

Zhejiang Dahua Technology Co., Ltd.

2024 Semi-Annual Report



August 24, 2024

This document is a translated version of the Chinese 2024 Semi-Annual Report (“2024 年半年度报告全文”), and the published semi-annual report in the Chinese version shall prevail.

The complete published Chinese 2024 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 multi-dimensional perception, large model in AI, video cloud, big data, network communication, network security, 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 Internet of Things, AI, big data, cloud computing, network communications, among other technologies, as well as the upgrades of intelligent terminal 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 capital, 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) 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 regional trade protection, political conflicts in local regions, increasingly complex law compliance requirements and continuous global growth slowdown 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.

(5) 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.

(6) 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.

(7) 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.

(8) Supply chain security risk: The Company pays attention to suppliers' operational risks and monitors suppliers' operations in real time by establishing an operational risk data management platform to avoid potential risks; it promotes diversified supply sources to guarantee supply delivery.

The profit distribution plan deliberated and approved by the Company's board of directors: Based on 3,272,527,089 shares after deducting the re-purchased shares (19,819,601 shares), the Company paid a cash dividend of RMB 1.84 (tax inclusive) every 10 shares to all shareholders, and paid 0 bonus shares (tax inclusive), and did not convert capital reserve into share capital.

Table of Contents

Section I Important Notes, Contents and Definitions.....	2
Section II Company Profile and Key Financial Indicators.....	12
Section III Management Discussion and Analysis.....	15
Section IV Corporate Governance.....	37
Section V Environmental and Social Responsibilities.....	40
Section VI Significant Events.....	42
Section VII Changes in Shares and Information about Shareholders.....	60
Section VIII Information of Preferred Shares.....	68
Section IX Situation on Corporate Bonds.....	69
Section X Financial Report.....	70

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, 2024 to June 30, 2024
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.
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.
HJ Technology	Refers To	Zhejiang HJ Technology Co., Ltd.
Huaxiyue	Refers To	Guangdong Huaxiyue Intelligent Technology Co., Ltd.
Huajie Operation	Refers To	Zhejiang Huajie New Energy Operation Service Co., Ltd.
Shuhang Intelligent	Refers To	Zhejiang Shuhang Intelligent Technology Co., Ltd.
Qingdao Ruifa	Refers To	Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd.
Shandong Digital Intelligence	Refers To	Shandong Dahua Digital Intelligence Technology Co., Ltd.
Fujian Qingchuang	Refers To	Fujian Dahua Qingchuang Digital Technology Co., Ltd.
Dahua Europe	Refers To	Dahua Europe B.V.

Dahua Middle East	Refers To	Dahua Technology Middle East FZE
Dahua Mexico	Refers To	Dahua Technology Mexico S.A. DE C.V
Dahua Chile	Refers To	Dahua Technology Chile SpA
Dahua Malaysia	Refers To	Dahua Security Malaysia SDN. BHD.
Dahua Korea	Refers To	Dahua Technology Korea Company Limited
Dahua Indonesia	Refers To	PT. Dahua Vision Technology Indonesia
Dahua Colombia	Refers To	Dahua Technology Colombia S.A.S
Dahua Australia	Refers To	Dahua Technology Australia PTY LTD
Dahua Singapore	Refers To	Dahua Technology Singapore Pte. Ltd.
Dahua South Africa	Refers To	Dahua Technology South Africa Proprietary Limited
Dahua Peru	Refers To	Dahua Technology Perú S.A.C
Dahua Russia	Refers To	Dahua Technology Rus Limited Liability Company
Dahua Brazil	Refers To	DAHUA TECHNOLOGY BRASIL COMÉRCIO E SERVIÇOS EM SEGURANÇA ELETRÔNICA LTDA
Dahua Canada	Refers To	Dahua Technology Canada INC.
Dahua Panama	Refers To	Dahua Technology Panama S.A.
Dahua Hungary	Refers To	Dahua Technology Hungary Kft
Dahua Poland	Refers To	Dahua Technology Poland Sp. z o.o.
Dahua Italy	Refers To	Dahua Technology Italy S.R.L.
Dahua Tunisia	Refers To	Dahua Technology Tunisia Limited Liability Company
Dahua Kenya	Refers To	Dahua Technology Kenya Limited
Dahua UK	Refers To	Dahua Technology UK Limited
Dahua Germany	Refers To	Dahua Technology GmbH
Dahua Serbia	Refers To	Dahua Technology SRB d.o.o.
Dahua India	Refers To	Dahua Technology India Private Limited
Dahua Turkey	Refers To	Dahua Güvenlik 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
HuaRay Korea	Refers To	HUARAY TECHNOLOGY KOREA COMPANY LIMITED
HuaRay Germany	Refers To	Huaray technology GmbH
Dahua Angola	Refers To	DAHUA EUROPE B.V - SUCURSAL EM ANGOLA
IMOU Teknologi Indonesia	Refers To	PT IMOU TEKNOLOGI INDONESIA
IMOU Indonesia Senantiasia	Refers To	PT IMOU INDONESIA SENANTIASA
Hirige MaLaysia	Refers To	Hirige Technology MaLaysia Sdn.Bhd.
Dahua Egypt	Refers To	Dahua Technology Egypt LLC
DAHUA Abu Dhabi	Refers To	DAHUA TECHNOLOGY AUH FOR SECURITY & SURVEILLANCE – SOLE PROPRIETORSHIP L.L.C.

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)	DAHUA		
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
Phone	0571-28939522	0571-28939522
Fax	0571-28051737	0571-28051737
Email	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 2023 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 2023 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)	14,866,622,569.81	14,633,547,280.64	1.59%
Net profit attributable to shareholders of the listed Company (RMB)	1,809,589,445.46	1,976,018,373.13	-8.42%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,762,237,469.53	1,754,769,829.96	0.43%
Net cash flow generated by operational activities (RMB)	-507,185,620.71	262,696,745.71	-293.07%
Basic Earnings per Share (RMB/Share)	0.56	0.63	-11.11%
Diluted Earnings per Share (RMB/Share)	0.56	0.63	-11.11%
Weighted Average ROE	5.10%	6.70%	-1.60%
	End of this 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)	50,209,775,852.19	52,881,927,214.00	-5.05%
Net assets attributable to shareholders of the listed company (RMB)	35,406,684,602.41	34,719,173,825.42	1.98%

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 AmountsApplicable 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)	104,889,898.73	
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, entitled to according to the established standard, and continuously impacting the Company's profits and losses)	81,469,680.71	
Profits and losses resulting from the changes in fair value for financial assets and financial liabilities held by non-financial enterprises, and from disposal of financial assets and liabilities, excluding the effective hedging businesses related to the regular business operation of the Company	-45,494,542.45	
Gains or losses from investment or asset management entrusted to others	-95,376,430.24	
Reversal of the receivables depreciation reserves for separate impairment test	2,567,783.80	
Profits and losses on debt restructuring	-70,000.00	
Non-Operating Revenue and expenses other than the above	3,993,096.01	
Other gains and losses items that fit the definition of non-recurring gains and losses	-1,833,839.60	
Less: Impact of income tax	-8,443,918.44	
Impact of minority equity (after tax)	11,237,589.47	
Total	47,351,975.93	

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 2023 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 2023 Annual Report for details.

III. Main Business Analysis

In the first half of 2024, the global economy recovered slowly, the turmoil in local regions continued, the international situation faced more uncertainty; China continues to promote Chinese-style modernization, the establishment of the overall layout of a digital China and the overall development of the new quality productive forces in various sectors. In that case, thousands of industries ushered in the opportunity of digital intelligent transformation, and the business environment sustains long-term good prospects. At the same time, a new round of scientific and technological revolution and industrial transformation is booming, and the accelerated innovation of AI, big model, Internet of Things, digital twin and other technologies drives continuous landing of new products and new scenes and further release of the potential of smart IoT industry.

In this context, the Company adheres to the general tone of seeking progress while maintaining stability and promoting high-quality development, focuses on the central work of promoting growth, strengthening ecology, increasing competition and improving personnel efficiency, and takes the initiative to promote the Company's high-quality development. In terms of research and development, the Company develops its business in such fields as multi-dimensional perception, intelligent computing, and data communication, polishes large model prototype points and promotes their replication and implementation, and continuously launches new products such as Xeon, Luban, Honghu, Sky Series and Nightvision King 2.0 to create extremely competitive software and hardware products. In the domestic market, the Company continues to deepen the channel business in the distribution field, keeps penetrating the secondary and tertiary markets vertically and expands special channels horizontally, to provide a richer category of special products and controls the quality of the distribution business; in the urban business field, domestic fiscal operation is facing phased pressure. The release of government demand is slow. On the basis of

refined operation and maintenance of existing customers, the Company increases resource investment in systematic opportunity points; in the enterprise business field, the operation is generally stable. The Company, by focusing on the digital and intelligent transformation of enterprises, delves deep into core businesses, accelerates the research and development of new digital and intelligent products, and actively contributes to the improvement of enterprise productive force. In overseas markets, the Company continues to deepen the construction of the distribution systems, comprehensively promotes grid coverage, explores operations for third-tier customers, accelerates the layout of new business pipelines, and maintains sustained business growth; at the same time, it optimizes and polishes the plan, and realizes the creation of prototypes for precise promotion and rapid and effective replication in smart cities, urban transportation, education and energy. In innovative business, based on the smart IoT filed the Company continues to expand its business boundaries for integration and complementation with the Group's main business, and it continues to carry out technological innovation to maintain good business growth. In supply chain and delivery, the Company focus on customer experience in delivery and continuously improves its digital delivery capability. It also accelerates the construction of overseas supply centers, continuously improves its overseas delivery capability and enhances its global core competitiveness.

During the reporting period, under the influence of many factors at home and abroad, the Company still adhered to the business philosophy of refined management and high-quality development, achieving operating income of RMB 14.867 billion, an increase of 1.59% over the same period last year; after deducting non-recurring gains and losses, the Company achieved RMB 1.762 billion of net profit attributable to shareholders of the listed company, an increase of 0.43% year-on-year.

1. Moving to business growth from stable development and adhering to high-quality development

The Company adheres to high-quality development, promotes growth, ecology and human efficiency, and emphasizes customer first, and pursues commercial success and customer development; sustains ecological development, builds a new ecosystem of co-construction, coexistence and win-win situation, and endeavors to create unique and differentiated value for its partners and achieve common growth; improves the management efficiency, the human efficiency and the organization effectiveness; adheres to balanced business development, and lays a solid foundation for sustainable high-quality development to meet customers' needs better. The Company actively assumes greater social responsibility in ESG, low-carbon, rural revitalization, social poverty alleviation and relief, and technology for equality and good, and fulfills the mission of "enabling a smarter living and a safer society".

2. Keeping precision investment in research and development, and deepening "five full" capabilities

The Company will adhere to the core of technological innovation, maintain large-scale investment in research and development, and deepen the "five full" capabilities. In addition to maintaining investment in traditional video technology, the Company will continue to strengthen research, development and productization in technical fields such as multi-dimensional perception, large models in AI, data intelligence, intelligent computing, cloud computing, software platforms, network communications, network security, and innovative businesses to deepen the "five full" capabilities, focus on value business scenarios, and build leading solutions, products and technology systems in the industry.

3. Improving software management capabilities and deepening the data industry chain

The Company focuses on the process of valuing data elements and actively plays the role of data resource provider, data assetization practitioner and data commercialization enabler from multi-dimensional perception, multiple connections, view intelligence, and open platforms. It works together with partners, overcome difficulties and leverages the "multiplier effect" of data elements to empower efficient urban governance and digital and intelligent upgrades of enterprises. The Company upgrades the digital and intelligent platform of IoT, consolidates the graph-digit fusion computing system, and builds a one-stop digital and intelligent engine, breaking the computing barriers between view data and business data, realizing multi-dimensional feature mining and multi-modal relationship establishment, and empowering efficient urban governance and digital and intelligent enterprises. Relying on its software engineering capabilities, the Company can quickly load the CV big model and graph-digit fusion technology in the industry scenario module, freely orchestrate and construct rich industry applications, and amplify the value of the innovative business in the flow of the value chain of the cities, enterprise and industries. Based on the developer platform, Dahua Public Cloud provides rich SaaS services for various industries, including Dahua CloudView, Dahua CloudLink, DoLynk and other public cloud products, and provides enterprises with a brand-new operation mode, upgrading to "data+intelligence" from manual, and empowering enterprises to transform their digital and intelligent management.

4. Hand in hand with partners to grow together and create a ecological environment of co-construction, symbiosis and win-win situation

Facing the unprecedented opportunities of digital economy development, the Company will continue to explore and practice with ecological partners, and strive to build a comprehensive altruistic service platform integrating technology, products, solutions, operations, services and management consulting services to help partners keep innovating and developing. In China, the Company speeds up front-line business response through city-based business penetration, capability penetration of training empowerment and special support, hierarchical management,

business authority penetration, and management decision-making penetration; in overseas distribution penetration, it makes the customers hierarchical and classified, carries out precise investment and marketing and strengthens brand coverage; in integrator penetration, it focuses on key markets and key customers, and strengthens the penetration support system. The Company and its partners will, in line with the concept of "Employee+Partner", continue to implement the integration and development of "New Opportunity, New Idea, New Order, New Mode, New Management, New Goal, New Responsibility", adhere to the altruistic thinking, strengthen the ecology, and comprehensively support the development of high-quality business.

5. Promoting the development of innovative business and expanding new high-speed growth points

In the innovative business, the Company, based on its in-depth understanding of customers' diversified needs and years of experience in intelligent IoT, continues to explore emerging businesses, including: innovative businesses such as machine vision and mobile robot, smart life, thermal imaging, automotive electronics, smart security check, smart fire fighting, and storage media, to continuously expand new high-speed growth points.

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	14,866,622,569.81	14,633,547,280.64	1.59%	No major changes
Operating Cost	8,731,425,638.53	8,363,987,899.64	4.39%	No major changes
Sales Expenses	2,268,236,496.11	2,190,619,243.64	3.54%	No major changes
Administration expenses	511,481,522.31	574,719,904.27	-11.00%	No major changes
Financial expenses	-249,811,638.73	-420,452,697.53	40.59%	Mainly due to decrease in exchange earnings from last year arising from exchange rate fluctuations
Income tax expense	-33,838,461.10	201,745,311.54	-116.77%	Mainly due to increase of tax rebates compared with the same period of the previous year
R&D investment	1,901,330,160.90	1,814,620,715.06	4.78%	No major changes
Net cash flow generated by operating activities	-507,185,620.71	262,696,745.71	-293.07%	Mainly due to increase of taxes and payroll payment in the current period over the same period of last year
Net amount of cash flow generated by investment activities	-3,738,735,276.02	-171,498,326.33	-2,080.04%	Mainly due to the large-denomination certificates of deposit purchased from banks
Net cash flow generated by financing activities	-2,231,053,114.28	3,782,792,161.14	-158.98%	Mainly due to an increase in the funds raised in the same period of last year and the dividend paid this year over the same period of

				last year
Net Increase in Cash and Cash Equivalents	-6,386,639,986.44	3,919,584,443.18	-262.94%	Mainly due to the funds raised in the same period of last year and the large-denomination certificates of deposit purchased from banks this year

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	14,866,622,569.81	100%	14,633,547,280.64	100%	1.59%
By Industry					
Smart IoT Industry	14,866,622,569.81	100.00%	14,633,547,280.64	100.00%	1.59%
By Product					
Smart IoT Products and Solutions	12,028,870,893.80	80.92%	12,161,117,387.94	83.10%	-1.09%
Including: Software business	758,033,553.36	5.10%	757,373,050.95	5.18%	0.09%
Innovative Business (Note)	2,461,115,617.88	16.55%	2,258,998,031.19	15.44%	8.95%
Others	376,636,058.13	2.53%	213,431,861.51	1.46%	76.47%
By region					
Domestic	7,381,482,622.15	49.65%	7,771,201,571.54	53.11%	-5.01%
Overseas	7,485,139,947.66	50.35%	6,862,345,709.10	46.89%	9.08%

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	1,768,114,465.94	23.95%	2,081,937,638.79	26.79%	-15.07%
To B	3,900,695,525.76	52.85%	3,858,049,784.38	49.65%	1.11%
Others	1,712,672,630.45	23.20%	1,831,214,148.37	23.56%	-6.47%
Total	7,381,482,622.15	100.00%	7,771,201,571.54	100.00%	-5.01%

Note: Innovative business mainly includes machine vision and mobile robots, smart living, thermal imaging, automotive electronics, smart security inspection, smart fire control and storage medium, and other relevant businesses; 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	Increase and decrease of operating cost over the same period of last	Increase or decrease of gross profit compared with the

				the same period of last year	year	same period of last year
By Industry						
Smart IoT Industry	14,866,622,569.81	8,731,425,638.53	41.27%	1.59%	4.39%	-1.57%
By Product						
Smart IoT Products and Solutions	12,028,870,893.80	6,806,823,631.23	43.41%	-1.09%	1.20%	-1.28%
Including: Software business	758,033,553.36	252,248,321.27	66.72%	0.09%	4.59%	-1.44%
Innovated Businesses	2,461,115,617.88	1,600,810,667.52	34.96%	8.95%	9.15%	-0.12%
By region						
Domestic	7,381,482,622.15	4,712,943,582.38	36.15%	-5.01%	-0.79%	-2.72%
Overseas	7,485,139,947.66	4,018,482,056.15	46.31%	9.08%	11.21%	-1.03%
Domestic Sub- business Segment						
To G	1,768,114,465.94	993,876,072.19	43.79%	-15.07%	-13.01%	-1.33%
To B	3,900,695,525.76	2,403,039,386.19	38.39%	1.11%	5.21%	-2.41%
Others	1,712,672,630.45	1,316,028,124.00	23.16%	-6.47%	-0.60%	-4.54%

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 this reporting period		End of the previous year		Proportion increase and decrease	Statement on Significant Changes
	Amount	Proporti on To Total Assets	Amount	Proporti on To Total Assets		
Cash and Bank Balances	9,597,623,116.53	19.12%	15,971,005,114.47	30.20%	-11.08%	Mainly due to the large-denomination certificates of deposit purchased from banks in the current period and the repayment of debts
Accounts receivable	16,654,352,735.18	33.17%	16,276,803,954.03	30.78%	2.39%	No major changes.
Contract Assets	114,529,987.89	0.23%	86,714,216.34	0.16%	0.07%	No major changes.
Inventory	5,711,951,831.83	11.38%	5,332,608,544.02	10.08%	1.30%	No major changes.
Investment Property	141,845,947.97	0.28%	129,637,004.00	0.25%	0.03%	No major changes.
Long-term	731,631,231.34	1.46%	727,453,629.75	1.38%	0.08%	No major changes.

Equity Investment						
Fixed Assets	4,988,539,382.64	9.94%	4,937,180,876.88	9.34%	0.60%	No major changes.
Projects under Construction	1,169,264,949.25	2.33%	1,008,612,408.49	1.91%	0.42%	No major changes.
Right-of-use assets	276,133,848.74	0.55%	299,202,586.56	0.57%	-0.02%	No major changes.
Short-term loan	800,973,205.56	1.60%	957,426,330.18	1.81%	-0.21%	No major changes.
Contract liabilities	1,019,804,820.76	2.03%	1,194,534,307.04	2.26%	-0.23%	No major changes.
Lease liabilities	137,671,323.55	0.27%	176,580,049.57	0.33%	-0.06%	No major changes.
Other Non-Current assets	3,869,620,772.33	7.71%	210,809,264.49	0.40%	7.31%	Mainly due to the large-denomination certificates of deposit purchased from banks

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)		- 61,907,020.07			7,833,886.24	3,098,786.17	426,978,600.00	369,806,680.00
2. Derivative Financial Assets		384,471.06						384,471.06
3. Other Non-current Financial Assets	1,535,742,385.71	- 100,305,121.85					- 427,009,178.90	1,008,428,084.96
4. Receivables Financing	810,713,267.86						- 125,330,487.93	685,382,779.93

5. Others	1,470,000.0 0						- 1,470,000.0 0	
Financial assets subtotal	2,347,925.6 53.57	- 161,827.67 0.86			7,833,886.24	3,098,786.1 7	- 126,831.06 6.83	2,064,002.0 15.95
Total of above items	2,347,925.6 53.57	- 161,827.67 0.86			7,833,886.24	3,098,786.1 7	- 126,831.06 6.83	2,064,002.0 15.95
Financial liabilities	61,400.12	- 1,845,682.1 2					2,980,967.7 9	1,196,685.7 9

Other variations

Changes in trading financial assets (derivative financial assets excluded) and other non-current financial assets, and other main changes in reclassification of financial assets;

The receivables financing and other changes are the amount occurred in the current period.

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, 2024, restricted assets of the Company are as follows:

Item	Closing balance (RMB)	Cause of restrictions
Cash and Bank Balances	90,019,255.68	Guarantee letter security deposit and other restricted funds
Notes receivable and receivables financing	921,040,587.49	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognised
Accounts receivable	973,205.56	Financial discount and factoring not derecognised in the supply chain
Total	1,012,033,048.73	

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
93,948,173.50	2,707,295,505.00	-96.53%

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

Unit: RMB

Variety of Securities	Code of Securities	Abbreviation of Securities	Initial Investment Cost	Accounting Measurement Model	Opening Balance on Book Value	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Purchase amount of the reporting period	Sales amount of the reporting period	Profits and Losses in the Reporting Period	Book Value at the End of the Period	Accounting Accounts	Capital Source
Domestic and Overseas Stocks	688213	SMA RTSE NS	103,317,000.00	Fair value measurement	426,978,600.00	-61,907,020.07		7,833,886.24	3,098,786.17	-52,738,820.34	369,806,680.00	Trading Financial Assets	Equity Fund
Total			103,317,000.00	--	426,978,600.00	-61,907,020.07		7,833,886.24	3,098,786.17	-52,738,820.34	369,806,680.00	--	--

(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	Opening balance	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		29,838.25	44.59		527,860.53	553,748.78	3,950.00	0.11%
Total		29,838.25	44.59		527,860.53	553,748.78	3,950.00	0.11%

Explanation of whether the Company's hedging business accounting policies and specific accounting principles have changed significantly during the reporting period compared with the previous reporting period	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 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 revenue amounted to RMB 10,293,900 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. 2024-023), which was disclosed by the Company on April 16, 2024.
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 445,900 during the reporting period.
Litigation involved (if applicable)	None
Disclosure date of board of directors' announcement on the approval of derivatives investment (if any)	April 16, 2024

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	Net 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	509,999.92	508,983.26	38,665.41	388,358.13	30,191.75	30,191.75	5.92% (Note 1)	128,251.86	Deposited in banks	0
Total	--	509,999.92	508,983.26	38,665.41	388,358.13	30,191.75	30,191.75	5.92% (Note 1)	128,251.86	--	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 3,883,581,300, the special account of the raised funds has received RMB 76,267,300 of net interest income, and as of June 30, 2024, the balance of unused raised funds was RMB 1,282,518,600.

Note 1: Percentage of the aggregate amount of funds raised cumulative change in purpose was calculated based on the total amount of the fund raised.

(2) Projects with pledged investments using raised funds

Applicable Not applicable

Unit: RMB ten thousand

Projects with pledged	Whether the projects	Total pledged investme	Total adjusted investme	Amount Invested in the	Cumulat ive investme	Investme nt progress	The date the project	Benefits realized during	Whether expected benefits	Whether there are major
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investments and investment directions of excess funds due to oversubscription	have been changed (including partial changes)	amounts using raised funds	amounts (1)	Current Reporting Period	amounts as of the end of reporting period (2)	amounts as of the end of reporting period (3)=(2)/(1)	reaches its intended usable status	the reporting period	have been achieved	changes in project feasibility
Projects with pledged investments										
Project of Smart IoT Solution R & D and Industrialization	No	92,990.00	92,990.00		92,990.00	100.00%	2023	2,304.99	N/A	No
The phase II construction project of the smart manufacturing base in Hangzhou	No	77,580.00	77,580.00	2,926.55	77,206.43	99.52%	2024	2,126.75	N/A	No
Artificial intelligence technology research and development and application research project	Yes	88,960.00	119,151.75	26,233.95	50,975.87 (Note 2)	42.78%	2026	N/A	N/A	No
5G, IoT and multi-dimensional perception products and solutions R&D	Yes	100,470.00	70,278.25	9,504.90	17,073.84 (Note 2)	24.29%	2026	N/A	N/A	No

project										
Replenishment of working capital	No	148,983.26	148,983.26		150,111.99	100.76% (Note 3)	N/A	N/A	N/A	No
Subtotals for projects with pledged investments	--	508,983.26	508,983.26	38,665.41 (Note 1)	388,358.13 (Note 2)	--	--	4,431.74	--	--
Investment directions of excess funds due to oversubscription										
N/A										
Total	--	508,983.26	508,983.26	38,665.41 (Note 1)	388,358.13 (Note 2)	--	--	4,431.74	--	--
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 as well as the phase II construction project of the smart manufacturing base in Hangzhou around the year, whether the expected benefits can be achieved will be measured after an entire year.									
Notes on major changes in project feasibility	N/A									
The amount, purpose and progress of the use of the excess funds due to oversubscription	N/A									
Changes of the implementation location of the projects using raised funds	Applicable									
	Such cases happened during the reporting period									
	See (3) Change of projects that use raised funds for details.									
Changes of the implementation method of the projects using raised funds	Applicable									
	Such cases happened during the reporting period									
	See (3) Change of projects that use raised funds for details.									
Advance investments and replacements of raised funds in projects	N/A									
Temporary replenishment of working capital with idle raised funds	N/A									
The amount and reasons for the balance of funds raised in the implementation of the project	N/A									
The intended use and disposal of the unused funds raised	The unused funds raised (including interest income from the account of the funds raised) are deposited in the Company's special account for the funds raised.									
Problems or other circumstances in the use and disclosure of the funds raised	On February 1, 2024, the Company completed the replacement of the fund raised with its own funds, with a total replacement amount of RMB 4,038,822,000, of which the replacement amount of the "artificial intelligence technology research and development and application research project" was RMB 344,863,300 (including RMB 7,839,200 of interest), and that of the "5G, Internet of Things and multi-dimensional perception products and solutions R&D project" was RMB 59,018,700 (including RMB 1,354,600 of interest). All the above funds have been deposited to the corresponding special account of the funds raised and the aforesaid matters have been verified by BDO China Shu Lun Pan CPAs (special general partnership) which has issued the Verification Report									

	on Special Explanation of the Replacement of Funds Raised with Own Funds Xin Kuai Shi Bao Zi [2024] No. ZF10020. See (3) Change of projects that use raised funds for details.
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Note 1: There are differences between the total amount of investment in the current reporting period and the total amount of various projects, which are caused by rounding.

Note 2: The total amount of investment amount as of the end of the period is the total amount of investment at the end of 2023 plus the investment amount in the current reporting period, net of the amount of raised funds replaced by the company's own funds.

Note 3: The interest income from bank deposits is the excess of the actual investment amount of the replenishment of working capital projects over the total pledged investments using raised funds.

(3) Change of projects that use raised funds

Applicable Not applicable

Unit: RMB ten thousand

Changed projects	Corresponding original commitment projects	Total amount of funds raised to be invested in the changed projects (1)	Actual amount invested in the current reporting period	Actual total amount invested 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	Are there any major changes in feasibility of the changed projects?
Artificial intelligence technology research and development and application research project	Construction Project of Xi'an R & D Center	119,151.75	26,233.95	50,975.87	42.78%	2026	N/A	N/A	No
5G, IoT and multi-dimensional perception products and solutions R&D project	New project of Southwest R&D Center of Dahua Co., Ltd.	70,278.25	9,504.90	17,073.84	24.29%	2026	N/A	N/A	No
Total	--	189,430.00	35,738.86 (Note 1)	68,049.71	--	--		--	--
Explanation of reasons for changes, decision-making procedures and information disclosure (by project)	<p>1. Reasons for increasing the scale of investment of funds raised in the artificial intelligence technology research and development and application research project (formerly "Construction Project of Xi'an R & D Center"):</p> <p>With the launch of ChatGPT in November, 2022, artificial intelligence has gradually entered the development stage of big model in AGI (General Artificial Intelligence). The integrated development of digitalization and AGI will bring a new round of development cycle and transformation to the industry. The "industry brain" that fully combines industry experience in the visual field is the inevitable path for</p>								

	<p>the real commercial landing of artificial intelligence model, and it is also one of the key research and development fields of many technology enterprises around the world. The company has accumulated a lot of experience in many industries concerning the government and enterprises. In the future, it needs to further increase R & D resources investment and talent echelon construction in large visual models in artificial intelligence, and trains the large visual model in artificial intelligence for industry landing application through the ability of the big model and the knowledge accumulated in industry segments, to promote the digital and intelligent business development of the government and the enterprise, and to further enhance the Company's core competitiveness. Therefore, the amount of the project investment and the investment scale of the funds raised are increased.</p> <p>2. Reasons for reducing the investment scale of funds raised 5G, Internet of Things and multi-dimensional perception products and solutions R&D projects (formerly "New project of Southwest R&D Center of Dahua Co., Ltd."):</p> <p>Given that the R&D center in Hangzhou headquarters has quickly seized the R&D opportunities in the fields of 5G and multi-dimensional perception by using the existing technology precipitation, successively released more than ten integrated 5G products and more than 30 5G smart application solutions, and released the 6D omni-domain perception technology in full-time domain, full-space domain, full-color domain, and full-frequency domain by utilizing the advantages of the multi-dimensional perception technology, to lead the industry to continuously expand the boundaries of the perception capability, deeply practice the integration of visual intelligence and multi-dimensional perception, and accelerate the business innovation and application. Therefore, in the direction of "5G and multi-dimensional perception", the Company can carry out the research and development work quickly by reusing the resources and achievements of the R&D center at Hangzhou headquarter, seize the opportunities of the industry development, and optimize the use efficiency of the funds raised and the layout of the project investment. After the project has reused the resources of the R&D center at Hangzhou headquarters, the Company has reduced the investment amount in hardware and software of the special laboratory and R&D facilities to be set up as planned in Chengdu, taking into account such factors as saving operating costs and improving the use efficiency of the funds raised.</p> <p>3. The Company held the 4th Meeting of the 8th Board of Directors and the 3rd Meeting of the 8th Board of Supervisors on January 12, 2024, and the First Extraordinary General Meeting of Shareholders of 2024 on January 29, 2024, during which the "Proposal on Adjusting the Investment Amount and Investment Structure of Part of the Funds Raised Projects, and Increasing the Implementing Subjects and Implementation Locations" was considered and adopted. The Company also agreed to adjust the investment amount of the "Construction Project of Xi'an R & D Center" and the "New project of Southwest R&D Center of Dahua Co., Ltd.", the investment amount of the funds raised, internal investment structure, implementation method and subject, implementation locations, and project name.</p>
Situations and reasons for failure to achieve planned progress or expected benefits (by project)	N/A
Notes on major changes in project feasibility after change	N/A

Note 1: There are differences between the actual total amount of investment in the current reporting period and the total amount of various projects, which are caused by rounding.

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	3,044,882,943.90	1,296,755,651.91	435,605,742.35	20,662,620.35	22,561,655.22
Zhejiang Dahua	Subsidiary Company	Technology developme	1,306,810,000.00	22,988,328,866.93	2,511,257,193.01	10,634,282,049.81	9,818,890.21	11,943,937.35

Vision Technology Co., Ltd.		nt, 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						
Zhejiang Dahua Zhilian Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing and marketing of computer hardware and software; development, manufacturing and marketing of electronic products and	1,885,800,000.00	6,868,372,404.06	1,667,509,082.50	2,992,168,632.20	52,085,931.85	38,351,811.28

		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
Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Shandong Dahua Digital Intelligence Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Fujian Dahua Qingchuang Digital Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
PT IMOU TEKNOLOGI INDONESIA	Established with investment	No significant impact on overall production, operation, and performance
PT IMOU INDONESIA SENANTIASA	Established with investment	No significant impact on overall production, operation, and performance
Hirige Technology MaLaysia Sdn.Bhd.	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Egypt LLC	Established with investment	No significant impact on overall production, operation, and performance
DAHUA TECHNOLOGY AUH FOR SECURITY & SURVEILLANCE - SOLE PROPRIETORSHIP L.L.C.	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology USA Inc.	Equity transfer	No significant impact on overall production, operation, and performance
Yunnan Zhili Technology Co., Ltd	Logout	No significant impact on overall production, operation, and performance
Wuhu Huajian Technology Co., Ltd.	Logout	No significant impact on overall production, operation, and performance
DaHua Ideal Tech and the companies it controls	New	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 multi-dimensional perception, large model in AI, video cloud, big data, network communication, network security, 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 Internet of Things, AI, big data, cloud computing, network communications, among other technologies, as well as the upgrades of intelligent terminal 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 capital, 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) 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 regional trade protection, political conflicts in local regions, increasingly complex law compliance requirements and continuous global growth slowdown 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.

(5) 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.

(6) 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.

(7) 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.

(8) Supply chain security risk: The Company pays attention to suppliers' operational risks and monitors suppliers' operations in real time by establishing an operational risk data management platform to avoid potential risks; it promotes diversified supply sources to guarantee supply delivery.

XI. Implementation of the “Increase in Both Quality and Returns” Action Plan

Has the Company disclosed the announcement of the "Increase in Both Quality and Returns" action plan?

Yes No

To safeguard the interests of all shareholders, the Company has formulated the “Increase in Both Quality and Returns” Action Plan based on its confidence in the future development prospects and recognition of its stock value. For details, see the Announcement on “Increase in Both Quality and Returns” Action Plan (Announcement No. 2024-013) published on Juchao Information Network on February 7, 2024.

The company always takes high-quality development as its theme and always adheres to the core values of “meeting customers’ needs and striving for the goal”. It fulfills the mission of "enabling a smarter living and a safer society", and relies on two technical strategies: AIoT and the intelligent IoT data platform. It empowers the construction of an efficient urban governance system and the digital and intelligent transformation and upgrading of enterprises. With insights into industrial scenarios and profound understanding of client needs, the Company commits to build a preferred bran of intelligent IoT, so as to promote high-quality, green and innovative development of the economy and society.

The Company continues to strengthen the foundation of corporate governance, build a sound internal control system, and promote the "shareholders' meeting, board of directors, board of supervisors and senior management" to fulfill their responsibilities. Standardize the rights and obligations of the Company and shareholders, to prevent the abuse of shareholders' rights and prevent the dominant position of management from harming the rights and interests of small and medium investors. Strengthen the management of investor relations, broaden the channels for institutional investors to participate in corporate governance, guide small and medium-sized investors to actively participate in general meeting of shareholders, and create convenience for all kinds of investors to participate in major decision-making to enhance their right to speak and sense of gain.

The Company has built a firmly sense of returning to shareholders while laying a solid foundation for its development, It insists on cash dividends every year. Since its listing, total amount of cash dividends have exceeded

RMB 6.9 billion. During the reporting period, the Company formulated and implemented a profit distribution plan 2023, and distributed cash of about RMB1.251 billion in total to all shareholders. Meanwhile, taking into account the future business development of the Company and the capital needs of production and operation, the Company formulated the 2024 semi-annual profit distribution plan, and intended to distribute cash of RMB 1.84 (tax included) per 10 shares to all shareholders, with a cash dividend of about RMB 602 million, in order to make the shareholders obtain better returns.

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	Meeting Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Conference Resolution
First Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting	45.49%	January 29, 2024	January 30, 2024	For details, see the Announcement of Resolution of the First Extraordinary General Meeting of Shareholders in 2024 disclosed by Juchao Information Network (www.cninfo.com.cn).
2023 Annual General Meeting of Shareholders	Annual General Meeting	41.62%	May 13, 2024	May 14, 2024	For details, see the Announcement of Resolution of 2023 Annual General Meeting of Shareholders disclosed by Juchao Information Network (www.cninfo.com.cn).

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	Reasons
Gao Chunshan	Senior Vice President	Appointment	April 15, 2024	Appointment
Chen Qiang	Senior Vice President	Appointment	April 15, 2024	Appointment

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

Applicable Not applicable

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (tax included)	1.84
Equity base of the distribution plan (shares)	3,272,527,089
Cash dividend amount (RMB) (tax included)	602,144,984.38
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00

Total cash dividends (including other methods) (RMB)	602,144,984.38
Distributable profit (RMB)	23,977,722,114.13
Proportion of total cash dividends (including other ways) to total profit distribution	100%
The situation of cash dividend	
It is difficult to distinguish at the development stage of the Company. However, if there are major capital expenditure arrangements, the proportion of cash dividends in the profit distribution should be at least 20%.	
Detailed description of profit distribution and capital reserve conversion plan	
Based on 3,272,527,089 shares after deducting the re-purchased shares (19,819,601 shares), the Company paid a cash of RMB 1.84 (tax inclusive) every 10 shares to all shareholders, and distributed RMB 602,144,984.38 of cash bonus. It did not convert capital reserve into share capital or paid bonus shares, and the rest will be distributed in the future. If there is a change in the share capital that the Company is entitled to profit distribution prior to the implementation of the distribution plan, the total amount of cash dividends will be adjusted accordingly based on the principle of unchanged distribution ratio.	

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

Applicable Not applicable

1. Equity incentive

1. On April 15, 2024, the Company held the 5th meeting of the 8th Board of Directors and the 4th meeting of the 8th 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. Give the fact that 204 incentive recipients have resigned and are no longer eligible for incentive, the Company intends to repurchase/cancel 2,134,680 restricted shares that have been granted to the aforementioned resigned recipients but have not been released from the restricted sale, and 2,211,600 stock options that have not been exercised, according to the relevant provisions of the Stock Option and Restricted Stock Incentive Plan in 2022. On May 13, 2024, the Company held the 2023 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. So far, the Company has completed the repurchase and cancellation of the aforementioned restricted stocks/options.

2. On June 19, 2024, the Company held the 6th meeting of the 8th Board of Directors and the 5th meeting of the 8th Board of Supervisors, at which the “Proposal on Meeting the Conditions for Unlocking the Second Restricted Period of 2022 Stock Options and Restricted Stock Incentive Plan” and the “Proposal on Meeting the Conditions for Exercising the Second Exercise Period of 2022 Stock Options and Restricted Stock Incentive Plan” were deliberated and approved. The conditions for the second exercise period of the 2022 Stock Option and Restricted Stock Incentive Plan of the Company have been fulfilled, with a total of 3,798 incentive recipients eligible for the exercising, and the number of exercisable stock options totaling 20,184,927, accounting for 0.61% of the total number of shares of the Company, and the exercise price of the options is RMB 15.657/share; at the same time, the conditions for unlocking the second restriction period have been fulfilled. At the same time, the conditions for the release of restricted shares for the second restricted period have been fulfilled, and 3,798 incentive recipients can be released from restricted sale in this period, and 20,262,480 restricted shares can be unlocked from restricted sale, accounting for 0.62% of the total share capital of the Company at present. In addition, the meeting considered and adopted the “Proposal on Adjustment of the Exercise Price of the 2022 Stock Option and Restricted Stock Incentive Plan”, adjusting the exercise price of the Company's stock options under this incentive plan from RMB16.59 per share to RMB15.657 per share due to the equity distributions in 2022, the first three quarters of 2023 and 2023.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentive measures

Applicable Not applicable

The Company adheres to the concept of "striving for the goal". By long-term incentives for employees based on the equity of listed companies, the Company has launched an incentive plan for employees to co-investment in specific subsidiaries with innovated business, aiming to combine the interests of the Company and employees to realize the sustainable and healthy development of the Company, and to stimulate the employees' enthusiasm for innovation.

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

The Company actively responds to the call of global sustainable development, and regards environmental protection, energy conservation and emission reduction as an important part of corporate strategy; During the reporting period, DAHUA took measures to reduce carbon emissions and achieved remarkable results.

DAHUA attaches importance to green operation, implements the strategies of green manufacturing and logistics, and improves energy use efficiency through intelligent and refined management. The Company has established an energy management system to optimize the energy structure through real-time monitoring and data analysis; it has adopted intelligent lighting system and manual flushing mode in the Industry Park to reduce the waste of electricity and water resources; the Company also follows the relevant environmental directives and standards, and actively carries out research and development of green packaging to promote reducing carbon footprint in packaging materials. By the above initiatives, DAHUA strives to comprehensively reduce energy consumption and carbon emissions during production and operations. In the first half of 2024, DAHUA conducted a comprehensive inventory of the organization's carbon emissions for the entire previous fiscal year, laying a foundation for the Company to set long-term target of energy consumption and carbon emission.

DAHUA also tries to reduce the carbon footprint in its products through green research and development. The Company attaches great importance to environmental protection and energy-saving design in the product development process, and achieves environmental management throughout the product lifecycle through a green product management platform. Based on the overall strategy of "digital and intelligent empowerment, low-carbon future, shared ecology and compliance management", DAHUA integrates digital intelligence empowerment into the sustainable development of its business. The integrated solar power transmission monitoring system developed by the Company provides sufficient energy support for intelligent management of transmission scenarios, saving 380,000 kWh per 10,000 products every year. A series of representative green products have obtained a number of authoritative green certifications at home and abroad, such as Type II environmental labeling, environmental protection product, and environmental labeling product. The Company has also invested resources in simulation process research to reduce energy consumption during actual testing or experiment. At present, Dahua has achieved 100% simulation process in new product research and development.

DAHUA also encourages employees to participate in energy conservation and emission reduction actions, and carries out internal cultural events and energy conservation and environment protection training to enhances employees' environmental awareness. We promote and encourage employees to engage in a green travel and advocate a low-carbon lifestyle by using Eco-friendly appliances to build a greener and low-carbon society.

By these comprehensive measures, DAHUA not only reduces carbon emissions in its operations, but also helps other industries and fields achieve green transformation through its products and services, positively contributing to the achievement of global carbon emission reduction targets.

II. Social Responsibilities

For details, see the Company's 2023 Social Responsibility Report and 2023 Environmental, Social and Governance Report published on the Juchao Information Network (www.cninfo.com.cn).

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

No such cases as punishment or rectification during the reporting period.

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 significant 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

No such case as significant related-party transactions involving joint external investments.

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

No such case as other significant related-party transactions during the reporting period.

XII. Significant Contracts and Performance

1. Matters on trusteeship, contracting, and leasehold

(1) Matters on trusteeship

Applicable Not applicable

No such case as custody during the reporting period.

(2) Contracting

Applicable Not applicable

No such case as contracting during the reporting period.

(3) Leasing

Applicable Not applicable

Explanations on leases

During the reporting period, some of the Company's own real estate properties were used for rental, and 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 16, 2024	840,000.00	2020.04.07	53,000.00	Joint liability guarantee	2020.04.07-2024.03.31	Yes	No
			2021.02.04	100,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			2023.06.09	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.	Yes	No
			2023.06.25	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	Yes	No

			2023.11.20	20,000.00	Joint liability guarantee	Three years from the next day of ICBC Qingchun Sub-branch's external payment commitment	Yes	No
			2017.10.13	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2018.09.21	28,507.20 (USD 40 million)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2020.09.01	30,000.00	Joint liability guarantee	Five years upon expiration of debt period of master contract	No	No
			2021.07.26	44,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			2021.10.20	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			2022.07.22	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			2022.09.19	60,000.00	Joint liability guarantee	2022.09.19-2024.09.18	No	No
			2023.07.24	40,000.00	Joint liability guarantee	From the date of expiration of the performance period of each debt in the master contract until three years after the date of expiration of the performance period of the last due master debt under all master contracts	No	No
			2023.07.25	50,000.00	Joint liability guarantee	Three years from the effective date of the Maximum Amount Guarantee Contract to the expiration date of the performance period of each debt under the Credit Business Agreement	No	No
			2023.09.26	90,000.00	Joint liability guarantee	Calculated separately on the basis of a single credit business handled by Dahua Vision Technology for the debtor, i.e. from the date of signing of the master contract for	No	No

						a single credit business to three years after the expiration date of the debtor's debt performance period under such master contract		
			2023.09.26	33,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master claim contract	No	No
			2024.03.01	100,000.00	Joint liability guarantee	Three years from the next day after the expiry date of each type of financing business under the master contract	No	No
			2024.04.01	53,000.00	Joint liability guarantee	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No	No
			2024.06.07	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
Zhejiang Dahua Zhilian Co., Ltd.	April 16, 2024	270,000.00	2023.06.09	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	Yes	No

						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.		
			2020.09.24	30,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	No
			2023.06.19	12,000.00	Joint liability guarantee	2023.06.19-2024.06.18	Yes	No
			2023.06.19	35,000.00	Joint liability guarantee	2023.06.19-2024.06.18	Yes	No
			2021.07.26	16,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			2021.12.03	3,563.40 (USD 5 million)	Joint liability guarantee	2021.12.03-2024.12.02	No	No
			2022.08.25	20,000.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.09.19	15,000.00	Joint liability guarantee	2022.09.19-2024.09.18	No	No
			2023.07.13	8,908.50 (USD 12.5 million)	Joint liability guarantee	2023.7.13-2024.7.12	No	No
			2023.07.24	50,000.00	Joint liability guarantee	From the date of expiration of the performance period of each debt in the master contract until three years after the date of expiration of the performance period of the last due master debt under all master contracts.	No	No
			2024.01.02	1,000.00	Joint liability guarantee	One year from the expiration date of the debtor's performance period as agreed in the master contract	No	No
			2024.03.29	30,000.00	Joint liability	Two years from the expiration date of	No	No

					guarantee	the debtor's performance period as agreed in the master contract		
			2024.06.07	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
Zhejiang Dahua System Engineering Co., Ltd.	April 16, 2024	30,000.00	2023.06.09	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.	Yes	No
			2019.08.30	1,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2022.08.25	500.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No

			2023.07.25	5,000.00	Joint liability guarantee	Three years from the effective date of the Maximum Amount Guarantee Contract to the expiration date of the performance period of each debt under the Credit Business Agreement.	No	No
			2023.09.11	160.21	Joint liability guarantee	One year from the signing of the project contract or 6 months of stable operation of the system on line (whichever is later)	No	No
			2024.06.10	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 16, 2024	70,000.00	2023.04.21	1,425.36 (USD 2 million)	Joint liability guarantee	2023.04.21-2024.04.21	Yes	No
			2024.04.22	2,138.04 (USD 3 million)	Joint liability guarantee	2024.4.22-2025.4.22	No	No

DAHUA TECHNOLOGY MEXICO S.A. DE C.V	April 16, 2024	3,000.00	2023.10.18	712.68 (USD 1 million)	Joint liability guarantee	2023.10.18-2024.10.20	No	No
Hangzhou Huacheng Network Technology Co., Ltd.	April 16, 2024	17,000.00	2019.08.30	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	No
			2021.07.26	5,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			2022.08.25	6,500.00	Joint liability guarantee	2022.08.25-2024.04.29	Yes	No
Dahua Technology UK Limited	April 16, 2024	4,000.00	2020.08.12	1,048.99 (1.16 million pounds)	Joint liability guarantee	August 12, 2020 - Signature of notice of termination	No	No
			2024.03.04	712.68 (USD 1 million)	Joint liability guarantee	2024.3.4-2025.3.3	No	No
Zhejiang Huayixin Technology Co., Ltd.	April 16, 2024	4,500.00	2022.05.16	1,425.36 (USD 2 million)	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			2022.04.29	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			2022.08.25	200.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.10.21	800.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Zhejiang Fengshi Technology Co., Ltd.	April 16, 2024	16,000.00	2023.06.25	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	Yes	No
			2022.08.25	10,000.00	Joint liability	2022.08.25-2025.08.25	No	No

					guarantee			
			2022.10.21	2,000.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Jiangsu Huaruipin Technology Co., Ltd.	April 16, 2024	3,500.00	2022.08.25	800.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.10.21	1,500.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Zhejiang Huaxiao Technology Co., Ltd.	April 16, 2024	1,600.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.10.21	800.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Xi'an Dahua Zhilian Technology Co., Ltd.	April 16, 2024	20,000.00	2023.06.25	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	Yes	No
			2022.08.25	10,000.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.10.21	2,500.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	April 16, 2024	10,000.00	2023.06.25	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	Yes	No
			2022.08.25	3,000.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	April 16, 2024	15,000.00	2023.06.25	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	Yes	No

						Bank within the credit extension period		
Changsha Dahua Technology Co., Ltd.	April 16, 2024	8,000.00	2023.06.25	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	Yes	No
			2022.08.25	3,000.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
			2022.10.21	2,000.00	Joint liability guarantee	2022.10.21-2024.09.18	No	No
Zhejiang Pixfra Technology Co., Ltd.	April 16, 2024	1,000.00	2022.08.25	500.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Zhejiang Huafei Intelligent Technology CO., LTD.	April 16, 2024	500.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Zhejiang Huajian Technology Co., Ltd.	April 16, 2024	1,000.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Hangzhou Xiaohua Technology CO., LTD.	April 16, 2024	200.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	April 16, 2024	500.00	2022.08.25	500.00	Joint liability guarantee	2022.08.25-2025.08.25	No	No
Dahua Technology France SAS	April 16, 2024	700.00	2023.12.07	111.62 (EUR 145,700)	Joint liability guarantee	2023.12.07-2029.08.31	No	No
DAHUA EUROPE B.V.	April 16, 2024	20,000.00	2024.03.04	1069.02 (USD 1.5 million)	Joint liability guarantee	2024.3.4-2025.3.3	No	No
Dahua Technology Italy S.R.L.	April 16, 2024	4,000.00	2024.03.04	356.34 (USD 500,000)	Joint liability guarantee	2024.3.4-2025.3.3	No	No
Guangxi Dahua Information Technology Co., Ltd.	April 16, 2024	100.00	No such case during the reporting period					
Guangxi Dahua Technology Co., Ltd.	April 16, 2024	100.00	No such case during the reporting period					

Anhui Dahua Zhilian Information Technology Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Anhui Dahua Zhishu Information Technology Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Chengdu Dahua Zhilian Information Technology Co., Ltd.	April 16, 2024	800.00	No such case during the reporting period
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Chengdu Zhichuang Yunshu Technology Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	April 16, 2024	300.00	No such case during the reporting period
Henan Dahua Zhilian Information Technology Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Hunan Dahua Zhilong Information Technology Co., Ltd.	April 16, 2024	100.00	No such case during the reporting period
Tianjin Dahua Information Technology Co., Ltd.	April 16, 2024	200.00	No such case during the reporting period
Tianjin Huajian Technology Co., Ltd.	April 16, 2024	100.00	No such case during the reporting period
Yiwu Huaxi Technology Co., Ltd.	April 16, 2024	100.00	No such case during the reporting period
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period
Zhejiang Huakong Software Co., Ltd.	April 16, 2024	200.00	No such case during the reporting period
Dahua Technology Japan LLC	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Singapore Pte.Ltd.	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Poland Sp.Zo.O.	April 16, 2024	1,000.00	No such case during the reporting period
Dahua Technology Hungary Kft	April 16, 2024	300.00	No such case during the reporting period
Dahua Technology India Private Limited	April 16, 2024	4,000.00	No such case during the reporting period

DAHUA TECHNOLOGY BRASIL COMÉRCIO E SERVIÇOS EM SEGURANÇA ELETRÔNICA LTDA	April 16, 2024	1,000.00	No such case during the reporting period
Dahua Technology Middle East FZE	April 16, 2024	1,000.00	No such case during the reporting period
Dahua Technology Perú S.A.C	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Australia PTY LTD	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology South Africa Proprietary Limited	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Canada INC.	April 16, 2024	100.00	No such case during the reporting period
Dahua Guvenlik Teknolojileri Sanayi ve Ticaret A.S.	April 16, 2024	200.00	No such case during the reporting period
Dahua Technology SRB d.o.o.	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	April 16, 2024	100.00	No such case during the reporting period
Dahua Iberia, S.L.	April 16, 2024	100.00	No such case during the reporting period
Dahua Security Malaysia SDN. BHD.	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Kazakhstan LLP	April 16, 2024	100.00	No such case during the reporting period
PT. Dahua Vision Technology Indonesia	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology S.R.L.	April 16, 2024	100.00	No such case during the reporting period
Dahua Vision LLc	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology New Zealand Limited	April 16, 2024	100.00	No such case during the reporting period
Dahua Technology GmbH	April 16, 2024	300.00	No such case during the reporting period
Dahua Technology Colombia S.A.S.	April 16, 2024	100.00	No such case during the reporting period

Dahua Technology Panama S.A.	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Chile SpA	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Tunisia Limited Liability Company	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Kenya Limited	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Pakistan (private) Limited	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Morocco SARL	April 16, 2024	100.00	No such case during the reporting period					
Dahua Argentina S.A.	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Czech s.r.o.	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology Denmark ApS	April 16, 2024	100.00	No such case during the reporting period					
Dahua Technology (Thailand) Co.,LTD.	April 16, 2024	100.00	No such case during the reporting period					
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	April 16, 2024	500.00	No such case during the reporting period					
Dahua Technology Belgium B.V.	April 16, 2024	100.00	No such case during the reporting period					
DAHUA TECHNOLOGY INTERNATIONAL PTE. LTD.	April 16, 2024	2,000.00	No such case during the reporting period					
Dahua Technology Regional Headquarters	April 16, 2024	1,000.00	No such case during the reporting period					
Nanyang Dahua Intelligent Information Technology Co., Ltd.	April 16, 2024	200.00	No such case during the reporting period					
Yibin Huahui Information Technology Co., Ltd.	April 16, 2024	200.00	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)		248,276.08			
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)		847,688.68			
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)	248,276.08
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)	847,688.68
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets			23.94%
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% (E)			819,603.11
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)			819,603.11
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)			

Explanation of the use of composite guarantee method

None

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		100,000.00		
Total			100,000.00		

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 Company	Asset Management Plan	100,000.00	Equity Fund	February 10, 2021	February 09, 2031	Private equity fund products, fixed income assets, equity assets, public equity hybrid funds	Payment of principal and income at maturity			-9,537.64	Unexpired		Yes	No	
Total			100,000.00	--	--	--	--	--	--		-9,537.64	--		--	--	--

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

No such case as other significant events that need to be explained during the reporting period.

XIV. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Shares

	Before the change		Increase or decrease in the change (+, -)					After the change	
	Quantity	Proportion	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Quantity	Proportion
I. Shares with limited sales condition	1,335,459,556	40.54%	0	0	0	- 123,052,282	- 123,052,282	1,212,407,274	36.80%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	293,103,400.00	8.90%	0	0	0	0	0	293,103,400	8.90%
3. Other domestic shares	1,042,356,156	31.64%	0	0	0	- 123,052,282	- 123,052,282	919,303,874	27.90%
Including: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	1,042,356,156	31.64%	0	0	0	- 123,052,282	- 123,052,282	919,303,874	27.90%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares	0	0.00%	0	0	0	0	0	0	0.00%

held by foreign legal persons									
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without restrictions	1,959,009,434	59.46%	0	0	0	123,052,282	123,052,282	2,082,061,716	63.20%
1. RMB ordinary shares	1,959,009,434	59.46%	0	0	0	123,052,282	123,052,282	2,082,061,716	63.20%
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	3,294,468,990	100.00%	0	0	0	0	0	3,294,468,990	100.00%

Reasons for changes in shares

Applicable Not applicable

According to relevant regulations, the Company shall lock the shares held by its directors, supervisors, and senior management through re-verification 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

Transfer for changes in shares

Applicable Not applicable

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

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: Shares

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 directors, supervisors and senior management	According to the relevant provisions of shares management of directors, supervisors and senior management
China Mobile Communications Group Co., Ltd.	293,103,400	0	0	293,103,400	Issuance of restricted shares to specific objects	April 13, 2026
Chen Ailing	53,447,110	0	0	53,447,110	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions of shares management of directors, supervisors and senior management
Wu Jun	51,879,664	0	0	51,879,664	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions of shares management of directors, supervisors and senior management
Wu Jian	1,155,101	0	63,600	1,218,701	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive award	According to the relevant provisions of shares management of directors, supervisors and senior management as well as equity incentive
Zhao Yuning	1,106,850	0	0	1,106,850	Lock-up shares for directors,	According to the relevant

					supervisors and senior management and restricted shares for equity incentive award	provisions of shares management of directors, supervisors and senior management as well as equity incentive
Zhu Jiantang	902,269	0	0	902,269	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive award	According to the relevant provisions of shares management of directors, supervisors and senior management as well as equity incentive
Li Zhijie	641,850	0	63,600	705,450	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive award	According to the relevant provisions of shares management of directors, supervisors and senior management as well as equity incentive
Xu Zhicheng	598,350	0	63,600	661,950	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive award	According to the relevant provisions of shares management of directors, supervisors and senior management as well as equity incentive
Zhang Xingming	1,600,615	952,615	0	648,000	Restricted shares for equity incentive award	According to the relevant provisions of shares management for equity incentive award
Other senior executives and equity incentive objects	163,122,612	122,408,667	118,200	40,832,145	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive award	According to the relevant provisions of shares management of directors, supervisors and senior management as

						well as equity incentive
Total	1,335,459,556	123,361,282	309,000	1,212,407,274	--	--

II. Issuance and listing of securities

Applicable Not applicable

III. Total number of shareholders and their shareholdings

Unit: Shares

Total Number of Common Shareholders at The End of The Reporting Period		181,100		Total Number of Preferred Shareholders (If Any) 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 (excluding shares lent through refinancing)								
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	Quantity
Fu Liquan	Domestic Natural Person	31.08%	1,023,868,980	0	767,901,735	255,967,245	Pledged	176,700,000
China Mobile Communications Group Co., Ltd.	State-owned Legal Person	8.90%	293,103,400	0	293,103,400	0	N/A	0
Zhu Jiangming	Domestic Natural Person	4.86%	159,975,490	-200,000	0	159,975,490	N/A	0
Chen Ailing	Domestic Natural Person	2.16%	71,262,813	0	53,447,110	17,815,703	Pledged	31,800,000
Wu Jun	Domestic Natural Person	2.10%	69,172,886	0	51,879,664	17,293,222	N/A	0
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	1.99%	65,591,359	1,251,615	0	65,591,359	N/A	0
National Social Security Fund 103	Others	1.40%	46,000,000	-8,000,000	0	46,000,000	N/A	0
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal	1.20%	39,611,241	0	0	39,611,241	N/A	0

	Person							
FORESEA Life Insurance Company Limited - participating insurance	Others	1.10%	36,229,124	29,829,124	0	36,229,124	N/A	0
New China Life Insurance Company Limited - Traditional - general insurance - 018L-CT001 Shen	Others	0.74%	24,321,736	0	0	24,321,736	N/A	0
Strategic investors or general legal entities becoming top 10 common shareholders as a result of the placement of new shares (if any)	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	N/A							
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any)	The Company hereby declares that its special securities account for repurchase held 19,819,601 common class A stocks as at the end of the reporting period, with a shareholding ratio of 0.60%, which is not included in the Company's top 10 shareholders without limited sales conditions as required.							
Shareholding of the top ten common shareholders without limited sales condition (excluding shares lent through refinancing and lock-up shares for senior management)								
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	Quantity					
Fu Liquan	255,967,245	RMB common stock	255,967,245					
Zhu Jiangming	159,975,490	RMB common stock	159,975,490					
Hong Kong Securities Clearing Co. Ltd.	65,591,359	RMB common stock	65,591,359					
National Social Security Fund 103	46,000,000	RMB common	46,000,000					

		stock	
China Securities Finance Co., Ltd.	39,611,241	RMB common stock	39,611,241
FORESEA Life Insurance Company Limited - participating insurance	36,229,124	RMB common stock	36,229,124
New China Life Insurance Company Limited - Traditional - general insurance - 018L-CT001 Shen	24,321,736	RMB common stock	24,321,736
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	23,220,730	RMB common stock	23,220,730
National Social Security Fund 101	21,565,980	RMB common stock	21,565,980
New China Life Insurance Company Limited - dividend- personal dividend - 018L-FH002 Shen	19,146,726	RMB common stock	19,146,726
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)	None		

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders without limited outstanding shares participating in the lending of shares through refinancing

Applicable Not applicable

Unit: Shares

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders without limited outstanding shares participating in the lending of shares through refinancing								
Name of Shareholder (full name)	Shares held in ordinary accounts and credit accounts at the beginning of the period		Shares lent through refinancing but have not been returned yet at the beginning of the period		Shares held in ordinary accounts and credit accounts at the end of the period		Shares lent through refinancing but have not been returned yet at the end of the period	
	Total quantity	Proportion to total share	Total quantity	Proportion to total share	Total quantity	Proportion to total share	Total quantity	Proportion to total share

		capital		capital		capital		capital
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	14,723,730	0.45%	146,800	0.00%	23,220,730	0.70%	8,800	0.00%

Changes in top 10 shareholders and top 10 shareholders without limited outstanding shares over the previous period due to refinancing, lending/returning

Applicable Not applicable

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 2023 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: RMB

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

June 30, 2024

Unit: RMB

Item	Closing Balance	Opening Balance
Current Assets:		
Cash and Bank Balances	9,597,623,116.53	15,971,005,114.47
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	370,191,151.06	1,470,000.00
Derivative Financial Assets		
Notes receivable	645,460,980.33	813,039,192.75
Accounts receivable	16,654,352,735.18	16,276,803,954.03
Receivables Financing	685,382,779.93	810,713,267.86
Prepayments	279,208,527.96	189,388,716.99
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	317,357,677.02	337,524,688.36
Including: Interest receivable		
Dividends Receivable	5,194,653.19	5,784,225.02
Buying Back the Sale of Financial Assets		
Inventory	5,711,951,831.83	5,332,608,544.02
Including: Data resources		
Contract Assets	114,529,987.89	86,714,216.34
Holding for-sale assets		
Non-current Assets Due within 1 Year	257,902,249.66	303,454,116.40

Other Current Assets	659,131,594.23	939,374,868.31
Subtotal of Current Assets	35,293,092,631.62	41,062,096,679.53
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	838,954,472.02	946,659,309.70
Long-term Equity Investment	731,631,231.34	727,453,629.75
Investment in Other Equity Instruments		
Other Non-current Financial Assets	1,008,428,084.96	1,535,742,385.71
Investment Property	141,845,947.97	129,637,004.00
Fixed Assets	4,988,539,382.64	4,937,180,876.88
Projects under Construction	1,169,264,949.25	1,008,612,408.49
Productive Biological Assets		
Oil and gas assets		
Right-of-use assets	276,133,848.74	299,202,586.56
Intangible Assets	581,418,393.51	594,679,018.11
Including: Data resources		
Development Expenditure		
Including: Data resources		
Goodwill	6,615,294.18	6,615,294.18
Long-term Deferred Expenses	120,246,318.54	135,335,273.95
Deferred Income Tax Assets	1,183,984,525.09	1,287,903,482.65
Other Non-Current assets	3,869,620,772.33	210,809,264.49
Subtotal of Non-current Assets	14,916,683,220.57	11,819,830,534.47
Total assets	50,209,775,852.19	52,881,927,214.00
Current Liabilities:		
Short-term loan	800,973,205.56	957,426,330.18
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities	1,196,685.79	61,400.12
Derivative Financial Liabilities		
Notes Payable	3,065,463,328.91	3,296,294,946.26
Accounts Payable	5,671,851,750.01	5,815,123,195.55
Received Prepayments		
Contract liabilities	1,019,804,820.76	1,194,534,307.04
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold		

Securities		
Payroll payable	928,710,673.23	1,933,955,631.12
Tax Payable	367,566,702.98	1,243,482,361.08
Other Payables	754,681,225.56	812,424,146.52
Including: Interest payable		
Dividends Payable	38,078,985.18	23,667,047.02
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	238,351,093.19	901,722,028.75
Other Current Liabilities	115,583,416.26	155,182,705.02
Subtotal of Current Liabilities	12,964,182,902.25	16,310,207,051.64
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease liabilities	137,671,323.55	176,580,049.57
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	226,957,654.66	224,542,626.90
Deferred Income	165,206,721.46	166,711,673.04
Deferred Income Tax Liabilities	666,442.91	737,367.19
Other Non-current Liabilities	115,599,279.40	119,054,046.66
Subtotal of Non-current Liabilities	646,101,421.98	687,625,763.36
Total Liabilities	13,610,284,324.23	16,997,832,815.00
Shareholders' Equity:		
Share Capital	3,292,334,310.00	3,294,468,990.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	7,214,052,805.06	7,124,125,996.49
Less: Treasury Shares	714,868,936.48	746,699,863.45
Other Comprehensive Incomes	73,215,411.74	65,993,020.83
Special Reserves		
Surplus Reserves	1,647,234,495.00	1,647,234,495.00
General Risk Reserves		
Undistributed Profits	23,894,716,517.09	23,334,051,186.55
Total Shareholders' Equity Attributable to the Parent Company	35,406,684,602.41	34,719,173,825.42
Minority Shareholders' Equity	1,192,806,925.55	1,164,920,573.58
Total Shareholders' Equity	36,599,491,527.96	35,884,094,399.00
Total Liabilities and Shareholders' Equity	50,209,775,852.19	52,881,927,214.00

Statutory 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	Closing Balance	Opening Balance
Current Assets:		
Cash and Bank Balances	4,823,113,000.32	9,624,679,601.93
Trading Financial Assets	369,806,680.00	
Derivative Financial Assets		
Notes receivable	12,009,788.50	368,774,122.18
Accounts receivable	4,033,842,422.27	6,640,946,970.53
Receivables Financing	881,007,759.44	698,297,307.69
Prepayments	27,544,898.28	31,587,070.13
Other Receivables	13,952,577,075.18	11,736,609,900.41
Including: Interest receivable		
Dividends Receivable	1,243,275.00	
Inventory	236,230,319.84	447,927,880.25
Including: Data resources		
Contract Assets	19,137,672.35	12,985,980.46
Holding for-sale assets		
Non-current Assets Due within 1 Year	6,642,328.82	10,032,002.75
Other Current Assets	8,858,815.12	348,700,342.87
Subtotal of Current Assets	24,370,770,760.12	29,920,541,179.20
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	4,610,313.34	5,359,168.22
Long-term Equity Investment	8,228,910,359.44	8,191,802,935.85
Investment in Other Equity Instruments		
Other Non-current Financial Assets	985,958,084.96	1,513,272,385.71
Investment Property	18,045,113.23	1,817,925.82
Fixed Assets	1,742,924,231.55	1,814,451,576.60
Projects under Construction	7,600,494.74	3,556,445.35
Productive Biological Assets		
Oil and gas assets		
Right-of-use assets	81,827,306.62	94,348,785.64
Intangible Assets	131,732,476.27	140,815,043.41
Including: Data resources		
Development Expenditure		
Including: Data resources		
Goodwill		

Long-term Deferred Expenses	60,260,976.59	66,926,895.55
Deferred Income Tax Assets	89,209,440.95	1,008,929.69
Other Non-Current assets	2,682,705,941.16	18,782,264.32
Subtotal of Non-current Assets	14,033,784,738.85	11,852,142,356.16
Total assets	38,404,555,498.97	41,772,683,535.36
Current Liabilities:		
Short-term loan		600,266,666.67
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	524,141,901.77	221,026,659.43
Accounts Payable	648,548,451.41	884,748,949.13
Received Prepayments		
Contract liabilities	89,774,841.05	125,050,543.58
Payroll payable	619,632,771.35	1,354,637,328.45
Tax Payable	131,780,082.94	1,008,009,000.74
Other Payables	1,033,335,386.68	1,193,481,602.34
Including: Interest payable		
Dividends Payable	38,078,985.18	23,667,047.02
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	136,933,119.36	787,284,456.59
Other Current Liabilities	11,715,416.42	22,753,109.13
Subtotal of Current Liabilities	3,195,861,970.98	6,197,258,316.06
Non-current Liabilities:		
Long-term loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease liabilities	36,601,518.69	48,328,489.38
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	1,545,562.95	1,550,020.50
Deferred Income		
Deferred Income Tax Liabilities		
Other Non-current Liabilities	138,557.51	144,070.84
Subtotal of Non-current Liabilities	38,285,639.15	50,022,580.72
Total Liabilities	3,234,147,610.13	6,247,280,896.78
Shareholders' Equity:		
Share Capital	3,292,334,310.00	3,294,468,990.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	6,967,985,906.19	6,881,563,679.88
Less: Treasury Shares	714,868,936.48	746,699,863.45
Other Comprehensive Incomes		

Special Reserves		
Surplus Reserves	1,647,234,495.00	1,647,234,495.00
Undistributed Profits	23,977,722,114.13	24,448,835,337.15
Total Shareholders' Equity	35,170,407,888.84	35,525,402,638.58
Total Liabilities and Shareholders' Equity	38,404,555,498.97	41,772,683,535.36

3. Consolidated Income Statement

Unit: RMB

Item	2024 Semi-Annual	2023 Semi-Annual
I. Total Operating Revenue	14,866,622,569.81	14,633,547,280.64
Including: Operating revenue	14,866,622,569.81	14,633,547,280.64
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	13,262,791,211.99	12,639,678,879.61
Including: Operating Cost	8,731,425,638.53	8,363,987,899.64
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	100,129,032.87	116,183,814.53
Sales Expenses	2,268,236,496.11	2,190,619,243.64
Administration expenses	511,481,522.31	574,719,904.27
Research and development expense	1,901,330,160.90	1,814,620,715.06
Financial expenses	-249,811,638.73	-420,452,697.53
Including: Interest expense	28,989,823.89	58,636,214.41
Interest Income	236,240,691.12	139,792,759.54
Add: Other Incomes	510,212,853.42	362,570,654.41
Investment Income (Mark "-" for Loss)	140,115,897.54	-14,144,210.12
Including: Investment Income from Affiliates and Joint Ventures	16,910,626.79	-154,531,486.76
Profits from recognition Termination of Financial Assets at Amortized Cost	-755,702.55	-196,693.85
Exchange Gains (Mark "-" for Loss)		

Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (Mark "-" for loss)	-159,981,988.74	135,198,336.41
Credit Impairment Losses (Mark "-" for Loss)	-214,225,008.79	-188,589,781.56
Asset Impairment Losses (Mark "-" for Loss)	-54,847,036.23	-51,813,530.75
Asset Disposal Income (Mark "-" for Loss)	1,086,545.09	1,762,054.22
III. Operating Profit (Mark "-" for loss)	1,826,192,620.11	2,238,851,923.64
Add: Non-operating revenue	6,403,965.47	7,290,762.49
Less: Non-operating expenditures	3,057,915.50	4,137,712.72
IV. Total Profit (Mark "-" for total loss)	1,829,538,670.08	2,242,004,973.41
Less: Income tax expense	-33,838,461.10	201,745,311.54
V. Net Profit (Mark "-" for Net Loss)	1,863,377,131.18	2,040,259,661.87
(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	1,863,377,131.18	2,040,259,661.87
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)	1,809,589,445.46	1,976,018,373.13
2. Minority Shareholders' Profit and Loss (Mark "-" for Net Loss)	53,787,685.72	64,241,288.74
VI. Net Amount of Other Comprehensive Incomes after Tax	7,219,753.97	4,075,172.57
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	7,222,390.91	4,169,304.17
(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	7,222,390.91	4,169,304.17
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 conversion difference	7,222,390.91	4,169,304.17
7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	-2,636.94	-94,131.60
VII. Total Comprehensive Income	1,870,596,885.15	2,044,334,834.44
Total Comprehensive Income Attributable to the Parent Company's Owner	1,816,811,836.37	1,980,187,677.30
Total Comprehensive Income Attributable to Minority Shareholders	53,785,048.78	64,147,157.14
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.56	0.63
(II) Diluted Earnings per Share	0.56	0.63

Statutory 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	2024 Semi-Annual	2023 Semi-Annual
I. Operating Revenue	3,332,618,836.58	4,184,317,063.89
Less: Operating Cost	579,541,013.13	719,784,720.11
Taxes and Surcharges	52,833,473.57	54,229,390.73
Sales Expenses	993,694,657.59	1,015,381,496.95
Administration expenses	288,777,899.34	317,706,226.18
Research and development expense	1,386,263,752.68	1,289,644,332.69
Financial expenses	-159,912,332.30	-36,661,815.34
Including: Interest expense	18,783,651.94	46,683,379.85
Interest Income	139,821,641.18	81,624,138.58
Add: Other Incomes	430,065,275.63	276,803,489.04
Investment Income (Mark "-" for Loss)	7,008,809.30	-188,877,854.91
Including: Investment Income from Affiliates and Joint Ventures	-11,449,222.10	-189,891,800.93
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)	-2,345,573.99	-3,367,354.25
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (Mark "-" for loss)	-162,212,141.92	133,060,297.91
Credit Impairment Losses (Mark "-" for Loss)	-19,022,388.30	-9,113,671.32

Asset Impairment Losses (Mark "-" for Loss)	-2,567,600.12	1,499,115.65
Asset Disposal Income (Mark "-" for Loss)	227,007.77	432,756.61
II. Operating Profit (Mark "-" for Loss)	444,919,334.93	1,038,036,845.55
Add: Non-operating revenue	2,832,286.45	756,053.99
Less: Non-operating expenditures	670,408.53	682,163.61
III. Total Profit (Mark "-" for Total Loss)	447,081,212.85	1,038,110,735.93
Less: Income tax expense	-330,729,679.05	-14,143,772.32
IV. Net Profit (Mark "-" for Net Loss)	777,810,891.90	1,052,254,508.25
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	777,810,891.90	1,052,254,508.25
(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 conversion difference		
7. Others		
VI. Total Comprehensive Income	777,810,891.90	1,052,254,508.25
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.24	0.34
(II) Diluted Earnings per Share	0.24	0.34

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2024 Semi-Annual	2023 Semi-Annual
I. Cash Flow Generated by Operational		

Activities:		
Cash from Sales of Merchandise and Provision of Services	15,999,801,747.36	15,419,789,484.32
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	487,693,658.24	562,339,362.06
Other Received Cash Related to Operational Activities	768,065,566.02	620,225,332.09
Subtotal of cash inflow from operational activities	17,255,560,971.62	16,602,354,178.47
Cash Paid for Merchandise and Services	10,837,561,772.87	10,753,333,485.70
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	4,320,315,534.52	3,776,397,158.68
Cash Paid for Taxes and Surcharges	1,493,582,479.14	816,894,394.93
Other Paid Cash Related to Operational Activities	1,111,286,805.80	993,032,393.45
Subtotal of cash outflow from operational activities	17,762,746,592.33	16,339,657,432.76
Net cash flow generated by operating activities	-507,185,620.71	262,696,745.71
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	481,137,746.89	999,781,208.81

Cash Arising from Investment Incomes	12,084,508.88	14,922,299.29
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	334,216.87	2,406,406.21
Net Cash Arising from Disposal of Subsidiaries and Other Business Units	73,178,296.48	
Other Received Cash Related to Investment Activities	23,793,990.04	6,756,472.78
Subtotal of cash inflow from investment activities	590,528,759.16	1,023,866,387.09
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	478,507,303.15	639,960,429.28
Cash Paid for Investments	3,845,358,576.51	518,446,286.75
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cash Related to Investment Activities	5,398,155.52	36,957,997.39
Subtotal of cash outflows from investment activities	4,329,264,035.18	1,195,364,713.42
Net amount of cash flow generated by investment activities	-3,738,735,276.02	-171,498,326.33
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		5,389,711,811.41
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders		293,712,651.41
Cash Arising from Borrowings	1,119,437,200.00	1,212,246,016.69
Other Received Cash Related to Financing Activities		
Subtotal of cash inflow from financing activities	1,119,437,200.00	6,601,957,828.10
Cash Paid for Debts Repayment	1,960,841,548.08	1,627,680,609.51
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,256,629,266.40	836,082,043.03
Including: Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		1,104,770.95
Other Paid Cash Related to Financing Activities	133,019,499.80	355,403,014.42
Subtotal of cash outflow from financing activities	3,350,490,314.28	2,819,165,666.96
Net cash flow generated by financing activities	-2,231,053,114.28	3,782,792,161.14
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	90,334,024.57	45,593,862.66
V. Net Increase in Cash and Cash Equivalents	-6,386,639,986.44	3,919,584,443.18
Add: Cash and Cash Equivalents at the Commencement of the Period	15,880,659,594.95	7,878,465,052.63
VI. Cash and Cash Equivalents at the End of the Period	9,494,019,608.51	11,798,049,495.81

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2024 Semi-Annual	2023 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	6,400,564,483.19	4,641,334,206.69
Tax Refund		
Other Received Cash Related to Operational Activities	596,191,681.83	413,453,400.08
Subtotal of cash inflow from operational activities	6,996,756,165.02	5,054,787,606.77
Cash Paid for Merchandise and Services	333,875,102.97	347,160,343.46
Cash Paid to and for Employees	2,560,097,319.34	2,289,406,464.99
Cash Paid for Taxes and Surcharges	1,029,098,229.23	391,459,849.51
Other Paid Cash Related to Operational Activities	629,025,957.64	483,866,340.52
Subtotal of cash outflow from operational activities	4,552,096,609.18	3,511,892,998.48
Net cash flow generated by operating activities	2,444,659,555.84	1,542,894,608.29
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	484,317,242.81	696,333,948.05
Cash Arising from Investment Incomes	39,647.97	3,522,690.73
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	13,312,131.73	4,782,857.98
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cash Related to Investment Activities	7,828,500.00	
Subtotal of cash inflow from investment activities	505,497,522.51	704,639,496.76
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	87,357,677.25	185,751,851.23
Cash Paid for Investments	2,833,198,571.53	3,177,146,235.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cash Related to Investment Activities		
Subtotal of cash outflows from investment activities	2,920,556,248.78	3,362,898,086.23
Net amount of cash flow generated by investment activities	-2,415,058,726.27	-2,658,258,589.47
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		5,095,999,160.00
Cash Arising from Borrowings		
Other Received Cash Related to Financing Activities	518,392,829.86	1,431,261,852.19
Subtotal of cash inflow from financing	518,392,829.86	6,527,261,012.19

activities		
Cash Paid for Debts Repayment	1,250,000,000.00	553,632,141.60
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,244,407,410.64	819,579,768.57
Other Paid Cash Related to Financing Activities	2,898,655,199.47	1,547,840,710.10
Subtotal of cash outflow from financing activities	5,393,062,610.11	2,921,052,620.27
Net cash flow generated by financing activities	-4,874,669,780.25	3,606,208,391.92
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	39,318,887.23	228,637.48
V. Net Increase in Cash and Cash Equivalents	-4,805,750,063.45	2,491,073,048.22
Add: Cash and Cash Equivalents at the Commencement of the Period	9,581,289,905.32	3,933,169,520.92
VI. Cash and Cash Equivalents at the End of the Period	4,775,539,841.87	6,424,242,569.14

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2024 Semi-Annual														
	Shareholders' Equity Attributable to the Parent Company's Owner													Minority Shareholder's Equity	Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal		
Prefere d Stocks		Perpetua l Bonds	Oth ers												
I. Balance at the End of Last Year	3,294,468,990.00				7,124,125,996.49	746,699,863.45	65,993,020.83		1,647,234,495.00		23,334,051,186.55		34,719,173,825.42	1,164,920,573.58	35,884,094,399.00
Add: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Others															
II. Balance at the Start of This Year	3,294,468,990.00				7,124,125,996.49	746,699,863.45	65,993,020.83		1,647,234,495.00		23,334,051,186.55		34,719,173,825.42	1,164,920,573.58	35,884,094,399.00
III. Increases or	-2,134,680.				89,926,808.57	-31,830,9	7,222,390.91				560,665,330.54		687,510,776.99	27,886,351.97	715,397,128.96

Decreases in This Period (Mark "-" for Decreases)	00					26.97									
(I) Total Comprehensive Income							7,222,390.91				1,809,589,445.46		1,816,811,836.37	53,785,048.78	1,870,596,885.15
(II) Shareholders' Contribution and Reduction in Capital	- 2,134,680.00				89,723,701.68	- 31,830,926.97							119,419,948.65	23,724,480.56	143,144,429.21
1. Common stock invested by the owner	- 2,134,680.00				- 15,284,308.80	- 31,830,926.97							14,411,938.17		14,411,938.17
2. Capital Invested by Holders of Other Equity Instruments															
3. Amount of Share-based Payments Recorded into Shareholders' Equity					105,008,010.48								105,008,010.48	23,724,480.56	128,732,491.04
4. Others															
(III) Profit Distribution											- 1,248,924,114.92		- 1,248,924,114.92		- 1,248,924,114.92

1 . Appropriation of Surplus Reserves																
2 . Appropriation of General Risk Reserves																
3 . Distribution to Owners (or Shareholders)											- 1,248,924,14.92		- 1,248,924,14.92		- 1,248,924,14.92	
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					203,106.89							203,106.89	-	49,623,177.37	-
IV. Balance at the End of This Period	3,292,334,310.00				7,214,052,805.06	714,868,936.48	73,215,411.74		1,647,234,495.00		23,894,716,517.09		35,406,684,602.41	1,192,806,925.55	36,599,491,527.96

Amount of the previous year

Unit: RMB

Item	2023 Semi-Annual		
	Shareholders' Equity Attributable to the Parent Company's Owner		Total
		Minority	Total

	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal	Shareholder's Equity	Shareholder's Equity
		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															
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) Shareholder	261,307,820.00				4,726,973,177.93	-269,800,							5,258,081,981.65	322,856,853.27	5,580,938,834.92

s' Contributio n and Reduction in Capital						983.72									
1 . Commo n stock invested by the owner	261,307,82 0.00				4,569,072,8 31.92	- 269,800, 983.72							5,100,181,6 35.64	290,412,651 .41	5,390,594,2 87.05
2 . Capital Invested by Holders of Other Equity Instruments															
3 . Amount of Share- based Payments Recorded into Shareholder s' Equity					157,900,34 6.01								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 . Appropri ation of Surplus Reserves															
2 . Appropri ation of General Risk Reserves															
3 . Distribu															

tion to Owners (or Shareholder s)											793,967,026 .59		793,967,026 .59		793,967,026 .59
4 . Others															
(IV) Internal Carry- forward of Shareholder s' 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

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

Amount of this period

Unit: RMB

Item	2024 Semi-Annual											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	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	3,294,468,990.00				6,881,563,679.88	746,699,863.45			1,647,234,495.00	24,448,835,337.15		35,525,402,638.58
Add:												

Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,294,468,990.00				6,881,563,679.88	746,699,863.45			1,647,234,495.00	24,448,835,337.15		35,525,402,638.58
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-2,134,680.00				86,422,226.31	-31,830,926.97				-471,113,223.02		-354,994,749.74
(I) Total Comprehensive Income										777,810,891.90		777,810,891.90
(II) Shareholders' Contribution and Reduction in Capital	-2,134,680.00				84,717,803.29	-31,830,926.97						114,414,050.26
1. Common stock invested by the owner	-2,134,680.00				-15,284,308.80	-31,830,926.97						14,411,938.17
2. Capital Invested by												

Holders of Other Equity Instruments												
3 . Amount of Share-based Payments Recorded into Shareholder s' Equity					100,002,112.09							100,002,112.09
4 . Others												
(III) Profit Distribution										-		-
										1,248,924,14.92		1,248,924,14.92
1 . Appropriation of Surplus Reserves												
2 . Distribution to Owners (or Shareholders)										-		-
										1,248,924,14.92		1,248,924,14.92
3 . Others												
(IV) Internal Carry-forward of Shareholder s' 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					1,704,423.02							1,704,423.02

IV. Balance at the End of This Period	3,292,334,310.00				6,967,985,906.19	714,868,936.48			1,647,234,495.00	23,977,722,114.13		35,170,407,888.84
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Amount of the previous year

Unit: RMB

Item	2023 Semi-Annual											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	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 in This Period (Mark "-" for	261,307,820.00				4,749,700,753.86	-269,800,983.72				258,287,481.66		5,539,097,039.24

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 . Distribu tion to Owners (or Shareholder s)												793,967,026.59	-	-793,967,026.59
3 . Others														
(IV) Internal Carry- forward of Shareholder s' 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	3,294,468.99 0.00				8,538,112,902. 95	340,058,648.28			1,553,691,005 .92	18,820,579,58 5.19		31,866,793,835. 78

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 Liqun, 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 Sunday, June 30, 2024, the Company has issued a total of 3,292,334,310 shares, with a registered capital of RMB 3,292,334,310.00, registering its address at: No.1187, Bin'an Road, Binjiang District, Hangzhou, and headquarters at: No. 1399 Bixing Road, Binjiang District, Hangzhou.

The Company mainly engaged in the following operating activities: The research and development, production, and sales of smart IoT products, provision of video-centered smart IoT solutions and operational services.

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

This financial statement has been approved by Board of Directors on August 23, 2024.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

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

2. Going concern

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

V. Significant Accounting Policies and Accounting Estimates

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, 2024 and the operating results and cash flows of the merged companies and the parent company in half of year 2024.

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. Determination Method and Selection Basis of Importance Standard

Applicable Not applicable

Item	Importance standards
Accounts receivable with significant single provision for bad debt reserves	Individual accruals of 0.5% of total assets at the end of the period
Significant amount of recovered or reversed bad debt provision of accounts receivable in this period	Bad debts recovered or reversed of the individual receivables in the period in excess of 0.5% of the total assets at the end of the period
Write-off of important accounts receivable	Write-off of individual receivables in excess of 0.5 per cent of total assets at the end of the period
Important Projects under Construction	Project investment budget in excess of 0.5% of total assets
Significant prepayments aged over 1 year	Prepayments over 1 year in excess of 0.1% of total assets
Significant accounts payable aged over 1 year	Payables over 1 year in excess of 0.5% of total assets
Other significant payable aged over 1 year	Receivables over 1 year in excess of 0.5% of total assets
Significant contractual liabilities over 1 year	Contractual liabilities over 1 year in excess of 0.5% of total assets
Cash Flow from Significant Investment Activities	Projects with cash flow exceeding 5% of total assets
Significant overseas operating entities	Overseas operating entities with one of their total assets/total revenues/total profits exceeding 15% of the Group's
Important non-wholly owned subsidiaries	Non-wholly owned subsidiaries with one of their total assets/total revenues/total profits exceeding 15% of the Group's
Important joint ventures or associates	Income from investments in joint ventures or associates exceeding 10% of the latest audited net profit of the listed company

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

Business combination under common control: The assets and liabilities acquired by the merging party in business combination (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 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.

7. Judgment Criteria for Control Preparation Method of Consolidated Financial Statements

(1) Judgment criteria for control

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) Preparation method of consolidated financial statements

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:

- These transactions are achieved at the same time or the mutual effects on each other are considered;

- A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- Occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- 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.

8. 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 Policies and Accounting Estimates - 20. Long-term equity investment.

9. 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.

10. Conversion of transactions and financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions are translated into function currency at the spot exchange rate on the day when the transactions occurred or the exchange rate determined by a systematic and reasonable method that is similar to the spot exchange rate (hereinafter referred to as the approximate exchange rate of the spot exchange rate).

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 or the appropriate exchange rate of the spot exchange rate.

Cash flows in foreign currencies, as well as cash flows from foreign subsidiaries, are translated at the spot exchange rate on the day when the cash flows occur or the appropriate exchange rate of the spot exchange.

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.

11. 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:

- ① The business model is designed to collect the contractual cash flow;
- ② 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:

- ① The business model is designed to both collect the contractual cash flow and sell the financial assets;
- ② 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 measured 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:

- ① The contractual right to receive cash flows from financial assets is terminated;
- ② 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;
- ③ 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;

If the Company modifies or renegotiates the contract with the counterparty, which constitutes a substantial modification, the original financial assets will be derecognised and a new financial asset will be recognized according to the modified terms.

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 derecognised 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 uses impairment accounting for the financial assets at amortized cost, the financial assets at fair value through other comprehensive income (debt instruments), and the financial guarantee contracts, on the basis of the expected credit loss.

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.

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", whether they contain material financing compositions or not, by the amount of the expected credit loss throughout the duration.

For the lease receivables resulting from transactions governed by "Accounting Standard for Business Enterprises No.21 — Leasing", the Company will always measure the loss provision for the accounts receivable, by the amount of the expected credit loss throughout the duration.

The Company assesses the changes in credit risk of other relevant financial instruments since initial recognition at each balance sheet date.

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 evidence 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 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. For financial assets (debt instruments) at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in current profits or losses, without reduction in the book value of the financial asset as stated in the balance sheet.

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

Except for the above-mentioned accounts receivable for which an individual provision for bad debts has been made, the Company divides other financial instruments into several combinations based on their credit risk characteristics, and determines expected credit losses on the basis of the combinations. The Company's combination categories and determination basis of expected credit losses for notes receivable, accounts receivable, accounts receivable financing, other receivables, contract assets (including contract assets presented in other non-current assets) and long-term receivables (including long-term receivables due within one year presented in non-current assets due within one year) are as follows:

Item	Combination Categories	Determination Basis
Notes receivable	Type of Notes	The expected credit loss is calculated by default risk exposure and the expected credit loss rate for the entire extension, based on historical credit loss experience, in combination with current conditions and predictions of future economic conditions.
Receivables Financing		
Accounts receivable, other receivables	Aging combination	The expected credit loss is calculated by default risk exposure and the expected credit loss rate for the entire extension, based on historical credit loss experience, in combination with current conditions and predictions of future economic conditions.
Accounts receivable, other receivables	Affiliated combined	The expected credit loss is calculated by default risk exposure and the expected credit loss rate for the entire extension, based on historical credit loss experience, in combination with current conditions and predictions of future economic conditions.
Contract assets (including contract assets presented in other non-current assets)	Nature of the funds	The expected credit loss is calculated by default risk exposure and the expected credit loss rate for the entire extension, based on historical credit loss experience, in combination with current conditions and predictions of future economic conditions.
Long-term receivables (including long-term receivables due within one year presented in non-current assets due within one year)	Nature of the funds	The expected credit loss is calculated by default risk exposure and the expected credit loss rate for the entire extension, based on historical credit loss experience, in combination with current conditions and predictions of future economic conditions.

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.

12. Notes Receivable

Refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

13. Accounts Receivable

Refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

14. Receivables Financing

Refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

15. Other Receivables

Refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

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 details, refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

17. Inventory

(1) Category of inventory

Categories of inventories: 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 Company accrues the provision for impairment of inventories on a combination basis, the combination categories and determination basis as well as the basis for determination of the net realizable value of different types of inventory are as follows:

Combination Categories of Inventories	Determination Basis for Combination	Basis for the Determination of Net Realizable Value
Raw materials	Categories of Inventories	

Work-in-progress	Categories of Inventories	Estimated selling price of inventories -
Finished goods	Categories of Inventories	Estimated costs until completion -
Contract Performance Costs	Categories of Inventories	Estimated selling expenses - Related taxes

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.

18. Holding assets for sale

(1) Recognition criteria and accounting treatment

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.

(2) Recognition criteria and presentation of discontinued operations

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.

19. Long-term Receivables

Refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments

20. Long-term Equity Investments

(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 written 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.

21. Investment Properties

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.

22. Fixed Assets

(1) Conditions of Recognition

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 assets are recognized when they meet 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.

23. Construction in Progress

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. The standards and time points for conversing the Company's projects under construction into fixed assets are as follows:

Category	The standards and time points for conversing into fixed assets
Housing and building	The completion and fire inspection, and water and electricity supply are completed as well as the conditions for occupancy are met.
Machinery and equipment	The equipment installation and debugging is completed and is ready for use.
Electronic and other equipment	The equipment installation and debugging is completed and is ready for use.

24. 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 conditions are satisfied simultaneously:

- 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 to 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.

25. Intangible Assets

(1) Service life, determination basis, estimation, amortization method or review procedures

① Valuation method of intangible assets

a. 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.

b. 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 to 10 years	Expected benefited period
Software	2 to 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 year. 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.

(2) The scope of R&D expenditure collection and related accounting treatment methods.

① The scope of R&D expenditure collection

Expenditures incurred by the Company in research and development include the compensation of the employees engaged in research and development activities, consumable materials, depreciation and amortization expenses, and other related expenditures.

② 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.

③ 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:

- a. Complete such intangible asset to make it technically feasible for use or for sale;
- b. There is intention to complete the intangible asset for use or sale;
- c. 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;
- d. 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;
- e. 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.

26. 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.

27. 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

28. 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.

29. 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.

30. 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:

- (1) For the contingencies involving a single item, it will be determined according to the amount most likely to occur;
- (2) 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.

31. 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 be 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.

32. 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:

- ① The customer acquires and consumes the economic benefits arising from the Company's performance while the company performs the contract;
- ② The customer can control the commodities in progress during the Company's performance;

③ 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:

- ① 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;
- ② 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;
- ③ The Company has transferred the physical commodities to the customer, that is, the customer has possessed the physical commodities.
- ④ 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.
- ⑤ The customer has accepted such commodities or services.

The Company determines whether it is a principal or agent when engaging in transactions based on its control over the goods or services before transferring them to the customer. The Company is a principal and recognizes its revenue based on the total amount of consideration received or receivable if it can control the goods or services before transferring them to the customer; otherwise, the Company is an agent and recognizes its revenue based on the amount of commissions or fees it expects to be entitled to.

(2) Recognition and measurement methods of specific revenue disclosure by type of business

- ① Principles for recognizing revenue from 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 Principles for recognizing revenue from 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 Principles for recognizing revenue from sales of system-integrated products: 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.

33. 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:

1. The costs are directly related to one existing contract or one contract that is expected to be obtained;
- (2) The costs enrich the Company's resources for future contract performance;
- (3) 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.

34. 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.

35. 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:

- (1) Initial recognition of the goodwill;
- (2) 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:

- (1) The taxpayer is granted the legal rights to settle current income tax assets and current income tax liabilities on a net basis;
- (2) 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.

36. 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 contract 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:

- (1) 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;
- (2) Other terms and conditions of lease are identified without significant change after taking the qualitative and quantitative factors into full account.

(1) Accounting treatment of leases 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:

- a. Initial measurement amount of lease liabilities;
- b. 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;
- c. Initial direct cost incurred by the Company;
- d. 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 Policies and Accounting Estimates - 26. 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:

- a. Fixed payment (including actual fixed payment), and if there are lease incentives, the relevant amount of lease incentives shall be deducted;
- b. Variable lease payment depending on the index or ratio;
- c. Predicted payment on the basis of the guaranteed residual value provided by the Company;
- d. Exercise price of the call option, provided that the Company will exercise such option, as reasonably determined;
- e. 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:

- a. 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;
- b. 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:

- a. Such lease change has expanded the scope of lease by adding the right to use one or more leased assets;
- b. 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) Accounting treatment of leases 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 Accountant 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 Policies and Accounting Estimates - 11. 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:

- a. Such change has expanded the scope of lease by increasing the right to use one or more leased assets;
- b. 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:

- a. 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;
- b. 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 Policies and Accounting Estimates - 11. 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 Policies and Accounting Estimates - 32. 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 Policies and Accounting Estimates - 11. 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) Accounting treatment of leases 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 Policies and Accounting Estimates - 11. Financial instruments.

37. Other significant accounting policies and accounting estimates

(1) 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.

(2) Debt restructuring

① The Company being the creditor

The Company derecognizes creditor's rights when the contractual right to receive cash flows terminates. In case of debt restructuring by paying off the debt with assets or converting into equity instruments, the Company will recognize relevant assets when they meet their definition and conditions of recognition.

In case of debt restructuring by paying off the debt with assets, the Company initially recognizes the transferred non-financial asset at cost. The cost of inventory includes the fair value of the relinquished claim as well as taxes, transportation fees, handling fees and insurance fees and other costs directly attributed to the asset that occur to bring the asset to its current location and condition. The cost of investment in an associate or joint venture includes the fair value of relinquished claim and taxes and other costs directly attributed to the asset. The cost of investment property includes the fair value of relinquished claim and other costs directly attributed to the asset. The cost of fixed assets includes the fair value of relinquished claim as well as taxes, transportation fees, handling fees, installation fees, service fees for professionals and other costs directly attributed to the asset that occur to bring the asset to its intended usable condition. The cost of biological assets includes the fair value of relinquished claim as well as taxes, transportation fees, insurance fees and other costs directly attributed to the asset. The cost of intangible assets includes the fair value of relinquished rights and taxes and other costs that are incurred to bring the asset to its intended use. In case that the debt restructuring by converting debt into equity instruments results in the creditor converting its creditor's rights into an equity investment in an associate or joint venture, the Company shall measure its initial investment cost based on the fair value of the relinquished claim and taxes and other costs directly attributable to the asset. The difference between the fair value of relinquished claim and the book value shall be included in the current profit or loss.

In case of debt restructuring by modifying other clauses, the Company recognizes and measures the restructured creditor's rights according to the Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial Instruments

In case of debt restructuring by paying off debts with multiple assets or combining them, the Company first recognizes and measures the transferred financial assets and restructured creditor's rights according to Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments in this section, and then allocates the fair value of the relinquished claims to the net amount after deducting the recognized amounts of the transferred financial assets and the restructured claims in proportion to the fair value of each of the assets other than the transferred financial assets and, based on that, determines the costs of the assets separately by the method described in the preceding paragraph. The difference between the fair value of relinquished claim and the book value shall be included in the current profit or loss.

② The Company as a debtor

The Company derecognizes debts when the present obligation for the liability is discharged.

In the case of debt restructuring by paying off debts with assets, the Company derecognizes the relevant assets and the debts when they

meet the conditions for derecognition, and the difference between the book value of the debts paid off and that of the transferred assets is included in the current profits and losses.

In case of debt restructuring by transferring the debt into equity instruments, the Company will derecognize the debt paid off when it meets the conditions of recognition. The Company initially recognizes equity instruments at their fair value, and at the fair value of the debt paid off if it is not reliable to measure at the fair value of the equity instrument. The difference between the book value of the debt paid off and the amount recognized for the equity instrument shall be included in current profits and losses.

In case of debt restructuring by modifying other clauses, the Company recognizes and measures the restructured creditor's rights according to the Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial Instruments.

In case of debt restructuring by paying off debts with multiple assets or combining them, the Company recognizes and measures equity instruments and restructured debts according to the above methods, and the difference between the book value of the debt paid off and the book value of the transferred assets as well as the difference between the equity instruments and the amount recognized of the restructured debts shall be included in current profits and losses.

38. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Unit: RMB

Contents and causes of changes in accounting policies	Name of statement item influence significantly	Impact amount
On October 25, 2023, the Treasury Department ("MOF") issued the "Interpretation No. 17 of Accounting Standards for Business Enterprises 17", providing for the "classification of current liabilities and non-current liabilities", the "disclosure of vendor financing arrangements" and the "accounting treatment for sale and leaseback transactions", effective from January 1, 2024.	None	0.00

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Adjustments to relevant items of financial statements as of the beginning of the year of first implementation of new accounting standards since 2024

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

	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	
Urban Maintenance and Construction Tax	Actually paid turnover tax	7%、5%
Corporate 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%
Zhejiang Pixfra Technology Co., Ltd.	15%
Jiangsu Huaruipin Technology Co. Ltd.	15%
Xinjiang Dahua Zhixin Information Technology Co., Ltd.	15%
Xinjiang Dahua Zhihe Information Technology Co., Ltd.	15%
Xinjiang Dahua Zhitian Information Technology Co., Ltd.	15%
Xinjiang Dahua Huayue Information Technology Co., Ltd.	15%
Xinjiang Dahua Xinzhi Information Technology Co., Ltd.	15%
Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.	15%
Guangxi Dahua Zhicheng Co., Ltd.	15%
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%
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%
Xi'an IMOU Zhilian Technology Co., Ltd.	20%
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	20%
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20%
Zhejiang Huajie New Energy Operation Service Co., Ltd.	20%
Other domestic companies	25%
Other overseas companies	Applicable to local tax rate

2. Preferential tax rate

(1) According to the Notice on the Filing and Publicity of High-tech Enterprises Certified by the Certification Body of Zhejiang Province in 2023 issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 28, 2023, 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%.

(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 Announcement on the Filing of the First Batch of High-tech Enterprises of Zhejiang Province Certified and Filed in 2023 issued by the Office for the Administration of the Certification of National High-tech Enterprises on Thursday, December 28, 2023, our subsidiaries Zhejiang Huafei Intelligent Technology Co., Ltd. and Zhejiang Pixfra 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%.

(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 Notice on the Filing and Publicity of High-tech Enterprises Certified by the Certification Body of Jiangsu Province in 2023 issued by the Office for the Administration of the Certification of National High-tech Enterprises on Thursday, January 4, 2024, our subsidiaries Jiangsu Huaruipin Technology Co., Ltd. was 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%.

(6) 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., 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., Xi'an IMOUI Zhilian Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., Guangxi Dahua Yunlian Information Technology Co., Ltd., and Zhejiang Huajie New Energy Operation Service Co., Ltd.

(7) 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

Zhitan 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%.

(8) 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.

(9) 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.

(10) From January 1, 2023 to December 2027 On March 31, advanced manufacturing enterprises are allowed to deduct an additional 5% of the value-added tax payable based on the deductible input tax in the current period according to the provisions of the Treasury Department and the State Administration of Taxation’s Announcement on the Additional Value-Added Tax (“VAT”) Credit Policy for Advanced Manufacturing Enterprises” (Announcement No. 43 [2023] of the Treasury Department and the State Administration of Taxation). Zhejiang HuaRay Technology Co., Ltd. complies with the additional VAT credit policy for the advanced manufacturing industry, so it has been entitled to the preferential tax policy for advanced manufacturing industries.

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	2,607.89	2,642.58
Digital Currency		160,820.00
Bank Balance	9,447,832,551.94	15,827,819,644.89
Other Cash and Bank Balances	149,787,956.70	143,022,007.00
Total	9,597,623,116.53	15,971,005,114.47
Including: Total Amount Deposited in Overseas Banks	883,193,340.43	930,951,357.54

Other notes

Details of monetary funds that are restricted in use due to mortgage, pledge or freeze, are restricted in withdrawal due to centralized management of funds, and are deposited in overseas banks but restricted in repatriation are as follows:

Item	Closing Balance	Balance at the end of the previous year
Bid/performance bond	76,756,725.23	68,981,082.99

Frozen funds	13,262,530.45	6,862,600.24
Total	90,019,255.68	75,843,683.23

2. Trading Financial Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Financial assets at fair value through profit or loss in this period	370,191,151.06	1,470,000.00
Including:		
Financial products		1,470,000.00
Derivative Financial Assets	384,471.06	
Stock	369,806,680.00	
Total	370,191,151.06	1,470,000.00

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Acceptance Notes	544,568,788.14	665,341,998.76
Commercial Acceptance Notes	100,892,192.19	147,697,193.99
Total	645,460,980.33	813,039,192.75

(2) Disclosure by Bad Debt Accrual Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Notes Receivable with the Bad Debt Provision Accrued Based on Combinations	659,847,601.08	100.00%	14,386,620.75	2.18%	645,460,980.33	834,798,129.64	100.00%	21,758,936.89	2.61%	813,039,192.75
Including:										
Bank Acceptance	550,158,698.95	83.38%	5,589,910.81	1.02%	544,568,788.14	672,300,691.46	80.53%	6,958,692.70	1.04%	665,341,998.76

nce Notes										
Comme rcial Accepta nce Notes	109,688, 902.13	16.62%	8,796,70 9.94	8.02%	100,892, 192.19	162,497, 438.18	19.47%	14,800,2 44.19	9.11%	147,697, 193.99
Total	659,847, 601.08	100.00%	14,386,6 20.75		645,460, 980.33	834,798, 129.64	100.00%	21,758,9 36.89		813,039, 192.75

Category name of bad debt provision based on combination: Bank and commercial acceptance bills

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Bank Acceptance Notes	550,158,698.95	5,589,910.81	1.02%
Commercial Acceptance Notes	109,688,902.13	8,796,709.94	8.02%
Total	659,847,601.08	14,386,620.75	

If the bad debt provisions of notes receivable are made according to the general model of expected credit losses:

Applicable Not applicable

(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	
Bank Acceptance Notes	6,958,692.70		1,368,781.89			5,589,910.81
Commercial Acceptance Notes	14,800,244.19		6,003,534.25			8,796,709.94
Total	21,758,936.89		7,372,316.14			14,386,620.75

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

Applicable Not applicable

(4) 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	362,313,646.48
Total	362,313,646.48

(5) 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		25,409,130.30
Total		25,409,130.30

4. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	14,715,647,410.56	14,458,581,851.85
1 to 2 years	1,710,166,205.06	1,675,541,614.13
2 to 3 years	1,017,969,012.88	914,682,001.04
3 years or above	2,531,107,470.41	2,359,337,149.65
3 to 4 years	715,221,245.03	627,873,130.02
4 to 5 years	473,135,179.97	605,039,214.61
5 years or above	1,342,751,045.41	1,126,424,805.02
Total	19,974,890,098.91	19,408,142,616.67

(2) Disclosure by Bad Debt Accrual Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on single item	452,375,636.05	2.26%	427,386,235.86	94.48%	24,989,400.19	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76
Including:										
Accounts receivable with insignificant single	452,375,636.05	2.26%	427,386,235.86	94.48%	24,989,400.19	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76

amount but accrued for separate provision of bad debt										
Accounts receivables with the bad debt provision accrued based on combinations	19,522,514,462.86	97.74%	2,893,151,127.87	14.82%	16,629,363,334.99	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27
Including:										
Aging Analysis Portfolio	19,522,514,462.86	97.74%	2,893,151,127.87	14.82%	16,629,363,334.99	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27
Total	19,974,890,098.91	100.00%	3,320,537,363.73		16,654,352,735.18	19,408,142,616.67	100.00%	3,131,338,662.64		16,276,803,954.03

Category name of individual provision for bad debts: Accounts receivable with insignificant single amount but accrued for separate provision of bad debt

Unit: RMB

Name	Opening Balance		Closing Balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	225,140,645.36	225,140,645.36	225,140,645.36	225,140,645.36	100.00%	Expected to be unable to recover
Customer 2	49,001,963.55	49,001,963.55	49,001,963.55	49,001,963.55	100.00%	Expected to be unable to recover
Customer 3	38,612,198.42	38,612,198.42	38,612,198.42	38,612,198.42	100.00%	Expected to be unable to recover
Customer 4	20,596,426.50	20,596,426.50	20,596,426.50	20,596,426.50	100.00%	Expected to be unable to recover
Customer 5	18,790,253.00	18,790,253.00	18,790,253.00	18,790,253.00	100.00%	Expected to be unable to recover
Miscellaneous	115,041,460.08	81,525,664.32	100,234,149.22	75,244,749.03	75.07%	Expected to be partially unrecoverable
Total	467,182,946.91	433,667,151.15	452,375,636.05	427,386,235.86		

Category name of bad debt provision based on combination: Aging Analysis Portfolio

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	14,712,970,940.47	735,648,233.66	5.00%
1 to 2 years	1,686,530,404.97	168,653,040.50	10.00%
2 to 3 years	1,013,456,093.12	304,036,827.94	30.00%
3 to 4 years	668,039,540.88	334,019,770.44	50.00%
4 to 5 years	453,621,140.46	362,896,912.37	80.00%
5 years or above	987,896,342.96	987,896,342.96	100.00%
Total	19,522,514,462.86	2,893,151,127.87	

If the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

 Applicable Not applicable**(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	3,131,338,662.64	217,728,284.41		19,183,189.91	-9,346,393.41	3,320,537,363.73
Total	3,131,338,662.64	217,728,284.41		19,183,189.91	-9,346,393.41	3,320,537,363.73

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

None

(4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	19,183,189.91

Write-off of important accounts receivable:

None

(5) Accounts receivable and contract assets of the top five closing balances collected by debtors

Unit: RMB

Name of Unit	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	As a percentage of accounts receivables and total ending balance	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
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Customer 1	1,295,976,570.29		1,295,976,570.29	6.42%	64,798,828.51
Customer 2	471,567,845.08		471,567,845.08	2.34%	23,578,392.43
Customer 3	354,656,063.52		354,656,063.52	1.76%	68,115,702.49
Customer 4	345,825,793.96		345,825,793.96	1.71%	17,291,289.70
Customer 5	331,966,086.53	21,815,847.00	353,781,933.53	1.75%	223,020,674.95
Total	2,799,992,359.38	21,815,847.00	2,821,808,206.38	13.98%	396,804,888.08

5. Contract Assets

(1) Contract Assets

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Completed but unsettled assets	28,579,042.87	351,967.02	28,227,075.85	33,413,988.93	421,118.95	32,992,869.98
O&M service	29,272,125.33	292,721.26	28,979,404.07	6,198,950.93	66,600.03	6,132,350.90
Quality guarantee deposit	71,042,020.31	13,718,512.34	57,323,507.97	62,344,437.16	14,755,441.70	47,588,995.46
Total	128,893,188.51	14,363,200.62	114,529,987.89	101,957,377.02	15,243,160.68	86,714,216.34

(2) Disclosure by Bad Debt Accrual Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Provision of bad debts based on combination	128,893,188.51	100.00%	14,363,200.62	11.14%	114,529,987.89	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34
Including:										
Combination of nature of the funds	128,893,188.51	100.00%	14,363,200.62	11.14%	114,529,987.89	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34
Total	128,893,188.51	100.00%	14,363,200.62	11.14%	114,529,987.89	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34

Category name of bad debt provision based on combination: Combination of nature of the funds

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of nature of the funds	128,893,188.51	14,363,200.62	11.14%

Total	128,893,188.51	14,363,200.62	
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Provision for bad debts based on general model of expected credit losses

Applicable Not applicable

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

Unit: RMB

Item	Provisions of this period	Recovered or reversed during the period	Write-off in this period	Reasons
Completed but unsettled assets		69,151.93		
O&M service	226,121.23			
Quality guarantee deposit		1,036,929.36		
Total	226,121.23	1,106,081.29		

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

None

6. Receivables Financing

(1) Disclosure of receivables financing

Unit: RMB

Item	Closing Balance	Opening Balance
Bank acceptance bill	685,382,779.93	810,713,267.86
Total	685,382,779.93	810,713,267.86

(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 bill	533,317,810.71
Total	533,317,810.71

(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 bill	44,106,306.89	
Total	44,106,306.89	

7. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
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Dividends Receivable	5,194,653.19	5,784,225.02
Other Receivables	312,163,023.83	331,740,463.34
Total	317,357,677.02	337,524,688.36

(1) Dividends Receivable**1) Classification of Dividends Receivable**

Unit: RMB

Project (or Invested Unit)	Closing Balance	Opening Balance
Intelbras S.A.	3,951,378.19	5,784,225.02
Smartsens Technology (Shanghai) Co., Ltd.	1,243,275.00	
Total	5,194,653.19	5,784,225.02

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

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	148,791,203.75	148,419,383.42
Prepaid or advance expense	132,035,501.55	129,465,778.21
Equity Transfer Fund	26,671,858.40	44,693,899.47
Export tax rebate		26,923.43
Employee home loan	88,067,811.00	89,695,884.00
Others	2,203,616.92	402,441.33
Total	397,769,991.62	412,704,309.86

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	189,378,055.13	175,351,662.59
1 to 2 years	80,194,888.01	117,075,815.72
2 to 3 years	50,912,295.59	57,728,030.61
3 years or above	77,284,752.89	62,548,800.94
3 to 4 years	39,186,192.68	31,838,007.64
4 to 5 years	24,233,844.97	17,297,622.38
5 years or above	13,864,715.24	13,413,170.92
Total	397,769,991.62	412,704,309.86

3) Disclosure by bad debt accrual methodApplicable Not applicable

Unit: RMB

Categor	Closing Balance	Opening Balance
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y	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Provision of bad debts based on combination	397,769,991.62	100.00%	85,606,967.79	21.52%	312,163,023.83	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34
Including:										
Aging Analysis Portfolio	397,769,991.62	100.00%	85,606,967.79	21.52%	312,163,023.83	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34
Total	397,769,991.62	100.00%	85,606,967.79	21.52%	312,163,023.83	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34

Category name of bad debt provision based on combination: Aging Analysis Portfolio

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	189,378,055.13	9,468,902.76	5.00%
1 to 2 years	80,194,888.01	8,019,488.80	10.00%
2 to 3 years	50,912,295.59	15,273,688.68	30.00%
3 to 4 years	39,186,192.68	19,593,096.34	50.00%
4 to 5 years	24,233,844.97	19,387,075.97	80.00%
5 years or above	13,864,715.24	13,864,715.24	100.00%
Total	397,769,991.62	85,606,967.79	

Provision for bad debts based on general model of expected credit losses:

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, 2024	40,311,666.81	38,930,999.37	1,721,180.34	80,963,846.52
Balance in the current period as of January 1, 2024				
--Transfer to phase two	-1,065,155.77	1,065,155.77		
--Transfer to phase three	-75,224.54	-45,300.00	120,524.54	
Provisions of this period	1,003,690.33	3,997,489.89	650,493.70	5,651,673.92
Write off in this period	58,228.85	142,605.54	48,681.46	249,515.85
Other variations	-759,036.80			-759,036.80
Balance as of June 30, 2024	39,357,711.18	43,805,739.49	2,443,517.12	85,606,967.79

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

Applicable Not applicable

4) 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	Resale or write-off	Others	
Bad debt provision	80,963,846.52	5,651,673.92		249,515.85	-759,036.80	85,606,967.79
Total	80,963,846.52	5,651,673.92		249,515.85	-759,036.80	85,606,967.79

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

None

5) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	249,515.85

Write-off of other important receivables:

None

6) 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	26,671,858.40	1 to 2 years	6.71%	2,667,185.84
Company 2	Deposits	11,832,000.00	3 to 4 years	2.97%	5,916,000.00
Company 3	Prepaid or advance expense	8,584,072.15	Within 1 year	2.16%	429,203.61
Company 4	Prepaid or advance expense	6,721,623.06	Within 1 year	1.69%	336,081.15
Company 5	Prepaid or advance expense	5,500,000.00	RMB 500,000.00 for 3 to 4 years, RMB 5,000,000.00 for 4 to 5 years	1.38%	4,250,000.00
Total		59,309,553.61		14.91%	13,598,470.60

8. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	252,373,333.14	90.39%	168,576,768.97	89.01%
1 to 2 years	16,069,941.30	5.76%	11,544,945.31	6.10%
2 to 3 years	2,406,695.84	0.86%	5,759,402.22	3.04%
3 years or above	8,358,557.68	2.99%	3,507,600.49	1.85%
Total	279,208,527.96		189,388,716.99	

An explanation of the reasons why the prepayment with an aging of more than one year and significant amounts has not been settled timely:

None

(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 133,738,616.85, accounting for 47.90% of the total closing balance of the advance payment.

9. Inventory

Does the company need to comply with disclosure requirements in the real estate industry?

No

(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	2,016,491,743.26	73,674,688.91	1,942,817,054.35	1,817,465,527.90	64,749,700.02	1,752,715,827.88
Work-in-progress	597,604,646.54	13,675,494.63	583,929,151.91	419,964,218.05	8,473,870.92	411,490,347.13
Finished goods	2,462,308,875.18	94,571,362.02	2,367,737,513.16	2,305,873,410.13	86,615,979.53	2,219,257,430.60
Contract Performance Costs	526,011,307.70	21,503,611.47	504,507,696.23	727,101,492.76	22,396,500.68	704,704,992.08
Outsourced work-in-progress	312,960,416.18		312,960,416.18	244,439,946.33		244,439,946.33
Total	5,915,376,988.86	203,425,157.03	5,711,951,831.83	5,514,844,595.17	182,236,051.15	5,332,608,544.02

(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	64,749,700.02	33,444,166.73		20,095,861.74	4,423,316.10	73,674,688.91
Work-in-progress	8,473,870.92	8,772,755.18		5,246,980.85	-1,675,849.38	13,675,494.63
Finished goods	86,615,979.53	15,496,434.30		7,279,694.64	261,357.17	94,571,362.02
Contract Performance Costs	22,396,500.68	4,863,624.11		5,756,513.32		21,503,611.47
Total	182,236,051.15	62,576,980.32		38,379,050.55	3,008,823.89	203,425,157.03

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term accounts receivables due within 1 year	257,902,249.66	303,454,116.40
Total	257,902,249.66	303,454,116.40

11. Other Current Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Return cost receivable	9,991,372.46	11,228,032.04
Not deducted input tax	615,830,230.80	555,798,264.68
Prepaid enterprise income tax	32,912,949.31	34,017,571.59
National debt reverse repurchase		338,331,000.00
Issue expenses	397,041.66	
Total	659,131,594.23	939,374,868.31

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	848,503,084.22	9,548,612.20	838,954,472.02	957,523,390.97	10,864,081.27	946,659,309.70	

Selling Products							
Including : Unrealized Financing Income	106,358,136.61		106,358,136.61	128,884,735.86		128,884,735.86	3.69%-5.88%
Total	848,503,084.22	9,548,612.20	838,954,472.02	957,523,390.97	10,864,081.27	946,659,309.70	

(2) Disclosure by Bad Debt Accrual Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Provision of bad debts based on combination	954,861,220.83	100.00%	9,548,612.20	1.00%	945,312,608.63	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56
Including:										
Combination of nature of the funds	954,861,220.83	100.00%	9,548,612.20	1.00%	945,312,608.63	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56
Total	954,861,220.83	100.00%	9,548,612.20	1.00%	945,312,608.63	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56

Category name of bad debt provision based on combination: Combination of nature of the funds

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of nature of the funds	954,861,220.83	9,548,612.20	1.00%
Total	954,861,220.83	9,548,612.20	

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

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Resale or write-off	Others	
Bad debt provision	10,864,081.27		1,315,469.07			9,548,612.20
Total	10,864,081.27		1,315,469.07			9,548,612.20

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

None

13. Long-term Equity Investments

Unit: RMB

The investee entity	Opening balance (book value)	Opening balance of provision for impairment	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
<input type="checkbox"/> I. Joint ventures												
II. Affiliates												
Intelbras S.A.	480,079,908.08				29,013,678.80			10,693,541.12		-4,166,343.69	494,233,702.07	
Ruicity Digital Technology Co., Ltd.	78,231,566.10				-6,483,377.66						71,748,188.44	
Hangzhou Juhuan Information Technology Co., Ltd.		723,496.39										723,496.39
Guangdong Zhishi Digital Technology Co., Ltd.					-422,436.59					422,436.59		
Ningbo Huayan Chuanxi Ventur	67,432,554.80				217,952.09						67,650,506.89	

e Capital Investment Partnership (Limited Partnership)												
Dezhou Shuzhi Information Technology Co., Ltd.	3,444, 758.26				59,180 .72						3,503, 938.98	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	1,121, 844.56				- 90,896 .72						1,030, 947.84	
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	598,28 7.37				94,898 .12						693,18 5.49	
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	1,163, 912.73				- 326,29 1.44						837,62 1.29	
Zhejiang Huachuang Vision	95,380 ,797.8 5				- 5,152, 080.53	1,704, 423.02					91,933 ,140.3 4	

Technology Co., Ltd.												
Subtotal	727,453,629.75	723,496.39			16,910,626.79		1,704,423.02	10,693,541.12		-3,743,907.10	731,631,231.34	723,496.39
Total	727,453,629.75	723,496.39			16,910,626.79		1,704,423.02	10,693,541.12		-3,743,907.10	731,631,231.34	723,496.39

The recoverable amount is determined as the net of fair value less costs of disposal.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

14. Other Non-current Financial Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Investment in equity instruments	46,844,731.16	478,782,601.67
Investment in financial products	961,583,353.80	1,056,959,784.04
Total	1,008,428,084.96	1,535,742,385.71

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
□. Original book value				
1. Opening Balance	174,113,990.28			174,113,990.28
2. Increased in the Current Period	16,948,653.39			16,948,653.39
(1) Purchase				
(2) Transfer of fixed assets/intangible assets	16,948,653.39			16,948,653.39
(3) Acquisition				
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance	191,062,643.67			191,062,643.67
II. Accumulated Depreciation and Amortization				

1. Opening Balance	44,476,986.28			44,476,986.28
2. Increased in the Current Period	4,739,709.42			4,739,709.42
(1) Accrual or Amortization	4,203,002.06			4,203,002.06
(2) Transfer of fixed assets\intangible assets	536,707.36			536,707.36
3. Decreased in the Current Period				
(1) Disposal				
(2) Other Transfer-out				
4. Closing Balance	49,216,695.70			49,216,695.70
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	141,845,947.97			141,845,947.97
2. Opening Balance on Book Value	129,637,004.00			129,637,004.00

(2) Investment properties measured at fair value

Applicable Not applicable

(3) Investment properties with certificates of title not granted

No investment properties with certificates of title not granted at the end of the period

16. Fixed Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Fixed Assets	4,988,539,382.64	4,937,180,876.88
Total	4,988,539,382.64	4,937,180,876.88

(1) Fixed assets

Unit: RMB

Item	Housing and building	Machinery and equipment	Means of transport	Electronic and other equipment	Total
□. Original book value:					
1. Opening Balance	4,700,211,205.93	618,035,677.34	28,747,880.43	1,908,687,345.08	7,255,682,108.78
2. Increased in the Current Period	41,164,833.36	2,125,592.76	713,404.00	327,733,972.86	371,737,802.98
(1) Purchase	12,678,294.88	2,125,592.76	713,404.00	327,733,972.86	343,251,264.50
(2) Transferred From Construction in Progress	28,486,538.48				28,486,538.48
(3) Acquisition					
(4) Transfer of investment properties					
3. Decreased in the Current Period	16,948,653.39	1,863,980.57	1,190,529.87	18,656,811.28	38,659,975.11
(1) Disposal or Scrapping		1,863,980.57	975,924.06	15,263,428.52	18,103,333.15
(2) Transfer to investment real estate	16,948,653.39				16,948,653.39
(3) Disposal of subsidiaries			214,605.81	3,393,382.76	3,607,988.57
4. Currency Translation Difference	-78,407.50	-47,657.77	-72,849.50	-1,085,973.64	-1,284,888.41
5. Closing Balance	4,724,348,978.40	618,249,631.76	28,197,905.06	2,216,678,533.02	7,587,475,048.24
II. Accumulated depreciation					
1. Opening Balance	743,791,548.93	216,453,185.63	21,774,098.02	1,336,482,399.32	2,318,501,231.90
2. Increased in the Current Period	112,849,360.10	28,497,147.82	1,458,623.46	155,925,823.96	298,730,955.34
(1) Accrual	112,849,360.10	28,497,147.82	1,458,623.46	155,925,823.96	298,730,955.34
(2) Transfer of investment properties					
3. Decreased	536,707.36	834,030.59	680,226.28	15,392,013.90	17,442,978.13

in the Current Period					
(1) Disposal or Scrapping		834,030.59	476,350.76	13,103,228.99	14,413,610.34
(2) Transfer to investment real estate	536,707.36				536,707.36
(3) Disposal of subsidiaries			203,875.52	2,288,784.91	2,492,660.43
4. Currency Translation Difference	-19,993.91	-46,656.80	-65,164.76	-721,728.04	-853,543.51
5. Closing Balance	856,084,207.76	244,069,646.06	22,487,330.44	1,476,294,481.34	2,598,935,665.60
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	3,868,264,770.64	374,179,985.70	5,710,574.62	740,384,051.68	4,988,539,382.64
2. Opening Balance on Book Value	3,956,419,657.00	401,582,491.71	6,973,782.41	572,204,945.76	4,937,180,876.88

(2) Fixed assets rent out under operating leases

Unit: RMB

Item	Book Value at the End of the Period
Buildings and constructions	587,555,648.61
Electronic and other equipment	80,984,949.89

(3) Fixed assets with certificates of title not granted

Unit: RMB

Item	Book value	Reasons for certificates of title not granted
Commercial housing in Cisco Intelligent Technology Park	112,947,232.82	In the process of obtaining the real estate certificates

(4) Impairment test of fixed assets

Applicable Not applicable

17. Construction in Progress

Unit: RMB

Item	Closing Balance	Opening Balance
Projects under Construction	1,169,264,949.25	1,008,612,408.49
Total	1,169,264,949.25	1,008,612,408.49

(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
New project of Southwest R&D Center of Dahua Co., Ltd.	292,859,644.37		292,859,644.37	263,076,398.23		263,076,398.23
New projects of Southwestern China Operation Center of Dahua	368,369,372.88		368,369,372.88	335,849,207.03		335,849,207.03
Henan Smart IoT base of Dahua	139,995,363.06		139,995,363.06	111,780,241.11		111,780,241.11
Construction project of Dahua intelligent products manufacturing base	288,388,920.48		288,388,920.48	101,525,907.86		101,525,907.86
Others	42,468,484.75		42,468,484.75	159,197,490.55		159,197,490.55
Total	1,169,264,949.25		1,169,264,949.25	1,008,612,408.49		1,008,612,408.49

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Opening Balance	Increase in the Current Period	Amount of fixed assets transferred in the current period	Other amounts decreased in current period	Closing Balance	Project accumulative investment as a percentage of the budget	Project Progress	Accumulated capital interest amount	Including: Capitalized interest amount in the current period	Capitalization rate of the interest in the current period	Capital Source
New project of Southwest R&D Center of Dahua Co., Ltd.	RM B 417 million	263,076,398.23	29,783,246.14			292,859,644.37	76.49%	76.49%				Equity funds/raised funds
New projects of Southwestern China Operation Center of Dahua	RM B 396 million	335,849,207.03	32,520,165.85			368,369,372.88	101.29%	90.00%				Equity Fund
Construction project of Dahua intelligent products manufacturing base	RM B 600 million	101,525,907.86	186,863,012.62			288,388,920.48	52.39%	52.39%				Equity Fund
Total		700,451,513.12	249,166,424.61			949,617,937.73						

(3) Impairment test of construction in progress
 Applicable Not applicable

18. Right-of-use Assets**(1) Right-of-use assets**

Unit: RMB

Item	Buildings and constructions	Machinery and equipment	Total
<input type="checkbox"/> . Original book value			
1. Opening Balance	518,737,508.83	8,884,640.73	527,622,149.56
2. Increased in the Current Period	65,484,854.24	111,961.08	65,596,815.32
3. Decreased in the Current Period	63,520,305.76		63,520,305.76
(1) Expiration or early termination of lease contracts	49,621,144.74		49,621,144.74
(2) Disposal of subsidiaries	13,899,161.02		13,899,161.02
4. Currency Translation Difference	-3,116,106.39		-3,116,106.39
5. Closing Balance	517,585,950.92	8,996,601.81	526,582,552.73
II. Accumulated depreciation			
1. Opening Balance	226,494,557.71	1,925,005.29	228,419,563.00
2. Increased in the Current Period	73,885,826.67	472,222.28	74,358,048.95
(1) Accrual	73,885,826.67	472,222.28	74,358,048.95
3. Decreased in the Current Period	51,378,894.12		51,378,894.12
(1) Expiration or early termination of lease contracts	44,351,589.69		44,351,589.69
(2) Disposal of subsidiaries	7,027,304.43		7,027,304.43
4. Currency Translation Difference	-950,013.84		-950,013.84
5. Closing Balance	248,051,476.42	2,397,227.57	250,448,703.99
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	269,534,474.50	6,599,374.24	276,133,848.74
2. Opening Balance on Book Value	292,242,951.12	6,959,635.44	299,202,586.56

(2) Impairment test of right-to-use assets
 Applicable Not applicable

19. Intangible Assets**(1) Details of intangible assets**

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Software	Trademark	Software copyright	Total
□. Original book value							
1. Opening Balance	626,404,053.87		68,530,508.70	173,816,614.23	2,077,241.60	4,000,000.00	874,828,418.40
2. Increased in the Current Period	1,699,038.41			7,209,598.45			8,908,636.86
(1) Purchase	1,699,038.41			4,317,515.90			6,016,554.31
(2) Internal research and development							
(3) Acquisition							
(4) Transferred from construction in progress				2,892,082.55			2,892,082.55
(5) Transfer of investment properties							
3. Decreased in the Current Period				37,285.01			37,285.01
(1) Disposal				15,769.47			15,769.47
(2) Transfer to investment real estate							
(3) Disposal of subsidiaries				21,515.54			21,515.54
4. Currency Translation Difference	-9,875.00			-17,935.52	-9,480.00		-37,290.52
5. Closing Balance	628,093,217.28		68,530,508.70	180,970,992.15	2,067,761.60	4,000,000.00	883,662,479.73
II. Accumulated amortization							

1. Opening Balance	70,706,202.43		58,529,703.12	144,836,253.14	2,077,241.60	4,000,000.00	280,149,400.29
2. Increased in the Current Period	6,996,724.64		2,248,671.33	12,913,877.98			22,159,273.95
(1) Accrual	6,996,724.64		2,248,671.33	12,913,877.98			22,159,273.95
(2) Transfer of investment properties							
3. Decreased in the Current Period				37,285.01			37,285.01
(1) Disposal				15,769.47			15,769.47
(2) Transfer to investment real estate							
(3) Disposal of subsidiaries				21,515.54			21,515.54
4. Currency Translation Difference				-17,823.01	-9,480.00		-27,303.01
5. Closing Balance	77,702,927.07		60,778,374.45	157,695,023.10	2,067,761.60	4,000,000.00	302,244,086.22
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	550,390,290.21		7,752,134.25	23,275,969.05			581,418,393.51
2. Opening Balance on Book Value	555,697,851.44		10,000,805.58	28,980,361.09			594,679,018.11

Intangible assets formed through in-house research and development at the end of the period are 0.00% of intangible assets balance.

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

(3) Impairment test of intangible assets

Applicable Not applicable

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 goodwill	Opening Balance	Increased in the current period		Decreased in the current period		Closing Balance
		Accrued		Disposal		
Dahua Technology Italy S.R.L.	0.00					0.00
Total	0.00					0.00

(3) Information about the asset group or asset group combination where the goodwill is located

Name	Composition and basis of the asset group or its combination	Operational subsection and basis	Is it consistent with the previous year?
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Dahua Technology Italy S.R.L.	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, 2024.	Recognition is based on whether the main cash inflow generated is independent of other asset groups or their combinations.	Yes
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(4) Determination method of recoverable amount

The recoverable amount is determined as the net of fair value less costs of disposal.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Number of years of the forecast period	Key parameters of the forecast period	Key parameters of the steady period	Determination basis of key parameters in the steady period
Dahua Technology Italy S.R.L.	113,896,203.62	199,959,154.35		2024 - 2028	Revenue growth rate of 9%-10% over the forecast period; discount rate of 15.60%	Revenue growth rate of 0% over the forecast period; discount rate of 15.60%	Predict cautiously as the income will not increase in the steady period.
Total	113,896,203.62	199,959,154.35					

(5) Completion of performance commitment and goodwill impairment

There is a performance commitment when goodwill is formed and the reporting period or the previous reporting period falls within the performance commitment period.

Applicable Not applicable

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	69,962,883.75	9,785,412.65	21,524,163.88	457,179.99	57,766,952.53
Renovation Cost	65,372,390.20	8,682,088.07	11,575,112.26		62,479,366.01
Total	135,335,273.95	18,467,500.72	33,099,276.14	457,179.99	120,246,318.54

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	3,205,517,304.39	609,938,439.81	2,945,448,093.79	561,492,926.21
Unrealized Profit from Internal Transactions	1,020,664,611.59	224,746,775.84	1,849,888,966.76	436,702,186.90
Deductible Losses	856,640,588.66	134,988,610.23	615,050,031.87	101,761,861.84
Equity incentive expense	229,119,432.39	36,063,541.35	291,671,905.31	45,689,152.55
Expected Liabilities	176,073,432.73	26,816,327.95	170,920,678.13	26,157,016.58
Payroll payable	254,325,121.69	41,896,652.95	253,599,826.64	41,664,283.10
Costs from Tax Increase Due to Absence of Invoice	549,070,434.14	104,747,239.03	557,868,000.15	107,970,125.57
Changes in fair value gains and losses	3,733,125.73	559,968.86	1,458,799.36	364,699.84
Book-tax difference of lease liabilities	174,953,943.19	32,342,008.44	188,753,783.73	35,399,648.53
Investments in non-monetary assets	493,490,855.50	74,023,628.33	520,408,538.53	78,061,280.78
Others	118,489,662.10	18,828,327.78	111,452,227.57	17,921,647.45
Total	7,082,078,512.11	1,304,951,520.57	7,506,520,851.84	1,453,184,829.35

(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	53,362,899.96	9,502,419.95	58,360,423.87	10,150,707.92
Changes in fair value of financial instruments	215,934,747.53	32,390,212.13	378,324,828.79	56,893,999.27
Book-tax difference of right-of-use assets	169,055,310.96	31,273,331.58	182,618,578.98	34,371,567.43
Investments in non-monetary assets	323,116,498.20	48,467,474.73	430,682,928.47	64,602,439.27
Total	761,469,456.65	121,633,438.39	1,049,986,760.11	166,018,713.89

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

Unit: RMB

Item	Amount of Deferred Income Tax Assets Offset against	Balance of Deferred Income Tax Assets or Liabilities after Offset	Amount of Deferred Income Tax Assets Offset against	Balance of Deferred Income Tax Assets or Liabilities after Offset
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	Liabilities at the End of the Period	at the End of the Period	Liabilities at the Start of the Period	at the Start of the Period
Deferred Income Tax Assets	120,966,995.48	1,183,984,525.09	165,281,346.70	1,287,903,482.65
Deferred Income Tax Liabilities	120,966,995.48	666,442.91	165,281,346.70	737,367.19

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

Unit: RMB

Item	Closing Balance	Opening Balance
Deductible temporary difference	504,168,621.86	562,186,328.66
Deductible Losses	1,711,219,949.76	1,660,894,695.64
Total	2,215,388,571.62	2,223,081,024.30

(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Closing balance	Opening balance	Notes
2024	123,399,983.16	123,399,991.24	
2025	207,549,204.43	260,522,250.84	
2026	326,802,238.59	331,413,381.74	
2027	475,571,567.14	476,126,194.63	
2028	411,816,590.38	469,432,877.19	
2029 and later	166,080,366.06		
Total	1,711,219,949.76	1,660,894,695.64	

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	79,227,426.95	4,736,983.33	74,490,443.62	80,729,279.52	5,837,202.88	74,892,076.64
Large-denomination certificates of deposit from banks	3,724,731,464.27		3,724,731,464.27			
Prepayments for purchase of engineering equipments	67,793,168.63		67,793,168.63	129,167,069.19		129,167,069.19
Prepayments for acquisition of real estate	2,278,081.15		2,278,081.15	5,893,664.25		5,893,664.25
Others	327,614.66		327,614.66	856,454.41		856,454.41
Total	3,874,357,755.66	4,736,983.33	3,869,620,772.33	216,646,467.37	5,837,202.88	210,809,264.49

24. Assets whose Ownership or Rights to Use is Restricted

Unit: RMB

Item	Ending				Beginning			
	Book balance	Book value	Type of Restriction	Restrictions	Book balance	Book value	Type of Restriction	Restrictions
Cash and Bank Balances	90,019,255.68	90,019,255.68	Guarantee letter security deposit and other restricted funds	Restricted use	75,843,683.23	75,843,683.23	Guarantee letter security deposit and other restricted funds	Restricted use
Notes receivable and receivables financing	921,040,587.49	921,040,587.49	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognised	Restricted use	951,747,362.20	951,747,362.20	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognised	Restricted use
Accounts receivable	973,205.56	973,205.56	Financial discount and factoring not derecognised in the supply chain	Restricted use	7,238,385.64	7,238,385.64	Financial discount and factoring not derecognised in the supply chain	Restricted use
Total	1,012,033,048.73	1,012,033,048.73			1,034,829,431.07	1,034,829,431.07		

25. Short-term Loans**(1) Categories of short-term loan**

Unit: RMB

Item	Closing Balance	Opening Balance
Pledged loans	800,000,000.00	400,000,000.00
Fiduciary loans		549,800,000.00
Factoring loans in the supply chain finance	973,205.56	7,238,385.64
Interest payable for short-term loan		387,944.54
Total	800,973,205.56	957,426,330.18

Description of the categories of short-term loan:

The secured borrowings refer to the acceptance bill and letters of credit 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

No unpaid short-term loans that have been overdue at the end of this period

26. Trading financial liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Transactional financial liabilities	1,196,685.79	61,400.12
Including:		
Derivative Financial Liabilities		61,400.12
Contingent consideration	1,196,685.79	
Total	1,196,685.79	61,400.12

27. Notes payable

Unit: RMB

Types	Closing Balance	Opening Balance
Commercial acceptance bill	1,962,176,059.54	2,050,859,385.48
Bank acceptance bill	1,103,287,269.37	1,245,435,560.78
Total	3,065,463,328.91	3,296,294,946.26

28. Accounts payable**(1) Details of accounts payable**

Unit: RMB

Item	Closing Balance	Opening Balance
Payment for purchase of materials	5,253,401,908.88	5,295,784,509.14
Payment for engineering equipments	418,449,841.13	519,338,686.41
Total	5,671,851,750.01	5,815,123,195.55

(2) Significant accounts payable aged over 1 year or overdue

No significant accounts payable aged over 1 year

29. Other payables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends Payable	38,078,985.18	23,667,047.02
Other Payables	716,602,240.38	788,757,099.50
Total	754,681,225.56	812,424,146.52

(1) Dividends payable

Unit: RMB

Item	Closing Balance	Opening Balance
Equity Incentive Restricted Stock Dividend	38,078,985.18	23,667,047.02
Total	38,078,985.18	23,667,047.02

(2) Other payables**1) Other payables listed by nature of funds**

Unit: RMB

Item	Closing Balance	Opening Balance
Deposits	130,873,847.95	119,727,924.44
Temporarily borrowed and advance payments	273,017,723.42	325,491,021.42
Restricted share repurchase obligations	294,909,725.21	326,740,652.18
Others	17,800,943.80	16,797,501.46
Total	716,602,240.38	788,757,099.50

2) Other significant payables aged over 1 year or overdue

No other significant payables aged over 1 year

30. Contract liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Payments for sales of goods	221,406,172.51	248,523,384.39
Pre-payments from construction projects	435,360,583.43	606,995,011.21
Sales of points	32,238,940.04	40,987,601.52
Service expense collected in advance	330,799,124.78	298,028,309.92
Total	1,019,804,820.76	1,194,534,307.04

31. Payroll payable**(1) Details of payroll payable**

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
□. Short-term remuneration	1,927,465,906.51	3,064,233,026.69	4,068,302,261.22	923,396,671.98
II. Dimission benefits - defined contribution plan	4,356,958.15	229,052,411.42	228,095,368.32	5,314,001.25
III. Dismissal welfare	2,132,766.46	21,785,138.52	23,917,904.98	
Total	1,933,955,631.12	3,315,070,576.63	4,320,315,534.52	928,710,673.23

(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	1,630,694,501.69	2,622,921,940.55	3,653,196,378.95	600,420,063.29
2. Staff welfare		54,013,303.33	54,013,303.33	
3. Social insurance contributions	1,774,953.96	129,031,302.23	129,039,761.89	1,766,494.30
Including: Medical insurance	1,551,779.16	122,654,625.86	122,546,765.38	1,659,639.64
Work injury insurance premium	222,341.68	5,814,061.83	5,933,015.86	103,387.65
Maternity insurance premium	833.12	562,614.54	559,980.65	3,467.01
4. Housing funds	121,261.43	211,142,866.92	211,203,012.96	61,115.39
5. Labor union and education funds	294,875,189.43	47,123,613.66	20,849,804.09	321,148,999.00
Total	1,927,465,906.51	3,064,233,026.69	4,068,302,261.22	923,396,671.98

(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	3,951,325.98	218,847,799.91	217,974,822.56	4,824,303.33
2. Unemployment insurance	405,632.17	10,204,611.51	10,120,545.76	489,697.92
Total	4,356,958.15	229,052,411.42	228,095,368.32	5,314,001.25

32. Taxes and fees payable

Unit: RMB

Item	Closing Balance	Opening Balance
VAT	178,326,380.90	363,245,736.32
Corporate income tax	113,135,335.69	762,303,704.91
Individual income tax	25,625,058.64	34,441,288.75
Urban Maintenance and Construction Tax	8,474,013.76	21,936,677.77
Education surcharges (including local education surcharges)	6,060,895.93	15,669,021.79
House property tax	17,828,601.33	30,701,891.59
Stamp Duty	5,519,357.69	10,066,368.59
Others	12,597,059.04	5,117,671.36

Total	367,566,702.98	1,243,482,361.08
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33. Non-current liabilities due within one year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term debt due within one year	100,000,000.00	750,000,000.00
Lease liabilities due within 1 year	138,291,093.19	116,027,750.99
Interest payable due within 1 year	60,000.00	694,277.76
Other loans due within 1 year		35,000,000.00
Total	238,351,093.19	901,722,028.75

34. Other current liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	29,785,156.20	34,104,924.61
To-be-transferred sales taxes of contract liabilities	60,389,129.76	81,757,348.46
Notes not derecognised	25,409,130.30	39,320,431.95
Total	115,583,416.26	155,182,705.02

35. Lease liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Lease payments	292,787,721.32	313,410,607.81
Less: Unrecognized financing costs	16,825,304.58	20,802,807.25
Less: Lease liabilities due within 1 year	138,291,093.19	116,027,750.99
Total	137,671,323.55	176,580,049.57

36. Estimated Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance	Causes
Pending litigation	27,186,725.10	27,829,629.48	Pending litigation
Others	892,079.16	469,642.57	Loss-making contract
Expected after-sales maintenance cost	183,392,834.23	178,727,096.75	After-sales maintenance
Expected return amount after the period	15,486,016.17	17,516,258.10	Expected sales return
Total	226,957,654.66	224,542,626.90	

37. Deferred income

Unit: RMB

Item	Opening Balance	Increased in the	Decreased in the	Closing Balance	Causes
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		current period	current period		
Government subsidies	151,844,373.02	9,190,000.00	5,739,184.92	155,295,188.10	Received government subsidies related to assets
Government subsidies	14,867,300.02		4,955,766.66	9,911,533.36	Received government subsidies related to income
Total	166,711,673.04	9,190,000.00	10,694,951.58	165,206,721.46	

38. Other non-current liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	102,226,881.81	119,054,046.66
Others	13,372,397.59	
Total	115,599,279.40	119,054,046.66

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	3,294,468,990.00				-2,134,680.00	-2,134,680.00	3,292,334,310.00

Other notes:

According to the decision of the 5th Session of the 8th Board of Directors of the Company held on April 15, 2024 and the amended Articles of Association and the solution of the 2023 Annual Shareholders' General Meeting of the Company, the Company repurchased and canceled 2,134,680 Restricted RMB Ordinary Shares (A Shares) that had been granted but not been released to 204 incentive objects, reduced the registered capital by RMB 2,134,680.00, and the registered capital after the change was reduced to RMB 3,292,334,310.00. The above capital reduction has been verified by Verification Report Xin Kuai Shi Bao Zi [2024] No. ZF11011 issued by BDO China Shu Lun Pan CPAs (special general partnership). The registration filed with Administration for Industry and Commerce was completed in August 2024 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)	6,702,611,107.02	1,833,839.60	16,785,624.93	6,687,659,321.69

Other capital reserves	421,514,889.47	135,709,827.88	30,831,233.98	526,393,483.37
Total	7,124,125,996.49	137,543,667.48	47,616,858.91	7,214,052,805.06

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 135,251,897.69, increasing capital reserves (other capital reserves) by RMB 133,418,058.09, and (share premium) by RMB 1,833,839.60; the portion of equity-settled share-based payments entitled to minority shareholders was RMB 23,724,480.56, decreasing capital reserves (other capital reserves) by RMB 23,724,480.56. The income tax impact amount -RMB 7,106,753.42 for the deductible amount before income tax which exceeds the costs and expenses related to share payments recognized under accounting standards is recognized to decrease other capital reserves.

(2) In this period, the Company repurchased 2,134,680 restricted shares that had been granted but had not been unlocked by cancellation of the share incentive subject, reducing the share capital by RMB 2,134,680.00, and reducing the capital reserves (share premium) by RMB 15,284,308.80.

(3) The impact of changes in other owners' equity of the joint venture that the Company should enjoy under the current equity method increased other capital reserves by RMB 1,704,423.02.

(4) The total capital reserve (share premium) decreased by RMB 1,501,316.13 in this period, due to the purchase and disposal of minority shareholders' equity in subsidiaries.

(5) Some employees of the Company indirectly acquired part of the equity of Zhejiang Huanuokang Technology Co., Ltd. controlled by the actual controller, involving the share-based payment, and the related share-based payments were included in the capital reserve (other capital reserve) of RMB 587,346.77 as capital investment.

41. Treasury share

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
Restricted shares	326,740,652.18		31,830,926.97	294,909,725.21
Share buyback	419,959,211.27			419,959,211.27
Total	746,699,863.45		31,830,926.97	714,868,936.48

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

(1) In this period, the Company repurchased 2,134,680 shares of the granted but unlocked restricted shares, reducing the share capital by RMB 2,134,680.00, reducing the capital reserves (share premium) by RMB 15,284,308.80, and reducing the corresponding treasury stock amount by RMB 17,418,988.80 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 14,411,938.17.

42. Other Comprehensive Incomes

Unit: RMB

Item	Opening Balance	Amount Occurred in the Current Period						Closing Balance
		Before tax balance in this period	Less: Recorded into other comprehensive	Less: Recorded into other comprehensive	Less: Income tax expense	Attributable to the Company	Attributable to the minority shareholder	

			ive incomes in previous period and transferred to P/L in current period	ive incomes in previous period and transferred to retained earnings in current period		after tax	s after tax	
I. Other comprehen sive income that will be reclassified into P/L	65,993,020. 83	7,219,753.9 7				7,222,390.9 1	-2,636.94	73,215,411. 74
Curre ncy conversion difference	65,993,020. 83	7,219,753.9 7				7,222,390.9 1	-2,636.94	73,215,411. 74
Other comprehen sive income in total	65,993,020. 83	7,219,753.9 7				7,222,390.9 1	-2,636.94	73,215,411. 74

43. Surplus reserves

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
Statutory surplus reserve	1,647,234,495.00			1,647,234,495.00
Total	1,647,234,495.00			1,647,234,495.00

44. Undistributed profits

Unit: RMB

Item	Current Period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	23,334,051,186.55	17,872,654,791.67
Undistributed Profit after Adjustment at the Start of the Period	23,334,051,186.55	17,872,654,791.67
Add: Net profit attributable to parent company's owner in current period	1,809,589,445.46	1,976,018,373.13
Less: Payable Dividends on Ordinary Shares	1,250,916,066.59	801,629,761.37
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	1,991,951.67	7,662,734.78

Undistributed Profit at the End of the Period	23,894,716,517.09	19,054,706,138.21
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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	14,675,102,571.72	8,600,361,651.89	14,469,809,650.17	8,240,387,614.63
Other businesses	191,519,998.09	131,063,986.64	163,737,630.47	123,600,285.01
Total	14,866,622,569.81	8,731,425,638.53	14,633,547,280.64	8,363,987,899.64

(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	12,028,870,893.80	6,806,823,631.23
Including: Software business	758,033,553.36	252,248,321.27
Innovated Businesses	2,461,115,617.88	1,600,810,667.52
Others	376,636,058.13	323,791,339.78
Total	14,866,622,569.81	8,731,425,638.53

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

Unit: RMB

Item	Amount Occurred in the Current Period	
	Income	Cost
Domestic	7,381,482,622.15	4,712,943,582.38
Overseas	7,485,139,947.66	4,018,482,056.15
Total	14,866,622,569.81	8,731,425,638.53

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	34,216,090.98	43,889,100.07
Education surcharges	24,448,111.04	31,363,812.17
House property tax	24,162,703.22	29,761,364.19
Land usage tax	3,996,864.82	917,177.94
Vehicle and vessel use tax	15,824.33	15,510.00
Stamp Duty	10,090,486.54	9,103,927.09
Others	3,198,951.94	1,132,923.07
Total	100,129,032.87	116,183,814.53

47. Administrative expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	310,623,600.96	340,564,439.76
Depreciation cost and asset amortization	75,634,078.38	94,767,007.12
Administrative expenses	41,738,913.30	46,095,106.28
Consumables and service fees	14,240,718.82	12,081,798.50
Knowledge resource fee	35,685,104.17	49,587,678.01
Transportation and vehicle expenses	1,794,847.11	1,232,107.90
Traveling expense	7,459,433.57	4,803,169.65
Business entertainment	8,780,555.32	4,945,263.49
Others	15,524,270.68	20,643,333.56
Total	511,481,522.31	574,719,904.27

48. Sales expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	1,411,604,077.93	1,377,761,831.04
After-sales service expense	159,829,118.41	156,571,610.31
Transportation and vehicle expenses	24,464,085.01	21,706,516.27
Marketing expense	182,436,171.43	165,481,310.04
Administrative expenses	79,562,552.00	71,422,657.28
Traveling expense	125,947,708.26	114,091,416.69
Business entertainment	113,613,780.43	93,645,690.49
Taxation and insurance expense	27,288,783.48	56,829,765.54
Communication expense	11,837,005.99	13,263,245.01
Knowledge resource fee	23,119,819.74	21,686,620.89
Depreciation cost and asset amortization	89,988,383.91	80,806,563.30
Others	18,545,009.52	17,352,016.78
Total	2,268,236,496.11	2,190,619,243.64

49. R&D expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	1,678,439,697.04	1,643,019,116.19
Research consumables and service fees	80,309,482.62	62,150,572.85
Depreciation cost and asset amortization	72,770,371.24	51,399,973.80
Traveling expense	24,015,489.48	25,060,775.54
Administrative expenses	18,949,458.84	14,542,301.96
Communication expense	16,874,102.17	12,116,451.51
Others	9,971,559.51	6,331,523.21
Total	1,901,330,160.90	1,814,620,715.06

50. Financial expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest expense	28,989,823.89	58,636,214.41
Including: interest expenses on lease liabilities	6,617,980.91	7,433,492.47
Less: Interest Income	236,240,691.12	139,792,759.54
The profit or loss on foreign exchange	-53,117,693.40	-349,111,677.73
Others	10,556,921.90	9,815,525.33
Total	-249,811,638.73	-420,452,697.53

51. Other incomes

Unit: RMB

Sources of other incomes	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Government subsidies	498,234,879.66	352,576,310.78
Input tax credits	5,067,660.66	74,172.66
Handling fee for withholding tax of personal income	6,894,163.10	9,911,711.55
Others	16,150.00	8,459.42
Total	510,212,853.42	362,570,654.41

52. 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	-61,522,549.01	
Including: gains from changes at fair value of derivative financial instruments	384,471.06	
Transactional financial liabilities	1,845,682.12	2,138,038.50
Other Non-current Financial Assets	-100,305,121.85	133,060,297.91
Total	-159,981,988.74	135,198,336.41

53. Investment income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income measured by equity method	16,910,626.79	-154,531,486.76
Investment income from disposal of long-term equity investment	104,164,254.70	173,111,849.54
Investment income from trading financial assets during the holding period	1,243,275.00	
Investment income from disposal of trading financial assets	18,218,788.90	-34,387,624.19
Gain on debt restructuring	-70,000.00	
Investment income on other non-current financial assets during the holding period	26,592.41	2,372,827.09
Investment income from national debt reverse repurchase	308,062.29	569,386.14
Profits from recognition termination of financial assets	-685,702.55	-1,279,161.94
Total	140,115,897.54	-14,144,210.12

54. Credit impairment loss

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Bad debt losses of notes receivable	7,372,316.14	12,586,037.47
Bad debt losses of accounts receivable	-217,728,284.41	-199,209,805.47
Bad debt losses of other receivables	-5,651,673.92	-1,966,013.56
Bad debt losses of long-term receivables	1,782,633.40	
Total	-214,225,008.79	-188,589,781.56

55. Asset impairment losses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
I. Loss from impairment of inventories and impairment of performance cost	-56,827,215.84	-53,883,719.66
II. Impairment losses on contract assets	1,980,179.61	2,070,188.91
Total	-54,847,036.23	-51,813,530.75

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	647,996.83	1,395,021.50
Income from the disposal of right-of-use assets	438,548.26	367,032.72

Total	1,086,545.09	1,762,054.22
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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
Gains and losses of non-current asset retirement	1,393,292.31	1,025,738.07	1,393,292.31
Others	5,010,673.16	6,265,024.42	5,010,673.16
Total	6,403,965.47	7,290,762.49	6,403,965.47

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	478,287.26	496,915.96	478,287.26
Gains and losses of non-current asset retirement	1,754,193.37	1,213,612.70	1,754,193.37
Water conservancy fund	286,144.98	172,476.39	
Others	539,289.89	2,254,707.67	539,289.89
Total	3,057,915.50	4,137,712.72	2,771,770.52

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	-121,751,030.82	183,337,096.59
Deferred income tax expense	87,912,569.72	18,408,214.95
Total	-33,838,461.10	201,745,311.54

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

Unit: RMB

Item	Amount Occurred in the Current Period
Total Profit	1,829,538,670.08
Income tax expense calculated at statutory/applicable tax rate	274,430,800.51
Impact by applying different tax rates to subsidiaries	7,528,496.25
Impact of income tax before adjustment in this period	-231,125,295.30
Impact of the non-deductible costs, expenses and losses	14,840,446.81
Impact of additional deduction of the research and development expenses	-253,219,918.82
Others	153,707,009.45

Income tax expense	-33,838,461.10
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60. Other Comprehensive Incomes

See Note 42 for details

61. Items of Cash Flow Statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest Income	199,590,797.33	98,282,325.78
Government subsidies	496,784,769.49	435,552,183.85
Tender and performance guarantee deposit	17,649,724.47	67,899,798.11
House rent	43,724,182.75	11,560,349.57
Others	10,316,091.98	6,930,674.78
Total	768,065,566.02	620,225,332.09

Other cash payments relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Administrative expenses	178,852,211.19	149,122,402.24
Communication expense	39,942,196.27	38,779,887.00
Business entertainment	118,487,887.89	102,420,881.92
Traveling expense	164,300,108.89	149,346,782.15
Marketing expense	209,186,545.09	160,316,584.19
Transportation and vehicle expenses	32,067,105.82	31,419,022.85
Knowledge resource fee	77,707,893.01	76,423,481.68
Research and development consumption and external inspection fee	40,064,926.81	42,767,935.93
Taxation and insurance expense	26,894,680.80	30,195,538.61
Tender and performance guarantee deposit	22,640,806.33	65,636,480.98
Incomings and outgoings and advanced payments	34,343,604.95	20,590,104.91
Consumables and service fees	142,226,682.97	113,724,030.41
Others	24,572,155.78	12,289,260.58
Total	1,111,286,805.80	993,032,393.45

(2) Cash relating to investing activities

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	10,722,864.17	2,049,875.81
Recovered frozen funds relating to the investment	5,307,995.26	4,706,596.97

Net cash paid for acquisition of subsidiaries	7,763,130.61	
Total	23,793,990.04	6,756,472.78

Significant cash receipts relating to investing activities

None

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	429,000.00	36,437,500.00
Paid frozen funds relating to the investment	4,969,155.52	520,497.39
Total	5,398,155.52	36,957,997.39

Significant cash payments related to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Purchase of large-denomination certificates of deposit	3,813,937,125.38	
Total	3,813,937,125.38	

(3) Cash relating to financing activities

Other cash receipts related to financing activities

None

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	75,803,609.32	91,338,342.56
Listing fees	400,000.00	3,312,739.06
Cash paid for purchasing minority equity	39,396,901.68	1,300,000.00
Equity repurchase cash paid	17,418,988.80	259,451,932.80
Total	133,019,499.80	355,403,014.42

Changes in liabilities arising from financing activities

Applicable Not applicable

Unit: RMB

Item	Opening Balance	Increased in the current period		Decreased in the current period		Closing Balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term loan	957,426,330.18	919,437,200.00	343,668.00	1,076,229,492.62	4,500.00	800,973,205.56
Dividends Payable	23,667,047.02		1,248,924,114.92	1,234,512,176.76		38,078,985.18
Lease liabilities	176,580,049.57		55,377,410.90		94,286,136.92	137,671,323.55
Non-current Liabilities Due within 1 Year	901,722,028.75		94,286,136.92	757,657,072.48		238,351,093.19
Other payables	326,740,652.18				31,830,926.97	294,909,725.21

(restricted share repurchase obligations)						
Total	2,386,136,107.70	919,437,200.00	1,398,931,330.74	3,068,398,741.86	126,121,563.89	1,509,984,332.69

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	1,863,377,131.18	2,040,259,661.87
Add: Provision for Impairment of Assets	269,072,045.02	240,403,312.31
Depreciation of fixed assets, oil and gas assets, productive biological assets	302,933,957.40	277,966,321.24
Depreciation of Right-of-use Assets	74,358,048.95	69,601,736.93
Amortization of Intangible Assets	22,159,273.95	20,234,065.13
Amortization of long-term deferred expenses	33,099,276.14	28,404,122.13
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-1,086,545.09	-1,762,054.22
Losses on scrapping of fixed assets (mark "-" for incomes)	360,901.06	187,874.63
Losses on fair value changes (mark "-" for incomes)	159,981,988.74	-135,198,336.41
Financial expenses (mark "-" for incomes)	-24,127,869.51	-290,475,463.32
Losses on investment (mark "-" for incomes)	-140,871,600.09	12,865,048.18
Decrease on deferred income tax assets (mark "-" for increases)	96,812,204.14	14,362,925.71
Increase on deferred income tax liabilities (mark "-" for decreases)	-70,924.28	1,049,232.51
Decrease on inventories (mark "-" for increases)	-400,532,393.69	1,021,820,363.34
Decrease on operational receivables (mark "-" for increases)	-281,980,571.10	-231,086,828.89
Increase on operational payables (mark "-" for decreases)	-2,616,509,787.99	-2,974,085,366.83
Others	135,839,244.46	168,150,131.40
Net cash flow generated by operating activities	-507,185,620.71	262,696,745.71

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	9,494,019,608.51	11,798,049,495.81
Less: opening balance of cash	15,880,659,594.95	7,878,465,052.63
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net Increase in Cash and Cash Equivalents	-6,386,639,986.44	3,919,584,443.18

(2) Net cash paid for disposal of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents paid for disposal of subsidiaries in the current period	85,260,000.00
Including:	
Dahua Technology USA Inc.	85,260,000.00
Less: Cash and cash equivalents held by subsidiaries on the day of loss of control	12,081,703.52
Including:	
Dahua Technology USA Inc.	12,081,703.52
Net cash paid for disposal of subsidiaries	73,178,296.48

(3) Composition of cash and cash equivalents

Unit: RMB

Item	Closing Balance	Opening Balance
I. Cash	9,494,019,608.51	15,880,659,594.95
Including: Cash on Hand	2,607.89	2,642.58
Bank deposit for payment at any time	9,420,985,769.15	15,806,616,028.36
Other cash and bank balances for payment at any time	73,031,231.47	74,040,924.01
II. Balance of Cash and Cash Equivalents at the End of the Period	9,494,019,608.51	15,880,659,594.95

(4) Monetary funds that are not cash and cash equivalents

Unit: RMB

Item	Amount of this period	Amount of Previous Period	Reasons for not being cash and cash equivalents
Bid/performance bond	76,756,725.23	68,981,082.99	Restricted rights to use
Frozen funds	13,262,530.45	6,862,600.24	Restricted rights to use
Bank interest receivable	13,584,252.34	14,501,836.29	Accrued interest
Total	103,603,508.02	90,345,519.52	

63. 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	219,736,642.96	7.1268	1,566,019,107.05
EUR	37,563,886.09	7.6617	287,803,226.06
HKD	838,969,431.64	0.9127	765,713,610.52
INR	1,101,846,662.52	0.0854	94,074,019.96
AED	26,895,070.86	1.9462	52,344,262.71
VND	171,697,012,665.00	0.0003	48,066,395.70
Total amount of other currencies			236,041,581.20
Accounts receivable			
Including: USD	495,957,007.33	7.1268	3,534,586,399.84
EUR	104,532,788.36	7.6617	800,898,864.58
HKD	1,159,770.19	0.9127	1,058,503.19
INR	5,647,698,141.84	0.0854	482,192,019.83
AED	94,097,649.91	1.9462	183,136,610.16
AUD	26,593,625.28	4.7650	126,718,624.46
Total amount of other currencies			631,827,640.71
Long-term loan			
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	87,042,674.89	7.1268	620,335,735.43
INR	1,993,414,018.84	0.0854	170,194,707.29
COP	11,998,298,951.47	0.0017	20,445,807.27
HUF	223,783,979.50	0.0192	4,305,193.91
EUR	489,810.36	7.6617	3,752,780.00
BRL	2,832,804.82	1.2955	3,669,757.00
Total amount of other currencies			6,536,235.46

(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.

64. Lease

(1) The Company as a lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Simplified rental expenses for short-term leases or low-value asset leases

Applicable Not applicable

Unit: RMB

Item	Amount of this period	Amount of Previous Period
Interest expenses on lease liabilities	6,617,980.91	7,433,492.47
Simplified rental expenses for short-term leases included in the cost of related assets or current profit or loss	35,631,536.76	28,573,437.84
Total cash outflows relating to leases	110,875,543.12	119,911,780.40

Sale and leaseback transaction

None

(2) The Company as the lessor

As the lessor in operating leases

Applicable Not applicable

Unit: RMB

Item	Rental income	Including: Income from the variable lease payments that are not included in the lease receipts
House leasing	38,367,515.68	
Equipment leasing	35,946,400.30	
Total	74,313,915.98	

As the lessor in financial leases

Applicable Not applicable

Undiscounted lease receipts for each of the next five years

Applicable Not applicable

(3) Recognition of profits and losses on sales under finance leases as a manufacturer or distributor

Applicable Not applicable

VIII. R&D expenditures

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	1,678,439,697.04	1,643,019,116.19
Research consumables and service fees	80,309,482.62	62,150,572.85
Depreciation cost and asset amortization	72,770,371.24	51,399,973.80
Traveling expense	24,015,489.48	25,060,775.54
Administrative expenses	18,949,458.84	14,542,301.96
Communication expense	16,874,102.17	12,116,451.51
Others	9,971,559.51	6,331,523.21
Total	1,901,330,160.90	1,814,620,715.06
Including: Expensive R&D expenditures	1,901,330,160.90	1,814,620,715.06

IX. Changes in the Scope of Consolidation**1. No business consolidation not under common control in the current period****2. No business consolidation under common control during this period****3. Disposal of subsidiaries**

Are there any transactions or events that lose control of subsidiaries in the current period?

Yes No

Unit: RMB

Name of Subsidiaries	Disposal price at time point of loss of control	Proportion of disposals at time point of loss of control	Disposal method at time point of loss of control	Time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of the net assets of the subsidiary enjoyed at the consolidated financial	Proportion of remaining equity on the day of loss of control	The book value of the remaining equity at the consolidated financial statement level on the day of loss of control	The fair value of remaining equity at the consolidated financial statement level on the day of loss of control	Gain or loss from re-measurement of residual equity at fair value	Determination method and main assumptions of the fair value of remaining equity at the consolidated financial statement level	The amount of other comprehensive income related to equity investments in subsidiary companies and transferred to invest
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						statement level corresponding to the disposal of investment					on the day of loss of control	ment profit or loss or retained earnings
Dahua Technology USA Inc.	85,260,000.00	100.00%	Equity transfer	January 12, 2024	Signing of equity transfer agreement and completion of property rights delivery	104,164,254.70						

Is the investment in subsidiaries disposed of step by step through multiple transactions or losing the right of control in the current period?

Yes No

4. Changes in the Scope of Consolidation for Other Reasons

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

(1) In the current period, the Company founded 11 overseas subsidiaries, including Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd., Shandong Dahua Digital Intelligence Technology Co., Ltd., Fujian Dahua Qingchuang Digital Technology Co., Ltd., PT IMOU TEKNOLOGI INDONESIA, PT IMOU INDONESIA SENANTIASA, Hirige Technology MaLaysia Sdn.Bhd., Dahua Technology Egypt LLC, DAHUA TECHNOLOGY AUH FOR SECURITY, SURVEILLANCE - SOLE PROPRIETORSHIP L.L.C., DaHua Ideal Tech and accounting firms it controls, and the above subsidiaries were included in the scope of consolidation in the current period.

(2) The Company's subsidiaries, Yunnan Zhili Technology Co., Ltd. and Wuhu Huajian Technology Co., Ltd. were written off in the current period and they will be no longer included in the scope of consolidation as of the date of write-off.

X. Equity in Other Entities

1. Equity in Subsidiaries

(1) Composition of the enterprise group

Name of Subsidiaries	Registered Capital	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Acquisition Method
					Direct	Indirect	
Dahua System Engineering	RMB 500 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Vision Technology	RMB 1,306.81 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Security Network	RMB 100 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Ju'an	RMB 10 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Guangxi Dahua Information	RMB 66.80 million	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	100.00%		Establishment
Guangxi Yunlian	RMB 20 million	Qingxiu District, Nanning	Qingxiu District, Nanning	Service	100.00%		Establishment
Hangzhou Xiaohua	RMB 10 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	78.00%		Establishment
Dahua Zhilian	RMB 1,885.80 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	94.1669% (1)		Establishment
Dahua investment management	RMB 300 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Investment & investment management	100.00%		Establishment
Guangxi Zhicheng	RMB 109.5429 million	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	65.00%		Establishment
Hangzhou Huacheng	RMB 77.905182 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	32.73% (2)		Establishment
Xinjiang Information	RMB 60 million	Shihezi, Xinjiang	Shihezi, Xinjiang	Electronics and information		92.00%	Establishment
HuaRay Technology	RMB 78.264756 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and application services industry	32.58%		Establishment
Fuyang Hua'ao	RMB 10 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	51.00%		Establishment
Huafei Intelligent	RMB 50 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Guizhou Huayi	RMB 22.5 million	Guanshanhu District, Guiyang	Guanshanhu District, Guiyang	Electronics and information	100.00%		Establishment

Xinjiang Zhihe	RMB 38.2846 million	Qira County, Hotan, Xinjiang	Qira County, Hotan, Xinjiang	Electronics and information		97.00%	Establishment
Guangxi Huacheng	RMB 35.80 million	Wuzhou, Guangxi	Wuzhou, Guangxi	Electronics and information		90.00%	Establishment
Meitan Dahua Technology	RMB 10 million	Zunyi, Guizhou	Zunyi, Guizhou	Electronics and information		100.00%	Establishment
Inner Mongolia Zhimeng	RMB 20 million	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	RMB 25.6526 million	Hetian County, Hetian, Xinjiang	Hetian County, Hetian, Xinjiang	Electronics and information		97.00%	Establishment
Xinjiang Xinzhi	RMB 335.5672 million	Shache County, Kashgar District, Xinjiang	Shache County, Kashgar District, Xinjiang	Electronics and information		100.00%	Establishment
Xinjiang Huayue	RMB 37.8413 million	Kashgar, Xinjiang	Kashgar, Xinjiang	Electronics and information		100.00%	Establishment
Tianjin Dahua	RMB 36 million	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Dahua Zhilong	RMB 39.48 million	Shuangpai County, Yongzhou City	Shuangpai County, Yongzhou City	Electronics and information		90.00%	Establishment
Vision Technology	RMB 10 million	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	100.00%		Establishment
Huaxiao Technology	RMB 70 million	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	51.00%		Establishment
Xi'an Dahua	RMB 989.60 million	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information	100.00%		Establishment
Huaruipin	RMB 50 million	Wuxi City, Jiangsu Province	Wuxi City, Jiangsu Province	Electronics and information	51.00%		Establishment
Beijing Huayue	RMB 10 million	Xicheng District, Beijing	Xicheng District, Beijing	Electronics and information	100.00%		Establishment
Shanghai Huashang	RMB 1 million	Putuo District, Shanghai	Putuo District, Shanghai	Electronics and information	100.00%		Establishment
Dahua Jinzhi	RMB 60 million	Wucheng District, Jinhua City, Zhejiang Province	Wucheng District, Jinhua City, Zhejiang Province	Electronics and information	100.00%		Establishment
Zhoushan Operation	RMB 100 million	Zhoushan City, Zhejiang Province	Zhoushan City, Zhejiang Province	Electronics and information	58.80%		Establishment
Guangxi Dahua Technology	RMB 100 million	Liuzhou City, Guangxi Zhuang Autonomous Region	Liuzhou City, Guangxi Zhuang Autonomous Region	Electronics and information	100.00%		Establishment

Huayixin	RMB 80 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Huaruijie	RMB 150 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Automotive electronics	51.00%		Establishment
Chengdu Zhilian	RMB 600 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhian	RMB 554.70 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhishu	RMB 50 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhichuang	RMB 15 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Smart Network	RMB 50 million	Dayi County, Chengdu	Dayi County, Chengdu	Electronics and information	90.00%		Establishment
Huakong Software	RMB 50 million	Wuyi County, Jinhua City	Wuyi County, Jinhua City	Electronics and information	100.00%		Establishment
Huacheng Software	RMB 30 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Henan Dahua	RMB 30 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Huajian	RMB 50 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45.00%(3)		Establishment
Zhengzhou Dahua Zhian	RMB 30 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Dahua International	RMB 1 million	Singapore	Singapore	Electronics and information	100.00%		Establishment
Anhui Zhilian	RMB 30 million	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Anhui Zhishu	RMB 30 million	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Changsha Dahua	RMB 100 million	Changsha, Hunan	Changsha, Hunan	Electronics and information	100.00%		Establishment
Tianjin Huajian	RMB 30 million	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Zhejiang Pixfra	RMB 442.140448 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	75.11%		Establishment
Yiwu Huaxi	RMB 10 million	Yiwu City, Zhejiang Province	Yiwu City, Zhejiang Province	Electronics and information		100.00%	Establishment
Dahua Operation	RMB 100 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	100.00%		Establishment
Nanyang Intelligent	RMB 10 million	Nanyang City, Henan Province	Nanyang City, Henan Province	Electronics and information	100.00%		Establishment
Yibin Huahui	RMB 20 million	Yibin City, Sichuan Province	Yibin City, Sichuan Province	Electronics and information	100.00%		Establishment

Chengdu Huazhiwei	RMB 10 million	Chengdu City, Sichuan Province	Chengdu City, Sichuan Province	Electronics and information	100.00%		Establishment
IMOU Xi'an	RMB 20 million	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information		100.00%	Establishment
Luoyang Zhiyu	RMB 10 million	Luoyang City, Henan Province	Luoyang City, Henan Province	Electronics and information	100.00%		Establishment
Huaqi Intelligence	RMB 100 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Chengdu Information	RMB 20 million	Chongzhou City, Chengdu City	Chongzhou City, Chengdu City	Electronics and information	100.00%		Establishment
HJ Technology	RMB 20 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Business combination not under common control
Shuhang Intelligent	RMB 10 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information		100.00%	Establishment
Huaxiyue	RMB 10 million	Haizhu District, Guangzhou	Haizhu District, Guangzhou	Electronics and information	100.00%		Establishment
Huajie Operation	RMB 50 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	New energy operations		100.00%	Establishment
Qingdao Ruifa	RMB 7 million	Qingdao, Shandong	Qingdao, Shandong	Electronics and information		100.00%	Establishment
Shandong Digital Intelligence	RMB 10 million	Jinan, Shandong	Jinan, Shandong	Electronics and information		100.00%	Establishment
Fujian Qingchuang	RMB 10 million	Qingliu County, Fujian	Qingliu County, Fujian	Electronics and information		100.00%	Establishment
Dahua Hong Kong	RMB 669.687347 million	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Europe	EUR 200,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Middle East	AED 1 million	United Arab Emirates	United Arab Emirates	Electronics and information		100.00%	Establishment
Dahua Mexico	MXN 90 million	Mexico	Mexico	Electronics and information		100.00%	Establishment
Dahua Chile	CLP 360 million	Chile	Chile	Electronics and information		100.00%	Establishment
Dahua Colombia	COP 4616.709016 million	Columbia	Columbia	Electronics and information		100.00%	Establishment
Dahua Australia	AUD 150,000	Australia	Australia	Electronics and information		100.00%	Establishment
Dahua Singapore	USD 220,000	Singapore	Singapore	Electronics and information		100.00%	Establishment
Dahua South Africa	ZAR 5 million	South Africa	South Africa	Electronics and information		100.00%	Establishment

Dahua Peru	PEN 2.2 million	Peru	Peru	Electronics and information		100.00%	Establishment
Dahua Brazil	BRL 41.334811 million	Brazil	Brazil	Electronics and information		100.00%	Establishment
Dahua Russia	RUB 30 million	Russia	Russia	Electronics and information		100.00%	Establishment
Dahua Canada	CAD 250,000	Canada	Canada	Electronics and information		100.00%	Establishment
Dahua Panama	USD 10,000	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Hungary	HUF 303 million	Hungary	Hungary	Electronics and information		100.00%	Establishment
Dahua Poland	PLN 2.2 million	Poland	Poland	Electronics and information		100.00%	Establishment
Dahua Tunisia	USD 89,000	Tunisia	Tunisia	Electronics and information		100.00%	Establishment
Dahua Kenya	KES 15 million	Kenya	Kenya	Electronics and information		100.00%	Establishment
Dahua UK	GBP 100,000	UK	UK	Electronics and information		100.00%	Establishment
Dahua Bulgaria	BGN 350,000	Bulgaria	Bulgaria	Electronics and information		100.00%	Establishment
Dahua Serbia	RSD 23 million	Serbia	Serbia	Electronics and information		100.00%	Establishment
Dahua Germany	EUR 150,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Malaysia	MYR 1 million	Malaysia	Malaysia	Electronics and information		100.00%	Establishment
Dahua Korea	KRW 1,500 million	South Korea	South Korea	Electronics and information		100.00%	Establishment
Dahua Indonesia	IDR 2,600 million	Indonesia	Indonesia	Electronics and information		100.00%	Establishment
Dahua India	INR 234 million	India	India	Electronics and information		100.00%	Establishment
Dahua Turkey	TRY 840,000	Turkey	Turkey	Electronics and information		100.00%	Establishment
Dahua Czech	CZK 5.4 million	Czech Republic	Czech Republic	Electronics and information		100.00%	Establishment
Dahua Argentina	ARS 27.288503 million	Argentina	Argentina	Electronics and information		100.00%	Establishment
Dahua Spain	EUR 150,000	Spain	Spain	Electronics and information		100.00%	Establishment
Dahua Kazakhstan	KZT 23 million	Kazakhstan	Kazakhstan	Electronics and		100.00%	Establishment

				information			
Dahua Denmark	DKK 1.5 million	Denmark	Denmark	Electronics and information		100.00%	Establishment
Dahua France	EUR 100,000	France	France	Electronics and information		100.00%	Establishment
Dahua Technology Holdings	HKD 10 million	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Morocco	AED 500,000	Morocco	Morocco	Electronics and information		100.00%	Establishment
Dahua Italy	EUR 12,000	Italy	Italy	Electronics and information		100.00%	Business combination not under common control
Dahua Uzbekistan	UZS 3,200	Uzbekistan	Uzbekistan	Electronics and information		100.00%	Establishment
Dahua Netherlands	EUR 10,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Sri Lanka	LKR 48 million	Sri Lanka	Sri Lanka	Electronics and information		100.00%	Establishment
Dahua Pakistan	PKR 20 million	Pakistan	Pakistan	Electronics and information		100.00%	Establishment
Dahua New Zealand	NZD 300,000	New Zealand	New Zealand	Electronics and information		100.00%	Establishment
Dahua Thailand	THB 25 million	Thailand	Thailand	Electronics and information		99.98%	Establishment
Dahua Romania	RON 1 million	Romania	Romania	Electronics and information		100.00%	Establishment
Dahua Nigeria	NGN 10 million	Nigeria	Nigeria	Electronics and information		100.00%	Establishment
Dahua Israel	USD 300,000	Israel	Israel	Electronics and information		100.00%	Establishment
Dahua Mexico Service	MXN 50,000	Mexico	Mexico	Electronics and information		100.00%	Establishment
Huacheng Netherlands	EUR 900,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Japan	JPY 6 million	Japan	Japan	Electronics and information		100.00%	Establishment
Dahua Qatar	QAR 2.184 million	Qatar	Qatar	Electronics and information		100.00%	Establishment
Huacheng Hong Kong	HKD 12.023 million	Hong Kong	Hong Kong	Electronics and information		100.00%	Establishment
Dahua Pacific	USD 10,000	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Saudi	SAR 500,000	Saudi Arabia	Saudi Arabia	Electronics		100.00%	Establishment

Arabia				and information			ment
Dahua Bengal	BDT 5 million	Bangladesh	Bangladesh	Electronics and information		100.00%	Establishment
IMOU Australia	AUD 147,606	Australia	Australia	Electronics and information		100.00%	Establishment
IMOU Vietnam	VND 18,569.6 million (USD 800,000)	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
HuaRay Singapore	USD 100,000	Singapore	Singapore	Electronics and information		100.00%	Establishment
HuaRay KOREA	KRW 100 million	South Korea	South Korea	Electronics and information		100.00%	Establishment
HuaRay GERMANY	EUR 25,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Belgium Co.	EUR 100,000	Belgium	Belgium	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia Co.	SAR 10,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Argentina Co.	USD 100,000	Azerbaijan	Azerbaijan	Electronics and information		100.00%	Establishment
Dahua Vietnam Co., Ltd.	VND 2,363.6 million	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
Dahua Angola	AOA 176.303 million	Angola	Angola	Electronics and information		100.00%	Establishment
IMOU TEKNOLOGI INDONESIA	IDR 10 billion	Indonesia	Indonesia	Electronics and information		100.00%	Establishment
IMOU INDONESIA SENANTIASA	IDR 10 billion	Indonesia	Indonesia	Electronics and information		100.00%	Establishment
Hirige Malaysia	MYR 2,000	Malaysia	Malaysia	Electronics and information		100.00%	Establishment
Dahua Egypt	USD 100,000	Egypt	Egypt	Electronics and information		100.00%	Establishment
DAHUA Abu Dhabi	AED 100,000	Abu Dhabi	Abu Dhabi	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) Based on the industrial and commercial registration data, the CDB Development Fund holds equity in Zhejiang Dahua Zhilian Co., Ltd. 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. The Company effectively holds 100% voting rights and equity in Dahua Zhilian.

(2) The Company directly holds 32.7321% equity in Hangzhou Huacheng Network Technology Co., Ltd., and as agreed upon, Ningbo Huayu Investment Management Partnership (Limited Partnership) grants 31.0505% of its voting rights to the Company. The Company effectively holds 63.7826% of the voting rights in Hangzhou Huacheng Network Technology Co., Ltd., which constitutes working control so as to incorporate it into the scope of consolidation.

(3) 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.

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

As of June 2024, the Company held 32.58% equity in Zhejiang HuaRay Technology Co., Ltd. and the Company was the largest shareholder of HuaRay Technology. The remaining shareholders had a low and dispersed shareholding ratio, therefore, was incorporated 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 January 2024, the Company acquired 25% equity in Zhejiang Dahua Investment Management Co., Ltd. held by Zhejiang Huashi Investment Management Co., Ltd. for a consideration of RMB 23.109 million, and the Company's shareholding in Dahua Investment Management Co. increased from 75% to 100% after the acquisition, and Dahua Investment Management Co. became a wholly-owned subsidiary of the Company.

2) In February 2024, the Company transferred 60.50% equity in Huafei Intelligence to its subsidiary Zhejiang Huajian Technology Co., Ltd. for a consideration of RMB 42.9098 million, and at the same time, Huafei Intelligence's original minority shareholder Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) transferred 39.5% equity in Huafei Intelligence to Zhejiang Huajian for a consideration of RMB 28.0155 million. After that, Huafei Intelligence became a wholly-owned subsidiary of Zhejiang Huajian. The Company holds 45% equity in Zhejiang Huajian, with the voting right of 80%, so Company's shareholding in Huafei Intelligence has changed from 60.50% to 45%, and Huafei Intelligence remains a subsidiary of the Company and is incorporated into the scope of consolidation.

(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

	Dahua investment management	Huafei Intelligent
Purchase cost/Disposal consideration	23,109,000.00	28,015,493.50
-- Cash	23,109,000.00	28,015,493.50
-- Fair value of non-cash assets		
Purchase cost/ Total disposal consideration	23,109,000.00	28,015,493.50
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disposed	23,226,187.37	26,396,990.00
Difference	-117,187.37	1,618,503.50

Including: adjust the capital reserve	117,187.37	-1,618,503.50
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	731,631,231.34	727,453,629.75
The total count of the following items based on the shareholding ratios		
--Net profit	16,910,626.79	-154,531,486.76
--Other comprehensive income	-4,166,343.69	9,366,194.55
--Total comprehensive income	12,744,283.10	-145,165,292.21

XI. Government Subsidies

1. Government grants recognized as accounts receivable at the end of the reporting period

Applicable Not applicable

Reasons for failure to receive the estimated amount of government subsidy at the estimated time point

Applicable Not applicable

2. Projects related to government subsidies

Applicable Not applicable

Unit: RMB

Accounting Accounts	Opening Balance	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	Amounts transferred to other gains in the current period	Other changes in the current period	Closing Balance	Related to assets/earnings
Deferred Income	151,844,373.02	9,190,000.00		5,739,184.92		155,295,188.10	Related to assets
Deferred Income	14,867,300.02			4,955,766.66		9,911,533.36	Related to income

3. Government subsidies recorded into current profits and losses

Applicable Not applicable

Unit: RMB

Accounting Accounts	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Other Incomes	498,234,879.66	352,576,310.78

XII. Risks Relating to Financial Instruments**1. Various risks arising from 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, 2024		
	Within 1 year	1 years or above	Total
Short-term loan	800,973,205.56		800,973,205.56
Notes Payable	3,065,463,328.91		3,065,463,328.91
Accounts Payable	5,671,851,750.01		5,671,851,750.01
Other Payables	754,681,225.56		754,681,225.56
Non-current Liabilities Due within 1 Year	247,922,156.90		247,922,156.90
Lease liabilities		145,525,564.42	145,525,564.42
Total	10,540,891,666.94	145,525,564.42	10,686,417,231.36

Item	December 31, 2023		
	Within 1 year	1 years or above	Total
Short-term loan	961,559,707.96		961,559,707.96
Notes Payable	3,296,294,946.26		3,296,294,946.26
Accounts Payable	5,815,123,195.55		5,815,123,195.55
Other Payables	812,424,146.52		812,424,146.52
Non-current Liabilities Due within 1 Year	924,321,195.99		924,321,195.99
Lease liabilities		187,049,189.60	187,049,189.60
Total	11,809,723,192.28	187,049,189.60	11,996,772,381.88

(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	1,566,019,107.05	1,484,043,096.15	3,050,062,203.20	1,211,603,667.27	3,821,528,161.46	5,033,131,828.73
Accounts receivable	3,534,586,399.84	2,225,832,262.93	5,760,418,662.77	3,780,152,844.06	2,615,801,053.40	6,395,953,897.46
Accounts Payable	620,335,735.43	208,904,480.93	829,240,216.36	734,434,093.99	242,813,777.12	977,247,871.11
Total	5,720,941,242.32	3,918,779,840.01	9,639,721,082.33	5,726,190,605.32	6,680,142,991.98	12,406,333,597.30

2. Financial Assets

(1) Classification of transfer methods

Applicable Not applicable

Unit: RMB

Transfer methods	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for derecognition judgment
Endorsement or discount	Bank acceptance bills and commercial acceptance bills that have not yet matured among notes receivable	25,409,130.30	Not derecognised	The notes receivable are not derecognised as the bankers' acceptances and commercial acceptances are accepted by banks with low credit ratings or by enterprises, the recourse to endorsed or discounted bills of exchange is not affected, and the credit risk and the risk of delayed payment related to the notes have not been transferred.
Endorsement or discount	Banker's acceptance not yet due in receivables financing.	44,106,306.89	Derecognised	It can be judged that the major risks and rewards of ownership of the notes have been transferred and the notes are derecognised since the bankers' acceptances in the receivables financing are accepted by banks with high credit ratings, the credit risk and risk of delayed payment are minimal, and the interest rate risk relating to the notes title has been transferred to the banks.

Discounting or factoring	Accounts receivable not yet due	973,205.56	Not derecognised	According to the accounts receivable factoring agreement with recourse, the main risks and rewards of the title have not been transferred, so the accounts receivable are not derecognised.
Discounting or factoring	Accounts receivable not yet due	66,650,967.39	Derecognised	For the accounts receivable transferred under accounts receivable factoring agreement without recourse, the main risks and rewards of the title have been transferred, so the accounts receivable are derecognised.
Total		137,139,610.14		

(2) Financial assets derecognised due to transfers
 Applicable Not applicable

Unit: RMB

Item	Transfer ways of financial assets	Amount of financial assets derecognised	Gains or losses relating to derecognition
Banker's acceptance not yet due in receivables financing.	Endorsement/discount	44,106,306.89	
Accounts receivable	Factoring of accounts receivable	66,650,967.39	-685,702.55
Total		110,757,274.28	-685,702.55

(3) Assets and transferred financial assets that the Company keeps recourse or retains part of corresponding rights or interests
 Applicable Not applicable
XIII. Disclosure of Fair Value**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	369,806,680.00	384,471.06		370,191,151.06

Assets				
1. Financial assets at fair value through profit or loss in this period	369,806,680.00	384,471.06		370,191,151.06
(1) Investment in debt instrument				
(2) Investment in equity instrument	369,806,680.00			369,806,680.00
(3) Derivative Financial Assets		384,471.06		384,471.06
2. Financial assets at fair value through profit or loss in this period				
(1) Investment in debt instrument				
(2) Investment in equity instrument				
(II) Investment in Other Creditor's Rights				
(III) Investment in Other Equity Instruments				
(IV) Investment Property				
1. Land use rights for rent				
2. Buildings for rent				
3. Land use rights held and intended to be transferred after appreciation				
(V) Biological Assets				
1. Consumable biological assets				
2. Productive biological assets				
(VI) Receivables Financing		685,382,779.93		685,382,779.93
(VII) Other Non-current Financial Assets		961,583,353.80	46,844,731.16	1,008,428,084.96
1. Financial assets at fair value through profit or loss in this period		961,583,353.80	46,844,731.16	1,008,428,084.96
(1) Investment in debt instrument				
(2) Investment in equity instrument			46,844,731.16	46,844,731.16

(3) Derivative Financial Assets				
(4) Others		961,583,353.80		961,583,353.80
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	369,806,680.00	1,647,350,604.79	46,844,731.16	2,064,002,015.95
(VIII) Transactional financial liabilities			1,196,685.79	1,196,685.79
Including: Trading bonds issued				
Derivative Financial Liabilities				
Others			1,196,685.79	1,196,685.79
(IX) Financial assets that are designated to be measured at fair value through profit or loss in this period				
Total amount of liabilities constantly measured at their fair values			1,196,685.79	1,196,685.79
II. Non-continuous fair value measurement	--	--	--	--
(I) Holding assets for sale				
Total assets not constantly measured at fair value				
Total liabilities not constantly measured at fair value				

2. Basis for determining the market value of continuous and non-continuous third-level fair value measurement items

The company determines the fair value based on the unadjusted quoted prices of the same assets or liabilities that are available at the measurement date in the active market.

3. 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.

4. 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.

5. 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.

XIV. 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		Controlling shareholders and actual controller		31.08%	31.27%
Chen Ailing		Actual controller		2.16%	2.18%

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 "X. Equities in other entities".

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

For details of important associates or joint ventures of the Company, see Note "X. Equities in other entities".

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
Ruicity Digital Technology Co., Ltd. And its subsidiaries	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	Affiliate

Institute Co., Ltd.	
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4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Enterprise controlled by the actual controller
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Enterprise controlled by the actual controller
Zhejiang Hyxi Technology Co., Ltd.	Enterprise controlled by the actual controller
Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	Enterprise controlled by the actual controller
Zhejiang Lancable Technology Co., Ltd.	Enterprises where the actual controller has significant influence
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates (Note 1)	Enterprises where the actual controller has significant influence
China Mobile Communications Group Co., Ltd. and its affiliates	Shareholders holding more than 5% of the shares
Beijing Haitian Ruisheng Science Technology Ltd.	Enterprises where the Company's supervisors serve as directors
Company A and other companies under its control	Related parties
Hangzhou Vision Robot Technology Co., Ltd. (Note 2)	Enterprises significantly influenced by the major shareholder of the Company
Hangzhou Xintu Technology Co., Ltd. (Note 2)	Enterprises controlled by the major shareholder of the Company

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., Zhejiang Leapmotor Automobile Sales Service Co., Ltd., Jinhua Leapmotor New Energy Automotive Parts Technology Co., Ltd., Chongqing Lingdi Automobile Sales Service Co., Ltd., Jinhua Lingsheng Technology Co., Ltd., Zhejiang Lingsheng Technology Co., Ltd., and Lingxiao Energy Technology (Wuyi) Co., Ltd.

Note 2: 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	165,464,165.81		No	87,944,986.38
China Mobile Communications Group Co., Ltd. and its affiliates	Material procurement, acceptance of services	29,810,955.52		No	26,348,234.68
Zhejiang Huachuang Vision Technology Co., Ltd.	Purchase of materials	19,013,656.35		No	49,224,850.97
Ruicity Digital	Purchase of	8,517,077.21		No	

Technology Co., Ltd. And its subsidiaries	materials				
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Material procurement, acceptance of services	2,849,413.00		No	44,520.00
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Material procurement, acceptance of services	639,822.86		No	98,230.08
Beijing Haitian Ruisheng Science Technology Ltd.	Acceptance of services	80,371.70		No	
Hangzhou Vision Robot Technology Co., Ltd.	Material procurement, acceptance of services	13,301.89		No	114,093.70
Zhejiang Lancable Technology Co., Ltd.	Purchase of materials	1,061.95		No	

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	143,079,215.80	446,779,132.82
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Sales of merchandise and provision of services	126,434,708.54	120,340,837.10
China Mobile Communications Group Co., Ltd. and its affiliates	Sales of merchandise and provision of services	86,084,408.42	102,813,489.29
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Sales of merchandise	5,920,590.17	8,946,222.30
Dezhou Shuzhi Information Technology Co., Ltd.	Sales of merchandise and provision of services	5,488,111.52	2,199,876.10
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Sales of merchandise and provision of services	2,167,340.82	7,655,090.67
Guangdong Zhishi Digital Technology Co., Ltd.	Sales of merchandise	891,772.36	1,839,830.02
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Sales of merchandise	400,278.51	549,768.52
Zhejiang Huachuang Vision Technology Co., Ltd.	Sales of merchandise and provision of services	380,435.50	3,007,439.49
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Sales of merchandise	386,548.68	63,004.88
Zhejiang Hyxi Technology Co., Ltd.	Sales of merchandise	47,478.63	
Hangzhou Xintu Technology Co., Ltd.	Sales of merchandise and provision of services	1,362.74	3,066.44

Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise	-10,619.47	20,300.89
Company A and other companies under its control	Sales of merchandise		17,638.82
Hangzhou Vision Robot Technology Co., Ltd.	Sales of merchandise		4,513.28

(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. and its subsidiaries	Buildings and constructions	876,922.77	901,966.90
Zhejiang Hyxi Technology Co., Ltd.	Buildings and constructions	818,706.26	
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Buildings and constructions	134,487.97	134,487.98
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Buildings and constructions	46,467.27	52,702.78
Zhejiang Huachuang Vision Technology Co., Ltd.	Buildings and constructions	10,045.86	10,045.87

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	109,364.41	122,357.01		

(3) Related guarantee

The Company being the guarantor:

Unit: RMB

Secured parties	Amount guaranteed	Starting date	Maturity date	Guarantee fulfilled completely or not
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	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	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	Yes
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.	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 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
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	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	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 Dahua Zhilian Co., Ltd.	300,000,000.00	March 28, 2019	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 09, 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	Yes

			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.	
Zhejiang Dahua Zhilian Co., Ltd.	120,000,000.00	June 19, 2023	June 18, 2024	Yes
Zhejiang Dahua Zhilian Co., Ltd.	350,000,000.00	June 19, 2023	June 18, 2024	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	5,000,000.00	December 03, 2021	December 02, 2024	No
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	12,500,000.00	July 13, 2023	July 12, 2024	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	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.	500,000,000.00	July 24, 2023	From the date of expiration of the performance period of each debt in the master contract until three years after the date of expiration of the performance period of the last due master debt under all master contracts.	No
Zhejiang Dahua Zhilian Co., Ltd.	10,000,000.00	January 02, 2024	One year from the expiration date of the debtor's performance period as agreed in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	March 29, 2024	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 07, 2024	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;	No

			For any specific extension of credit, the guarantee period shall be extended for an additional three years after the expiration of the extension period.	
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 09, 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.	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.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	July 25, 2023	Three years from the effective date of the Maximum Amount Guarantee Contract to the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua System Engineering Co., Ltd.	1,602,100.00	September 11, 2023	One year from the signing of the project contract or 6 months of stable operation of the system on line (whichever is later)	No
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 07, 2024	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	No

			additional three years after the expiration of the extension period.	
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 07, 2020	March 31, 2024	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	1,000,000,000.00	February 04, 2021	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 09, 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.	Yes
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	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	November 20, 2023	Three years from the next day of ICBC Qingchun Sub-branch's external payment commitment	Yes
Zhejiang Dahua Vision Technology Co., Ltd. (guarantee currency is US dollar)	40,000,000.00	September 21, 2018	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	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.	300,000,000.00	August 15, 2020	Five years upon expiration of debt period of 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.	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.	600,000,000.00	September 19, 2022	September 18, 2024	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	July 24, 2023	From the date of expiration of the	No

			performance period of each debt in the master contract until three years after the date of expiration of the performance period of the last due master debt under all master contracts.	
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	July 25, 2023	Three years from the effective date of the Maximum Amount Guarantee Contract to the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 26, 2023	Calculated separately on the basis of a single credit business handled by Dahua Vision Technology for the debtor, i.e. from the date of signing of the master contract for a single credit business to three years after the expiration date of the debtor's debt performance period under such master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	330,000,000.00	September 26, 2023	Three years from the expiration date of the debtor's performance period as agreed in the master claim contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	1,000,000,000.00	March 01, 2024	Three years from the next day after the expiry date of each type of financing business under the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 01, 2024	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 07, 2024	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	No

			additional three years after the expiration of the extension period.	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	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	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
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 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
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
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	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	Yes
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	Yes
Hangzhou Huacheng Network Technology Co., Ltd.	65,000,000.00	August 25, 2022	April 29, 2024	Yes
Dahua Technology (HK) Limited (guarantee currency is US dollar)	2,000,000.00	April 21, 2023	April 21, 2024	Yes
Dahua Technology (HK) Limited □ (guarantee currency is US dollar)	3,000,000.00	April 22, 2024	April 22, 2025	No
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	Yes

Dahua Technology UK Limited (guaranteed currency is GBP)	1,160,000.00	August 12, 2020	Sign the Termination Notice Letter	No
Dahua Technology UK Limited (guarantee currency is US dollar)	1,000,000.00	March 04, 2024	March 03, 2025	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	1,000,000.00	October 18, 2023	October 20, 2024	No
Dahua Technology Italy S.R.L. □ (guarantee currency is US dollar)	500,000.00	March 04, 2024	March 03, 2025	No
Dahua Technology France Sas □ (guarantee currency is EUR)	145,690.20	December 07, 2023	August 31, 2029	No
Dahua Europe B.V. □ (guarantee currency is US dollar)	1,500,000.00	March 04, 2024	March 03, 2025	No

The Company being the guaranteed party

None

(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
Zhejiang Huachuang Vision Technology Co., Ltd.	Procurement of fixed assets	2,654.86	40,630.42
China Mobile Communications Group Co., Ltd. and its affiliates	Procurement of fixed assets		1,767,786.05
Zhejiang Huachuang Vision Technology Co., Ltd.	Selling of fixed assets		612,608.16
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Selling of fixed assets		2,792.34

(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	8,958,819.43	4,650,848.77

(6) Other related-party transactions

1) In January 2024, the Company acquired 25% equity in Zhejiang Dahua Investment Management Co., Ltd. held by its affiliate Zhejiang Huashi Investment Management Co., Ltd. for a consideration of RMB 23.109 million, and the Company's shareholding in

Dahua Investment Management Co. increased from 75% to 100% after the acquisition, and Dahua Investment Management Co. became a wholly-owned subsidiary of the Company.

2) In February 2024, the controlling subsidiary, Zhejiang Huajian, purchased 39.5% equity in Huafei Intelligence from an affiliate, Ningbo Huaying Venture Capital Partnership (Limited Partnership), at a consideration of RMB 28.0155 million.

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	China Mobile Communications Group Co., Ltd. and its affiliates	167,988,128.18	20,275,762.13	140,286,722.77	15,390,276.69
Accounts receivable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	145,238,165.14	7,362,452.14	158,504,082.59	7,998,998.48
Accounts receivable	Intelbras S.A.	109,710,832.38	5,485,297.09	399,216,383.81	19,960,819.19
Accounts receivable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	17,071,064.35	1,185,568.97	18,610,308.67	1,161,880.61
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	5,991,999.16	1,091,892.36	5,512,687.07	766,592.10
Accounts receivable	Dezhou Shuzhi Information Technology Co., Ltd.	4,785,898.00	239,294.90		
Accounts receivable	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	4,042,825.01	250,463.63	4,955,930.01	247,796.50
Accounts receivable	Guangdong Zhishi Digital Technology Co., Ltd.	2,789,794.22	139,489.71	4,757,349.37	267,081.04
Accounts receivable	Zhejiang Huachuang Vision Technology Co., Ltd.	1,903,723.55	141,100.29	1,503,214.40	75,211.10
Accounts receivable	Zhejiang Hyxi Technology Co., Ltd.	508,674.11	25,433.70		
Accounts receivable	Company A and other companies under its control	388,475.44	258,757.85	2,708,124.52	1,194,095.64

Accounts receivable	Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	156,000.00	7,800.00	31,200.00	1,560.00
Accounts receivable	Zhejiang Lancable Technology Co., Ltd.			15,000.00	750.00
Accounts receivable	Hangzhou Xintu Technology Co., Ltd.	N/A (Note 1)	N/A (Note 1)	81.60	4.08
Accounts receivable	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.			181.50	9.08
Prepayments	China Mobile Communications Group Co., Ltd. and its affiliates	121,876.47		473,044.59	
Prepayments	Company A and other companies under its control	1,009,420.72		685,807.08	
Contract Assets	China Mobile Communications Group Co., Ltd. and its affiliates	6,427,785.75	1,766,289.93	7,708,740.44	1,807,246.75
Contract Assets	Ruicity Digital Technology Co., Ltd. And its subsidiaries	295,333.40	29,001.74	206,733.38	20,141.74
Contract Assets	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	152,727.27	7,636.36		
Other Receivables	China Mobile Communications Group Co., Ltd. and its affiliates	3,079,695.93	370,757.68	1,965,652.24	265,848.14
Other Receivables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	184,850.00	9,242.50	64,850.00	3,242.50

Note 1: The affiliated relationship has ended in the first half of 2024;

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable	China Mobile Communications Group Co., Ltd. and its affiliates	38,344,992.37	38,418,336.92
Accounts Payable	Zhejiang Huachuang Vision Technology Co., Ltd.	6,601,097.53	12,132,312.24

Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	756,557.34	61,513.26
Accounts Payable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	12,227,782.84	9,167,655.86
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	1,121,921.09	730,299.40
Accounts Payable	Zhejiang Lancable Technology Co., Ltd.		3,970.00
Contract liabilities	China Mobile Communications Group Co., Ltd. and its affiliates	11,205,207.18	12,139,953.98
Contract liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	2,899,859.47	1,648,066.02
Contract liabilities	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	107.08	
Contract liabilities	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries		340,855.09
Contract liabilities	Hangzhou Xintu Technology Co., Ltd.	N/A (Note 1)	1,362.58
Contract liabilities	Zhejiang Hyxi Technology Co., Ltd.		0.02
Other Payables	Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	13,727,591.82	
Other Payables	China Mobile Communications Group Co., Ltd. and its affiliates	6,323,159.22	5,363,787.00
Other Payables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	300,000.00	173,520.00
Other Payables	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	63,070.00	63,070.00

Note 1: The affiliated relationship has ended in the first half of 2024.

XV. Share-based Payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Category of granted recipients	Granted in the current period		Exercising in the current period		Unlocked in the current period		Lapsed in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior management, other management							2,134,680.00	17,418,988.80

nt, and key business personnel								
Total							2,134,680.00	17,418,988.80

Stock options or other equity instruments outstanding at the end of the period

Applicable Not applicable

Category of granted recipients	The stock options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise prices	Remaining term of contract	Range of exercise prices	Remaining term of contract
Senior management, other management, and key business personnel	RMB 15.657/share	24 months	RMB 8.16/share	24 months

Other notes

(1) The employees of the Company and its subsidiaries hold the equity of HuaRay Technology through capital increase, direct or indirect equity transfers. According to the fair value of the investors recently introduced by HuaRay Technology, the confirmed share-based payment fee is RMB 36,032,191.13.

(2) The employees of the Company and its subsidiaries hold the equity of Huacheng Network through capital increase, direct or indirect equity transfers. According to the fair value of the investors recently introduced by Huacheng Network, the confirmed share-based payment fee is RMB 3,601,982.25.

(3) The employees of the Company and its subsidiaries hold the equity of Pixfra Technology through capital increase, direct or indirect equity transfers. According to the fair value of the investors recently introduced by Pixfra Technology, the confirmed share-based payment fee is RMB 11,236,464.16.

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	None
The accumulated amount of equity-settled share-based payment counted into the capital reserve	473,264,034.64
Amount of equity-settled share-based payment confirmed in current period	135,251,897.69

3. Situation of cash-settled share-based payment

Applicable Not applicable

4. Share-based payments in the current period

☑Applicable ☐ Not applicable

Unit: RMB

Category of granted recipients	Equity-settled share-based payments	Cash-settled share-based payments
Senior management, other management, and key business personnel	135,251,897.69	
Total	135,251,897.69	

5. Modification and termination of share-based payment

None

XVI. Commitments and Contingencies**1. Significant commitments**

Important commitments on the balance sheet day

As of June 30, 2024, the Company's pledge information was as follows:

(1) On May 30, 2024, 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 (2024) No. 09915 (the contract term is from May 30, 2024 to May 30, 2025), 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, 2024, the Company had undue notes receivable of RMB 354,023,995.81 (where RMB 350,000,000.00 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 460,285,734.37 (where RMB 150,240.28 was related party notes receivable that should be included in the scope of consolidation).

Under the pledge, the Company issued the bank acceptance bills in the amount of RMB 18,616,053.43, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 453,063,480.44, and the subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued the bank acceptance bills in the amount of RMB 32,955.32.

(2) On May 30, 2024, 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 (2024) No. 09483 (the contract term is from May 30, 2024 to May 30, 2025), 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, 2024, RMB 428,165,776.29 of undue notes receivable (of which RMB 290,000,000.00 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 215,325,910.54.

(3) 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, as of June 30, 2024, the Company had undue notes receivable of RMB 250,148,691.16 (where RMB 250,000,000.00 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 185,128,867.91 (where RMB 100,000,000.00 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 1,500,000.00, the subsidiary Zhejiang Huajian Technology Co., Ltd. Had undue notes receivable of RMB 3,056,074.09 and the subsidiary Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd. had undue notes receivable of RMB 466,827.20 pledged for issuing bank acceptance bills.

Under the pledge, the subsidiary Hangzhou Huacheng Network Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 72,499,490.30, the subsidiary Zhejiang Fengshi Technology Co., Ltd. Issued the bank acceptance bills in the amount of RMB 189,274,762.80, the subsidiary Zhejiang Huajian Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 388,445.48, the subsidiary Zhejiang Huaxiao Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 242,622.30 and the subsidiary Zhejiang Huayixin Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 105,850.49.

(4) On May 17, 2024, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. and Bank of Hangzhou Co., Ltd. entered into the "Supplemental Agreement to the Asset Steward Pledge Contract" (No. E-C-B-18-2), and extended the term of "Pledge Contract for Maximum Amount of Individual Asset Management" to May 16, 2027, agreeing on providing 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, 2024, RMB 36,224,845.94 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.

(5) Under the Asset Pool Charge-off Agreement PPHJQZCZ 20230731 No.001 (the contract term is from August 18, 2023 to August 17, 2024) made by and between the Company and Ping An Bank Limited Hangzhou Branch on August 18, 2023, 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, 2024, the Company had undue notes receivable of RMB 101,058,158.02 (where RMB 100,000,000.00 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 85,190,149.97, the subsidiary Jiangsu Huaruipin Technology Co., Ltd. had undue notes receivable of RMB 2,882,500.00, the subsidiary Changsha Dahua Technology Co., Ltd. had undue notes receivable of RMB 541,842.30 and the subsidiary Zhejiang Pixfra Technology Co., Ltd. had undue notes receivable of RMB 571,790.95 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 57,046,965.00, the subsidiary Jiangsu Huaruipin Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 4,987,674.26, the subsidiary Zhejiang Pixfra Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 310,844.25 and the subsidiary Changsha Dahua Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 9,507,064.62.

(6) 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, 2024, RMB 76,448,443.46 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 68,438,313.20.

(7) The subsidiary Zhejiang HuaRay Technology Co., Ltd. and CITIC Bank Limited Hangzhou Branch entered into the "Asset Pool Business Cooperation Agreement", agreeing on a credit limit of RMB 0.3 billion for asset pool business.

Under the asset pool business, as of June 30, 2024, RMB 88,000.00 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 88,000.00.

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.

XVII. Events after the Balance Sheet Date

1. Profit Distribution

Proposed dividend per 10 shares (RMB)	1.84
Proposed dividend per 10 shares (shares)	0
Proposed number of shares transferred for per 10 shares (shares)	0
Number of dividends declared for every 10 shares after review and approval (RMB)	1.84
Number of bonus shares declared for every 10 shares after review and approval (shares)	0
Declared number of shares transferred per 10 shares after review and approval (shares)	0
Profit distribution plan	Based on 3,272,527,089 shares after deducting the re-purchased shares (19,819,601 shares), the Company paid a cash of RMB 1.84 (tax inclusive) every 10 shares to all shareholders, and distributed RMB 602,144,984.38 of cash bonus. It did not convert capital reserve into share capital or paid bonus shares, and the rest will be distributed in the future.

XVIII. 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	7,381,482,622.15	4,712,943,582.38
Overseas	7,485,139,947.66	4,018,482,056.15
Total	14,866,622,569.81	8,731,425,638.53

Product subsection

Unit: RMB

Item	Operating revenue	Operating Cost
Smart IoT Products and Solutions	12,028,870,893.80	6,806,823,631.23
Including: Software business	758,033,553.36	252,248,321.27
Innovated Businesses	2,461,115,617.88	1,600,810,667.52
Others	376,636,058.13	323,791,339.78
Total	14,866,622,569.81	8,731,425,638.53

XIX. Notes to Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	3,520,711,199.24	6,181,011,320.94
1 to 2 years	278,767,366.37	220,370,669.05
2 to 3 years	191,396,736.66	205,500,322.81
3 years or above	240,199,560.55	209,345,603.19
3 to 4 years	157,951,460.57	139,992,165.49
4 to 5 years	56,782,246.68	48,597,714.50
5 years or above	25,465,853.30	20,755,723.20
Total	4,231,074,862.82	6,816,227,915.99

(2) Disclosure by Bad Debt Accrual Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on single item	39,711,390.05	0.94%	39,711,390.05	100.00%		39,711,390.05	0.58%	39,711,390.05	100.00%	
Including:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	39,711,390.05	0.94%	39,711,390.05	100.00%		39,711,390.05	0.58%	39,711,390.05	100.00%	
Accounts receivables with the bad debt provision accrued based on combinations	4,191,363,472.77	99.06%	157,521,050.50	3.76%	4,033,842,422.27	6,776,516,525.94	99.42%	135,569,555.41	2.00%	6,640,946,970.53
Including:										
Portfolio 1: Related Parties	2,983,856,187.77	70.52%			2,983,856,187.77	5,668,800,812.35	83.17%			5,668,800,812.35

Portfolio										
Portfolio 2: Aging Analysis Portfolio	1,207,507,285.00	28.54%	157,521,050.50	13.05%	1,049,986,234.50	1,107,715,713.59	16.25%	135,569,555.41	12.24%	972,146,158.18
Total	4,231,074,862.82	100.00%	197,232,440.55		4,033,842,422.27	6,816,227,915.99	100.00%	175,280,945.46		6,640,946,970.53

Category name of individual provision for bad debts: Accounts receivable with insignificant single amount but accrued for separate provision of bad debt

Unit: RMB

Name	Opening Balance		Closing Balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	38,612,198.42	38,612,198.42	38,612,198.42	38,612,198.42	100.00%	Expected to be unable to recover
Other sporadic customers	1,099,191.63	1,099,191.63	1,099,191.63	1,099,191.63	100.00%	Expected to be unable to recover
Total	39,711,390.05	39,711,390.05	39,711,390.05	39,711,390.05		

Category name of bad debt provision based on combination: Aging Analysis Portfolio

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 Year	773,288,547.88	38,664,427.40	5.00%
1 to 2 years	205,967,338.20	20,596,733.82	10.00%
2 to 3 years	130,647,249.12	39,194,174.74	30.00%
3 to 4 years	72,891,642.29	36,445,821.15	50.00%
4 to 5 years	10,463,070.59	8,370,456.47	80.00%
5 years or above	14,249,436.92	14,249,436.92	100.00%
Total	1,207,507,285.00	157,521,050.50	

If the bad debt provisions of accounts receivable are made according to the general model of expected credit losses:

Applicable Not applicable

(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	175,280,945.46	21,951,495.09				197,232,440.55
Total	175,280,945.46	21,951,495.09				197,232,440.55

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

None

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

Unit: RMB

Name of Unit	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	As a percentage of accounts receivables and total ending balance	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Customer 1	2,244,848,035.21		2,244,848,035.21	52.53%	
Customer 2	335,445,614.92		335,445,614.92	7.85%	
Customer 3	78,471,394.93		78,471,394.93	1.84%	
Customer 4	69,500,000.04		69,500,000.04	1.63%	
Customer 5	173,725,290.13	4,033,607.19	177,758,897.32	4.16%	32,220,570.94
Total	2,901,990,335.23	4,033,607.19	2,906,023,942.42	68.01%	32,220,570.94

2. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends Receivable	1,243,275.00	
Other Receivables	13,951,333,800.18	11,736,609,900.41
Total	13,952,577,075.18	11,736,609,900.41

(1) Dividends Receivable**1) Classification of Dividends Receivable**

Unit: RMB

Project (or Invested Unit)	Closing Balance	Opening Balance
Smartsens Technology (Shanghai) Co., Ltd.	1,243,275.00	
Total	1,243,275.00	

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

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	43,108,287.06	42,885,100.54
Prepaid or advance expense	47,743,274.09	55,413,467.31
Employee home loan	60,869,540.00	70,683,455.00
Incomings and outgoings	13,833,023,680.90	11,602,342,723.04
Others	2,060,890.30	401,773.49
Total	13,986,805,672.35	11,771,726,519.38

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	13,479,839,597.85	11,151,113,722.07
1 to 2 years	80,114,874.97	152,050,338.67
2 to 3 years	67,213,898.99	103,271,253.97
3 years or above	359,637,300.54	365,291,204.67
3 to 4 years	69,388,836.67	156,024,115.87
4 to 5 years	103,682,547.56	38,468,597.33
5 years or above	186,565,916.31	170,798,491.47
Total	13,986,805,672.35	11,771,726,519.38

3) Disclosure by bad debt accrual method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Provision of bad debts based on combination	13,986,805,672.35	100.00%	35,471,872.17	0.25%	13,951,333,800.18	11,771,726,519.38	100.00%	35,116,618.97	0.30%	11,736,609,900.41
Including:										
Portfolio 1: Related Parties Portfolio	13,833,023,680.90	98.90%			13,833,023,680.90	11,602,342,723.04	98.56%			11,602,342,723.04
Portfolio 2: Aging Analysis Portfolio	153,781,991.45	1.10%	35,471,872.17	23.07%	118,310,119.28	169,383,796.34	1.44%	35,116,618.97	20.73%	134,267,177.37
Total	13,986,805,672.35	100.00%	35,471,872.17		13,951,333,800.18	11,771,726,519.38	100.00%	35,116,618.97		11,736,609,900.41

Category name of bad debt provision based on combination: Aging Analysis Portfolio

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	71,429,386.60	3,571,469.33	5.00%
1 to 2 years	27,365,865.55	2,736,586.56	10.00%
2 to 3 years	23,969,251.21	7,190,775.36	30.00%
3 to 4 years	12,457,684.30	6,228,842.15	50.00%

4 to 5 years	14,078,025.09	11,262,420.07	80.00%
5 years or above	4,481,778.70	4,481,778.70	100.00%
Total	153,781,991.45	35,471,872.17	

Provision for bad debts based on general model of expected credit losses:

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, 2024	22,429,894.62	11,227,684.56	1,459,039.79	35,116,618.97
Balance in the current period as of January 1, 2024				
--Transfer to phase two	-332,408.86	332,408.86		
--Transfer to phase three	-34,390.00	-45,300.00	79,690.00	
Provisions of this period		1,447,087.15	667,514.00	2,114,601.15
Reversals in this period	1,649,916.95			1,649,916.95
Write off in this period	9,431.00	100,000.00		109,431.00
Balance as of June 30, 2024	20,403,747.81	12,861,880.57	2,206,243.79	35,471,872.17

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

Applicable Not applicable

4) 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	Resale or write-off	Others	
Bad debt provision	35,116,618.97	2,114,601.15	1,649,916.95	109,431.00		35,471,872.17
Total	35,116,618.97	2,114,601.15	1,649,916.95	109,431.00		35,471,872.17

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

None

5) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	109,431.00

Write-off of other important receivables:

None

6) 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	9,508,912,790.40	RMB 9,508,518,058.76 within 1 year, RMB 219.61 for 1-2 years, RMB 394,512.03 for 2-3 years	67.98%	
Company 2	Incomings and outgoings	2,261,965,873.93	Within 1 year	16.17%	
Company 3	Incomings and outgoings	911,945,472.56	RMB 864,250,172.57 within 1 year, RMB 2,900,000.00 for 1-2 years, RMB 4,700,400.00 for 2-3 years, RMB 5,901,013.50 for 3-4 years, RMB 34,193,886.49 for 4-5 years	6.52%	
Company 4	Incomings and outgoings	263,635,181.57	Within 1 year	1.88%	
Company 5	Incomings and outgoings	209,823,025.32	RMB 9,105,508.49 within 1 year, RMB 9,080,630.14 for 1-2 years, RMB 10,006,656.50 for 2-3 years, RMB 8,757,718.98 for 3-4 years, RMB 8,918,883.13 for 4-5 years, RMB 163,953,628.08 for 5 years or above	1.50%	
Total		13,156,282,343.78		94.05%	

3. Long-term Equity Investments

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Investment in subsidiaries	8,050,494,737.88		8,050,494,737.88	8,003,642,515.21		8,003,642,515.21
Investment in affiliates and joint ventures	179,139,117.95	723,496.39	178,415,621.56	188,883,917.03	723,496.39	188,160,420.64
Total	8,229,633,855.83	723,496.39	8,228,910,359.44	8,192,526,432.24	723,496.39	8,191,802,935.85

(1) Investment in subsidiaries

Unit: RMB

The invested entity	Opening balance (book value)	Opening balance of provision for impairment	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.	544,717,880.88		3,925,019.41				548,642,900.29	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	102,235,996.18		38,030.34				102,274,026.52	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00						5,100,000.00	
Guangxi Dahua Information Technology Co., Ltd.	6,221,853.65		35,053.44				6,256,907.09	
Dahua Technology (HK) Limited	669,687,347.00						669,687,347.00	
Zhejiang Dahua Vision Technology Co., Ltd.	1,301,496,174.07		5,560,195.97				1,307,056,370.04	
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20,002,580.76						20,002,580.76	

Hangzhou Xiaohua Technology CO., LTD.	9,463,819.79		174,409.62				9,638,229.41	
Zhejiang Dahua Zhilian Co., Ltd.	1,853,882,587.98		35,725,666.55				1,889,608,254.53	
Zhejiang Dahua Investment Management Co., Ltd.	62,175,000.00		23,109,000.00				85,284,000.00	
Guangxi Dahua Zhicheng Co., Ltd.	71,342,564.89		40,150.02				71,382,714.91	
Hangzhou Huacheng Network Technology Co., Ltd.	33,452,823.33		1,535,670.25				34,988,493.58	
Zhejiang HuaRay Technology Co., Ltd.	43,042,525.36		4,785,720.17				47,828,245.53	
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,131,561.91		10,520.64				5,142,082.55	
Zhejiang Huafei Intelligent Technology CO., LTD.	39,020,809.23		140,652.65	36,097,000.00			3,064,461.88	
Guizhou Huayi Shixin Technology Co., Ltd.	1,800,000.00						1,800,000.00	
Zhejiang Fengshi Technology Co., Ltd.	9,076,201.62		23,613.12				9,099,814.74	
Dahua Technology Holdings Limited	8,102,000.00						8,102,000.00	
Zhejiang Huaxiao Technology Co., Ltd.	39,503,195.53		587,429.88				40,090,625.41	
Xi'an Dahua Zhilian Technology	991,403,693.10		564,660.18				991,968,353.28	

Co., Ltd.								
Jiangsu Huaruipin Technology Co. Ltd.	18,066,240.73		69,514.56				18,135,755.29	
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	10,986,257.22		162,465.26				11,148,722.48	
Zhejiang Dahua Jinzhi Technology Co., Ltd.	60,000,000.00						60,000,000.00	
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	2,624,687.57		365,726.10				2,990,413.67	
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	
Zhejiang Huayixin Technology Co., Ltd.	41,057,905.45		99,603.55				41,157,509.00	
Zhejiang Huaruijie Technology Co., Ltd.	54,759,369.02		949,891.30				55,709,260.32	
Chengdu Dahua Zhilian Information Technology Co., Ltd.	600,967,711.17		185,610.83				601,153,322.00	
Chengdu Dahua Zhian Information	554,700,000.00						554,700,000.00	

n Technology Service Co., Ltd.								
Chengdu Huishan Smart Network Technology Co., Ltd.	5,800,000.0 0						5,800,000.0 0	
Zhejiang Huajian Technology Co., Ltd.	25,438,594. 24		817,348.09				26,255,942. 33	
Xinjiang Dahua Zhixin Informatio n Technology Co., Ltd.	2,055.08						2,055.08	
Guangxi Huacheng Technology Co., Ltd.	181,131.07		28,702.02				209,833.09	
Hangzhou Huacheng Software Co., Ltd.	4,537,212.6 1		1,405,896.3 6				5,943,108.9 7	
Dahua Technology Canada Inc.	72,864.00						72,864.00	
Chengdu Dahua Zhishu Informatio n Technology Service Co., Ltd.	10,000,000. 00						10,000,000. 00	
Zhengzhou Dahua Zhian Informatio n Technology Co., Ltd.	30,000,000. 00						30,000,000. 00	
Dahua Technology Internation al Pte. Ltd.	1,000,000.0 0						1,000,000.0 0	
Changsha Dahua Technology Co., Ltd.	100,029,57 4.72		9,858.24				100,039,43 2.96	
Zhejiang	592,510,76		1,910,495.7				594,421,26	

Pixfra Technology Co., Ltd.	5.20		0				0.90	
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	16,050,203.52		346,653.10				16,396,856.62	
Henan Dahua Zhilian Information Technology Co., Ltd.	163,701.90		54,567.30				218,269.20	
Yibin Huahui Information Technology Co., Ltd.	26,184.84		13,092.42				39,277.26	
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Xi'an IMOU Zhilian Technology Co., Ltd.	43,251.72		21,625.86				64,877.58	
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	126,189.87		252,379.74				378,569.61	
Total	8,003,642,515.21		82,949,222.67	36,097,000.00			8,050,494,737.88	

(2) Investment in affiliates and joint ventures

Unit: RMB

Name of Investees	Opening balance (book value)	Opening balance of provision for impairment	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	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued		

					equity metho d							
□. Joint ventures												
II. Affiliates												
Ruicity Digital Technology Co., Ltd.	78,231,566.10				-6,483,377.66						71,748,188.44	
Hangzhou Juhuan Information Technology Co., Ltd.		723,496.39										723,496.39
Ningbo Huayan Chuanxi Venture Capital Investment Partnership (Limited Partnership)	67,432,554.80				217,952.09						67,650,506.89	
Dezhou Shuzhi Information Technology Co., Ltd.	3,444,758.26				59,180.72						3,503,938.98	
Sichuan Hengji Anhua Internet of Things Technology	1,121,844.56				-90,896.72						1,030,947.84	

Co., Ltd.												
Zhejiang Huachuang Vision Technology Co., Ltd.	37,929,696.92				-5,152,080.53		1,704,423.02				34,482,039.41	
Subtotal	188,160,420.64	723,496.39			-11,449,222.10		1,704,423.02				178,415,621.56	723,496.39
Total	188,160,420.64	723,496.39			-11,449,222.10		1,704,423.02				178,415,621.56	723,496.39

The recoverable amount is determined as the net of fair value less costs of disposal.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

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	3,299,871,504.63	562,470,540.80	4,154,588,989.34	698,750,728.04
Other businesses	32,747,331.95	17,070,472.33	29,728,074.55	21,033,992.07
Total	3,332,618,836.58	579,541,013.13	4,184,317,063.89	719,784,720.11

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	-11,449,222.10	-189,891,800.93
Investment income from disposal of long-term equity investment	6,812,806.50	539,223.39
Investment income from trading financial assets during the holding period	1,243,275.00	
Investment income from disposal of trading financial assets	15,753,424.73	
Investment income on other non-current financial assets during the holding period	26,592.41	2,372,827.09

Investment income from national debt reverse repurchase	308,062.29	569,386.14
Profits from recognition termination of financial assets	-5,686,129.53	-3,617,354.24
Total	7,008,809.30	-188,877,854.91

XX. Supplementary Information

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

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses on disposal of non-current assets	104,889,898.73	
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, entitled to according to the established standard, and continuously impacting the Company's profits and losses)	81,469,680.71	
Profits and losses resulting from the changes in fair value for financial assets and financial liabilities held by non-financial enterprises, and from disposal of financial assets and liabilities, excluding the effective hedging businesses related to the regular business operation of the Company	-45,494,542.45	
Gains or losses from investment or asset management entrusted to others	-95,376,430.24	
Reversal of the receivables depreciation reserves for separate impairment test	2,567,783.80	
Profits and losses on debt restructuring	-70,000.00	
Non-Operating Revenue and expenses other than the above	3,993,096.01	
Other gains and losses items that fit the definition of non-recurring gains and losses	-1,833,839.60	
Less: Impact of income tax	-8,443,918.44	
Impact of minority equity (after tax)	11,237,589.47	
Total	47,351,975.93	--

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	Diluted Earnings per Share

		(RMB/Share)	(RMB/Share)
Net profit attributable to common shareholders of the Company	5.10%	0.56	0.56
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	4.97%	0.54	0.54

3. Differences in accounting data between domestic and overseas accounting standards

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

Applicable Not applicable

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

Applicable Not applicable

(3) For explanation of differences in accounting data between domestic and overseas accounting standards, the name of the overseas accounting firm shall be indicated if the audited data by an overseas accounting firm has been adjusted for difference.

Applicable Not applicable

Zhejiang Dahua Technology Co., Ltd.

Statutory Representative: Fu Liquan

August 24, 2024