial vehicles; manufacturing of general equipment (not including manufacturing of special equipment); manufacturing of radars and auxiliary equipment; research and development of distribution switch controllers; manufacturing of distribution switch controllers; marketing of distribution switch controllers; manufacturing of instruments and apparatuses; marketing of instruments and apparatuses; manufacturing of electronic components; wholesale of electronic components; retail of electronic components; manufacturing of photovoltaic equipment and components; marketing of photovoltaic equipment and components; manufacturing of metal products for safety and fire control; manufacturing of lighting appliances; marketing of lighting appliances; research and development of mechanical equipment; marketing of mechanical equipment; manufacturing of mechanical and electrical equipment; marketing of mechanical and electrical equipment; marketing of electronic products; manufacturing of wearable intelligent devices; marketing of wearable intelligent devices; manufacturing of metal structures; marketing of metal structures; manufacturing of stereo equipment; marketing of stereo equipment; manufacturing of special equipment for environmental protection; marketing of special equipment for environmental protection; production of special labor protection supplies; marketing of special labor protection supplies; manufacturing of VR equipment; online marketing (except for marketing of licensed commodities); technical services, technology development, technology consultation, technology exchange, technology transfer, technology popularization; services of information system integration; integration of intelligent control systems; AI public data platform; system integration services of AI applications; computer system services; Internet data services; data processing and storage support services; security system monitoring services; electronic and mechanical equipment maintenance (not including special equipment); leasing services (not including licensed leasing services).
The actual controllers of the Company are Fu Liquan and Chen Ailing.
This financial statement has been approved by Board of Directors on August 25, 2023.

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

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

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

2. Going concern

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

V. Significant Accounting Polices and Accounting Estimates

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

1. Statement on compliance with Accounting Standards for Business Enterprises

This financial statement is in compliance with the requirements in the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the merged companies and the parent company as at June 30, 2023 and the operating results and cash flows of the merged companies and the parent company in half of year 2023.

2. Accounting period

The fiscal year 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 functional currency is Renminbi ("RMB"). The other overseas operating entities take the appropriate currency as the functional currency on the basis of the currency in the major economic environment in which they operate. This financial statement is presented in RMB.

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

Business combination involving entities under common control: The assets and liabilities acquired by the merging party in business combination (including goodwill incurred in the acquisition of the merged party by ultimate controlling party) shall be measured at the book value of the assets and liabilities of the merged 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 combination involving entities not under common control: The cost of combination is the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued by the acquirer to acquire the control of the acquiree on the date of acquisition. 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 identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the combination that satisfy the recognition criteria shall be measured by the fair value on the date of acquisition.

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 with respect to the investee to obtain variable returns by engaging in relevant activities of the investee, and has the ability to influence the amount of its returns by applying its power with respect to the investee.

(2) Procedures of Consolidation

The Company treats the enterprise group as a single accounting entity and prepares the consolidated financial statements in accordance with the unified accounting policy to reflect the Group's overall financial position, operating results, and cash flow. The influence from the internal transactions between the Company and the subsidiaries or between different subsidiaries shall be eliminated. Internal transactions show that impairment loss of relevant assets shall be recognized as such loss in full. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

The shares belonging to minority shareholders in owner's equity, the net profit or loss and the comprehensive income of the subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profits, 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 shall be offset against the equity of minority shareholders.

① Acquisition of Subsidiaries or Business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the reporting period, the operating results and cash flow of such subsidiaries or business from the beginning to the end of the reporting period when the merger occurs are included in the consolidated income statement; and the opening balance and comparative figures of the consolidated financial statements should be adjusted simultaneously as if the consolidated reporting entity has been in existence since the beginning of the control by the ultimate controlling party.

In connection with imposing control over the investee under common control due to additional investment and other reasons, the equity investment held before gaining the control of the combined party is recognized as relevant profit or 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 combining and the merged parties are under common control, and shall be written down to the opening balance retained earnings or current profit or loss in the comparative reporting period.

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

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 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 current period. Other comprehensive income that may later be reclassified into profit or loss and changes in other owner's equity accounted by equity method contained in the acquiree's equity held before the acquisition date shall be transferred to current investment gains on the date of acquisition.

② Disposal of Subsidiaries or Business

a. General Treatment

When losing control of the investee due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured at fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and the sum of goodwill, is recognized in investment income in the period in which control is lost. Other comprehensive income that may later be reclassified into profit or loss and changes in other owner's equity accounted by equity method in connection with the equity investment of the original subsidiaries shall be transferred to the current investment gains when the control is lost.

b. Disposal of Subsidiary Achieved by Stages

When the equity investment of subsidiaries is disposed of through multiple transactions until the control is lost, such multiple transactions are generally treated as a package deal if the terms, conditions, and economic impact of the transactions to dispose of the subsidiary's equity investment satisfy one or more of the following conditions:

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. Occurrence of a transaction depends on the occurrence of at least one of the other transactions;

ⅳ. One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

If multiple transactions are recognized as a package deal, these transactions shall be subject to accounting treatment as a transaction to dispose of the subsidiaries and lose control. The differences between the price on each disposal and disposal of investment on the subsidiary's net assets shall be recognized in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

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

③ Acquisition of Minority Equity of Subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date or date of combination or, 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 the disposal consideration and the share of net assets in the subsidiaries calculated from disposal of long-term equity investment as of the date of acquisition or combination date 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 methods for joint operation

Joint venture arrangement is classified into joint operation and joint venture.

Joint operation means the joint venture arrangement in which the joint venture parties have the assets and assume the liabilities related to such arrangement.

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

(1) The assets separately held by the Company and assets jointly held as recognized by the share of the Company;

(2) The liabilities separately assumed by the Company and liabilities jointly assumed as recognized by the share of the Company;

(3) Income from selling the share of the Company in the output of the joint operation;

(4) Income from joint operation of the sold output as recognized by the share of the Company;

(5) The expenses separately incurred and expenses jointly incurred as recognized by the share of the Company;

The Company adopts the equity method for the investment of the joint venture. For details, refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 19. Long-term equity investment.

8. Recognition criteria of cash and cash equivalents

Cash means the cash on hand and deposits that are available for payment at any time of the Company. Cash equivalents mean 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. Conversion of transactions and financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions shall be translated into functional currency at the spot exchange rate on the day when the transactions occurred.

The Balance of foreign currency monetary items shall be translated at the spot exchange rate on 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 included in current profit and loss.

2. Translation of foreign currency financial statements

All assets and liabilities items in balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date. For disposal of overseas operation, the translation difference as stated in the foreign currency financial statements relating to overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

10. Financial instruments

A financial asset, financial liability or equity instrument is 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 which satisfy the following conditions, and are not designated as financial assets at fair value through profit or loss will be classified by the Company as financial assets at amortized cost:

— The business model is designed to collect the contractual cash flow;

— The contractual cash flow is only used to pay the principal and the interests based on the outstanding principal amount.

The financial assets which satisfy the following conditions, and are not designated as financial assets at fair value through profit or loss will be classified by the Company as the financial assets (equity instruments) at fair value through other comprehensive income:

— The business model is designed to both collect the contractual cash flow and sell the financial assets;

— The contractual cash flow is only used to pay the principal and the interests based on the outstanding principal amount.

For non-trading investments in equity instruments, the Company may, at the time of initial recognition, irrevocably designate them as financial assets (equity instruments) at fair value through other comprehensive income. Such designation is based on the individual investments, and relevant investments fall within the definition of the equity instrument from the perspective of the issuer.

Except for the financial assets at amortized cost, and financial assets at fair value through other comprehensive income, all the remaining financial assets are classified as the financial assets at fair value through profit or loss. At the time of initial recognition, the financial assets which should have been classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income can be irrevocably designated by the Company as financial assets at fair value through profit or loss if the accounting mismatch 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 derivatives to be split separately.

(2) Recognition and measurement of financial instruments

① Financial assets at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables and creditors investment, which shall be initially measured at fair value, and the relevant transaction expenses should be initially capitalized; The accounts receivable that do not contain material financing compositions and those for which the Company decides to not take into account the financing compositions of no more than one year shall be initially measured at the contract transaction price.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss. At the time of recovery or disposal, the difference between the price obtained and the book value shall be included in the current profit or loss.

② Financial assets measured at fair value and whose 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 whose changes 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 at fair value through profit or loss in this period

Financial assets at fair value through profit or loss include trading financial assets, derivative financial assets, and other non-current financial assets. They are initially measured at fair value, and the transaction expenses related to them are included in the current profit or loss. 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 at fair value through profit or loss in this period

Financial liabilities at fair value through profit or loss include trading financial liabilities and derivative financial liabilities. They are initially measured at fair value, and the transaction expenses related to them are included in the profit or loss for the period. These financial liabilities are subsequently measured at fair value, and the change in fair value shall be included in the profit or loss for the period.

Upon derecognition, the difference between their book value and the consideration paid is included in the profit or loss for the period.

⑥ Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable, and long-term payables. They are initially measured at fair value, and the transaction expenses shall be initially capitalized.

The interest calculated by effective interest method during the holding period is recorded into the current profit and loss.

Upon derecognition, the difference between the consideration paid and the book value of these financial liabilities is included in the current profit or loss.

(3) Derecognition and transfer of financial assets

When one of the following conditions is met, financial assets are derecognized by the Company:

— The contractual right to receive cash flows from financial assets is terminated;

— The financial assets have been transferred and nearly all the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;

— The financial assets have been transferred and although the Company neither transfers or retains all the risks and rewards related to the ownership of the financial assets, the Company retains no control of the financial assets;

The financial assets when transferred will not be derecognized if the Company has retained nearly all the risks and rewards related to the ownership of the financial assets.

The substance-over-form principle shall be adopted while making judgment on whether the transfer of financial assets satisfies the above conditions for termination of recognition.

The transfer of financial assets can be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

① The book value of the financial asset transferred;

② The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously recorded into the owners' 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)).

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 derecognized 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 of determining the fair values of financial assets and liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. It chooses the inputs which are consistent with the asset or liability's characteristics considered by market participants in the transaction of the relevant asset or liability and makes the maximum use of relevant observable inputs. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible.

(6) Test method and accounting treatment for impairment of financial assets

The Company estimates the expected credit loss on the financial assets at amortized cost, the financial assets at fair value through other comprehensive income (debt instruments), and the financial guarantee contracts, either alone or in combination.

Taking into the reasonable and well-grounded information including past matters, current situation and prediction of future economic conditions, the Company calculates the possibly weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking the risk of default as the weight, and recognizes the expected credit loss.

If the credit risk of this financial instrument has been significantly increased upon initial recognition, the Company measures its loss provision in accordance with the amount equivalent to the expected credit loss of the financial instrument throughout the duration; if the credit risk of this financial instrument is not significantly increased upon initial recognition, the Company will measure the loss provision of this financial instrument by the amount of its expected credit loss in the 12 months to come. The increased or reversed amount of the loss provision resulting therefrom is included in the current profit or loss as the impairment loss or profit.

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change in the risk of default over the expected life of financial instruments to assess whether the credit risk of financial instruments has increased significantly since initial recognition.

If the financial instrument becomes overdue for more than 30 days, the Company believes that the credit risk of this financial instrument has been significantly increased, unless there are concrete evidences that the credit risk of this financial instrument has not been significantly increased upon initial recognition.

If the financial instrument carries low credit risk at the balance sheet date, the Company believes that the credit risk of this financial instrument is not significantly increased upon initial recognition.

If there are objective evidences showing that a certain financial asset has been subject to credit impairment, the Company will accrue impairment provision for this financial asset on the individual asset basis.

The Company will always measure the loss provision for the accounts receivable and contract assets arising from the transactions regulated by "Accounting Standard for Business Enterprises No.14 — Revenue" (2017), whether they contain material financing compositions or not, by the amount of the expected credit loss throughout the duration.

For the lease receivables, the Company will always measure the loss provision for the accounts receivable, by the amount of the expected credit loss throughout the duration.

If the Company no longer reasonably expects that the cash flow of the financial asset contract can be recovered as a whole or in part, the book balance of such financial assets will be directly reduced.

11. Notes receivable

Refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments

12. Accounts receivable

Refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments

13. Receivables financing

Refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments

14. Other receivables

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

Refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments

15. Inventories

(1) Category of inventory

Inventories are classified as raw materials, commodity stocks, products in progress and materials commissioned for processing.

The inventories are initially measured at cost, which comprises the cost of purchase, cost of conversion and other expenditure incurred in bringing the inventories to their present location and condition.

(2) Determination of cost

Cost of inventories is determined using the weighted average method.

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the cost of inventories is higher than their net realizable value, reserve for stock depreciation shall be accrued. The net realizable value means the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of inventories in the daily activities.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated sales less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

If the factors influencing the write-down of the inventory value have disappeared, resulting in higher net realizable value of inventories than their book value after the reserve for stock depreciation is accrued, a reversal shall apply in the amount of reserve for stock depreciation previously accrued, and the reserved amount shall be included in the current profit or 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) Recognition method and criteria of contract assets

The Company lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. Considerations that the Company has the right to collect for commodities transferred or services provided to customers (and such right depends on other factors than passing of time) are presented as contract assets. The contract assets and contract liabilities under the same contract are presented in net amount. The Company separately presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable.

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

For the determination method and accounting treatment method for the expected credit loss of contract assets, refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments.

17. Contract costs

The contract costs comprise the contract performance cost and the cost to obtain a contract.

The costs incurred by the Company for contract performance which fall outside the scope of the enterprise accounting standards such as inventories, fixed assets or intangible assets will be identified as an asset of the contract performance costs upon satisfying all of the following conditions:

• The costs are directly related to one existing contract or one contract that is expected to be obtained.

• The costs enrich the Company's resources for future contract performance.

• The costs are estimated to be recovered.

The incremental costs which are incurred by the Company to obtain the contract and are expected to be recovered will be identified as an asset of the costs to obtain a contract.

The assets related to the contract costs will be amortized on the same basis for recognition of the income from commodities or services related to the assets; but if the amortization period of the costs to obtain the contract is no more than 1 year, the Company will include such costs in the current profit or loss once occurred.

In case that the book value of assets related to contract costs is higher than the difference between the two items below, the Company will accrue the impairment provision for the extra part, and recognize that part as impairment loss:

(1) Estimated residual consideration to be obtained from transfer of commodities or services related to the assets;

(2) Estimated costs incurred from transfer of relevant commodities or services.

If the factors for impairment in the previous periods are subsequently changed, making the aforesaid difference higher than the book value of the assets, the Company will reverse the accrued impairment provision and include it in the current profit or loss, provided that the book value of the reversed assets does not exceed the book value of the assets without impairment provision accrued on such date of reversal.

18. Holding assets for sale

An asset of which the book value is recovered mainly through sale (including exchange of non-monetary asset of a commercial nature) rather than non-continuous use of a non-current asset or disposal group is classified as a holding asset for sale.

A non-current asset or disposed group is classified by the Company as holding for sale if it meets the following criteria at the same time:

(1) Immediate sale could be made under the current circumstances in accordance with the convention of selling such kind of assets or disposal groups in similar transactions;

(2) Selling is highly likely to occur, i.e., the Company has made a resolution on a sales plan and obtained confirmed purchase commitments, and the sales 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.

If the book value of the non-current assets (excluding financial assets, deferred income tax assets, and assets to constitute payroll payable) or disposal groups classified as holding for-sale assets is higher than the net amount after deducting the selling expenses from the book value, the book value will be written down to the net amount after deducting the selling expenses from the fair value, and the amount written down will be recognized as the impairment loss of assets and included in the current profit or loss. At the same time, the impairment provision for holding for-sale assets will be accrued.

19. Long-term equity investment

(1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when requiring the unanimous consent of the parties sharing control before making decisions about the relevant activities of the arrangement. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, as the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

① Long-term equity investments formed through business combination

For the long-term equity investment in the subsidiaries arising from business combination involving entities under common control, the initial investment cost of the long-term equity investment is the share with reference to the book value of the shareholders' equity of the merged party in the consolidated financial statements of the ultimate controlling party on the date of combination. The share premium in the capital reserve shall be adjusted according to the difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid; if the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted. In connection with imposing control over the investee under common control as a result of additional investment and other reasons, the share premium shall be adjusted according to the difference between the initial investment cost of the long-term equity investment as recognized by the above principle and the carrying value of the long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination. If the share premium is insufficient for write-down, the retained earnings shall be offset.

For the long-term equity investment in the subsidiaries arising from business combinations involving entities not under common control, the cost of the combination ascertained on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under common control as a result of 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 the means other than business combination

The initial cost of a long-term equity investment obtained by cash payment shall be the purchase costs actually paid. The initial cost of investment of a long-term equity investment obtained by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

① Long-term equity investment calculated by cost method

Long-term equity investment in subsidiaries of the Company is calculated by cost method, unless the investment meets the conditions for holding for sale. except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company' shares of the cash dividends or profits declared by the investee.

② Long-term equity investment accounted for by equity method

Long-term equity investments of associates and jointly controlled entities are calculated using equity method. Where the initial investment cost of the 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 charged to the profit or loss for the current period. At the same time, the cost of the long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the book value of long-term equity investment; 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 in the owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee (hereinafter referred to as "Changes in Other Owner's Equity"), the book value of the long-term equity investment shall be adjusted and included in owner's equity.

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

The unrealized profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in proportion to the investor's equity interest of investee, based on which investment income or loss shall be recognized, except for those assets invested or sold constituting a business. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized.

The net loss incurred by the Company to the joint ventures or affiliates is capped when the carrying amount of long-term equity investment and the long-term equity that substantially constitutes the net investment in the joint ventures or affiliates have been wrote down to zero, except to the extent that the Company has an additional loss obligation. If the joint ventures or affiliates later realize net profit, the Company will resume recognition of the income share after the income share makes up 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 remaining equity is still subject to the equity method in partial disposal of the long-term equity investment under the equity method, other comprehensive income recognized in the original equity investment shall be carried forward at the appropriate proportion on the same basis used by the investee for direct disposal of relevant assets or liabilities, and other changes in the owner's equity shall be carried forward into the current profit or loss at the appropriate proportion.

When losing the control or material influence over the investee due to disposal of the equity investment and other reasons, other comprehensive income recognized in the original equity investment due to adoption of the equity method shall be subject to accounting treatment on the same basis used by the investee for direct disposal of relevant assets or liabilities when ceasing to use the equity method, and other changes in the owner's equity shall be carried forward into the current profit or loss in full when ceasing to use the equity method.

If the control over the investee is lost due to partial disposal of the equity investment and other reasons, and if the remaining equities can exercise common control or material influence over the investee in preparing the individual financial statements, the remaining equities shall be accounted by the equity method and shall be adjusted as if such remaining equities have been accounted for under the equity method since they are obtained. Other comprehensive income recognized before the control over the investee is obtained shall be carried forward pro rata on the same basis used by the investee for direct disposal of relevant assets or liabilities, and other changes in the owner's equity recognized under the equity method shall be carried forward into the current profit or loss pro rata. The remaining equities which cannot exercise common control or material influence over the investee shall be recognized as financial assets, and the difference between their fair value and book value on the date when the control is lost shall be included in the current profit or loss. Other comprehensive income recognized and other changes in the owner's equity recognized before the control over the investee is obtained shall be carried forward in full.

If the disposal of the equity investment in the subsidiaries through multiple transactions until loss of the control is a package deal, each transaction shall be subject to accounting treatment as a transaction to dispose of the equity investment in the subsidiaries and to lose the control; the difference between the price for each disposal before loss of the control and the book value of the long-term equity investment of the equity disposed of shall be first recognized as other comprehensive income in the individual financial statements and shall then be carried forward to the profit or loss for the very period when the control is lost. If it is not a package deal, each transaction shall be subject to accounting treatment.

20. Investment property

Investment property refers to the real estate held to generate rental income or capital appreciation, or both, including leased land use rights, land use rights held for transfer after appreciation, and leased buildings (including buildings that are leased after completion of self-construction or development activities and buildings in construction or development that are used for rental in the future).

The Company adopts the cost mode to measure the existing investment property. The subsequent expenditure related to the investment property will be included in the cost of the investment property when relevant economic benefits are likely to flow in and costs can be measured reliably, or otherwise be included in the current profit or loss when occurred. 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) Determination and initial measurement 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 fiscal year. Fixed asset is recognized when it meets the following conditions at the same time: 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.
The fixed assets are initially measured at cost (with the impact of predicted discard expense taken into account).
The subsequent expenditure related to the fixed assets will be included in the cost of the fixed assets when the economic benefits in connection therewith are likely to flow in and costs can be measured reliably; the book value of the replaced part will be derecognized; all other subsequent expenditure will be included in the current profit or loss when occurred.
(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 fixed assets are disposed of or when no economic benefits can be expected through use or disposal thereof, such fixed assets will be derecognized. The income from disposal of the fixed assets through sale, transfer, scrapping or damage with the book value thereof and relevant taxes deducted is included in the current profit or loss.

22. Projects under construction

The projects under construction are measured at the actual cost. The actual cost comprises the building cost, installation cost, borrowing cost qualified for capitalization and other necessary expenditures incurred to bring the projects under construction to the conditions before they are made ready for the intended use. The projects under construction will be converted into fixed assets when they are ready for intended use and will be depreciated from the next month on.

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 Asset expenditures (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 occurred;

② Borrowing costs have been incurred;

③ Acquisition, construction or production necessary to enable the asset reach its intended state of serviceability or marketability have commenced.

Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

(3) Suspension of capitalization period

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition and construction or production of the asset resumes, the capitalization of borrowing costs commences.

(4) Calculation of capitalization rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of assets qualified for capitalization, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalization.

General borrowings for the acquisition, construction or production of assets qualified for capitalization, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

During the capitalization, the difference between the principal and interest of special borrowings in foreign currency shall be capitalized and included in the cost of assets qualified for capitalization. The difference between the principal and interest of the borrowings in foreign currency other than the special borrowings in foreign currency shall be included in the current profit or loss.

24. Intangible assets

(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) Estimation of service life of 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
Software	2-5 years	Expected benefited period
Trademark rights	6 years	Expected benefited period
Software copyright	10 years	Expected benefited period

For an intangible asset with a finite service life, review on its service life and amortization method is performed at the end of each end.

Upon review, service life and amortization method for the intangible assets are the same with the previous estimate at the end of this period.

(3) The basis for the judgment of intangible assets with uncertain service life and the procedure for reviewing their service life

As at the balance sheet date, the Company has no intangible assets with uncertain service life.

(4) Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

(5) Specific condition for capitalizing expenditure during the development phase

Expenses in the research phase are recorded into the profits and losses for the current period when they occur. The expenses in the development phase are recognized as intangible assets if the following conditions are fulfilled, and are included in the current profit or loss if following conditions are not fulfilled:

① Complete such intangible asset to make it technically feasible for use or for sale;

② There is intention to complete the intangible asset for use or sale;

③ The ways in which intangible asset generates 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 the expenses in the research phase and expenses in the development phase cannot be distinguished, all the expenses incurred for R&D are included in the current profit or loss.

25. Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties that are measured at cost, fixed assets, construction in progress, intangible assets with limited service life and oil and gas assets 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 combination, intangible assets with uncertain service life, and intangible assets which are not ready for intended use, impairment test shall be conducted at least at the end of each 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. Relevant asset groups or the sets of asset groups mean those can benefit from the synergy of business combination.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made first on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant book value so as to recognize the corresponding impairment loss. An impairment test will be made on the asset groups or sets of asset groups containing goodwill to compare the book value of these asset groups or sets of asset groups with the recoverable amount. Where the recoverable amount is lower than the book value, the amount of impairment loss shall set off and be apportioned to the book value of the goodwill in the asset groups or sets of asset groups, and then set off the book value of other assets pro rata according to the proportion of the book value of other assets other than the goodwill in the asset groups or sets of asset groups.

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 expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The amortization period and amortization method of various expenses are:

Item	Amortization method	Amortization period
Improvement expenditure of fixed assets leased by operating lease	Straight-line method	By period of benefit
Renovation Cost	Straight-line method	By period of benefit

27. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet according to 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. The contract assets and contract liabilities under the same contract are presented in net amount.

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.

Employee compensation actually incurred by the Company will be included in the current profit or loss or relevant asset costs when actually incurred, in which non-monetary benefits will be measured at the fair value.

(2) Accountant treatment of retirement benefit plan

① Defined contribution plan

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.

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

If the dismissal welfare is provided by the Company 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 satisfied:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

The expenses required have a successive range, in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range; in other circumstances, the best estimate will be handled as follows, respectively:

• For the contingencies involving a single item, it will be determined according to the amount most likely to occur.

• For the contingencies involving several items, it will be determined according to the possible results and the relevant possibilities.

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.

The Company will review the book value of the estimated liabilities on the balance sheet date, and if there are concrete evidences that such book value cannot reflect the current best estimate, the book value will 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.

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. The share-based payment transactions vested immediately after the date of grant will be included in the relevant cost or expense based on the fair value of the equity instrument on the date of grant, and the capital reserve will be increased accordingly. For the services within the waiting period or the share-based payment transactions that may only be vested when the specified performance conditions are met after the date of grant, the Company will include the services obtained in the current period in relevant cost or expense and increase the capital reserve at the fair value on the date of grant according to the best estimate of the number of the exercisable equity instruments on each balance sheet date in the waiting period.

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 instruments vested are canceled during the waiting period, the Company will take the vested equity instruments canceled as accelerated exercise, and immediately include the amount to recognized during the waiting period in the current profit or loss. At the same time, the capital reserve will 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. Income

(1) Accounting policies for revenue recognition and measurement

If the Company performed the obligations in the contract, revenue shall be recognized when the customer acquires the right of control over relevant commodities or services. Acquisition of control over relevant commodities or services means gaining the ability to direct the use of such commodities or services and obtain nearly all the economic benefits therefrom.

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 will determine the transaction price according to the contract provisions and its past practices, and may take into account the impact from the variable consideration, the major financing components in the contract, the non-cash consideration, the payable customer consideration and other factors when determining the transaction price. The Company shall determine the transaction price containing the variable consideration according to the amount not exceeding 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 due assumed to be paid in cash when the customer acquires the control over the commodities or services, and shall amortize the difference between such transaction price and the contract consideration using the effective interest rate method during the contract period.

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

• The customer acquires and consumes the economic benefits arising from the Company's performance while the company performs the contract.

• The customer can control the commodities in progress during the Company's performance.

• The commodities produced by the Company during the performance possess have irreplaceable usage, and the company has the right to collect payment for the performance part accumulated so far during the entire 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 determined. The Company will determine the performance progress through the output or input method by taking into account the nature of commodities or services. 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 control over the commodities or services, the Company shall take the following into consideration:

• The Company has the current collection right for the such commodities or services, that is, the customer has the current payment obligation for such commodities or services.

• The Company has transferred the legal title of such commodities to the customer, that is, the customer already has the legal title of such commodities.

• The Company has transferred the physical commodities to the customer, that is, the customer has possessed the physical commodities.
• The Company has transferred the major risks and rewards of the commodity title to the customer, that is, the customer has acquired the major risks and rewards of the commodity title.
• The customer has accepted such commodities or services.
(2) Specific principles
① Principle for recognizing revenue from the domestic sales of standard products: The Company sells its security standard products to the project clients, dealers, and other customers through direct selling and marketing both. The Company sign sales contracts with and customers, and send the goods to customers according to the contractual terms of delivery, or the customers pick up goods. The revenue is recognized after the customer receives and accepts the goods and the Company obtains the evidence proving the client's receipt of goods.
② Principle for recognizing revenue from the overseas sales of standard products: If the domestic company makes direct export, the FOB and CIF terms are generally adopted and the Company recognizes the sale income after the product is declared and exported. If a foreign subsidiary sells the goods abroad, the goods will be sent to the customer or the customer will collect the goods according to the delivery method agreed with the customer, and the income will be recognized when the customer receives and accepts the goods.
③ Principle for recognizing system-integrated sales revenue: The sales of the system-integrated products of the Company include providing the supporting services such as plan design, supporting products, installation, debugging and system trial running. The sales income will be recognized upon acceptance.

④ Principle for recognizing the income from labor services: The income is recognized when the labor service is provided.

Difference in the accounting policies for revenue recognition arising from different business models of the same kind of business

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 revenue). 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 a 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 revenue).

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 revenue) 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 revenue) or used to offset relevant expenses or losses.

The policy-oriented concessional loan discount interests obtained by the Company will be subject to accounting treatment in the following two circumstances:

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 Company will take the actually received loan amount 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 shall set off the corresponding discount interest against the relevant borrowing costs.

33. Deferred income tax assets / deferred income tax liabilities

Income tax comprises current income tax and deferred income tax. Except for the income taxes arising from the business combination and the transactions or matters that are directly included in the owner's equity (including other comprehensive income), the Company will include the current income tax and deferred income tax into the current profit or loss.

Deferred income tax assets and deferred income tax liabilities will be calculated and recognized according to the difference (temporary difference) between the tax basis and the book value of assets and liabilities.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income 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 income tax assets shall be recognized to the extent that it is probable that taxable income 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 exceptions where deferred income tax assets and liabilities are not recognized include:

• Initial recognition of the goodwill;

• Transactions or events that are neither business combinations nor affect profit and taxable income (or deductible loss) when occurring.

Taxable temporary difference related to investment in the subsidiaries, affiliates and joint ventures will be recognized as deferred income tax liabilities, unless the Company can control the time to reverse such temporary difference and such temporary difference is much more unlikely to be reversed in the predictable future. Deductible temporary difference related to investment in the subsidiaries, affiliates and joint ventures will be recognized as deferred income tax assets when such temporary difference is much more likely to be reversed in the predictable future and is much more likely to be obtained to deduct the taxable income of the deductible temporary difference.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities will be measured at the tax rate applicable during the recovery of relevant assets or payment of relevant liabilities as expected according to the provisions of the tax law.

On the balance sheet date, the Company will review the book value of the deferred income tax assets. 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 the deferred income tax liabilities will be presented by the net amount after offsetting when the following conditions are fulfilled:

• The taxpayer is granted the legal rights to settle current income tax assets and current income tax liabilities on a net basis;

• Deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable for paying tax to the same tax collection and management authority or related to different entities liable for paying tax, but the relevant entity liable for paying tax 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 assets and liabilities with importance would be reversed in the future.

34. Lease

Lease means the contract by which the lessor transfers the right to use the assets to the lessee for a given period to obtain the consideration. On the commencement of the contract, the Company will assess whether the contract is a lease or contains the lease. If a party to the contract conveys the right to control the use of one or more identified assets for a given period to obtain a consideration, this contract is a lease or contains the lease.

If a contract contains several individual leases, the Company will split the contract and conduct accounting treatment of each individual lease separately. If a contact contains both lease and non-lease, the lessee and the lessor will split the lease and non-lease parts.

If all the following conditions are met, the Company will simplify all the lease options without assessing whether the lease is changed or reassessing the lease classification:

• The lease consideration after reduction is less or remains substantially the same compared with the lease consideration before reduction, and the lease consideration may either be undiscounted or discounted by the discount rate before reduction;

• Other terms and conditions of lease are identified without significant change after taking the qualitative and quantitative factors into full account.

(1) The Company as a lessee

① Right-of-use assets

The Company recognizes the right-to-use assets for the lease other than short-term lease and low-value asset lease on the commencement of the lease term. The right-to-use assets are initially measured at cost which includes:

• Initial measurement amount of lease liabilities;

• The 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 cost incurred by the Company;

• The estimated costs incurred by the Company 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, but excluding the cost incurred to produce the inventory.

The Company will depreciate the right-to-use assets through 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; or otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining service life of the leased asset.

The Company will determine whether the right-of-use assets are impaired and conduct accounting treatment over the identified impairment loss according to the principles set out in this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 25. Impairment of long-term assets.

② Lease liabilities

The Company recognizes the lease liabilities for the lease other than short-term lease and low-value asset lease on the commencement of the lease term. Lease liabilities shall be initially measured at the present value of the unpaid lease payments. Lease payments include:

• Fixed payment (including actual fixed payment), and if there are lease incentives, the relevant amount of lease incentives shall be deducted;

• Variable lease payment depending on the index or ratio;

• Predicted payment on the basis of the guaranteed residual value provided by the Company;

• Exercise price of the call option, provided that the Company will exercise such option, as reasonably determined;

• Payment for exercise of the lease termination option, provided that the lease term reflects the Company's future exercise of the lease termination option.

The interest rate implicit in lease is applied by the Company as the discount rate. If the interest rate implicit in lease cannot be reasonably determined, the Company's interest rate on incremental borrowings is applied as the discount rate. The Company shall calculate the interest expense of the lease liabilities during each period of the lease term at a fixed periodic interest rate and include it in the current profit or loss or relevant asset cost.

The variable lease payment which is not included in the measurement of lease liabilities shall be included in the current profit or loss or relevant asset cost when actually incurred.

If any of the following circumstances happens on commencement of the lease term, the Company will remeasure the lease liabilities and adjust the corresponding right-of-use assets, and if the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the current profit or loss:

• When the assessment result of the call option, renewal option or termination option is changed or the actual exercise of the aforesaid option is inconsistent with the original assessment result, and the Company remeasures the lease liabilities at the present value worked out according to the changed lease payment and the revised discount rate;

• When there are changes in the actual fixed payment, the estimated payable amount of guaranteed residual value, or the index or ratio applied to determine the amount of lease payments, the Company remeasures the lease liabilities at the present value worked out according to the changed lease payment and the original discount rate. If the change in the lease payment originates from the change in the floating interest rate, the present value will be calculated using the revised discount rate.

③ Short-term lease and low-value asset lease

The Company chooses not to recognize the right-of-use assets and lease liabilities for the short-term lease and low-value asset lease, and records relevant lease payment into the current profit or loss or relevant asset cost according to the straight-line method in each period of the lease term. Short-term lease means the lease of no more than 12 months and excluding the call option on the commencement of the lease term. Low-value asset lease means a lease of lower value when the single leased asset is brand-new. If the Company sublets or is expected to sublet the leased assets, the original lease is not a low-value asset lease.

④ Lease change

If the lease is changed and meets all of the following conditions, the Company will conduct accounting treatment with respect to such lease change as a single lease:

• Such lease change has expanded the scope of lease by adding the right to use one or more leased assets;

• The increased consideration and the separate consideration for the expanded part of the scope of lease shall be equivalent to the amount adjusted according to this contract.

If the lease change is not taken as a separate lease for accounting treatment, on the effective date of the lease change, the Company will re-apportion the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value worked out according to the changed lease payment and the revised discount rate.

If the lease change results in narrower scope of lease or shorter lease term, the Company will reduce the book value of the right-of-use assets accordingly, and will include relevant gain or loss from partial or full termination of the lease in the current profit or loss. If other lease changes result in re-measurement of the lease liabilities, the Company will adjust the book value of the right-to-use assets accordingly.

(2) The Company as a lessor

On commencement of the lease term, the Company will divide the lease into financial lease and operating lease. Financial lease means the lease that has substantially transferred almost all the risks and rewards related to the title of the leased assets, whether or not the title will be finally transferred. Operating lease means any lease other than financial lease. When the Company serves as a lessor of the sublease, the sublease will be classified on the basis of the right-to-use assets resulting from the original lease.

① Accounting treatment of operating lease

The lease receipts for the operating lease will be recognized as the rental income according to the straight-line method during each period of the lease term. The initial direct fee related to the operating lease to be incurred by the Company will be capitalized and will be apportioned and included in the current profit or loss on the same basis as that for recognition of the rental income in the lease term. The variable lease payments that are not included in the lease receipts shall be included in the current profit or loss when they actually occur. In case of a change to the operating lease, the Company will conduct accounting treatment with respect to the changed operating lease as a new lease as of the effective date of the change, and the lease payments received in advance or receivable with respect to the lease before the change will be taken as the lease receipts for the new lease.

② Accounting treatment of financial lease

On the commencement of the lease term, the Company will recognize the financial lease receivables for the financial lease, and derecognize the financial lease assets. The Company will take the net lease investment as the entry value of the financial lease receivables when initially measuring the financial lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the unreceived lease receipts discounted according to the interest rate implicit in lease on the commencement of the lease term.

The Company will calculate and recognize the interest income during each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of the financial lease receivables will be subject to accounting treatment according to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments.

The variable lease payments that are not included in the measurement of the net lease investment shall be included in the current profit or loss when they actually occur.

If the financial lease is changed and meets all of the following conditions, the Company will conduct accounting treatment with respect to such change as a single lease:

• Such change has expanded the scope of lease by increasing the right to use one or more leased assets;

• The increased consideration and the separate consideration for the expanded part of the scope of lease shall be equivalent to the amount adjusted according to this contract.

If the change in the financial lease is not subject to accounting treatment as a single lease, the Company will treat the changed lease in the following circumstances:

• If the change takes effect on commencement of the lease term and the lease is classified as operating lease, the Company will conduct accounting treatment with respect to such lease as a new lease as of the effective date of the lease change, and will take the net lease investment before the effective date of the lease change as the book value of the leased asset;

• If the change takes effect on the commencement date of the lease, and such lease is classified as the financial lease, the Company will conduct accounting treatment according to the policy regarding modification or re-negotiation of the contract in this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments.

(3) Sale and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to a sale in accordance with the provisions of this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 31. Income.

① Acting as a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company as the lessee shall measure the right-of-use asset arising from the sale and leaseback according to the part related to the right of use acquired from the leaseback in the original book value of the asset, and only recognize relevant gain or loss on the rights transferred to the lessor; if the asset transfer in the sale and leaseback transaction is not a sale, the Company as the lessee shall continue to recognize the transferred asset, and recognize a financial liability equal to the transfer income. For accounting treatment of the financial liabilities, refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments.

② Acting as a lessor

If the asset transfer in the sale and leaseback transaction is a sale, the Company as the lessee shall conduct accounting treatment with respect to the asset purchase and conduct accounting treatment with respect to the asset lease according to the policy in the foregoing "2. The Company as a lessor"; if the asset transfer in the sale and leaseback transaction is not a sale, the Company as the lessor shall derecognize the transferred asset, but recognize a financial asset equal to the transfer income. For accounting treatment of the financial assets, refer to this section Financial Report - V. Significant Accounting Polices and Accounting Estimates - 10. Financial instruments.

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 an independent primary business or a separate principal operating area;

③ This constituent part is a subsidiary acquired for resale.

The profit or loss from going concern and the profit or loss from discontinued operation will be separately presented in the income statement. The operating profit or loss and the profit or loss from disposal, including impairment loss and reversed amount from discontinued operation, will be presented as the profit or loss from discontinued operation. For the discontinued operation presented in the current period, the Company will present the information previously presented as the profit or loss from going concern as the profit or loss from discontinued operation during the comparable accounting period.

(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 based on the par value of the canceled shares and the number of canceled shares will be set off against the capital reserve. If the capital reserve is insufficient, the retained earnings 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

Contents and causes of changes in accounting policies	Approval Procedures	Notes
The provisions of the Interpretation of Accounting Standards for Business Enterprises No.16 that "the accounting treatment of initial recognition exemption shall not apply to the deferred income tax related to assets and liabilities arising from a single transaction"	Not applicable.	have no financial implications on the Company

Other notes:

Since January 1, 2023, the Company has implemented the provisions of the Interpretation of Accounting Standards for Business Enterprises No.16 that "the accounting treatment of initial recognition exemption shall not apply to the deferred income tax related to assets and liabilities arising from a single transaction", and this change in accounting policy has no financial implications on the Company.

(2) Changes in significant accounting estimates

□ 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 difference shall be the value added tax	13%, 9%, 6%, simple collection rate of 5%, simple collection rate of 3%, 0% and tax-free
Urban Maintenance and Construction Tax	Actually paid turnover tax	7%, 5%
Enterprise Income Tax	Taxable income	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 HuaRay Technology Co., Ltd.	15%
Zhejiang Huaxiao Technology Co., Ltd.	15%
Zhejiang Huafei Intelligent Technology CO., LTD.	15%
Zhejiang Huaruijie Technology Co., Ltd.	15%
Zhejiang Huajian Technology Co., Ltd.	15%
Hangzhou Huacheng Software 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%
Guangxi Huacheng Technology Co., Ltd.	15%
Guizhou Meitan Dahua Information Technology Co., Ltd.	15%
Zhejiang Dahua Ju'an Technology Co., Ltd.	20%
Guangxi Dahua Technology Co., Ltd.	20%
Zhejiang Huakong Software Co., Ltd.	20%
Guizhou Dahua Information Technology Co., Ltd.	20%
Dahua Technology (HK) Limited	16.50%
Hangzhou Xiaohua Technology 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%
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	20%
Chengdu Huazhiwei Technology Co., Ltd.	20%

Chengdu Dahua Wisdom Information Technology Co., Ltd.	20%
Nanyang Dahua Intelligent Information Technology Co., Ltd.	20%
Zhejiang Huaqi Intelligent Technology Co., Ltd.	20%
Luoyang Dahua Zhiyu 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 for the Administration of the Certification of National High-tech Enterprises on December 29, 2020, the Company was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was reduced to a rate of 15%.

(2) According to the Announcement on the Filing of the First Batch of High-tech Enterprises of Zhejiang Province Certified in 2021 issued by the Office for the Administration of the Certification of National High-tech Enterprises on January 24, 2022, our subsidiaries Zhejiang HuaRay Technology Co., Ltd. and Zhejiang Huaxiao Technology Co., Ltd. were certified as high-tech enterprises, validity for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(3) According to the Reply on the Filing of the First Batch of High-tech Enterprises in Zhejiang Province in 2020 (Guo Ke Huo Zi [2020] No.251) issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 29, 2020, our subsidiary Zhejiang Huafei Intelligent Technology Co., Ltd. was certified as a high-tech enterprise, with validity for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(4) According to the Notice on the Filing and Publicity of High-tech Enterprises Certified by the Certification Body of Zhejiang Province in 2022 issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 24, 2022, our subsidiaries Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Hangzhou Huacheng Software Co., Ltd. and Zhejiang Dahua System Engineering Co., Ltd. were certified as high-tech enterprises, with validity for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(5) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No.13/2022 of the Ministry of Finance and the State Taxation Administration), and the Announcement on Preferential Income Tax Policies for Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Announcement No.6/2023 of the Ministry of Finance and the State Taxation Administration) of the Ministry of Finance and the State Taxation Administration, the annual taxable income of the following subsidiaries that is no more than RMB 1 million shall be taxed at a reduced rate of 25% for tax purpose, and the enterprise income tax shall be paid at a rate of 20%; and the annual taxable income exceeding RMB 1 million but no more than RMB 3 million shall be taxed at a reduced rate of 25% and the enterprise income tax shall be paid at a rate of 20%: Zhejiang Dahua Ju'an Technology Co., Ltd.,

Guangxi Dahua Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Guizhou Dahua Information Technology Co., Ltd., Hangzhou Xiaohua Technology 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., Tianjin Dahua Information Technology Co., Ltd., Chengdu Dahua Zhishu Information Technology Service Co., Ltd., Chengdu Huazhiwei Technology Co., Ltd., Chengdu Dahua Intelligent Information Technology Co., Ltd., Nanyang Dahua Intelligent Information Technology Co., Ltd., Zhejiang Huaqi Intelligent Technology Co., Ltd. and Luoyang Dahua Zhiyu Information Technology Co., Ltd.

(6) According to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (C.S.H.G. [2011] No. 58), and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (C.S.H.G. [2020] No. 23), 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., Guangxi Dahua Zhicheng Co., Ltd., Guangxi Huacheng Technology Co., Ltd. and Guizhou Meitan Dahua Information Technology Co., Ltd. The corporate income tax for this year was paid at a reduced rate of 15%.

(7) According to the Notice on Value-added Tax Policies for Software Products (CaiShui [2011] No.100) by the Ministry of Finance and the State Administration of Taxation, the sales of software products independently developed by Zhejiang Dahua Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Zhejiang Huafei Intelligent Technology Co., Ltd., Jiangsu Huaruipin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., Zhejiang Pixfra Technology Co., Ltd., Hangzhou Huacheng Software Co., Ltd., and Zhejiang HuaRay Technology Co., Ltd. shall be subject to a value-added tax at the rate of 13% first, and the actual tax burden of more than 3% will be refunded after being reviewed and approved by the competent tax authorities.

(8) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-Added Tax Reduction and Exemption Policies for Small-Scale Value-Added Tax Taxpayers and Other Policies (CaiShui [2023] No.1), from 2023, the taxpayers from the productive and consumer-oriented service sectors may respectively increase 5% and 10% of current deductible input tax to offset the taxable amount (hereinafter referred to as “Additional Deduction Policy”). The subsidiaries of the Company, Zhejiang Dahua Security Network Operation Service Co., Ltd., Beijing Huayue Shangcheng Information Technology Service Co., Ltd., Shanghai Huashang Chengyue Information Technology Service Co., Ltd., Chengdu Dahua Zhilian Information Technology Co., Ltd., Guangxi Dahua Zhicheng Co., Ltd., Tianjin Dahua Information Technology Co., Ltd., and Xinjiang Dahua Zhihe Information Technology Co., Ltd. meet the requirements in the Additional Deduction Policy for value-added taxes and have enjoyed preferential tax policies for additional deduction of input taxes from 2022.

Ⅶ. Notes to the Items in the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash on Hand	2,651.58	2,535.81
Bank Balance	11,445,126,846.05	7,787,399,232.70
Other Cash and Bank Balances	491,735,047.67	242,476,882.26
Total	11,936,864,545.30	8,029,878,650.77
Including: Total Amount Deposited in Overseas Banks	1,085,422,629.75	1,259,307,799.53
The total amount restricted for use due to mortgage, pledge or freeze	116,444,661.11	130,637,542.35

Other notes

The amount restricted for use due to mortgage, pledge or freeze:

Item	Closing balance	Balance at the end of the previous year
Bid/performance bond	78,122,041.62	110,737,143.60
Deposits for notes	5,575,784.85	
Frozen funds	32,746,834.64	19,900,398.75
Total	116,444,661.11	130,637,542.35

2. Trading Financial Assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss in this period	1,470,000.00	1,470,000.00
Including:		
Financial products	1,470,000.00	1,470,000.00
Total	1,470,000.00	1,470,000.00

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing balance	Opening balance
Bank Acceptance Notes	515,477,400.12	631,542,296.47
Commercial Acceptance Notes	128,144,501.65	240,759,774.71
Total	643,621,901.77	872,302,071.18

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Notes Receivable with	670,350,137.11	100.00%	26,728,235.34	3.99%	643,621,901.77	911,616,343.99	100.00%	39,314,272.81	4.31%	872,302,071.18

the Bad Debt Provision Accrued Based on Combinations										
Including:										
Bank Acceptance Notes	521,478,089.61	77.79%	6,000,689.49	1.15%	515,477,400.12	638,799,974.81	70.07%	7,257,678.34	1.14%	631,542,296.47
Commercial Acceptance Notes	148,872,047.50	22.21%	20,727,545.85	13.92%	128,144,501.65	272,816,369.18	29.93%	32,056,594.47	11.75%	240,759,774.71
Total	670,350,137.11	100.00%	26,728,235.34		643,621,901.77	911,616,343.99	100.00%	39,314,272.81		872,302,071.18

A combination of provision for bad debts: RMB 26,728,235.34

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Bank Acceptance Notes	521,478,089.61	6,000,689.49	1.15%
Commercial Acceptance Notes	148,872,047.50	20,727,545.85	13.92%
Total	670,350,137.11	26,728,235.34	

Please refer to the disclosing methods of other receivables for the information disclosure of bad debts provisions, if the bad debt provisions of notes receivable are made according to the general model of expected credit losses:

□ 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	Opening balance	Amount of Changes in the Current Period				Closing balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bank Acceptance Notes	7,257,678.34		1,256,988.85			6,000,689.49
Commercial Acceptance Notes	32,056,594.47		11,329,048.62			20,727,545.85
Total	39,314,272.81		12,586,037.47			26,728,235.34

Significant amount of recovered or reversed bad debt provision in this period:

□ Applicable ☑ Not applicable

(3) Notes receivable that the Company has pledged at the end of the period

Unit: RMB

Item	Pledged amount by the end of period
Bank Acceptance Notes	418,288,504.80
Total	418,288,504.80

(4) Notes receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes		19,193,301.61
Total		19,193,301.61

(5) Notes that are converted by the Company into accounts receivable at the end of the period for non-performance of the drawer

Unit: RMB

Item	Amount Converted into Accounts Receivable at the End of the Period
Commercial Acceptance Notes	58,671,191.08
Total	58,671,191.08

4. Accounts Receivable

(1) Categorical disclosure of accounts receivable

Unit: RMB

Category	Closing balance					Opening balance				
	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	591,775,118.50	3.07%	591,775,118.50	100.00%		591,779,632.41	3.20%	591,779,632.41	100.00%	
Including:										

Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	591,775,118.50	3.07%	591,775,118.50	100.00%		591,779,632.41	3.20%	591,779,632.41	100.00%	
Accounts receivables with the bad debt provision accrued based on combinations	18,696,344,865.75	96.93%	2,669,982,784.02	14.28%	16,026,362,081.73	17,881,366,096.82	96.80%	2,469,457,535.32	13.81%	15,411,908,561.50
Including:										
Portfolio 2: Aging Analysis Portfolio	18,696,344,865.75	96.93%	2,669,982,784.02	14.28%	16,026,362,081.73	17,881,366,096.82	96.80%	2,469,457,535.32	13.81%	15,411,908,561.50
Total	19,288,119,984.25	100.00%	3,261,757,902.52		16,026,362,081.73	18,473,145,729.23	100.00%	3,061,237,167.73		15,411,908,561.50

Individual provision for bad debts: RMB 591,775,118.50

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	260,153,530.00	260,153,530.00	100.00%	Expected to be unable to recover
Customer 2	225,140,645.36	225,140,645.36	100.00%	Expected to be unable to recover
Customer 3	49,001,963.55	49,001,963.55	100.00%	Expected to be unable to recover
Customer 4	38,688,726.59	38,688,726.59	100.00%	Expected to be unable to recover

Customer 5	18,790,253.00	18,790,253.00	100.00%	Expected to be unable to recover
Total	591,775,118.50	591,775,118.50		

A combination of provision for bad debts: RMB 2,669,982,784.02

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	13,759,126,692.40	688,087,701.82	5.00%
1 to 2 years	2,024,351,732.54	202,435,173.25	10.00%
2 to 3 years	990,854,080.92	297,256,224.28	30.00%
3 to 4 years	647,438,547.00	323,719,273.50	50.00%
4 to 5 years	580,447,008.58	464,357,606.86	80.00%
5 years or above	694,126,804.31	694,126,804.31	100.00%
Total	18,696,344,865.75	2,669,982,784.02	

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	Closing balance
Within 1 year (including 1 year)	13,759,126,692.40
1 to 2 years	2,024,414,154.27
2 to 3 years	1,018,451,112.20
3 years or above	2,486,128,025.38
3 to 4 years	656,476,145.71
4 to 5 years	1,086,523,111.81
5 years or above	743,128,767.86
Total	19,288,119,984.25

(2) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of Changes in the Current Period				Closing balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad debt provision	3,061,237,167.73	199,209,805.47		2,748,496.41	4,059,425.73	3,261,757,902.52
Total	3,061,237,167.73	199,209,805.47		2,748,496.41	4,059,425.73	3,261,757,902.52

(3) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	2,748,496.41

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

The accounts receivable of the top five balances collected by the debtors at the end of the period was summed up to RMB 2,134,336,225.05, accounting for 11.07% of the total balance at the end of the period of accounts receivable. The balance at the end of the period for bad debt provision accrued was RMB 277,756,485.51 accordingly.

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

1) In accordance with the non-recourse accounts receivables purchase agreement signed between Dahua Hong Kong, the subsidiary, and J.P.Morgan Chase in this period, the Company transferred the accounts receivables of USD 193,297.18 to J.P.Morgan Chase, which is equivalent to RMB 1,396,726.76. The amount of accounts receivables was derecognised after the transfer.
2) In accordance with the non-recourse accounts receivables purchase agreement signed between Dahua USA, the subsidiary, and JPMorgan Chase in this period, the Company transferred the accounts receivables of USD 14,006.00 to J.P.Morgan Chase, which is equivalent to RMB 101,204.55. The amount of accounts receivables was derecognised after the transfer;
3) In accordance with the non-recourse accounts receivables purchase agreement signed between Dahua Vision, the subsidiary, and Jinan Branch of China Merchants Bank Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 1,430,000.00 to Jinan Branch of China Merchants Bank Co., Ltd. The amount of accounts receivables was derecognised after the transfer;
4) In accordance with the non-recourse accounts receivables purchase agreement signed between the Company and Sinosure Commercial Factoring (Shenzhen) Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 563,882.00 to Sinosure Commercial Factoring (Shenzhen) Co., Ltd. The amount of accounts receivables was derecognised after the transfer;
5) In accordance with the non-recourse accounts receivables purchase agreement signed between the Company and Shenzhen Qianhai Anlutong Commercial Factoring Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 456,689.25 to Shenzhen Qianhai Anlutong Commercial Factoring Co., Ltd. The amount of accounts receivables was derecognised after the transfer;
6) In accordance with the non-recourse accounts receivables purchase agreement signed between the subsidiary Huacheng Network and Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 673,762.00 to Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. The amount of accounts receivables was derecognised after the transfer.

(6) The amount of assets and liabilities generated due to transferred receivables that the Company keeps recourse or retains part of corresponding rights or interests

There are no assets or liabilities generated due to transferred receivables that the Company keeps recourse or retains part of corresponding rights or interests.

5. Receivables Financing

(1) Disclosure of receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Bank Acceptance Notes	592,817,184.48	679,441,917.62
Total	592,817,184.48	679,441,917.62

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

(2) Financing of accounts receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount by the end of period
Bank Acceptance Notes	488,024,039.44
Total	488,024,039.44

(3) Financing of accounts receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes	192,175,864.76	
Total	192,175,864.76	

6. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	178,046,180.29	89.61%	98,788,464.16	81.18%
1 to 2 years	6,911,396.49	3.48%	11,055,223.64	9.08%
2 to 3 years	5,230,393.45	2.63%	8,871,438.20	7.29%
3 years or above	8,511,250.85	4.28%	2,976,113.14	2.45%
Total	198,699,221.08	--	121,691,239.14	--

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

The advance payment of the top five closing balances by the concentration of prepayment parties was summed up to RMB 100,720,836.42, accounting for 50.69% of the total closing balance of the advance payment.

7. Other Receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends Receivable	4,373,583.72	8,519,063.17
Other Receivables	350,866,658.68	393,330,183.71
Total	355,240,242.40	401,849,246.88

(1) Dividends Receivable

1) Classification of Dividends Receivable

Unit: RMB

Project (or Invested Unit)	Closing balance	Opening balance
Intelbras S.A.	4,373,583.72	8,519,063.17
Total	4,373,583.72	8,519,063.17

2) Provision for bad debts

□ Applicable ☑ Not applicable

(2) Other receivables

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	166,134,967.45	189,076,400.18
Prepaid or advance expense	115,884,281.36	117,681,402.84
Equity Transfer Fund	50,290,362.72	41,929,391.85
Export tax rebate	2,834.15	1,759,198.88
Employee home loan	97,585,397.00	108,572,799.00
Others	3,334,557.02	14,710,466.36
Total	433,232,399.70	473,729,659.11

2) Provision for bad debts

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 as of January 1, 2023	42,812,272.88	36,962,447.67	624,754.85	80,399,475.40
Balance in the current period as of January 1, 2023				
--Transfer to phase two	-1,305,446.86	1,305,446.86		
--Transfer to phase three	-25,353.16	-3,201.86	28,555.02	
Provisions of this period		5,961,029.75	17,470.00	5,978,499.75

Reversals in this period	3,941,391.34		71,094.85	4,012,486.19
Write off in this period	189,361.07	232,930.99	24,640.20	446,932.26
Other variations	447,184.32			447,184.32
Balance as of June 30, 2023	37,797,904.77	43,992,791.43	575,044.82	82,365,741.02

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

□ Applicable ☑ Not applicable

Disclosure by age

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	232,380,884.22
1 to 2 years	80,715,038.51
2 to 3 years	58,160,576.54
3 years or above	61,975,900.43
3 to 4 years	29,701,698.70
4 to 5 years	9,490,155.51
5 years or above	22,784,046.22
Total	433,232,399.70

3) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of Changes in the Current Period				Closing balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad debt provision	80,399,475.40	5,978,499.75	4,012,486.19	446,932.26	447,184.32	82,365,741.02
Total	80,399,475.40	5,978,499.75	4,012,486.19	446,932.26	447,184.32	82,365,741.02

4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	446,932.26

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Closing balance	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	44,495,010.38	Within 1 year	10.27%	2,224,750.52
Company 2	Deposits	14,790,000.00	2 to 3 years	3.41%	4,437,000.00
Company 3	Deposits	12,000,000.00	5 years or above	2.77%	12,000,000.00

Company 4	Equity Transfer Fund	5,495,352.34	Within 1 year	1.27%	274,767.62
Company 5	Prepaid or advance expense	5,174,856.00	Within 1 year	1.19%	258,742.80
Total		81,955,218.72		18.91%	19,195,260.94

6） Accounts receivable related to government subsidies

There are no accounts receivable related to government subsidies.

7) Other accounts receivable derecognised due to transfer of financial assets

There are no other accounts receivable derecognised due to transfer of financial assets.

8) Assets and liabilities generated due to other transferred receivables that the Company 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 keeps recourse or retains part of corresponding rights or interests.

8. Inventory

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	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	2,209,868,528.71	58,896,729.19	2,150,971,799.52	2,938,477,842.47	43,094,661.62	2,895,383,180.85
Work-in-progress	1,193,742,140.58	23,721,495.00	1,170,020,645.58	1,198,499,421.22	18,087,089.24	1,180,412,331.98
Finished goods	2,720,909,558.70	70,090,060.55	2,650,819,498.15	3,045,977,790.56	52,576,420.27	2,993,401,370.29
Outsourced work-in-progress	282,790,019.82		282,790,019.82	246,175,556.90		246,175,556.90
Total	6,407,310,247.81	152,708,284.74	6,254,601,963.07	7,429,130,611.15	113,758,171.13	7,315,372,440.02

(2) Provision for impairment of inventories and provision for impairment of contract performance cost

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance

		Accrued	Others	Reversals or write-offs	Others	
Raw materials	43,094,661.62	23,404,360.56		8,144,957.12	-542,664.13	58,896,729.19
Work-in-progress	18,087,089.24	8,694,653.60		3,376,446.62	-316,198.78	23,721,495.00
Finished goods	52,576,420.27	22,903,812.18		6,445,361.82	-1,055,189.92	70,090,060.55
Total	113,758,171.13	55,002,826.34		17,966,765.56	-1,914,052.83	152,708,284.74

9. Contract Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Completed but unsettled assets	16,580,299.89	117,499.67	16,462,800.22	8,632,619.32	100,346.47	8,532,272.85
O&M service	26,664,066.33	269,522.24	26,394,544.09	6,968,929.49	71,994.55	6,896,934.94
Quality guarantee deposit	113,036,749.98	20,543,219.90	92,493,530.08	113,734,287.26	22,828,089.70	90,906,197.56
Total	156,281,116.20	20,930,241.81	135,350,874.39	129,335,836.07	23,000,430.72	106,335,405.35

Please refer to the disclosing methods of other receivables for the information disclosure of impairment provisions, if the provision for impairment accrued for contract assets are made according to the general model of expected credit losses:

□ Applicable ☑ Not applicable

Provision for impairment accrued for contract assets in this period:

Unit: RMB

Item	Provisions of this period	Reversals in this period	Write-off in this period	Causes
Completed but unsettled assets	17,153.20			
O&M service	197,527.69			
Quality guarantee deposit		2,284,869.80		
Total	214,680.89	2,284,869.80		

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Closing balance	Opening balance
Long-term accounts receivables due within 1 year	450,902,515.94	476,871,949.75
Total	450,902,515.94	476,871,949.75

Note: The amount of long-term receivables due within 1 year as pledged at the end of the period is RMB 28,239,667.72. See "XIV. Commitments and Contingencies/1. Significant commitments" for details.

11. Other Current Assets

Unit: RMB

Item	Closing balance	Opening balance
Not deducted input tax	628,757,641.77	790,981,344.36
Prepaid enterprise income tax	38,078,298.03	27,989,091.94
Return cost receivable	5,741,946.17	8,005,696.54
National debt reverse repurchase		520,497,000.00
Issue expenses	3,706,603.78	4,933,018.88
Total	676,284,489.75	1,352,406,151.72

12. Long-term Receivables

(1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Installment Payment for Selling Products	1,297,305,069.07		1,297,305,069.07	1,436,256,651.54		1,436,256,651.54	
Including: Unrealized Financing Income	169,693,734.98		169,693,734.98	203,616,598.02		203,616,598.02	3.69% - 7.62%
Total	1,297,305,069.07		1,297,305,069.07	1,436,256,651.54		1,436,256,651.54	--

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

□ Applicable ☑ Not applicable

(2) Long-term receivables derecognised due to transfer of financial assets

There are no long-term receivables derecognised due to transfer of financial assets.

(3) Assets/liabilities generated due to transferred long-term receivables that the Company still keeps recourse or retains part of corresponding rights or interests

There are no assets or liabilities generated due to transferred long-term receivables that the Company 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 122,659,963.34. See "XIV. Commitments and Contingencies/1. Significant commitments" for details.

13. Long-term equity investments

Unit: RMB

The	Openin	Decrease/Increase in the current period	Closin	Closin

invested entity	g balance (book 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	g balance (book value)	g balance of provision for decline in value
Ⅰ. Joint ventures											
Ⅱ. Affiliates											
Intelbras S.A.	570,282,566.46		145,550,711.48	35,380,468.93			9,105,213.84		9,366,194.55	460,373,304.62	
Ruicity Digital Technology Co., Ltd.	71,175,718.81			-8,206,205.79						62,969,513.02	
Zhejiang Leapmotor Technology Co., Ltd.	650,470,259.18			-179,267,268.32		26,790,456.53				497,993,447.39	
Hangzhou Juhuanyan Information Technology Co., Ltd.											723,496.39
Shaoxing Dahua Security Services Co., Ltd.	504,375.75		504,375.75								
Guangdong Zhishi Digital Technology Co., Ltd.				7,919.12					-7,919.12		

Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	63,054,968.03			377,882.39						63,432,850.42	
Dezhou Shuzhi Information Technology Co., Ltd.	3,407,519.63			18,720.28						3,426,239.91	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	1,291,851.54			-88,230.33						1,203,621.21	
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	461,529.12			77,697.22						539,226.34	
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	1,638,200.59			-105,771.10						1,532,429.49	

Zhejiang Huachuang Vision Technology Co., Ltd.	98,812,655.44			-2,726,699.16		4,573,543.00				100,659,499.28	
Subtotal	1,461,099,644.55		146,055,087.23	-154,531,486.76		31,363,999.53	9,105,213.84		9,358,275.43	1,192,130,131.68	723,496.39
Total	1,461,099,644.55		146,055,087.23	-154,531,486.76		31,363,999.53	9,105,213.84		9,358,275.43	1,192,130,131.68	723,496.39

14. Other Non-current Financial Assets

Unit: RMB

Item	Closing balance	Opening balance
Investment in equity instruments	460,508,886.77	375,902,994.01
Investment in financial products	918,439,431.49	555,140,136.32
Total	1,378,948,318.26	931,043,130.33

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. Opening Balance	505,929,279.97	15,815,729.08		521,745,009.05
2. Increased in the Current Period	40,604,761.37	4,772,679.01		45,377,440.38
(1) Purchase				
(2) Transfer of fixed assets\intangible assets	40,604,761.37	4,772,679.01		45,377,440.38
(3) Acquisition				
3. Decreased in the Current Period				
(1) Disposal				
(2) Transfer to fixed assets/intangible assets				
4. Closing	546,534,041.34	20,588,408.09		567,122,449.43

Balance				
Ⅱ. Accumulated Depreciation and Amortization				
1. Opening Balance	96,192,178.83	2,517,006.40		98,709,185.23
2. Increased in the Current Period	32,171,616.18	1,515,842.25		33,687,458.43
(1) Accrual or Amortization	12,384,064.71	166,309.34		12,550,374.05
(2) Transfer of fixed assets\intangible assets	19,787,551.47	1,349,532.91		21,137,084.38
3. Decreased in the Current Period				
(1) Disposal				
(2) Transfer to fixed assets/intangible assets				
4. Closing Balance	128,363,795.01	4,032,848.65		132,396,643.66
Ⅲ. Impairment Provision				
1. Opening Balance				
2. Increased in the Current Period				
(1) Accrual				
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance				
Ⅳ. Book value				
1. Closing Balance on Book Value	418,170,246.33	16,555,559.44		434,725,805.77
2. Opening Balance on Book Value	409,737,101.14	13,298,722.68		423,035,823.82

(2) Investment properties measured at fair value

□ Applicable ☑ Not applicable

(3) Investment properties with certificates of title not granted

Unit: RMB

Item	Book value	Reasons for Certificates of Title not Granted

Dahua Digital Intelligence Industry Park - New Headquarters Building	23,684,905.12	Completed in July 2023
Xi'an Sales Center of Dahua	112,720,776.27	In the process of obtaining the real estate certificates

16. Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed Assets	4,527,953,284.98	4,643,617,574.85
Total	4,527,953,284.98	4,643,617,574.85

(1) Fixed assets

Unit: RMB

Item	Housing and building	Machinery and equipment	Means of transport	Electronic and other equipment	Total
Ⅰ. Original book value:					
1. Opening Balance	4,094,635,347.73	535,141,351.73	34,175,953.10	1,709,315,308.32	6,373,267,960.88
2. Increased in the Current Period	82,697,158.55	19,884,507.36	2,127,062.43	73,009,404.17	177,718,132.51
(1) Purchase		19,884,507.36	2,127,062.43	73,009,404.17	95,020,973.96
(2) Transferred From Construction in Progress	82,697,158.55				82,697,158.55
(3) Acquisition					
(4) Transfer of investment properties					
3. Decreased in the Current Period	40,604,761.37	146,017.70	6,664,045.87	17,468,332.45	64,883,157.39
(1) Disposal or Scrapping		146,017.70	6,664,045.87	17,468,332.45	24,278,396.02
(2) Transfer to investment real estate	40,604,761.37				40,604,761.37
(3) Disposal of subsidiaries					
4. Currency Translation Difference	180,317.40	110,548.39	391,414.68	1,903,423.73	2,585,704.20
5. Closing Balance	4,136,908,062.31	554,990,389.78	30,030,384.34	1,766,759,803.77	6,488,688,640.20
II. Accumulated depreciation					
1. Opening Balance	466,625,531.84	164,408,002.72	24,578,997.58	1,074,037,853.89	1,729,650,386.03
2. Increased in the Current Period	97,561,413.85	24,528,968.19	1,872,489.23	141,619,385.26	265,582,256.53

(1) Accrual	97,561,413.85	24,528,968.19	1,872,489.23	141,619,385.26	265,582,256.53
(2) Transfer of investment properties					
3. Decreased in the Current Period	19,787,551.47	13,871.66	4,583,367.24	11,664,292.10	36,049,082.47
(1) Disposal or Scrapping		13,871.66	4,583,367.24	11,664,292.10	16,261,531.00
(2) Transfer to investment real estate	19,787,551.47				19,787,551.47
(3) Disposal of subsidiaries					
4. Currency Translation Difference	40,571.42	104,093.90	249,697.80	1,157,432.01	1,551,795.13
5. Closing Balance	544,439,965.64	189,027,193.15	22,117,817.37	1,205,150,379.06	1,960,735,355.22
Ⅲ. Impairment Provision					
1. Opening Balance					
2. Increased in the Current Period					
(1) Accrual					
3. Decreased in the Current Period					
(1) Disposal or Scrapping					
4. Closing Balance					
Ⅳ. Book value					
1. Closing Balance on Book Value	3,592,468,096.67	365,963,196.63	7,912,566.97	561,609,424.71	4,527,953,284.98
2. Opening Balance on Book Value	3,628,009,815.89	370,733,349.01	9,596,955.52	635,277,454.43	4,643,617,574.85

(2) Fixed assets with certificates of title not granted

Unit: RMB

Item	Book value	Reasons for certificates of title not granted
Dahua Digital Intelligence Industry Park - New Headquarters Building	1,131,700,012.24	Completed in July 2023
Xi'an R&D and Sales Center of Dahua	829,666,754.69	In the process of obtaining the real estate certificates

17. Construction in Progress

Unit: RMB

Item	Closing balance	Opening balance

Projects under Construction	594,110,798.33	423,535,552.03
Total	594,110,798.33	423,535,552.03

(1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Phase I, Urban Intelligent Information Industry Construction Project	37,183,163.71		37,183,163.71	37,183,163.71		37,183,163.71
The phase II construction project of the smart manufacturing base in Hangzhou				16,685,912.78		16,685,912.78
Project of Smart IoT Solution R & D and Industrialization	19,100,734.18		19,100,734.18	19,100,734.18		19,100,734.18
New project of Southwest R&D Center of Dahua Co., Ltd.	159,059,898.26		159,059,898.26	84,276,952.86		84,276,952.86
New projects of Southwestern China Operation Center of Dahua	217,405,879.91		217,405,879.91	154,424,552.67		154,424,552.67
Henan Smart IoT base of Dahua	73,200,948.90		73,200,948.90	36,643,528.49		36,643,528.49
Others	88,160,173.37		88,160,173.37	75,220,707.34		75,220,707.34
Total	594,110,798.33		594,110,798.33	423,535,552.03		423,535,552.03

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Opening balance	Increased in the current	Amount of fixed assets transf	Other amounts decreased	Closing balance	Project accumulative	Project Progress	Accumulated capitalized	Including: capitalized intere	Capitalization rate of the intere	Capital Source

			period	erred in the current period	in current period		investment as a percentage of the budget		interest amount	st amount in the current period	st in the current period	
Project of Smart IoT Solution R & D and Industrialization	RMB 912 million	19,100,734.18				19,100,734.18	139.06% (Note 1)	98.36%				Equity funds/ raised funds
The phase II construction project of the smart manufacturing base in Hangzhou	RMB 827 million	16,685,912.78	58,190,616.85	74,876,529.63			114.03% (Note 2)	100.00%				Equity funds/ raised funds
Phase I, Urban Intelligent Information Industry Construction Project	RMB 39.33 million	37,183,163.71				37,183,163.71	94.53%	94.53%				Equity Fund
New project of Southwest R&D Center of Dahua Co., Ltd.	RMB 417 million	84,276,952.86	74,782,945.40			159,059,898.26	41.54%	41.54%				Raised funds
New projects of Southwestern China Operation Center of Dahua	RMB 396 million	154,424,552.67	62,981,327.24			217,405,879.91	59.78%	59.78%				Equity Fund
Henan Smart IoT base of Dahua	RMB 180 million	36,643,528.49	36,557,420.41			73,200,948.90	44.33%	44.33%				Equity Fund
Total		348,314,844.69	232,512,309.90	74,876,529.63		505,950,624.96						

Note 1: Fixed assets of RMB 1,144,353,421.58 were transferred to the project in 2022.

Note 2: Fixed assets of RMB 443,849,828.33 were transferred to the project in 2021. Fixed assets of RMB 346,497,144.84 were transferred to the project in 2022.

18. Right-of-use Assets

Unit: RMB

Item	Buildings and constructions	Machinery and equipment	Total
Ⅰ. Original book value			
1. Opening Balance	469,271,896.25	8,884,640.73	478,156,536.98
2. Increased in the Current Period	74,207,132.27		74,207,132.27
3. Decreased in the Current Period	43,023,561.21		43,023,561.21
4. Currency Translation Difference	6,709,620.71		6,709,620.71
5. Closing Balance	507,165,088.02	8,884,640.73	516,049,728.75
II. Accumulated depreciation			
1. Opening Balance	162,419,018.11	1,036,541.37	163,455,559.48
2. Increased in the Current Period	69,157,504.97	444,231.96	69,601,736.93
(1) Accrual	69,157,504.97	444,231.96	69,601,736.93
3. Decreased in the Current Period	36,904,436.42		36,904,436.42
(1) Disposal	36,904,436.42		36,904,436.42
4. Currency Translation Difference	2,197,662.80		2,197,662.80
5. Closing Balance	196,869,749.46	1,480,773.33	198,350,522.79
Ⅲ. Impairment Provision			
1. Opening Balance			
2. Increased in the Current Period			
(1) Accrual			
3. Decreased in the Current Period			
(1) Disposal			
4. Closing Balance			
Ⅳ. Book value			
1. Closing Balance on Book Value	310,295,338.56	7,403,867.40	317,699,205.96
2. Opening Balance on Book Value	306,852,878.14	7,848,099.36	314,700,977.50

19. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Software	Trademark rights	Software copyright	Total
Ⅰ. Original book value							
1. Opening Balance	569,345,909.79		68,530,508.70	158,597,696.33	2,056,299.20	4,000,000.00	802,530,414.02
2. Increased in the Current Period	41,220,600.00			11,323,053.64			52,543,653.64
(1) Purchase	41,220,600.00			5,529,930.83			46,750,530.83
(2) Internal research							

and development							
(3) Acquisition							
(4) Transfer of construction in progress				5,793,122.81			5,793,122.81
3. Decreased in the Current Period	4,772,679.01			1,145,630.62			5,918,309.63
(1) Disposal				1,145,630.62			1,145,630.62
(2) Transfer to investment real estate	4,772,679.01						4,772,679.01
(3) Disposal of subsidiaries							
4. Currency Translation Difference	22,710.00			39,474.34	21,801.60		83,985.94
5. Closing Balance	605,816,540.78		68,530,508.70	168,814,593.69	2,078,100.80	4,000,000.00	849,239,743.97
Ⅱ. Accumulated amortization							
1. Opening Balance	54,210,434.77		53,757,725.67	131,322,703.26	2,056,299.20	4,000,000.00	245,347,162.90
2. Increased in the Current Period	6,823,071.34		2,431,761.40	10,812,923.05			20,067,755.79
(1) Accrual	6,823,071.34		2,431,761.40	10,812,923.05			20,067,755.79
(2) Transfer of investment properties							
3. Decreased in the Current Period	1,349,532.91			769,832.45			2,119,365.36
(1) Disposal				769,832.45			769,832.45
(2) Transfer to investment real estate	1,349,532.91						1,349,532.91
(3) Disposal of subsidiaries							

4. Currency Translation Difference				601,017.11	21,801.60		622,818.71
5. Closing Balance	59,683,973.20		56,189,487.07	141,966,810.97	2,078,100.80	4,000,000.00	263,918,372.04
Ⅲ. Impairment Provision							
1. Opening Balance							
2. Increased in the Current Period							
(1) Accrual							
3. Decreased in the Current Period							
(1) Disposal							
4. Closing Balance							
Ⅳ. Book value							
1. Closing Balance on Book Value	546,132,567.58		12,341,021.63	26,847,782.72			585,321,371.93
2. Opening Balance on Book Value	515,135,475.02		14,772,783.03	27,274,993.07			557,183,251.12

(2) No land use right without the certificate of title at the end of the period

20. Goodwill

(1) Original book value of goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Opening balance	Increased in the current period		Decreased in the current period		Closing balance
		Generated from business combination		Disposal		
Dahua Technology Italy S.R.L.	6,615,294.18					6,615,294.18
Total	6,615,294.18					6,615,294.18

(2) Impairment provision for goodwill

Unit: RMB

The invested entity or matters which formed	Opening balance	Increased in the current period		Decreased in the current period		Closing balance
		Accrued		Disposal		

goodwill						
Dahua Technology Italy S.R.L.	0.00					0.00
Total	0.00					0.00

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 formed by acquisition of Dahua Technology Italy S.R.L., that is, the long-term asset group, including fixed assets and intangible assets, formed for Dahua Technology Italy S.R.L. on June 30, 2023.

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 mainly according to the present value of the expected future cash flow of the relevant asset group. Its future cash flow is determined based on the 5-year financial budget for 2023-2027 approved by the management, with a discount rate of 14% to 18%. Cash flows over 5 years are calculated on the basis of zero growth rate. The growth rate is determined based on the growth forecast of the relevant industry and does not exceed the long-term average growth rate of the industry. Future cash flow estimates are based on management's estimated sales amount, cost of sales, and operating expenses during the forecast period based on past performance and expectations of market development.

Result of goodwill impairment test

The Company assessed the recoverable amount of goodwill. The recoverable amount of the asset group of Dahua Technology Italy S.R.L. was higher than the book value. There was no sign of impairment of the goodwill of the asset group.

21. Long-term Deferred Expenses

Unit: RMB

Item	Opening balance	Increased in the current period	Prepaid Expenses in This Period	Other Amounts Decreased	Closing balance
Improvement expenditure of fixed assets leased by operating lease	73,500,488.41	13,906,694.80	20,156,792.00	-751,941.02	68,002,332.23
Renovation Cost	57,125,934.56	8,597,353.11	8,247,330.13		57,475,957.54
Total	130,626,422.97	22,504,047.91	28,404,122.13	-751,941.02	125,478,289.77

22. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred income tax assets not written off

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	3,118,731,852.71	613,095,560.68	2,926,506,726.22	578,958,458.15
Unrealized Profit from Internal Transactions	631,244,240.99	155,113,283.66	871,706,793.72	172,050,495.83
Deductible Losses	511,913,360.73	93,129,974.97	819,688,449.21	143,540,714.98
Equity incentive expense	241,519,305.43	37,790,172.27	27,100,033.66	4,227,763.19
Expected Liabilities	196,348,470.64	29,752,832.34	192,813,041.57	29,194,206.38
Payroll payable	254,607,869.99	41,823,845.53	255,864,043.82	42,002,714.30
Costs from Tax Increase Due to Absence of Invoice	469,010,588.20	92,101,218.70	358,704,786.40	75,803,754.22
Changes in fair value gains and losses	576,349.44	144,087.36	1,458,799.36	364,699.84
Book-tax difference of lease liabilities	148,869,605.53	25,641,745.75	167,625,574.63	28,803,549.48
Others	110,880,966.14	17,938,854.69	113,086,781.94	21,087,983.51
Total	5,683,702,609.80	1,106,531,575.95	5,734,555,030.53	1,096,034,339.88

(2) Non-offset deferred income tax liabilities

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
The gross profit of sales by installments	69,786,870.97	12,216,318.83	77,645,933.88	13,600,068.25
Changes in fair value of financial instruments	406,436,605.87	60,965,490.88	273,376,308.00	41,006,446.20
Book-tax difference of right-of-use assets	144,151,281.75	24,864,081.59	114,223,037.07	28,176,354.61
Total	620,374,758.59	98,045,891.30	465,245,278.95	82,782,869.06

(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Offset

Unit: RMB

Item	Amount of Deferred Income Tax Assets Offset against Liabilities at the End of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the End of the Period	Amount of Deferred Income Tax Assets Offset against Liabilities at the Start of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the Start of the Period
Deferred Income Tax Assets	95,828,185.46	1,010,703,390.49	81,614,395.73	1,014,419,944.15
Deferred Income Tax Liabilities	95,828,185.46	2,217,705.84	81,614,395.73	1,168,473.33

(4) Deferred income tax assets or liabilities listed by net amount after offset

Unit: RMB

Item	Closing balance	Opening balance

Deductible temporary difference	467,927,570.09	428,369,185.61
Deductible Losses	1,386,899,184.42	1,228,910,987.48
Total	1,854,826,754.51	1,657,280,173.09

(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Closing balance	Opening balance	Notes
2023	30,930,182.20	31,938,173.71	
2024	120,226,409.84	123,444,991.24	
2025	260,527,212.98	260,585,329.81	
2026	326,035,848.35	331,765,660.29	
2027	468,953,623.70	481,176,832.43	
2028	180,225,907.35		
Total	1,386,899,184.42	1,228,910,987.48	

23. Other Non-current Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract Assets	21,861,376.62		21,861,376.62	29,115,751.74		29,115,751.74
Prepayments for purchase of engineering equipments	71,618,626.98		71,618,626.98	50,986,092.83		50,986,092.83
Prepayments for acquisition of land				40,020,000.00		40,020,000.00
Prepayments for acquisition of real estate	21,110,059.00		21,110,059.00	21,110,059.00		21,110,059.00
Total	114,590,062.60		114,590,062.60	141,231,903.57		141,231,903.57

24. Short-term Loans

(1) Categories of short-term loan

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans	400,000,000.00	
Fiduciary loans	89,800,000.00	249,800,000.00
Discount of notes not matured		7,912,141.60
Interest payable for short-term loan	69,105.97	231,476.91
Total	489,869,105.97	257,943,618.51

Description of the categories of short-term loan:

The secured borrowings refer to the acceptance bill issued between the affiliates within the scope of consolidation, and are discounted and listed as a short-term loan at the level of the consolidated statement.

(2) Unpaid short-term loans that have been overdue

At the end of this period, there are no unpaid short-term loans that have been overdue.

25. Trading financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Transactional financial liabilities	24,514,280.75	26,652,319.25
Including:		
Derivative Financial Liabilities	24,514,280.75	26,652,319.25
Total	24,514,280.75	26,652,319.25

26. Notes payable

Unit: RMB

Types	Closing balance	Opening balance
Commercial acceptance bill	2,087,183,576.57	2,821,289,185.08
Bank acceptance bill	1,318,621,017.98	1,542,808,576.09
Total	3,405,804,594.55	4,364,097,761.17

27. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for purchase of materials	4,937,193,073.40	6,577,743,073.06
Payment for engineering equipments	445,052,856.09	762,534,315.23
Total	5,382,245,929.49	7,340,277,388.29

(2) Important accounts payable aged over 1 year

There are no important accounts payable aged over 1 year.

28. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payments for sales of goods	266,814,850.10	378,029,459.81
Pre-payments from construction projects	426,890,926.73	559,859,741.12
Sales of points	39,286,347.42	55,754,785.19
Service expense collected in advance	264,174,271.80	225,904,025.76
Total	997,166,396.05	1,219,548,011.88

29. Payroll payable

(1) Details of payroll payable

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance

Ⅰ. Short-term remuneration	1,562,938,094.00	3,052,271,889.36	3,566,786,219.07	1,048,423,764.29
Ⅱ. Dimission benefits - defined contribution plan	2,988,616.11	171,909,975.29	170,763,422.14	4,135,169.26
Ⅲ. Dismissal welfare	17,276,455.32	21,590,306.53	38,847,517.47	19,244.38
Total	1,583,203,165.43	3,245,772,171.18	3,776,397,158.68	1,052,578,177.93

(2) Details of short-term remuneration

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	1,265,686,016.61	2,657,218,688.55	3,199,503,208.76	723,401,496.40
2. Staff welfare	21,457.48	56,061,853.03	56,061,853.03	21,457.48
3. Social insurance contributions	1,414,489.58	100,173,097.93	100,226,575.66	1,361,011.85
Including: medical insurance	1,243,067.14	95,446,746.97	95,512,586.24	1,177,227.87
Work injury insurance premium	171,422.44	4,264,311.26	4,253,142.02	182,591.68
Maternity insurance premium		462,039.70	460,847.40	1,192.30
4. Housing funds	70,886.51	190,864,282.60	190,849,059.01	86,110.10
5. Labor union and education funds	295,745,243.82	47,953,967.25	20,145,522.61	323,553,688.46
Total	1,562,938,094.00	3,052,271,889.36	3,566,786,219.07	1,048,423,764.29

(3) Details of defined contribution plans

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
1. Basic pension insurance	2,740,907.32	164,074,724.97	162,907,886.22	3,907,746.07
2. Unemployment insurance	247,708.79	7,835,250.32	7,855,535.92	227,423.19
Total	2,988,616.11	171,909,975.29	170,763,422.14	4,135,169.26

30. Taxes and fees payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	179,244,896.05	174,205,171.22
Enterprise Income Tax	194,917,495.70	94,127,161.97
Individual income tax	22,763,270.94	27,792,426.06
Urban Maintenance and Construction Tax	12,158,382.16	8,019,521.09
Education surcharges (including local education surcharges)	8,695,277.61	5,728,229.41
Stamp duty	5,271,253.56	7,984,104.22
Others	15,074,201.02	9,025,133.81
Total	438,124,777.04	326,881,747.78

31. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends Payable	10,349,050.92	
Other Payables	715,843,928.64	1,004,056,999.91
Total	726,192,979.56	1,004,056,999.91

(1) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Equity Incentive Restricted Stock Dividend	10,349,050.92	
Total	10,349,050.92	

(2) Other payables

1) Other payables listed by nature of funds

Unit: RMB

Item	Closing balance	Opening balance
Deposits	127,304,857.76	118,085,781.49
Temporarily borrowed and advance payments	225,045,725.28	230,952,097.15
Restricted share repurchase obligations	340,058,648.28	609,859,632.00
Others	23,434,697.32	45,159,489.27
Total	715,843,928.64	1,004,056,999.91

2) Significant other payables aged over 1 year

There are no significant other payables aged over 1 year.

32. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term debt due within one year	1,825,500,000.00	2,376,950,000.00
Lease liabilities due within 1 year	116,302,698.28	123,421,101.68
Interest payable due within 1 year	1,542,261.82	2,639,684.05
Other loans due within 1 year	55,000,000.00	55,000,000.00
Total	1,998,344,960.10	2,558,010,785.73

Other notes:

The Company and CDB Development Fund reached a cooperation intention to increase the capital of the Company's subsidiary, Zhejiang Dahua Zhilian Co., Ltd. The Capital Increase Agreement stipulates that CDB Development Fund will not send senior management personnel such as directors and supervisors to Dahua Zhilian; the Company shall pay an annual investment profit of 1.2% to CDB Development Fund through dividends and repurchase premium. The Company shall redeem the equity of CDB Development Fund in Dahua Zhilian on a phase-by-phase basis from 2022 to 2024, of which RMB 55,000,000.00 is recognized as non-current liabilities due within 1 year at the end of the period.

33. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
To-be-transferred sales taxes in installments	48,088,812.54	46,811,489.60
To-be-transferred sales taxes of contract liabilities	66,452,558.24	94,461,157.60
Notes not derecognised	19,193,301.61	24,731,965.07
Total	133,734,672.39	166,004,612.27

34. Long-term loans

(1) Classification of long-term loans

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans	52,000,000.00	77,000,000.00
Fiduciary loans	350,000,000.00	376,825,000.00
Total	402,000,000.00	453,825,000.00

35. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease Liabilities	193,897,179.10	196,340,654.27
Total	193,897,179.10	196,340,654.27

36. Accrued liabilities

Unit: RMB

Item	Closing balance	Opening balance	Causes
Pending litigation	1,239,749.00	1,111,463.96	Pending litigation
Others	127,728.34	135,647.46	Loss-making contract
Expected after-sales maintenance cost	213,026,628.47	213,524,280.22	After-sales maintenance
Expected return amount after the period	9,951,716.14	12,992,996.29	Expected sales return
Total	224,345,821.95	227,764,387.93	

37. Deferred income

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance	Causes
Government subsidies	104,663,047.38	90,857,100.00	17,792,938.48	177,727,208.90	Received government subsidies related to assets/income
Total	104,663,047.38	90,857,100.00	17,792,938.48	177,727,208.90	

Projects related to government subsidies:

Unit: RMB

Liabilities	Opening balance	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	Closing balance	Related to assets/related to income
Special awards for Fuyang Dahua Intelligence (IoT) Industrial Park Project	46,003,039.48			1,586,311.74			44,416,727.74	Related to assets
Investment financial incentive fund for security video surveillance product production base project	51,102,687.57	53,505,000.00		3,169,406.09			101,438,281.48	Related to assets
Funding of Hangzhou for manufacturing enterprise technological transformation	7,557,320.33	7,617,500.00		3,125,687.33			12,049,133.00	Related to assets
Other special subsidies		29,734,600.00		9,911,533.32			19,823,066.68	Related to income
Total	104,663,047.38	90,857,100.00		17,792,938.48			177,727,208.90	

Other notes:

1. According to the FuJingGuan [2017] No.35 document and the FuCaiQi [2017] No.506 document issued by Economic Development Zone Management Committee and the Finance Bureau of Fuyang District, Hangzhou, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. received the special subsidies for the Fuyang Dahua Intelligent (IoT) Industrial Park in 2015 and 2017, respectively, RMB 31,660,000 each time, totaling RMB 63,320,000. As the government grant related to assets, it is recognized as deferred income and will be recognized as other income in installments based on the estimated service life of the asset (20 years).

2. According to the FuJingGuan [2019] No.18, [2020] No. 39 and [2023] No. 15, documents and the FuCaiQi [2019] No.286 document issued by Fuyang Economic Development Zone Management Committee and the Finance Bureau of Fuyang District, Hangzhou, in 2019, 2020 and 2023, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. received financial incentive funds of RMB 27,455,000, RMB 26,050,000 and RMB 53,505,000, respectively, for the investment

of the production base of security video surveillance products, which was recognized as deferred income as a government subsidy related to assets, and recognized as other income in installments based on the estimated service life of the asset (20 years).

3. According to the FuJingXinCai [2019] No.49 document and the FuCaiQi [2019] No.804 document issued by Economic and Information Bureau of Fuyang District, Hangzhou and the Finance Bureau of Fuyang District, Hangzhou, in 2019, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. received a total of RMB 9,197,700 in 2019 from the first batch of funds for technical renovation projects of municipal manufacturing enterprises as government subsidies related to assets, which were recognized as deferred income, and recognized as other income in installments based on the estimated service life of the assets (15-111 months). According to the HangCaiQi [2022] No.35 document issued by the Finance Bureau of Hangzhou City and the Economic and Information Bureau of Hangzhou City, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. received RMB 7,617,500 in 2022 and 2023 respectively, a total of RMB 15,235,000, from the funds for technical renovation projects of municipal manufacturing enterprises as government subsidies related to assets, which were recognized as deferred income, and recognized as other income in installments based on the estimated service life of the assets (9-115 months).

4. Other special subsidies are income related government subsidies received, and other benefits are recognized based on expenses actually incurred during the year.

38. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
To-be-transferred sales taxes in installments	156,913,075.39	169,084,072.08
Other loans		35,000,000.00
Total	156,913,075.39	204,084,072.08

39. Share capital

Unit: RMB

	Opening balance	Increased or decreased amount in this period (+/-)					Closing balance
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total shares	3,033,161,170.00	293,103,400.00			-31,795,580.00	261,307,820.00	3,294,468,990.00

Other notes:

(1) According to the Proposal on the Company's 2021 Private Offering Plan passed and adopted in the 12th, 19th, 23rd, 29th and 31st meetings of the Seventh Board of Directors and 2020 Annual General Meeting of the Company and other issuance related proposals, and the Proposal on Extending the Validity Period of Resolutions and Authorization on Non-Public Shares at the General Meeting of Shareholders adopted by the First Extraordinary Shareholders' Meeting in 2022, and approved by the Reply from China Securities Regulatory Commission on Approval of Non-public Offering of Shares by Zhejiang Dahua Technology Co., Ltd. (Securities Regulatory License [2022] No. 853), the Company issued 293,103,400 A shares (RMB ordinary shares) to specific parties, increasing the registered capital by RMB 293,103,400.00. The above investment has been verified by Verification Report Xin Kuai Shi Bao Zi

[2023] No. ZF10231 issued by BDO China Shu Lun Pan CPAs (special general partnership). The change registration filed with Administration for Industry and Commerce was completed in June 2023 by the Company.

(2) According to the decision of the 42nd Session of the 7th Board of Directors of the Company held on April 27, 2023 and the amended Articles of Association and the solution of the 2022 Annual Shareholders' General Meeting of the Company, the Company repurchased and canceled 31,795,580 Restricted RMB Ordinary Shares (A Shares) that had been granted but not been released to 4,249 incentive objects, reduced the registered capital by RMB 31,795,580.00, and the registered capital after the change was reduced to RMB 3,294,468,990.00. The above capital reduction has been verified by Verification Report Xin Kuai Shi Bao Zi [2023] No. ZF11079 issued by BDO China Shu Lun Pan CPAs (special general partnership). The change registration filed with Administration for Industry and Commerce was completed in August 2023 by the Company.

40. Capital reserve

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Capital premium (capital share premium)	1,982,401,079.59	4,939,077,416.30	242,577,214.75	6,678,901,281.14
Other capital reserves	1,967,808,163.66	155,867,745.00	33,800,606.34	2,089,875,302.32
Total	3,950,209,243.25	5,094,945,161.30	276,377,821.09	8,768,776,583.46

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

(1) The amount of employee service that the Company received in exchange by equity payments in this period was RMB 168,150,131.40. Other capital reserve was increased by RMB 113,857,373.42. Capital reserve (share premium) was increased by RMB 54,292,757.98. The income tax impact amount of RMB 10,646,372.05 for the deductible amount before income tax which exceeds the costs and expenses related to share payments recognized under accounting standards is recognized to increase other capital reserves.

(2) In this period, the Company repurchased 31,795,580 restricted shares that had been granted but had not been unlocked by cancellation of the share incentive subject, reducing the share capital by RMB 31,795,580.00, and reducing the capital reserves (share premium) by RMB 227,656,352.80.

(3) The portion of an equity-settled share payment to which minority shareholders are entitled increased by RMB 32,444,201.86 in the current period (among them, the portion to which minority shareholders are entitled as a result of changes in shareholding in subsidiaries was RMB 11,548,044.42), less capital reserves (equity premium) by RMB 14,914,003.86 and other capital reserves by RMB 17,530,198.00.

(4) According to the Proposal on the Company's 2021 Private Offering Plan passed and adopted in the 12th, 19th, 23rd, 29th and 31st meetings of the Seventh Board of Directors and 2020 Annual General Meeting of the Company and other issuance related proposals, and the Proposal on Extending the Validity Period of Resolutions and Authorization on Non-Public Shares at the General Meeting of Shareholders adopted by the First Extraordinary Shareholders' Meeting in 2022, and approved by the Reply from China Securities Regulatory Commission on Approval of Non-public Offering of Shares by Zhejiang Dahua Technology Co., Ltd. (Securities Regulatory License [2022] No. 853), the Company issued 293,103,400 A shares (RMB ordinary shares) to specific parties, and premium of RMB 4,796,729,184.72 is recognized to increase the capital reserves (equity premium).

(5) The impact of changes in other owners' equity of the joint venter that the Company should enjoy under the current equity method increased other capital reserves by RMB 31,363,999.53.

(6) For the equity of the associated enterprises disposed of in the current period, the corresponding part of the capital reserves (other capital reserves) is carried forward to the investment income of RMB 16,270,408.34.

(7) Due to the change in the shareholding ratio of subsidiaries, the capital reserves (equity premium) increase by RMB 88,055,473.60; the capital reserves decrease of RMB 11,548,044.42 due to the change in share payments entitled by minority shareholders as a result of the change in shareholding ratio is reflected in the preceding paragraph (3).

(8) Due to the withdrawal of minority shareholders of the subsidiaries, the Company assumed part of the losses incurred therefrom, reducing the capital reserves (equity premium) by RMB 6,858.09.

41. Treasury share

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Restricted shares	609,859,632.00		269,800,983.72	340,058,648.28
Total	609,859,632.00		269,800,983.72	340,058,648.28

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

(1) In this period, the Company repurchased 31,795,580 shares of the granted but unlocked restricted shares, reducing the share capital by RMB 31,795,580.00, reducing the capital reserves (share premium) by RMB 227,656,352.80, and reducing the corresponding treasury stock amount by RMB 259,451,932.80 at the same time.

(2) Due to the reduction in treasury shares and related liabilities as a result of cash dividends distributed to restricted stock holders and the recovery of cash dividends distributed to departing personnel, the treasury shares decreased by an aggregate amount of RMB 10,349,050.92.

42. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount Occurred in the Current Period						Closing balance
		Before tax balance in this period	Less: recorded into other comprehensive incomes in previous period and transferred to P/L in current period	Less: Recorded into other comprehensive incomes in previous period and transferred to retained earnings in current period	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	
I. Other comprehensive income that will be	36,942,339.77	4,075,172.57				4,169,304.17	-94,131.60	41,111,643.94

reclassified into P/L								
Currency conversion difference	36,942,339.77	4,075,172.57				4,169,304.17	-94,131.60	41,111,643.94
Other comprehensive incomes in total	36,942,339.77	4,075,172.57				4,169,304.17	-94,131.60	41,111,643.94

43. Surplus reserves

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
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	17,872,654,791.67	16,331,012,273.48
Undistributed Profit after Adjustment at the Start of the Period	17,872,654,791.67	16,331,012,273.48
Add: net profit attributable to parent company's owner in current period	1,976,018,373.13	1,519,848,967.71
Less: Payable Dividends on Ordinary Shares	801,629,761.37	798,774,336.90
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	7,662,734.78	16,060,762.89
Undistributed Profit at the End of the Period	19,054,706,138.21	17,068,147,667.18

45. Operating revenue and operating cost

(1). Operating revenue and operating cost

Unit: RMB

Item	Amount Occurred in the Current Period		Amount Occurred in the Previous Period	
	Income	Cost	Income	Cost
Main Business	14,469,809,650.17	8,240,387,614.63	13,898,516,963.09	8,658,952,304.51
Other businesses	163,737,630.47	123,600,285.01	188,568,877.88	143,624,316.81
Total	14,633,547,280.64	8,363,987,899.64	14,087,085,840.97	8,802,576,621.32

(2). Information related to operating revenue and operating cost (by product)

Unit: RMB

Item	Amount Occurred in the Current Period	
	Income	Cost

Smart IoT Products and Solutions	12,161,117,387.94	6,726,306,045.85
Including: Software Business	757,373,050.95	241,174,322.48
Innovated Businesses	2,258,998,031.19	1,466,634,666.72
Others	213,431,861.51	171,047,187.07
Total	14,633,547,280.64	8,363,987,899.64

(3). Information related to operating revenue and operating cost (by region)

Unit: RMB

Item	Amount Occurred in the Current Period	
	Income	Cost
Domestic	7,771,201,571.54	4,750,611,105.50
Overseas	6,862,345,709.10	3,613,376,794.14
Total	14,633,547,280.64	8,363,987,899.64

Information about performance of obligations:

The Company fulfills its performance obligations in a timely manner as agreed in the contract and recognizes the related income when the customer obtains control of the relevant goods, which is mainly divided into fulfilling the performance obligations at a certain point in time and fulfilling the performance obligations within a certain period of time.

The Company recognizes income from the sales of goods when control of the goods passes, i.e., when the goods are delivered to the counterparty's designated location, or to the counterparty's designated carrier, or when they are delivered to the counterparty for acceptance.

The Company identifies part of the business as a performance obligation to be fulfilled within a certain period of time according to the nature of the business. The Company shall recognize the income according to the performance progress within that period of time, except where the performance progress cannot be reasonably recognized. The Company employs the output method or input method to determine the performance progress. If the performance progress cannot be reasonably recognized and the costs incurred are expected to be compensated, the income 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	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Urban Maintenance and Construction Tax	43,889,100.07	36,718,256.75
Education Surcharges	31,363,812.17	26,234,984.65
House property tax	29,761,364.19	9,387,845.32
Land usage tax	917,177.94	805,237.56
Vehicle and vessel use tax	15,510.00	24,479.92
Stamp duty	9,103,927.09	5,578,393.44
Others	1,132,923.07	725,000.93
Total	116,183,814.53	79,474,198.57

47. Sales expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	1,377,761,831.04	1,187,269,669.35
After-sales service expense	156,571,610.31	148,829,148.87
Transportation and vehicle expenses	21,706,516.27	16,465,074.97
Marketing expense	165,481,310.04	176,978,073.06
Administrative expenses	71,422,657.28	80,022,542.82
Traveling expense	114,091,416.69	91,766,855.31
Business entertainment	93,645,690.49	92,619,608.96
Taxation and insurance expense	56,829,765.54	100,350,665.31
Communication expense	13,263,245.01	11,111,515.46
Knowledge resource fee	21,686,620.89	30,432,774.68
Depreciation cost and asset amortization	80,806,563.30	74,651,967.38
Others	17,352,016.78	29,230,400.07
Total	2,190,619,243.64	2,039,728,296.24

48. Administrative expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	340,564,439.76	280,594,841.45
Depreciation cost and asset amortization	94,767,007.12	53,213,335.22
Administrative expenses	46,095,106.28	34,129,796.48
Consumables and service fees	12,081,798.50	576,527.78
Knowledge resource fee	49,587,678.01	28,298,266.89
Transportation and vehicle expenses	1,232,107.90	1,911,522.48
Traveling expense	4,803,169.65	1,620,658.73
Business entertainment	4,945,263.49	3,672,417.72
Others	20,643,333.56	12,788,831.83
Total	574,719,904.27	416,806,198.58

49. R&D expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	1,643,019,116.19	1,393,586,316.61
Research consumables and service fees	62,150,572.85	75,363,485.69
Depreciation cost and asset amortization	51,399,973.80	44,639,295.55
Traveling expense	25,060,775.54	19,466,826.45
Administrative expenses	14,542,301.96	16,726,601.70
Communication expense	12,116,451.51	6,055,324.87
Others	6,331,523.21	7,641,420.30
Total	1,814,620,715.06	1,563,479,271.17

50. Financial expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest expense	58,636,214.41	66,900,870.38
Including: interest expenses on lease liabilities	7,433,492.47	5,981,899.91
Less: interest income	139,792,759.54	99,279,785.76
The profit or loss on foreign exchange	-349,111,677.73	-261,735,730.67
Others	9,815,525.33	19,513,521.44
Total	-420,452,697.53	-274,601,124.61

51. Other incomes

Unit: RMB

Sources of other incomes	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Government subsidies	362,570,654.41	500,467,768.02
Total	362,570,654.41	500,467,768.02

52. Investment income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
权益法核算的长期股权投资收益	-154,531,486.76	-190,450,701.35
处置长期股权投资产生的投资收益	173,111,849.54	1,408,167.28
交易性金融资产在持有期间的投资收益		124,950.00
处置交易性金融资产取得的投资收益	-34,387,624.19	15,170,140.75
债务重组收益		-411,312.80
其他非流动金融资产在持有期间的投资收益	2,372,827.09	6,666,341.48
国债逆回购投资收益	569,386.14	515,701.75
金融资产终止确认收益	-1,279,161.94	-815,399.65
合计	-14,144,210.12	-167,792,112.54

53. Income from changes in fair value

Unit: RMB

Source of the income from changes in fair value	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Trading Financial Assets		-1,132,045.17
Including: gains from changes at fair value of derivative financial instruments		-1,132,045.17
Transactional financial liabilities	2,138,038.50	-22,938,892.17
Other Non-current Financial Assets	133,060,297.91	162,677,125.00
Total	135,198,336.41	138,606,187.66

54. Credit impairment loss

Unit: RMB

Item	Amount Occurred in the Current	Amount Occurred in the Previous

	Period	Period
Bad debt losses of other receivables	-1,966,013.56	-2,879,731.41
Bad debt losses of accounts receivable	-199,209,805.47	-224,421,053.62
Bad debt losses of notes receivable	12,586,037.47	497,752.37
Total	-188,589,781.56	-226,803,032.66

55. Asset impairment losses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Loss from Impairment of Inventories and Impairment of Performance Cost	-53,883,719.66	-66,144,237.60
Impairment losses on contract assets	2,070,188.91	-2,774,802.20
Total	-51,813,530.75	-68,919,039.80

56. Asset disposal income

Unit: RMB

Sources of the asset disposal income	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Income from disposal of fixed assets	1,395,021.50	793,237.32
Income from the disposal of right-of-use assets	367,032.72	128,322.86
Total	1,762,054.22	921,560.18

57. Non-operating revenue

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount recorded into non-recurring profit and loss in current period
Government subsidies		100,000.00	
Gains and losses of non-current asset retirement	1,025,738.07	884,340.57	1,025,738.07
Others	6,265,024.42	3,191,841.61	6,265,024.42
Total	7,290,762.49	4,176,182.18	7,290,762.49

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
2021 "Straight Through Wuzhen" Global Internet Competiti	Economic and Information Bureau of Tongxiang City	Reward	Subsidies received due to engagement in specific industries	Yes	No		100,000.00	Related to income

on			and trades encouraged and supported by the State (obtained by national policies and regulations)					

58. Non-operating expenditures

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount recorded into non-recurring profit and loss in current period
Donations	496,915.96	847,470.37	496,915.96
Gains and losses of non-current asset retirement	1,213,612.70	925,642.44	1,213,612.70
Including: Losses from disposal of fixed assets	1,213,612.70	925,642.44	1,213,612.70
Water conservancy fund	172,476.39	46,580.72	
Others	2,254,707.67	1,733,559.93	2,254,707.67
Total	4,137,712.72	3,553,253.46	3,965,236.33

59. Income tax expense

(1) Income tax expense statement

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Current income tax expense	183,337,096.59	194,680,405.47
Deferred income tax expense	18,408,214.95	-101,231,654.73
Total	201,745,311.54	93,448,750.74

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB

Item	Amount Occurred in the Current Period
Total Profit	2,242,004,973.41
Income tax expense calculated at statutory/applicable tax rate	336,300,746.01
Impact by applying different tax rates to subsidiaries	79,538,240.28
Impact of income tax before adjustment in this period	-31,785,940.15
Impact of the non-deductible costs, expenses and losses	15,819,626.27
Impact of additional deduction of the research and development expenses	-257,742,986.38
Others	59,615,625.51

Income tax expense	201,745,311.54

60. Other Comprehensive Incomes

See Note 42 for details

61. Items of Cash Flow Statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest Income	98,282,325.78	53,924,373.58
Government subsidies	435,552,183.85	505,524,702.76
Tender and performance guarantee deposit	67,899,798.11	44,240,031.49
Others	18,491,024.35	39,666,743.34
Total	620,225,332.09	643,355,851.17

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Administrative expenses	149,122,402.24	165,216,105.08
Communication expense	38,779,887.00	23,139,986.23
Business entertainment	102,420,881.92	99,624,245.68
Traveling expense	149,346,782.15	118,844,892.10
Marketing expense	160,316,584.19	126,985,353.96
Transportation and vehicle expenses	31,419,022.85	20,220,184.20
Knowledge resource fee	76,423,481.68	57,145,019.67
Research and development consumption and external inspection fee	42,767,935.93	27,754,640.95
Taxation and insurance expense	30,195,538.61	39,617,759.32
Tender and performance guarantee deposit	65,636,480.98	62,584,702.74
Incomings and outgoings and advanced payments	20,590,104.91	76,954,970.33
Consumables and service fees	113,724,030.41	127,531,222.41
Others	12,289,260.58	8,620,551.49
Total	993,032,393.45	954,239,634.16

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Receipts of cash from forward exchange contracts	2,049,875.81	17,359,422.11

Recovered frozen funds relating to the investment	4,706,596.97	
Total	6,756,472.78	17,359,422.11

(4) Other cash payments related to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cash paid for forward exchange contracts	36,437,500.00	2,189,282.90
Paid frozen funds relating to the investment	520,497.39	
Total	36,957,997.39	2,189,282.90

(5) Other cash receipts related to financing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Recovered loan deposit		453,263.81
Total		453,263.81

(6) Other cash payments related to financing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Leasing fees paid	91,338,342.56	69,487,198.65
Listing fees paid	3,312,739.06	1,329,000.00
Cashes paid for purchasing minority equity	1,300,000.00	77,940,000.00
Equity repurchase cash paid	259,451,932.80	284,463,142.68
Total	355,403,014.42	433,219,341.33

62. Supplementary Information on 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	2,040,259,661.87	1,543,277,888.54
Add: provision for impairment of assets	240,403,312.31	295,722,072.46
Depreciation of fixed assets, oil and gas assets, productive	277,966,321.24	195,134,259.34

biological assets		
Depreciation of Right-of-use Assets	69,601,736.93	63,854,814.97
Amortization of Intangible Assets	20,234,065.13	25,702,611.06
Amortization of long-term deferred expenses	28,404,122.13	13,315,596.89
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-1,762,054.22	-921,560.18
Losses on scrapping of fixed assets (mark "-" for incomes)	187,874.63	41,301.87
Losses on fair value changes (mark "-" for incomes)	-135,198,336.41	-138,606,187.66
Financial expenses (mark "-" for incomes)	-290,475,463.32	-194,834,860.29
Losses on investment (mark "-" for incomes)	12,865,048.18	166,976,712.89
Decrease on deferred income tax assets (mark "-" for increases)	14,362,925.71	-123,292,036.03
Increase on deferred income tax liabilities (mark "-" for decreases)	1,049,232.51	19,937,280.65
Decrease on inventories (mark "-" for increases)	1,021,820,363.34	293,702,798.38
Decrease on operational receivables (mark "-" for increases)	-231,086,828.89	-344,730,035.51
Increase on operational payables (mark "-" for decreases)	-2,974,085,366.83	-3,572,625,117.49
Others	168,150,131.40	29,549,813.35
Net cash flow generated by operating activities	262,696,745.71	-1,727,794,646.76
2． Major investing and financing activities that do not involve cash receipts and payment:		
Conversion of Debt into Capital		
Convertible corporate bond within 1 year		
Fixed Assets under Finance Lease		
3． Net changes in cash and cash equivalents:		
Closing balance of cash	11,798,049,495.81	6,510,524,358.34
Less: opening balance of cash	7,878,465,052.63	7,617,576,852.32
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net Increase in Cash and Cash Equivalents	3,919,584,443.18	-1,107,052,493.98

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Ⅰ. Cash	11,798,049,495.81	7,878,465,052.63
Including: cash on hand	2,651.58	2,535.81

Bank deposit for payment at any time	11,390,009,623.03	7,746,722,778.16
Other cash and bank balances for payment at any time	408,037,221.20	131,739,738.66
II. Balance of Cash and Cash Equivalents at the End of the Period	11,798,049,495.81	7,878,465,052.63

63. Assets whose Ownership or Rights to Use is Restricted

Unit: RMB

Item	Book value at the end of the period	Cause of restrictions
Cash and Bank Balances	116,444,661.11	Guarantee letter security deposit and other restricted funds
Notes receivable and receivables financing	925,505,845.85	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognized
Long-term Receivables	122,659,963.34	Pledge for bank borrowings
Non-current Assets Due within 1 Year	28,239,667.72	Pledge for bank borrowings
Total	1,192,850,138.02	

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	41,981,672.17	7.2258	303,351,166.77
EUR	32,468,928.69	7.8771	255,760,998.18
HKD	34,781,385.91	0.9220	32,067,808.00
BRL	233,190,841.81	1.4878	346,929,674.90
INR	888,738,154.59	0.0880	78,230,755.82
ZAR	85,205,291.14	0.3864	32,921,947.04
Total amount of other currencies			195,598,494.03
Accounts receivable			
Including: USD	560,913,263.19	7.2258	4,053,047,057.16
EUR	95,469,770.89	7.8771	752,024,932.28
HKD	2,614,855.03	0.9220	2,410,848.99
INR	4,714,339,045.52	0.0880	414,977,465.33
AED	101,350,587.78	1.9741	200,080,249.36
AUD	36,349,127.98	4.7992	174,446,735.00
Total amount of other currencies			520,873,858.07
Long-term loan			
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	38,645,753.74	7.2258	279,246,487.37

INR	2,100,359,025.00	0.0880	184,883,110.03
EUR	1,700,060.71	7.8771	13,391,548.23
HUF	298,132,668.32	0.0212	6,326,718.03
MXN	14,386,714.66	0.4235	6,093,483.55
BRL	2,586,322.75	1.4878	3,847,801.67
Total amount of other currencies			17,854,743.10

(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 overseas business entity of the Company, Dahua Technology (HK) Limited, does not have autonomy over its business activities, which are the extension of the business activities of the Company, constituting the business activities of the Company, 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	293,408,826.71	Other Incomes	293,408,826.71
Financial subsidy for science and technology R&D plan projects	18,657,399.13	Other Incomes	18,657,399.13
Special financial award funds	10,569,900.00	Other Incomes	10,569,900.00
Tax refund	9,911,711.55	Other Incomes	9,911,711.55
Subsidies for stable positions	2,499,359.77	Other Incomes	2,499,359.77
Talent subsidy funds	2,300,000.00	Other Incomes	2,300,000.00
Standard incentive funds	1,950,000.00	Other Incomes	1,950,000.00
Funding of Hangzhou for manufacturing enterprise technological transformation	24,432,700.00	Deferred income/other incomes	3,125,687.33
Investment financial incentive fund for security video surveillance product production base project	107,010,000.00	Deferred income/other incomes	3,169,406.09
Special awards for Fuyang Dahua Intelligence (IoT) Industrial Park	63,320,000.00	Deferred income/other incomes	1,586,311.74
Changsha leased plant renovation project	29,734,600.00	Deferred income/other incomes	9,911,533.32
Subsidies for enterprise practical training	1,218,844.51	Other Incomes	1,218,844.51
High-tech enterprise	1,200,000.00	Other Incomes	1,200,000.00

subsidies			
Zhejiang Province's first (set) of equipment rewards	1,000,000.00	Other Incomes	1,000,000.00
Reward for Manufacturing Enterprises	570,000.00	Other Incomes	570,000.00
Patent subsidies	325,500.00	Other Incomes	325,500.00
Subsidy funding for R&D expenses of high-tech businesses	260,000.00	Other Incomes	260,000.00
Intellectual property incentive funds	129,300.00	Other Incomes	129,300.00
VAT deduction	74,172.66	Other Incomes	74,172.66
VAT exemption	8,459.42	Other Incomes	8,459.42
Others	694,242.18	Other Incomes	694,242.18

(2) Return of government subsidies

□ Applicable ☑ Not applicable

VIII. Changes in the Scope of Consolidation

1. Business combination not under common control

(1) Business consolidation under non-common control during this period

Unit: RMB

Acquiree's name	Equity acquisition time	Equity acquisition cost	Equity acquisition ratio	Equity acquisition method	Date of purchase	Basis for determination of the date of purchase	Acquiree's Income from the date of purchase to the end of the period	Acquiree's Net Income from the date of purchase to the end of the period
Zhejiang Huajian Technology Co., Ltd.	February 24, 2023	0.00	100.00%	Equity transfer	February 24, 2023	Completion of closing	0.00	0.00

Other notes:

Zhejiang Huajian Technology Co., Ltd. was established on December 7, 2022. By the closing date, the original shareholders have not made actual investment, nor did any operation occur; the Company acquired 100% of the company's equity in consideration of zero, and completed the industrial and commercial registration of change on February 24, 2023.

2. No business consolidation under common control during this period

3. Changes in the Scope of Consolidation for Other Reasons

Explanations on the changes in the scope of consolidation caused by other reasons (for example, newly established subsidiaries, subsidiaries clearing, etc.) and relevant information:

The Company invested to establish four overseas subsidiaries, including Dahua Technology Belgium BV, Dahua Technology Regional Headquarters, Dahua Technology Azerbaijan LLC, and Dahua Technology Vietnam Company Limited. The above subsidiaries have been incorporated into the scope of consolidation since the date of establishment.

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	100.00%		Establishment
Dahua Vision Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Security Network	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Ju'an	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Guangxi Dahua Information	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	100.00%		Establishment
Guangxi Yunlian	Qingxiu District, Nanning	Qingxiu District, Nanning	Service	100.00%		Establishment
Hangzhou Xiaohua	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	78.00% (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	75.00%		Establishment
Guangxi Zhicheng	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	65.00%		Establishment
Hangzhou Huacheng	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	44.61% (Note 3)		Establishment
Xinjiang Information	Shihezi, Xinjiang	Shihezi, Xinjiang	Electronics and information		92.00%	Establishment
HuaRay Technology	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and	35.92% (Note 4)		Establishment

			application services industry			
Fuyang Hua'ao	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	51.00%		Establishment
Huafei Intelligent	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45.50% (Note 5)		Establishment
Guizhou Huayi	Guanshanhu District, Guiyang	Guanshanhu District, Guiyang	Electronics and information	100.00%		Establishment
Xinjiang Zhihe	Qira County, Hotan, Xinjiang	Qira County, Hotan, Xinjiang	Electronics and information		97.00%	Establishment
Guangxi Huacheng	Wuzhou, Guangxi	Wuzhou, Guangxi	Electronics and information		90.00%	Establishment
Meitan Dahua Technology	Zunyi, Guizhou	Zunyi, Guizhou	Electronics and information		100.00%	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		95.00%	Establishment
Xinjiang Zhitian	Hetian County, Hetian, Xinjiang	Hetian County, Hetian, Xinjiang	Electronics and information		97.00%	Establishment
Xinjiang Xinzhi	Shache County, Kashgar District, Xinjiang	Shache County, Kashgar District, Xinjiang	Electronics and information		100.00%	Establishment
Xinjiang Huayue	Kashgar, Xinjiang	Kashgar, Xinjiang	Electronics and information		100.00%	Establishment
Tianjin Dahua	Tianjin Binhai New Area	Tianjin Binhai New Area	Electronics and information		100.00%	Establishment
Dahua Zhilong	Shuangpai County, Yongzhou City	Shuangpai County, Yongzhou City	Electronics and information		90.00%	Establishment
Vision Technology	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	100.00%		Establishment
Huaxiao Technology	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	51.00%		Establishment
Xi'an Dahua	Xi'an City, Shaanxi	Xi'an City, Shaanxi	Electronics and	100.00%		Establishment

	Province	Province	information			
Huaruipin	Wuxi City, Jiangsu Province	Wuxi City, Jiangsu Province	Electronics and information	51.00%		Establishment
Beijing Huayue	Xicheng District, Beijing	Xicheng District, Beijing	Electronics and information	100.00%		Establishment
Shanghai Huashang	Putuo District, Shanghai	Putuo District, Shanghai	Electronics and information	100.00%		Establishment
Dahua Jinzhi	Wucheng District, Jinhua City, Zhejiang Province	Wucheng District, Jinhua City, Zhejiang Province	Electronics and information	100.00%		Establishment
Zhoushan Operation	Zhoushan City, Zhejiang Province	Zhoushan City, Zhejiang Province	Electronics and information	58.80%		Establishment
Yunnan Zhili	Lijiang City, Yunnan Province	Lijiang City, Yunnan Province	Electronics and information	90.00%		Establishment
Guangxi Dahua Technology	Liuzhou City, Guangxi Zhuang Autonomous Region	Liuzhou City, Guangxi Zhuang Autonomous Region	Electronics and information	100.00%		Establishment
Huayixin	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Huaruijie	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Chengdu Zhilian	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhian	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhishu	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhichuang	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Smart Network	Dayi County, Chengdu	Dayi County, Chengdu	Electronics and information	90.00%		Establishment
Huakong Software	Wuyi County, Jinhua City	Wuyi County, Jinhua City	Electronics and information	100.00%		Establishment
Huacheng Software	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Guizhou Dahua	Nanming District, Guiyang	Nanming District, Guiyang	Electronics and information	100.00%		Establishment
Henan Dahua	Zhengzhou,	Zhengzhou,	Electronics	100.00%		Establishment

	Henan	Henan	and information			
Huajian	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45.00% (Note 6)		Establishment
Zhengzhou Dahua Zhian	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Dahua International	Singapore	Singapore	Electronics and information	100.00%		Establishment
Anhui Zhilian	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Anhui Zhishu	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Wuhu Huajian	Wuhu, Anhui	Wuhu, Anhui	Electronics and information		100.00%	Establishment
Changsha Dahua	Changsha, Hunan	Changsha, Hunan	Electronics and information	100.00%		Establishment
Tianjin Huajian	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Zhejiang Pixfra	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	51.00%		Establishment
Yiwu Huaxi	Yiwu City, Zhejiang Province	Yiwu City, Zhejiang Province	Electronics and information		100.00%	Establishment
Dahua Operation	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	100.00%		Establishment
Nanyang Intelligent	Nanyang City, Henan Province	Nanyang City, Henan Province	Electronics and information	100.00%		Establishment
Yibin Huahui	Yibin City, Sichuan Province	Yibin City, Sichuan Province	Electronics and information	100.00%		Establishment
Chengdu Huazhiwei	Chengdu City, Sichuan Province	Chengdu City, Sichuan Province	Electronics and information	100.00%		Establishment
IMOU Xi'an	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information		100.00%	Establishment
Luoyang Zhiyu	Luoyang City, Henan Province	Luoyang City, Henan Province	Electronics and information	100.00%		Establishment
Huaqi Intelligence	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Chengdu Information	Chongzhou City, Chengdu City	Chongzhou City, Chengdu City	Electronics and information	100.00%		Establishment
Huajian	Binjiang	Binjiang	Electronics		100.00%	Business

Technology	District, Hangzhou	District, Hangzhou	and information			combination not under common control
Dahua Hong Kong	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua USA	USA	USA	Electronics and information		100.00%	Establishment
Dahua Europe	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Middle East	United Arab Emirates	United Arab Emirates	Electronics and information		100.00%	Establishment
Dahua Mexico	Mexico	Mexico	Electronics and information		100.00%	Establishment
Dahua Chile	Chile	Chile	Electronics and information		100.00%	Establishment
Dahua Colombia	Columbia	Columbia	Electronics and information		100.00%	Establishment
Dahua Australia	Australia	Australia	Electronics and information		100.00%	Establishment
Dahua Singapore	Singapore	Singapore	Electronics and information		100.00%	Establishment
Dahua South Africa	South Africa	South Africa	Electronics and information		100.00%	Establishment
Dahua Peru	Peru	Peru	Electronics and information		100.00%	Establishment
Dahua Brazil	Brazil	Brazil	Electronics and information		100.00%	Establishment
Dahua Russia	Russia	Russia	Electronics and information		100.00%	Establishment
Dahua Canada	Canada	Canada	Electronics and information		100.00%	Establishment
Dahua Panama	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Hungary	Hungary	Hungary	Electronics and information		100.00%	Establishment
Dahua Poland	Poland	Poland	Electronics and information		100.00%	Establishment
Dahua Tunisia	Tunisia	Tunisia	Electronics and		100.00%	Establishment

			information			
Dahua Kenya	Kenya	Kenya	Electronics and information		100.00%	Establishment
Dahua UK	UK	UK	Electronics and information		100.00%	Establishment
Dahua Bulgaria	Bulgaria	Bulgaria	Electronics and information		100.00%	Establishment
Dahua Serbia	Serbia	Serbia	Electronics and information		100.00%	Establishment
Dahua Germany	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Malaysia	Malaysia	Malaysia	Electronics and information		100.00%	Establishment
Dahua Korea	South Korea	South Korea	Electronics and information		100.00%	Establishment
Dahua Indonesia	Indonesia	Indonesia	Electronics and information		67.00%	Establishment
Dahua India	India	India	Electronics and information		100.00%	Establishment
Dahua Turkey	Turkey	Turkey	Electronics and information		100.00%	Establishment
Dahua Czech	Czech Republic	Czech Republic	Electronics and information		100.00%	Establishment
Dahua Argentina	Argentina	Argentina	Electronics and information		100.00%	Establishment
Dahua Spain	Spain	Spain	Electronics and information		100.00%	Establishment
Dahua Kazakhstan	Kazakhstan	Kazakhstan	Electronics and information		100.00%	Establishment
Dahua Denmark	Denmark	Denmark	Electronics and information		100.00%	Establishment
Dahua France	France	France	Electronics and information		100.00%	Establishment
Dahua Technology Holdings	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Morocco	Morocco	Morocco	Electronics and information		100.00%	Establishment
Dahua Technology	Italy	Italy	Electronics and		100.00%	Business combination

Italy			information			not under common control
Dahua Uzbekistan	Uzbekistan	Uzbekistan	Electronics and information		100.00%	Establishment
Dahua Netherlands	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Sri Lanka	Sri Lanka	Sri Lanka	Electronics and information		100.00%	Establishment
Dahua Pakistan	Pakistan	Pakistan	Electronics and information		100.00%	Establishment
Dahua New Zealand	New Zealand	New Zealand	Electronics and information		100.00%	Establishment
Dahua Thailand	Thailand	Thailand	Electronics and information		99.98%	Establishment
Dahua Romania	Romania	Romania	Electronics and information		100.00%	Establishment
Dahua Nigeria	Nigeria	Nigeria	Electronics and information		100.00%	Establishment
Dahua Israel	Israel	Israel	Electronics and information		100.00%	Establishment
Dahua Mexico Service	Mexico	Mexico	Electronics and information		100.00%	Establishment
Huacheng Netherlands	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Japan	Japan	Japan	Electronics and information		100.00%	Establishment
Dahua Qatar	Qatar	Qatar	Electronics and information		100.00%	Establishment
Huacheng Hong Kong	Hong Kong	Hong Kong	Electronics and information		100.00%	Establishment
Dahua Pacific	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Bengal	Bangladesh	Bangladesh	Electronics and information		100.00%	Establishment
IMOU Australia	Australia	Australia	Electronics and information		100.00%	Establishment

IMOU Vietnam	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
HuaRay Singapore	Singapore	Singapore	Electronics and information		100.00%	Establishment
Dahua Belgium Co.	Belgium	Belgium	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia Co.	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Argentina Co.	Azerbaijan	Azerbaijan	Electronics and information		100.00%	Establishment
Dahua Vietnam Co., Ltd.	Vietnam	Vietnam	Electronics and information		100.00%	Establishment

Explanations on the fact that the proportion of the shares held by a subsidiary differs from that of voting rights:

(1) The Company previously held 45% equity in Hangzhou Xiaohua Technology Co., Ltd., and accepted the transfer of 33% equity from individual shareholders in 2023. Following such change, the Company directly holds 78% equity in Hangzhou Xiaohua Technology Co., Ltd. and exercises its voting rights according to its changed equity ratio.

(2) Based on the industrial and commercial registration data, the CDB Development Fund holds equity in the Company. According to the cooperation agreement between the Company and CDB Development Fund, CDB Development Fund shall not appoint senior management personnel, such as directors and supervisors, to Dahua Zhilian; regarding its investment, the Company shall pay an annual investment profit of 1.2% to CDB Development Fund through dividends, repurchase premiums, etc. In addition, the Company shall redeem the CDB Development Fund's equity in Dahua Zhilian period by period from 2022 to 2024, using its amount of investment as other non-current liabilities, and reclassifying those due within one year to "non-current liabilities due within one year". The Company effectively holds 100% voting rights and equity in Dahua Zhilian.

(3) In May 2023, Hangzhou Huacheng Network Technology Co., Ltd. implemented stock option incentives for its management and core employees through capital increase and share expansion, with the registered capital increased by RMB 7,163,000. After these stock option incentives were completed, the equity of the Company in Hangzhou Huacheng was changed from 51.00% to 44.61%. After the dilution of equity, the Company is still the largest shareholder of Hangzhou Huacheng, and Hangzhou Huacheng is still a controlling subsidiary of the Company covered by the Company's consolidated statements.

(4) In March to April 2023, Zhejiang HuaRay Technology Co., Ltd. implemented equity incentives for its management and core employees through capital increase and share expansion twice, with the registered capital increased by RMB 10,610,400. After these two stock option incentives were completed, the equity of the Company in HuaRay Technology was changed from 42.23% to 35.92%. After the dilution of equity, the Company is still the largest shareholder of HuaRay Technology. The remaining shareholders have a relatively low and dispersed shareholding ratio, and HuaRay Technology is still a controlling subsidiary of the Company covered by the Company's consolidated statements.

(5) The Company directly holds 45.50% equity in Zhejiang Huafei Intelligent Technology Co., Ltd. and as agreed upon, Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) grants 16% of its voting rights to the Company. The Company effectively holds 61.50% of the voting rights in Zhejiang Huafei Intelligence Technology Co., Ltd., which constitutes working control so as to incorporate it into the scope of consolidation.

(6) The Company directly holds 45% equity in Zhejiang Huajian Technology Co., Ltd., and as agreed upon, Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) grants 35% of its voting rights to the Company. The Company effectively holds 80% of the voting rights in Zhejiang Huajian Technology Co., Ltd., which constitutes working control so as to incorporate it into 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

1) In March to April 2023, the registered capital of HuaRay Technology increased from RMB 60,386,500 to RMB 70,996,900. Due to the Company's abandonment of the same proportion of capital increase right and preemptive right of HuaRay Technology, the Company's original 42.23% equity holding in HuaRay Technology was diluted to 35.92%. After the dilution of equity, the Company is still the largest shareholder of HuaRay Technology. The remaining shareholders have a low and dispersed shareholding ratio, and HuaRay Technology is still a subsidiary of the Company, and is incorporated into the scope of consolidation.
2) In May 2023, the registered capital of Hangzhou Huacheng increased from RMB 50,000,000 to RMB 57,163,000. Due to the Company's abandonment of the same proportion of capital increase right and preemptive right of Hangzhou Huacheng, the Company's original 51.00% equity holding in Hangzhou Huacheng was diluted to 44.61%. After the dilution of equity, the Company is still the largest shareholder of Hangzhou Huacheng. Hangzhou Huacheng is still a subsidiary of the Company, and is incorporated into the scope of consolidation.
3) In June 2023, the Company acquired 33.00% equity of three individual shareholders in Hangzhou Xiaohua Technology Co., Ltd. with a consideration of RMB 3,300,000. After the acquisition of equity, the Company’s original 45.00% equity in Hangzhou Xiaohua Technology Co., Ltd. was increased to 78.00% and following such change, the Company exercises its voting rights according to its changed equity ratio.

(2) The effect of the transactions on the equity of the minority shareholders and the shareholder's equity attributable to the parent company

Unit: RMB

	Xiaohua Technology	Huacheng Network	HuaRay Technology
Purchase cost/Disposal consideration			
-- Cash	3,300,000.00		
-- Fair value of non-cash assets			
Purchase cost/ Total disposal consideration	3,300,000.00		
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disposed	738,685.13	-1,992,124.53	81,060,868.58
Difference	2,561,314.87	1,992,124.53	-81,060,868.58

Among them: adjust the capital reserve	-2,561,314.87	-1,992,124.53	81,060,868.58
Adjusted surplus reserve			
Adjusted undistributed profits			

3. Equity in joint venture arrangements or affiliates

(1) Financial Summary of Non-essential Joint Ventures and Affiliates

Unit: RMB

	Closing balance / amount occurred in the current period	Opening balance / amount occurred in the previous period
Joint ventures:		
The total count of the following items based on the shareholding ratios		
Affiliates:		
Total book value of investments	1,192,130,131.68	1,461,099,644.55
The total count of the following items based on the shareholding ratios		
--Net profit	-154,531,486.76	-190,450,701.35
--Other comprehensive income	9,366,194.55	-1,895,750.09
--Total comprehensive income	-145,165,292.21	-192,346,451.44

X. Risks Relating to Financial Instruments

In the business operation, the Company is facing with various financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks).

The overall objective of the Company's risk management is to formulate risk management policies that can minimize risks without affecting the Company's competitiveness and adaptability to changes too much.

(I) Credit Risk

The credit risk refers to the risk of financial loss to the Company as a result of a counterparty's failure to fulfill its contractual obligations. The Company is mainly facing with the customer credit risk arising from sales on account. Before signing a new contract, the Company will assess the new customer's credit risk, including external credit rating and the credibility letter from a bank under some circumstances (if such information is available). The Company has set a credit limit for sales on account for each customer. Such limit shall be the maximum amount with no additional approval needed.

The Company ensures that the overall credit risk is within the controllable range through quarterly monitoring of credit ratings of existing customers, and monthly review of aging analysis on accounts receivable. When monitoring customers' credit risk, the Company groups them according to their credit characteristics. Customers rated as "high risk" will be placed on the restricted customer list. The Company can provide them with O/A in the future period only when additional approval is obtained. Otherwise they must make relevant payment in advance.

For overseas customers, the Company mainly uses wire transfer as a payment method. According to the credit evaluation of each customer, the Company gives different credit lines and credit account periods, and agrees on the payment method and account period in the commodity procurement contract between the two parties. After the sales of products, the Company has a dedicated person responsible for tracking, reconciliation, and payment reminding. In addition, the Company introduced export credit insurance to ensure that the return risk from overseas customers is within controllable range.

(II) Liquidity Risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation of settlement by cash or other financial assets.

The Company's policy is to ensure that there is sufficient cash to repay the liabilities due. The liquidity risk is under the concentrated control of the Company's Financial Department. Through monitoring the balance of cash and securities cashable at any time and rolling forecasting the cash flow in the next 12 months, the Financial Department ensures that the Company has sufficient funds to repay its debts under all reasonable predictions.

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

Unit: RMB

Item	June 30, 2023		
	Within 1 year	1 years or above	Total
Short-term loan	489,869,105.97		489,869,105.97
Notes Payable	3,405,804,594.55		3,405,804,594.55
Accounts Payable	5,382,245,929.49		5,382,245,929.49
Other Payables	726,192,979.56		726,192,979.56
Non-current Liabilities Due within 1 Year	2,008,798,155.62		2,008,798,155.62
Long-term loan		402,000,000.00	402,000,000.00
Lease Liabilities		206,135,695.46	206,135,695.46
Total	12,012,910,765.19	608,135,695.46	12,621,046,460.65

Item	December 31, 2022		
	Within 1 year	1 years or above	Total
Short-term loan	257,943,618.51		257,943,618.51
Notes Payable	4,364,097,761.17		4,364,097,761.17
Accounts Payable	7,340,277,388.29		7,340,277,388.29
Other Payables	1,004,056,999.91		1,004,056,999.91
Non-current Liabilities Due within 1 Year	2,569,150,636.83		2,569,150,636.83
Long-term loan		453,825,000.00	453,825,000.00
Lease Liabilities		209,266,176.61	209,266,176.61
Total	15,535,526,404.71	663,091,176.61	16,198,617,581.32

(III) Market Risk

The market risk of financial instruments refers to the risk of fluctuation at fair value of financial instruments or future cash flows with the change of market prices, including exchange rate risks, interest rate risks and other price risks.

1. Interest rate risk

The interest rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market interest rate. The interest rate risk faced with by the Company is mainly from bank loans. The Company's assets and liabilities relating to interest rate are respectively bank deposits and short-term loans, whose interest rate risk is low.

2. Exchange rate risk

The exchange rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of foreign exchange rate. 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:

Unit: RMB

Item	Closing balance			Opening balance		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and Bank Balances	303,351,166.77	941,509,677.97	1,244,860,844.74	1,014,793,102.46	593,320,421.14	1,608,113,523.60
Accounts receivable	4,053,047,057.16	2,064,814,089.03	6,117,861,146.19	4,171,664,421.39	2,134,877,260.22	6,306,541,681.61
Accounts Payable	279,246,487.37	232,397,404.61	511,643,891.98	1,764,995,765.35	342,688,103.07	2,107,683,868.42
Total	4,635,644,711.30	3,238,721,171.61	7,874,365,882.91	6,951,453,289.20	3,070,885,784.43	10,022,339,073.63

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		1,470,000.00		1,470,000.00
1. Financial assets measured at fair value through profit or loss in this period		1,470,000.00		1,470,000.00
(1) Investment in debt instrument				
(2) Investment in equity instrument				

(3) Derivative Financial Assets				
(4) Others		1,470,000.00		1,470,000.00
(II) Investment in Other Creditor's Rights				
(III) Investment in Other Equity Instruments				
(IV) Investment Property				
(V) Biological Assets				
(VI) Receivables Financing		592,817,184.48		592,817,184.48
(VII) Other Non-current Financial Assets		918,439,431.49	460,508,886.77	1,378,948,318.26
1. Financial assets measured at fair value through profit or loss in this period		918,439,431.49	460,508,886.77	1,378,948,318.26
(1) Investment in debt instrument				
(2) Investment in equity instrument			460,508,886.77	460,508,886.77
(3) Derivative Financial Assets				
(4) Others		918,439,431.49		918,439,431.49
2. Financial assets that are designated to be measured at fair value through profit or loss in this period				
(1) Investment in debt instrument				
(2) Others				
Total assets constantly measured at fair value		1,512,726,615.97	460,508,886.77	1,973,235,502.74
(VIII) Transactional financial liabilities		24,514,280.75		24,514,280.75
Of which: Derivative financial liabilities		24,514,280.75		24,514,280.75
Total amount of liabilities constantly measured at their fair values		24,514,280.75		24,514,280.75

2. For the continuous and non-continuous second-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

The fair value of the derivative financial assets/derivative financial liabilities is measured and recognized with reference to different parameters determined by the financial institutions on the basis of the market conditions then existing as well as the remaining term and transaction term of such transaction.

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.

Other non-current financial assets are valued on the basis of quotations provided by financial institutions.

3. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

Evaluate the value and net book assets based on the income method and asset-based method.

4. The fair value of financial assets and financial liabilities not measured at fair value

The fair value of financial assets and financial liabilities measured by the Company at amortized cost is equivalent to the book value.

XII. Related Parties and Related-party Transactions

1. The Company's Parent Company

Name of parent company	Registered Address	Business Nature	Registered Capital	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
Fu Liquan				30.78%	30.78%
Chen Ailing				2.14%	2.14%

The final controllers of the Company are Mr. Fu Liquan and Ms. Chen Ailing.

2. Information about the Company's subsidiaries

For details of subsidiaries of the Company, see Note "IX. Equities in other entities".

3. Information about the Company's joint ventures and affiliates

Here is the information about other joint ventures and affiliates that have related-party transactions with the Company in the current period or have balance from related-party transactions with the Company in the previous period:

Names of joint ventures and affiliates	Relationship with the Company
Intelbras S.A.	Affiliate
Guangdong Zhishi Digital Technology Co., Ltd.	Affiliate

Zhejiang Leapmotor Technology Co., Ltd. and its affiliates (Note 1)	Affiliate and enterprise where the actual controller has significant influence
Ruicity Digital Technology Co., Ltd.	Affiliate
Hangzhou Juhuanyan Information Technology Co., Ltd.	Affiliate
Dezhou Shuzhi Information Technology Co., Ltd.	Affiliate
Zhejiang Huachuang Vision Technology Co., Ltd.	Affiliate
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Affiliate
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Affiliate
Shaoxing Dahua Security Services Co., Ltd. (Note 2)	Previous Affiliate

Other notes

Note 1: "Zhejiang Leapmotor Technology Co., Ltd. and its affiliates" includes a total of eight companies that have related transactions with the Company, namely Zhejiang Leapmotor Technology Co., Ltd., Leapmotor Automobile Co., Ltd., Hangzhou Leapmotor Automobile Sales Service Co., Ltd., Wuhan Lingchao Automobile Sales Service Co., Ltd., Zhejiang Leapmotor Automobile Sales Service Co., Ltd., Jinhua Leapmotor New Energy Automotive Parts Technology Co., Ltd., Zhejiang Lingsheng Technology Co., Ltd. and Shanghai Leapmotor Automobile Marketing Service Co., Ltd,.

Note 2: Shaoxing Dahua Security Services Co., Ltd. ended the affiliated relationship in March 2023.

4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Zhejiang Huanuokang Technology Co., Ltd.	Enterprise controlled by the actual controller
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Enterprise controlled by the actual controller
China Mobile Communications Group Co., Ltd. and its affiliates	Group controlled by the major shareholder of the Company
Hangzhou Nuojia Technology Co., Ltd. (Note 1)	Enterprise once controlled by the spouse of senior manager of the Company
Zhejiang Zhihua Internet of Things Technology Co., Ltd. (Note 2)	Subsidiary of the previous affiliate
Company A and other companies under its control	Related parties
Lorex Technology Inc.	Enterprise where the actual controller served as a director within 12 months
Lorex Corporation	Enterprise where the actual controller served as a director within 12 months
Zhejiang Lancable Technology Co., Ltd. (Note 3)	Enterprise where the actual controller served as a director within 12 months
Hangzhou Vision Robot Technology Co., Ltd. (Note 3)	Enterprise significantly influenced by the major shareholder of the Company with 12 months
Hangzhou Xintu Technology Co., Ltd. (Note 3)	Enterprise controlled by the major shareholder of the Company within 12 months

Other notes

Note 1: Hangzhou Nuojia Technology Co., Ltd. was a business controlled by the spouse of a senior manager of the Company. The spouse disposed of shares and lost the control over the business in January 2022, but it is still recognized as an associated party within 12 months after the disposal, and the associated relationship will end in January 2023. In February 2023, its name was changed as "Hangzhou Nuoja Yunlian Technology Co., Ltd."

Note 2: Zhejiang Zhihua Internet of Things Technology Co., Ltd. was a controlling subsidiary of Shaoxing Dahua Security Services Co., Ltd. and ended the affiliated relationship in March 2023.

Note 3: Zhejiang Lancable Technology Co., Ltd., Hangzhou Vision Robot Technology Co., Ltd. and Hangzhou Xintu Technology Co., Ltd. ended the affiliated relationship in April 2024.

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	Amount Occurred in the Current Period	Approved transaction limit	Over the transaction limit or not	Amount Occurred in the Previous Period
Company A and other companies under its control	Purchase of materials	87,944,986.38		No	130,451,406.39
Zhejiang Huachuang Vision Technology Co., Ltd.	Material procurement, acceptance of services	49,224,850.97		No	
China Mobile Communications Group Co., Ltd. and its affiliates	Material procurement, acceptance of services	26,348,234.68		No	11,413,569.54
Hangzhou Vision Robot Technology Co., Ltd.	Material procurement, acceptance of services	114,093.70		No	5,685.12
Zhejiang Huanuokang Technology Co., Ltd.	Purchase of materials	98,230.08		No	99,999.97
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Material procurement, acceptance of services	44,520.00		No	
Hangzhou Nuojia Technology Co., Ltd.	Acceptance of services			No	210,616.99

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party transaction	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Intelbras S.A.	Sales of merchandise	446,779,132.82	364,654,929.70
Lorex Corporation	Sales of merchandise	173,583,588.70	
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Sales of merchandise and provision of services	120,340,837.10	167,405,053.69
China Mobile Communications Group Co., Ltd. and its affiliates	Sales of merchandise and provision of services	102,813,489.29	170,642,375.20

Lorex Technology Inc.	Sales of merchandise	23,250,958.71	
Ruicity Digital Technology Co., Ltd.	Sales of merchandise	8,946,222.30	8,592,707.81
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Sales of merchandise	7,655,090.67	
Zhejiang Huachuang Vision Technology Co., Ltd.	Sales of merchandise and provision of services	3,007,439.49	
Dezhou Shuzhi Information Technology Co., Ltd.	Sales of merchandise and provision of services	2,199,876.10	
Guangdong Zhishi Digital Technology Co., Ltd.	Sales of merchandise	1,839,830.02	10,008,308.98
Zhejiang Huanuokang Technology Co., Ltd.	Sales of merchandise	549,768.52	1,123,013.63
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Sales of merchandise	63,004.88	
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise	20,300.89	
Company A and other companies under its control	Sales of merchandise	17,638.82	69,437.96
Hangzhou Vision Robot Technology Co., Ltd.	Sales of merchandise	4,513.28	1,061.95
Hangzhou Xintu Technology Co., Ltd.	Provision of labor services	3,066.44	2,358.48
Hangzhou Nuojia Technology Co., Ltd.	Sales of merchandise		64,601.77
Zhejiang Zhihua Internet of Things Technology Co., Ltd.	Sales of merchandise		1,769.91

(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 Huanuokang Technology Co., Ltd.	Buildings and constructions	901,966.90	102,857.15
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Buildings and constructions	134,487.98	129,297.61
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Buildings and constructions	52,702.78	
Zhejiang Huachuang Vision Technology Co., Ltd.	Buildings and constructions	10,045.87	
Company A and other companies under its control	Transport equipment		15,486.73

The Company being the lessee:

Unit: RMB

Name of the lessor	Type of the leased assets	Simplified rental expenses for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities borne		Increased right-of-use assets	
		Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Machinery and equipment					1,034,915.00	1,034,915.00	122,357.01	134,934.57		8,884,640.73

(3) Related guarantee

The Company being the guarantor:

Unit: RMB

Secured parties	Amount guaranteed	Starting date	Maturity date	Guarantee fulfilled completely or not
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
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. (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.	530,000,000.00	April 7, 2020	March 31, 2024	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.	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.	440,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	35,000,000.00	August 1, 2021	July 31, 2023	No
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 27, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	October 20, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	July 22, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	350,000,000.00	July 25, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	600,000,000.00	September 19, 2022	September 18, 2024	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 9, 2023	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	60,000,000.00	May 1, 2022	One years upon expiration of debt period of master contract	Yes

Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	55,000,000.00	May 14, 2022	May 14, 2023	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	22,000,000.00	November 16, 2022	May 14, 2023	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
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	July 26, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	November 10, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	5,000,000.00	December 3, 2021	December 2, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	80,000,000.00	March 25, 2022	December 31, 2023	No
Zhejiang Dahua Zhilian Co., Ltd.	10,000,000.00	May 1, 2022	One years upon expiration of debt period of master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2022	September 18, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 9, 2023	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No
Zhejiang Dahua Zhilian Co., Ltd.	120,000,000.00	June 19, 2023	June 18, 2024	No
Zhejiang Dahua Zhilian	350,000,000.00	June 19, 2023	June 18, 2024	No

Co., Ltd.				
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua System Engineering Co., Ltd.	10,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	60,000,000.00	November 10, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	July 25, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 9, 2023	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period; for any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	No
Dahua Technology (HK) Limited (guarantee currency is US dollar)	2,000,000.00	March 25, 2022	March 25, 2023	Yes
Dahua Technology (HK) Limited (guarantee currency is US dollar)	2,000,000.00	April 21, 2023	April 21, 2024	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	1,000,000.00	September 1, 2021	December 1, 2023	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	5,000,000.00	October 21, 2022	October 20, 2023	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.	55,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master contract	No

Hangzhou Huacheng Network Technology Co., Ltd.	65,000,000.00	August 25, 2022	August 25, 2025	No
Dahua Technology UK Limited (guaranteed currency is GBP)	1,160,000.00	August 12, 2020	Sign the Termination Notice Letter	No
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	April 29, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Huayixin Technology Co., Ltd. (guarantee currency is US dollar)	2,000,000.00	May 16, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huayixin Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Fengshi Technology Co., Ltd.	100,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	October 21, 2022	September 18, 2024	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Jiangsu Huaruipin Technology Co. Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank	Yes

			within the credit extension period	
Jiangsu Huaruipin Technology Co. Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Jiangsu Huaruipin Technology Co. Ltd.	10,000,000.00	October 20, 2021	Three years after the maturity of the debts in the master contract	No
Jiangsu Huaruipin Technology Co. Ltd.	8,000,000.00	August 25, 2022	August 25, 2025	No
Jiangsu Huaruipin Technology Co. Ltd.	15,000,000.00	October 21, 2022	September 18, 2024	No
Zhejiang Huaxiao Technology Co., Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huaxiao Technology Co., Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huaxiao Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	No
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	August 25, 2022	August 25, 2025	No
Xi'an Dahua Zhilian Technology Co., Ltd.	25,000,000.00	October 21, 2022	September 18, 2024	No
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension	No

			period	
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	100,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes

Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Changsha Dahua Technology Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	No
Changsha Dahua Technology Co., Ltd.	20,000,000.00	October 21, 2022	September 18, 2024	No
Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huafei Intelligent Technology CO., LTD.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huajian Technology Co., Ltd.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huajian Technology Co., Ltd.	5,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No

Hangzhou Xiaohua Technology CO., LTD.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No

(4) Asset transfer and debt restructuring of related parties

Unit: RMB

Related parties	Content of the related - party transaction	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
China Mobile Communications Group Co., Ltd. and its affiliates	Procurement of Projects under Construction	1,767,786.05	
Zhejiang Huachuang Vision Technology Co., Ltd.	Selling of fixed assets	612,608.16	
Zhejiang Huachuang Vision Technology Co., Ltd.	Procurement of fixed assets	40,630.42	
Zhejiang Huanuokang Technology Co., Ltd.	Selling of fixed assets	2,792.34	3,078.06
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Procurement of fixed assets		842,105.08

(5) Remuneration to key management personnel

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Salary of key management personnel	4,650,848.77	4,860,645.75

(6) Other related-party transactions

1. On February 17, 2023, the "Proposal on Proposed Increase of Capital by Some Senior Managers and Core Employees of the Company to the Spin-off Subsidiaries and Related Transactions" was reviewed and approved at the 39th session of the 7th Board of Directors and the 27th session of the 7th Board of Supervisors. It has been agreed that some senior managers and core employees of the Company can increase the capital of RMB 6,049,190(where the registered capital was increased by RMB 1,675,676 and the balance was included in the capital reserves) to the holding subsidiary Zhejiang HuaRay Technology Co., Ltd.(hereinafter referred to as “HuaRay Technology”). 11 natural persons consisting of senior managers including Zhao Yuning, Zhu Jiantang, etc. increased directly the capital by RMB 4,839,353 in total. After this capital increase, the equity of the Company in HuaRay Technology will be changed from

42.228% to 41.0878%, and HuaRay Technology will still be a holding subsidiary of the Company covered by the Company's consolidated statements.

2. On March 17, 2023, the "Proposal on Capital Increase and Share Expansion in the Holding Subsidiary to Introduce Investors and Related Transactions" was reviewed and approved at the 40th session of the 7th Board of Directors held by the Company. It has been agreed that the holding subsidiary HuaRay Technology can introduce through capital increase and share expansion a total of 8 investors including Yibin Lvneng Equity Investment Partnership (Limited Partnership) and Zhu Jiangming. The Investors will increase the monetary capital of HuaRay Technology by RMB 260,000,061 (where RMB 8,934,710 is taken as the new registered capital and the balance is included in the capital reserves), and obtain a total of 12.58% equity in HuaRay Technology after the capital increase. After this capital increase, the equity of the Company in HuaRay Technology will be changed from 41.0878% to 35.9171%, and HuaRay Technology will still be a holding subsidiary of the Company covered by the Company's consolidated statements.

3. On April 7, 2023, the "Proposal on Giving up the Subsidiary's Right of First Refusal(ROFR) and Related-party Transactions" was reviewed and approved at the 41st meeting of the 7th Board of Directors, where Zhejiang Huashi Investment Management Co., Ltd., the shareholder of Zhejiang Huaxiao Technology Co., Ltd.(hereinafter referred to as "Huaxiao Technology"), transferred its 20% equity to Huaxiao's employee stock ownership platform and core management-level staff, and the Board of Directors agreed that the Company may give up the right of first refusal.

4. On April 7, 2023, the Company held the 41st meeting of the 7th Board of Directors and the 28th meeting of the 7th Board of Supervisors, at which the "Proposal on the Implementation of Equity Incentive and Related Transactions of Controlled Subsidiaries" was deliberated and approved, agreeing that Hangzhou Huacheng Network Technology Co., Ltd. (hereinafter referred to as "Huacheng Network"), one of the Company's controlled subsidiaries, would propose to offer stock option incentives to its directors, supervisors, and management and core employees by means of capital increase. Among them, the Company's director Zhao Yuning, supervisor Zheng Jieping and senior executives Liu Ming, Zhu Jiantang, Li Zhijie, Xu Zhicheng, Wu Jian, Song Ke, Xu Qiaofen, etc., injected RMB 7,881,049.75 into Huacheng Network (an increase in registered capital of RMB 2,236,316). After this stock option incentives, the equity of the Company in Huacheng Network was changed from 51% to 44.61%, and Huacheng Network is still a holding subsidiary of the Company covered by the Company's consolidated statements.

5. On June 25, 2023, the Company held the 45th meeting of the 7th Board of Directors and the 32nd meeting of the 7th Board of Supervisors, at which the "Proposal on Capital Increase and Implementation of Equity Incentive and Related Transactions of Controlled Subsidiaries" was deliberated and approved, and agreeing that Zhejiang Huagan Technology Co., Ltd. ("Huagan Technology"), one of the Company's controlled subsidiaries, would injected RMB 539.8647 million into Huagan Technology (an increase in registered capital of RMB 281.09169 million) based on the value of its the thermal imaging business and related assets. At the same time, Huagan Technology offered incentives to some directors, supervisors, senior executives, core employees and their core management team through capital increase, and the issue price is RMB 1 / registered capital.

6. According to the business planning of Xiaohua Technology, the Company purchases from the related person Zuo Pengfeng his 1% equity in Xiaohua Technology at the price of RMB 1/registered capital with a total price of RMB 100,000 during the reporting period.

6. Receivables and payables of the related parties

(1) Receivables

Unit: RMB

Item Name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Intelbras S.A.	449,893,614.14	22,494,680.70	397,867,692.70	19,895,705.61
Accounts receivable	Lorex Corporation	352,596,125.62	17,629,806.28	421,294,479.95	22,971,174.01
Accounts receivable	China Mobile Communications Group Co., Ltd. and its affiliates	165,934,267.82	14,451,265.81	169,771,631.78	13,418,528.87
Accounts receivable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	143,164,276.34	7,158,213.82	125,228,191.88	6,287,574.59
Accounts receivable	Zhejiang Huachuang Vision Technology Co., Ltd.	22,689,604.31	1,898,801.99	66,484,746.14	6,468,047.41
Accounts receivable	Ruicity Digital Technology Co., Ltd.	19,834,500.62	991,725.03	18,091,127.92	904,556.40
Accounts receivable	Lorex Technology Inc.	15,957,711.60	797,885.58	1,589,271.42	87,438.04
Accounts receivable	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	9,704,319.01	485,215.95	6,944,214.63	347,210.73
Accounts receivable	Guangdong Zhishi Digital Technology Co., Ltd.	8,159,003.45	541,082.99	7,558,397.45	377,919.87
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd.	5,549,046.16	487,937.14	5,029,172.47	319,416.79
Accounts receivable	Company A and other companies under its control	2,708,124.52	1,039,399.02	2,703,192.68	694,554.83
Accounts receivable	Dezhou Shuzhi Information Technology Co., Ltd.	2,295,990.00	114,799.50		
Accounts receivable	Hangzhou Juhuanyan Information Technology Co., Ltd.	1,208,000.00	391,683.00	1,208,000.00	344,113.20

Accounts receivable	Zhejiang Lancable Technology Co., Ltd.	18,970.00	948.50		
Accounts receivable	Hangzhou Xintu Technology Co., Ltd.	223.14	11.16	81.66	4.08
Accounts receivable	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	60.50	3.03	181.50	9.08
Accounts receivable	Hangzhou Nuojia Technology Co., Ltd.			652,335.00	32,616.75
Accounts receivable	Shaoxing Dahua Security Services Co., Ltd.			50,000.00	25,000.00
Accounts receivable	Hangzhou Vision Robot Technology Co., Ltd.			850.00	42.50
Contract Assets	China Mobile Communications Group Co., Ltd. and its affiliates	7,960,611.90	1,278,565.67	7,126,589.32	1,219,481.49
Contract Assets	Ruicity Digital Technology Co., Ltd.	118,133.36	5,906.67	481,393.33	24,069.67
Contract Assets	Dezhou Shuzhi Information Technology Co., Ltd.	71,010.00	3,550.50		
Other Receivables	China Mobile Communications Group Co., Ltd. and its affiliates	2,670,834.39	199,277.00	1,523,267.68	401,163.38

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable	China Mobile Communications Group Co., Ltd. and its affiliates	38,611,071.30	40,781,816.94
Accounts Payable	Zhejiang Huachuang Vision Technology Co., Ltd.	14,387,162.95	4,578,103.79
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd.	706,491.42	586,402.95
Accounts Payable	Ruicity Digital Technology Co., Ltd.	200,000.00	200,000.00
Accounts Payable	Hangzhou Vision Robot Technology Co., Ltd.	88,495.58	

Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	71,868.00	19,080.00
Accounts Payable	Zhejiang Lancable Technology Co., Ltd.	3,970.00	175,176.90
Accounts Payable	Hangzhou Nuojia Technology Co., Ltd.		1,346,249.09
Contract liabilities	China Mobile Communications Group Co., Ltd. and its affiliates	2,431,321.15	7,772,167.32
Contract liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	645,765.56	491,074.23
Contract liabilities	Ruicity Digital Technology Co., Ltd.	463,878.18	
Contract liabilities	Zhejiang Huachuang Vision Technology Co., Ltd.	20,011.51	
Contract liabilities	Hangzhou Xintu Technology Co., Ltd.	3,721.09	1,362.62
Contract liabilities	Dezhou Shuzhi Information Technology Co., Ltd.		105,185.84
Contract liabilities	Zhejiang Zhihua Internet of Things Technology Co., Ltd.		2,830.19
Other Payables	China Mobile Communications Group Co., Ltd. and its affiliates	1,320,000.00	1,070,000.00
Other Payables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	173,520.00	173,520.00
Other Payables	Zhejiang Huanuokang Technology Co., Ltd.	63,070.00	63,070.00

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	
Total amount of equity instruments of the Company invalidated in current period	31,795,580 restricted stocks and 31,861,466 stock options
The range of the exercise prices of outstanding stock options issued by Company at the end of the period and the remaining contractual term	The exercise price of stock option is RMB 16.59 per share, and the remaining period of the contract is 36 months
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 granting price of restricted stock is RMB 8.16 per share, and the remaining term of the contract is 36 months

Other notes

(1) Overview to Equity Incentive Plan

Granting of restricted stocks and stock options in 2022

According to the "Proposal on the Company's Stock Option and Restricted Stock Incentive Plan in 2022 (Draft) and its Abstracts" reviewed and approved at the 27th session of the 7th Board of Directors held by the Company on April 1, 2022 and approved at the 2021 Annual Shareholders' General Meeting held on May 16, 2022, the Company granted 74.864 million restricted stocks and 74.864 million stock options under its equity incentive plan.

After review at the 32nd session of the 7th Board of Directors held on June 27, 2022, the Company granted the restricted stocks and stock options on the granting date of June 27, 2022. The Company actually granted 74,737,700 restricted stocks to 4,249 senior managers, other managers and key business personnel on the granting date of June 27, 2022 at the granting price of RMB 8.16; and granted 74,735,300.00 stock options on the granting date of June 27, 2022 at the granting price of RMB 16.59.

The validity period, lock-up period and unlocking period of the equity incentive plan are as follows: the validity period of the restricted stock incentive plan is from the date of registration of the grant of the restricted stocks to the date of unlocking or repurchase and cancellation of all the restricted stocks granted to the incentive objects, which shall be no longer than 48 months. The restricted stocks granted shall be unlocked in three phases upon expiry of a 12-month period from the date of registration of the grant, and the percentage of restricted stocks unlocked in these phases shall be 40%, 30% and 30%, respectively.

The previous unlocking performance conditions are as follows:

Unlocking time	Period of unlocking	Performance conditions
Unlocking condition for the first time	It starts from the first trading date upon expiry of the 12-month period from the date of registration of the grant and ends on the last trading date within the 24-month period from the date of registration of the grant	Based on the operating revenue in 2021, the annual revenue growth rate in 2022 was not less than 16%; or based on the net profit in 2021, the net profit growth rate in 2022 was not less than 16%;
Unlocking condition for the second time	It starts from the first trading date upon expiry of the 24-month period from the date of registration of the grant and ends on the last trading date within the 36-month period from the date of registration of the grant	Based on the operating revenue in 2021, the annual revenue growth rate in 2023 is not less than 34%; or based on the net profit in 2021, the net profit growth rate in 2023 is not less than 34%
Unlocking condition for the third time	It starts from the first trading date upon expiry of the 36-month period from the date of registration of the grant and ends on the last trading date within the 48-month period from the date of registration of the grant	Based on the operating revenue in 2021, the annual revenue growth rate in 2024 will be not less than 56%; or based on the net profit in 2021, the net profit growth rate in 2024 will be not less than 56%

For new unlocking performance conditions, see “4. Modification and termination of share-based payment” below.

(2) The employees of the Company and its subsidiaries hold the equity of the subsidiary HuaRay Technology through capital increase, direct or indirect equity transfers. According to the fair value of the investors recently introduced by the subsidiary Huaray Technology, the confirmed share-based payment fee is RMB 77,456,116.90.

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	The fair value of the restricted stocks shall be determined based on the stock price and the grant cost of the stocks or stock price of the most recent external investor entry as at the grant date, while the fair value of the stock options shall be determined under the Black-Scholes Model
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	304,082,051.26
Amount of equity-settled share-based payment confirmed in current period	168,150,131.40

Other notes

The amount of employee service that the Company received in exchange by equity payments in this period was RMB 168,150,131.40, in which minority shareholders enjoyed RMB 32,444,201.86.

3. Situation of cash-settled share-based payment

□ Applicable ☑ Not applicable

4. Modification and termination of share-based payment

According to the resolution of the 44th session of the 7th Board of Directors held by the Company on June 16, 2023, the "Proposal on the Company's Stock Option and Restricted Stock Incentive Plan in 2022 (Draft) and its Abstracts" was reviewed and approved to adjust the exercise conditions, and as of the date of disclosure of this Report, the Proposal was to be submitted to the shareholders' meeting for review. The adjusted performance conditions are as follows:

Period of unlocking	Performance evaluation targets
First period of unlocking	Based on the operating revenue in 2021, the annual revenue growth rate in 2022 was not less than 16%; or based on the net profit in 2021, the net profit growth rate in 2022 was not less than 16%
Second period of unlocking	Based on the operating revenue in 2022, the annual revenue growth rate in 2023 is not less than 35%; or based on the net profit in 2022, the net profit growth rate in 2023 is not less than 35%
Third period of unlocking	Based on the operating revenue in 2022, the annual revenue growth rate in 2024 will be not less than 83%; or based on the net profit in 2022, the net profit growth rate in 2024 will be not less than 83%

Note: "Operating Revenue" above means the operating revenue as used in the audited consolidated statements of listed companies, and the first period of unlocking for the "Net Profit" above means the value of net profit attributable to shareholders of the company as used in the audited consolidated statements of listed companies and the second period of unlocking and the third period of unlocking mean the value of net profit attributable to shareholders of the company after deducting non-recurring gains and losses as used in the audited consolidated statements of listed companies.

The corresponding coefficient of proportionality is set for the two evaluation years of 2023 and 2024 as follows according to the current performance completion rate (R) in consideration of the factors including changes in the macro market environment:

Performance	R≥100%	100%〉R≥90%	90%〉R≥80%	R〈80%

completion rate (R)				
Corresponding coefficient of R	1	0.9	0.8	0

Note: 1. Current performance completion rate (R) means the higher of the current operating revenue completion rate and the completion rate of the current net profit after deducting the non-recurring gains and losses.
2. Current operating revenue completion rate = actual growth rate of the current operating revenue/target growth rate of the current operating revenue * 100%; current net profit = actual growth rate of the current net profit/target growth rate of the current net profit * 100%.
3. According to the indicator of the performance completion rate (R), the Company unlocks the restricted stocks held by the incentive objects in the very year of evaluation, the number of which is: number of restricted stocks held by the incentive objects in the very year of evaluation * corresponding coefficient of R; and confirms the number of stock options to be exercised by the incentive objects in the very year of evaluation, the number of which is: number of stock options to be exercised by the incentive objects in the very year of evaluation * corresponding coefficient of R.

XIV. Commitments and contingencies

1. Significant commitments

Important commitments on the balance sheet day

As of June 30, 2023, the Company's pledge information was as follows:

(1) On August 19, 2016, the subsidiary Xinjiang Dahua Zhixin Information Technology LLC pledged its future accounts receivable amounting to RMB 351,064,980.00 incurred from the available service fee under the Franchise Agreement for the Shihezi "Safe Shicheng" PPP Project, and signed the Fixed Assets Loan Contract (total contract amount: RMB 230,000,000.00, contract No.: 2016-01) with Shihezi Sub-Branch of the Construction Bank of China, to provide a guarantee for the loan (term of borrowing: from August 2016 to August 2027, loan contract No.: 2016-01) of Xinjiang Dahua Zhixin Information Technology LLC amounting to RMB 230,000,000.00. As of June 30, 2023, the pledged receivables amounted to RMB 150,899,631.06 (including the long-term receivable balance RMB 122,659,963.34, and the balance of the non-current assets mature within one year RMB 28,239,667.72). The loan balance under the guarantee contract was RMB 77,500,000.00 (where the long-term loan balance was RMB 52,000,000.00, and the balance of non-current liabilities mature within one year was RMB 25,500,000.00).

(2) On July 6, 2022, the Company and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the "Guarantee Contract for Pledge of Asset Pool", with the number (33100000) Zheshang Asset Pool Quality (2022) No. 13331 (the contract term is from July 6, 2022 to June 28, 2023), to provide a guarantee for the "Asset Pool Business Cooperation Agreement" signed by the Company together with the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Zhejiang Dahua System Engineering Co., Ltd., and Hangzhou Branch of Zheshang Bank Co., Ltd. The financing amount for the fund's pledge pool cannot be more than RMB 2.5 billion. On June 20, 2023, the Company and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the "Guarantee Contract for Pledge of Asset Pool", with the number (33100000) Zheshang Asset Pool Quality (2023) No. 08879 (the contract term is from June 20, 2023 to January 12, 2024), to provide a guarantee for the "Asset Pool Business Cooperation Agreement" signed by the Company together with the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Zhejiang Dahua System Engineering Co., Ltd., the subsidiary Zhejiang Fengshi Technology Co., Ltd., the subsidiary Zhejiang Xiaohua Technology Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. The financing amount for the fund's pledge pool cannot be more than RMB 2.5 billion.

Under the notes pool business, as of June 30, 2023, the Company had undue notes receivable of RMB 482,817,011.98 (where RMB 470,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had undue notes receivable of RMB 424,043,456.38 (where RMB 50,000,000.00 was related party notes receivable that should be included in the scope of consolidation), and the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had undue notes receivable of RMB 1,959,350.00. Under the pledge, the Company issued the bank acceptance bills in the amount of RMB 68,609,609.34, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 435,322,650.22, and the subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued the bank acceptance bills in the amount of RMB 59,937.90.

(3) On June 30, 2022, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the "Guarantee Contract for Pledge of Asset Pool", with the number (33100000) Zheshang Asset Pool Quality (2022) No. 13592 (the contract term is from June 30, 2022 to June 28, 2023), to provide a guarantee for the "Asset Pool Business Cooperation Agreement" signed by Zhejiang Dahua Zhilian Co., Ltd. together with Hangzhou Branch of Zheshang Bank Co., Ltd. The financing amount for the fund pledge pool cannot be more than RMB 0.5 billion. On June 21, 2023, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. and Hangzhou Branch of Zheshang Bank Co., Ltd. entered into the "Guarantee Contract for Pledge of Asset Pool", with the number (33100000) Zheshang Asset Pool Quality (2023) No. 08817 (the contract term is from June 21, 2023 to January 12, 2024), to provide a guarantee for the "Asset Pool Business Cooperation Agreement" signed by Zhejiang Dahua Zhilian Co., Ltd. together with Hangzhou Branch of Zheshang Bank Co., Ltd. The financing amount for the fund pledge pool cannot be more than RMB 0.5 billion.

Under the notes pool business, as of June 30, 2023, RMB 237,285,850.82 of undue notes receivable (of which RMB 100,000,000.00 was related party notes that should be included in the scope of the consolidated financial statements) of the subsidiary Zhejiang Dahua Zhilian Co., Ltd. was pledged for the issuance of acceptance bills. Under the pledge, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued the bank acceptance bills in the amount of RMB 221,222,966.91.

(4) On June 1, 2022, the Company and Hangzhou Branch of China Merchants Bank Co., Ltd. signed the "Credit Agreement for Notes Pool Business" (No.: 571XY2022013930), which promised a special credit limit of RMB 1.5 billion for the notes pool, and allocated the same limit to the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Zhejiang Dahua System Engineering Co., Ltd., the subsidiary Hangzhou Huacheng Network Technology Co., Ltd., the subsidiary Zhejiang Fengshi Technology Co., Ltd., the subsidiary Zhejiang Huafei Intelligent Technology Co., Ltd., the subsidiary Zhejiang Huayixin Technology Co., Ltd., the subsidiary Zhejiang Huaxiao Technology Co., Ltd.,, the subsidiary Zhejiang Huajian Technology Co., Ltd., the subsidiary Xi'an Dahua Zhilian Technology Co., Ltd., the subsidiary Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd., and the subsidiary Zhejiang Dahua Zhilian Co., Ltd.

Under the notes pool business, the Company had undue notes receivable of RMB 208,754,566.01 as of June 30, 2023 (where RMB 200,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had undue notes receivable of RMB 226,429,679.81 (where RMB 50,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Fengshi Technology Co., Ltd. had undue notes receivable of RMB 6,422,598.71 (where RMB 214,528.20 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had undue notes receivable of RMB 8,628,663.12, the subsidiary Zhejiang Huaxiao Technology Co., Ltd. had undue notes receivable of RMB 9,279,552.04, the subsidiary Zhejiang Huajian Technology Co., Ltd. has undue notes receivable of RMB 1,168,000.00, and the subsidiary Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd. had undue notes receivable of RMB 2,210,000.00 pledged for issuing bank acceptance bills. Under the pledge, the Company issued the bank acceptance bills in the amount of RMB 336,412.30, the subsidiary Zhejiang Fengshi Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 230,488,710.27, the subsidiary Zhejiang Huafei Intelligent Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 552,457.00, the subsidiary Zhejiang Huayixin Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 98,874.32, the subsidiary Zhejiang Huajian Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 545,972.10, the subsidiary Zhejiang Huaxiao Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 36,871.90, the subsidiary Zhejiang Zhilian Co., Ltd. issued the bank acceptance bills in the amount of RMB 23,149,388.87 and the subsidiary Xi'an Dahua Zhilian Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 1,785,114.60.

(5) On May 26, 2021, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. and Bank of Hangzhou Co., Ltd. entered into the "Pledge Contract for Maximum Amount of Individual Asset Management" (No.: 7514ATMG202100073, the contract term is from May 26, 2021 to May 25, 2024), to provide a guarantee for the "Asset Management Service Agreement" signed by the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. and Hangzhou Bank Co., Ltd. The credit limit of the notes pool cannot be more than RMB 0.2 billion.

Under the notes pool business, as of June 30, 2023, 76,144,146.23 of undue notes receivable of the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. were pledged for the issuance of acceptance bills. Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 0.

(6) Under the Asset Pool Charge-off Agreement PPHJHYZCZ 20220801 No.001 made by and between the Company and Ping An Bank Limited Hangzhou Branch on August 3, 2022, a special credit line of RMB 1 billion in note pool was granted and was also allocated to the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Jiangsu Huaruipin Technology Co., Ltd., the subsidiary Zhejiang Pixfra Technology Co., Ltd. and the subsidiary Changsha Dahua Technology Co., Ltd.

Under the notes pool business, as of June 30, 2023, the Company had undue notes receivable of RMB 170,980,000.00 (where RMB 170,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had undue notes receivable of RMB 81,770,276.81 (where RMB 50,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Jiangsu Huaruipin Technology Co., Ltd. had undue notes receivable of RMB 2,655,606.00, and the subsidiary Zhejiang Pixfra Technology Co., Ltd. had undue notes receivable of RMB 868,620.00 pledged for issuing bank acceptance bills. Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 160,779,797.77, the subsidiary Jiangsu Huaruipin Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 6,681,928.50, the subsidiary Zhejiang

Pixfra Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 1,434,684.27 and the subsidiary Changsha Dahua Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 5,698,927.11.

(7) The subsidiary Zhejiang HuaRay Technology Co., Ltd. and Hangzhou Branch of China Merchants Bank Co., Ltd. entered into the "Credit Agreement for Notes Pool Business", agreeing on a credit limit of RMB 0.2 billion for notes pool business. Under the notes pool business, as of June 30, 2023, RMB 55,109,694.53 of undue notes receivable of the subsidiary Zhejiang HuaRay Technology Co., Ltd. were pledged for the issuance of acceptance bills. Under the pledge, the subsidiary Zhejiang HuaRay Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 52,707,757.59.

2. Contingencies

(1) Important contingent matters on the balance sheet day

No important contingent matters on the balance sheet day.

(2) Description required even if no important contingent matter is to be disclosed by the Company

No important contingent matter to be disclosed by the Company.

XV. Events after the Balance Sheet Date

No events after the balance sheet date to be disclosed in this period.

XVI. Other Significant Events

1. Subsection information

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

The Company determines the operation subsection based on internal organization structure, management requirements, internal reporting system, etc. The Company has only one operational subsection, namely the R&D, production, and sales of intelligent 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 revenue	Operating Cost
Domestic	7,771,201,571.54	4,750,611,105.50
Overseas	6,862,345,709.10	3,613,376,794.14
Total	14,633,547,280.64	8,363,987,899.64

Product subsection

Unit: RMB

Item	Operating revenue	Operating Cost
Smart IoT Products and Solutions	12,161,117,387.94	6,726,306,045.85
Including: Software Business	757,373,050.95	241,174,322.48
Innovated Businesses	2,258,998,031.19	1,466,634,666.72
Others	213,431,861.51	171,047,187.07
Total	14,633,547,280.64	8,363,987,899.64

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	Closing balance					Opening balance				
	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	38,688,726.59	0.80%	38,688,726.59	100.00%		38,693,240.50	0.78%	38,693,240.50	100.00%	
Including:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	38,688,726.59	0.80%	38,688,726.59	100.00%		38,693,240.50	0.78%	38,693,240.50	100.00%	

Accounts receivables with the bad debt provision accrued based on combinations	4,814,279,100.52	99.20%	110,160,110.25	2.29%	4,704,118,990.27	4,933,479,139.61	99.22%	96,000,623.96	1.95%	4,837,478,515.65
Including:										
Portfolio 1: Related Parties Portfolio	3,733,370,117.83	76.93%			3,733,370,117.83	3,990,054,640.72	80.25%			3,990,054,640.72
Portfolio 2: Aging Analysis Portfolio	1,080,908,982.69	22.27%	110,160,110.25	10.19%	970,748,872.44	943,424,498.89	18.97%	96,000,623.96	10.18%	847,423,874.93
Total	4,852,967,827.11	100.00%	148,848,836.84		4,704,118,990.27	4,972,172,380.11	100.00%	134,693,864.46		4,837,478,515.65

Individual provision for bad debts: RMB 38,688,726.59

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	38,688,726.59	38,688,726.59	100.00%	Expected to be unable to recover
Total	38,688,726.59	38,688,726.59		

A combination of provision for bad debts: RMB 110,160,110.25

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 Year	767,881,976.89	38,394,098.85	5.00%
1 to 2 years	188,511,025.21	18,851,102.52	10.00%
2 to 3 years	88,816,318.68	26,644,895.60	30.00%
3 to 4 years	15,591,097.85	7,795,548.93	50.00%
4 to 5 years	8,170,498.53	6,536,398.82	80.00%
5 years or above	11,938,065.53	11,938,065.53	100.00%
Total	1,080,908,982.69	110,160,110.25	

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	Closing balance
Within 1 year (including 1 year)	4,287,453,467.66
1 to 2 years	272,716,314.22
2 to 3 years	191,132,510.28
3 years or above	101,665,534.95
3 to 4 years	62,503,709.68
4 to 5 years	18,349,239.90
5 years or above	20,812,585.37
Total	4,852,967,827.11

(2) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of Changes in the Current Period				Closing balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad debt provision	134,693,864.46	14,157,131.66		2,159.28		148,848,836.84
Total	134,693,864.46	14,157,131.66		2,159.28		148,848,836.84

(3) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	2,159.28

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

The accounts receivable of the top five balances collected by the debtors at the end of the period was summed up to RMB 3,614,431,941.67, accounting for 74.48% of the total balance at the end of the period of accounts receivable. The balance at the end of the period for bad debt provision accrued was RMB 15,635,357.71 accordingly.

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

1) In accordance with the non-recourse accounts receivables purchase agreement signed between the Company and Sinosure Commercial Factoring (Shenzhen) Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 563,882.00 to Sinosure Commercial Factoring (Shenzhen) Co., Ltd. The amount of accounts receivables was derecognised after the transfer;

2) In accordance with the non-recourse accounts receivables purchase agreement signed between the Company and Shenzhen Qianhai'an Lutong Commercial Factoring Co., Ltd. in this period, the Company transferred the accounts receivables of RMB 456,689.25 to Shenzhen Qianhai'an Lutong Commercial Factoring Co., Ltd. The amount of accounts receivables was derecognised after the transfer.

(6) The amount of assets and liabilities generated due to transferred receivables that the Company still keeps recourse or retains part of corresponding rights or interests

There are no assets or liabilities generated due to transferred receivables that the Company keeps recourse or retains part of corresponding rights or interests.

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other Receivables	12,942,027,391.89	13,025,162,686.64
Total	12,942,027,391.89	13,025,162,686.64

(1) Other receivables

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	44,218,286.45	42,975,357.36
Prepaid or advance expense	45,941,825.28	42,425,892.12
Equity Transfer Fund	5,495,352.34	
Employee home loan	77,910,497.00	84,743,250.00
Incomings and outgoings	12,795,487,732.65	12,872,094,567.04
Others	2,766,684.67	14,709,388.90
Total	12,971,820,378.39	13,056,948,455.42

2) Provision for bad debts

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 as of January 1, 2023	25,225,412.46	6,120,196.70	440,159.62	31,785,768.78
Balance in the current period as of January 1, 2023				
--Transfer to phase two	-648,634.56	648,634.56		
--Transfer to phase three	-6,640.00		6,640.00	
Provisions of this period		1,507,616.42	17,470.00	1,525,086.42
Reversals in this	3,450,469.70			3,450,469.70

period				
Write off in this period	43,899.00	4,500.00	19,000.00	67,399.00
Balance as of June 30, 2023	21,075,769.20	8,271,947.68	445,269.62	29,792,986.50

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

□ Applicable ☑ Not applicable

Disclosure by age

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	11,827,523,828.99
1 to 2 years	708,388,104.08
2 to 3 years	119,391,456.85
3 years or above	316,516,988.47
3 to 4 years	112,309,009.53
4 to 5 years	201,319,803.16
5 years or above	2,888,175.78
Total	12,971,820,378.39

3) Provision for bad debts accrued, recovered or reversed in this period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of Changes in the Current Period				Closing balance
		Accrued	Recovered or Reversed	Written Off	Others	
坏账准备	31,785,768.78	1,525,086.42	3,450,469.70	67,399.00		29,792,986.50
合计	31,785,768.78	1,525,086.42	3,450,469.70	67,399.00		29,792,986.50

4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	67,399.00

5) Other receivables of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Nature of the funds	Closing balance	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	8,232,307,498.58	RMB 8,231,632,540.32 within 1 year, RMB 673,777.87 for 1-2 years,	63.46%	

			RMB 1,180.39 for 3-4 years		
Company 2	Incomings and outgoings	2,340,800,423.43	Within 1 year	18.05%	
Company 3	Incomings and outgoings	1,496,524,099.52	RMB 915,609,068.76 within 1 year, RMB 540,820,030.77 for 1-2 years, RMB 5,901,013.50 for 2-3 years, RMB 34,193,986.49 for 3-4 years	11.54%	
Company 4	Incomings and outgoings	234,434,115.91	RMB 149,064,317.88 within 1 year, RMB 85,369,798.03 for 1-2 years	1.81%	
Company 5	Incomings and outgoings	200,717,516.83	RMB 9,080,630.14 within 1 year, RMB 10,006,656.50 for 1-2 years, RMB 8,757,718.98 for 2-3 years, RMB 8,918,883.13 for 3-4 years, RMB 11,689,423.04 for 4-5 years, RMB 152,264,205.04 for 5 years or above	1.55%	
Total		12,504,783,654.27		96.41%	

6) Accounts receivable related to government subsidies

There are no accounts receivable related to government subsidies.

7) Other accounts receivable derecognised due to transfer of financial assets

There are no other accounts receivable derecognised due to transfer of financial assets.

8) Assets and liabilities generated due to other transferred receivables that the Company 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 keeps recourse or retains part of corresponding rights or interests.

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	7,353,632,259.60		7,353,632,259.60	4,651,487,417.05		4,651,487,417.05
Investment in affiliates and joint ventures	672,957,566.69	723,496.39	672,234,070.30	831,485,368.09	723,496.39	830,761,871.70
Total	8,026,589,826.29	723,496.39	8,025,866,329.90	5,482,972,785.14	723,496.39	5,482,249,288.75

(1) Investment in subsidiaries

Unit: RMB

The invested entity	Opening balance (book value)	Decrease/Increase in the current period				Closing balance (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.	535,013,130.42	5,396,915.53				540,410,045.95	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	102,150,077.26	47,888.58				102,197,965.84	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00					5,100,000.00	
Guangxi Dahua Information Technology	6,159,547.73	38,190.24				6,197,737.97	

Co., Ltd.							
Dahua Technology (HK) Limited	668,941,112.00	746,235.00				669,687,347.00	
Zhejiang Dahua Vision Technology Co., Ltd.	1,295,016,312.10	3,210,460.89				1,298,226,772.99	
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20,002,580.76					20,002,580.76	
Hangzhou Xiaohua Technology CO., LTD.	5,851,433.47	3,513,024.43				9,364,457.90	
Zhejiang Dahua Zhilian Co., Ltd.	1,001,657,517.59	776,489,584.51				1,778,147,102.10	
Zhejiang Dahua Investment Management Co., Ltd.	62,175,000.00					62,175,000.00	
Guangxi Dahua Zhicheng Co., Ltd.	71,262,264.85	40,150.02				71,302,414.87	
Hangzhou Huacheng Network Technology Co., Ltd.	30,102,814.35	1,709,443.49				31,812,257.84	
Zhejiang HuaRay Technology Co., Ltd.	33,919,748.87	4,652,104.08				38,571,852.95	
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,110,520.63	10,520.64				5,121,041.27	

Zhejiang Huafei Intelligent Technology CO., LTD.	25,619,309.34	539,322.08				26,158,631.42	
Guizhou Huayi Shixin Technology Co., Ltd.	1,800,000.00					1,800,000.00	
Zhejiang Fengshi Technology Co., Ltd.	9,028,975.38	23,613.12				9,052,588.50	
Dahua Technology Holdings Limited	8,102,000.00					8,102,000.00	
Zhejiang Huaxiao Technology Co., Ltd.	38,317,405.37	564,052.16				38,881,457.53	
Xi'an Dahua Zhilian Technology Co., Ltd.	100,718,798.71	890,127,235.01				990,846,033.72	
Jiangsu Huaruipin Technology Co. Ltd.	17,927,211.61	69,514.56				17,996,726.17	
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	10,675,125.73	154,611.04				10,829,736.77	
Zhejiang Dahua Jinzhi Technology Co., Ltd.	60,000,000.00					60,000,000.00	
Shanghai Huashang Chengyue Information Technology Service Co.,	1,931,398.93	418,040.42				2,349,439.35	

Ltd.							
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 Huayixin Technology Co., Ltd.	41,380,258.10	-222,881.43				41,157,376.67	
Zhejiang Huaruijie Technology Co., Ltd.	52,349,278.69	1,200,674.53				53,549,953.22	
Chengdu Dahua Zhilian Information Technology Co., Ltd.	50,346,032.57	550,310,839.30				600,656,871.87	
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	100,000,000.00	454,700,000.00				554,700,000.00	
Chengdu Huishan Smart Network Technology Co., Ltd.	5,800,000.00					5,800,000.00	
Zhejiang Huajian Technology Co., Ltd.	23,520,802.07	1,077,451.93				24,598,254.00	
Xinjiang Dahua	2,055.08					2,055.08	

Zhixin Information Technology Co., Ltd.							
Guangxi Huacheng Technology Co., Ltd.	123,727.03	28,702.02				152,429.05	
Hangzhou Huacheng Software Co., Ltd.	1,838,147.19	1,296,442.17				3,134,589.36	
Dahua Technology Canada Inc.	72,864.00					72,864.00	
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	10,000,000.00					10,000,000.00	
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00					30,000,000.00	
Dahua Technology International Pte. Ltd.	1,000,000.00					1,000,000.00	
Changsha Dahua Technology Co., Ltd.	100,009,858.24	9,858.24				100,019,716.48	
Zhejiang Pixfra Technology Co., Ltd.	50,982,181.36	120,835.34				51,103,016.70	
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	15,285,360.32	282,729.07				15,568,089.39	

Henan Dahua Zhilian Information Technology Co., Ltd.	54,567.30	54,567.30				109,134.60	
Yibin Huahui Information Technology Co., Ltd.		13,092.42				13,092.42	
Luoyang Dahua Zhiyu Information Technology Co., Ltd.		10,000,000.00				10,000,000.00	
Xi'an IMOU Zhilian Technology Co., Ltd.		21,625.86				21,625.86	
Total	4,651,487,417.05	2,706,644,842.55	4,500,000.00			7,353,632,259.60	

(2) Investment in affiliates and joint ventures

Unit: RMB

Name of Investees	Opening balance (book value)	Decrease/Increase in the current period								Closing balance (book value)	Closing balance of provision for decline in value
		Investments increased	Investment decreased	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
Ⅰ. Joint ventures											
Ⅱ. Affiliates											
Zhejiang Leapmotor Technology Co., Ltd.	650,470,259.18			-179,267,268.32		26,790,456.53				497,993,447.39	
Hangzhou											723,4

Juhuanyan Information Technology Co., Ltd.											96.39
Ruicity Digital Technology Co., Ltd.	71,175,718.81			-8,206,205.79						62,969,513.02	
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	63,054,968.03			377,882.39						63,432,850.42	
Dezhou Shuzhi Information Technology Co., Ltd.	3,407,519.63			18,720.28						3,426,239.91	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	1,291,851.54			-88,230.33						1,203,621.21	
Zhejiang Huach	41,361,554.51			-2,726,699.16		4,573,543.00				43,208,398.35	

uang Vision Technology Co., Ltd.											
Subtotal	830,761,871.70			-189,891,800.93		31,363,999.53				672,234,070.30	723,496.39
Total	830,761,871.70			-189,891,800.93		31,363,999.53				672,234,070.30	723,496.39

4. Operating revenue and operating cost

Unit: RMB

Item	Amount Occurred in the Current Period		Amount Occurred in the Previous Period	
	Income	Cost	Income	Cost
Main Business	4,154,588,989.34	698,750,728.04	3,850,652,856.67	435,118,265.70
Other businesses	29,728,074.55	21,033,992.07	15,400,691.14	10,228,851.81
Total	4,184,317,063.89	719,784,720.11	3,866,053,547.81	445,347,117.51

5. Investment income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income calculated by cost method	1,149,863.64	
Long-term equity investment income measured by equity method	-189,891,800.93	-216,827,314.09
Investment income from disposal of long-term equity investment	539,223.39	-4,330,000.00
Investment income on other non-current financial assets during the holding period	2,372,827.09	6,666,341.48
Investment income from national debt reverse repurchase	569,386.14	515,701.75
Profits from recognition termination of financial assets	-3,617,354.24	-4,150,055.55
Gain on debt restructuring		-170,120.71
Total	-188,877,854.91	-218,295,447.12

XVIII. Supplementary Information

1. Breakdown of non-recurring gains and losses for this period

☑ 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	174,686,029.13	

of assets)		
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company, in line with national policies, and consecutively received by a standard quota or quantity)	69,161,827.70	
Gains or losses from investment or asset management entrusted to others	43,299,295.17	
Profits and losses resulting from the changes in fair value for holding trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities, and financial assets available for trading, excluding the effective hedging businesses related to the regular business operation of the Company	59,884,244.14	
Reversal of the receivables depreciation reserves for separate impairment test	4,513.91	
Non-Operating Revenue and expenses other than the above	3,513,400.79	
Other gains and losses items that fit the definition of non-recurring gains and losses	-55,002,533.78	
Less: Impact of income tax	72,883,163.54	
Impact of minority equity	1,415,070.35	
Total	221,248,543.17	--

Other gains or losses that fit the definition of non-recurring gains or losses:

□ Applicable ☑ Not applicable

The Company has no other gains or losses that fit the definition of non-recurring gains or losses.

Note for the definition of non-recurring gains and losses listed in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Issuance Their Securities to the Public - Non-recurring gains and losses*, as recurring gains and losses.

□ 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	6.70%	0.63	0.63
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	5.95%	0.56	0.56

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

Zhejiang Dahua Technology Co., Ltd.

Legal representative: Fu Liquan

August 26, 2023