

# Zhejiang Dahua Technology Co., Ltd.

## 2019 Q3 Report



October 2019

## **Section I Important Notice**

**The Board of Directors, the Board of Supervisors, directors, supervisors and senior management members of the Company hereby guarantee that the information presented in this quarterly report is authentic, accurate, complete and free of any false records, misleading statements or material omissions, and they will bear joint and several liabilities for such information.**

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

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

This document is a translated version of the Chinese version 2019 Q3 Financial Report (“2019 年第三季度报告全文”), and the published Q3 report in the Chinese version shall prevail. The complete published Chinese 2019 Q3 Financial Report may be obtained at <http://www.cninfo.com.cn>.

## Section II Basic Information about the Company

### I. Key Accounting Data and Financial Indicators

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

Yes  No

	At The End Of The Current Reporting Period	At the End of the Previous Year	Increase/Decrease at the End of the Current Reporting Period Compared with the End of the Previous Year	
Total Assets (RMB)	27,920,148,513.49	26,350,599,778.15	5.96%	
Net Assets Attributable to Shareholders of the Listed Company (RMB)	14,130,311,182.99	12,618,758,918.48	11.98%	
	The Current Reporting Period	Increase/Decrease of the Current Reporting Period Compared with the Same Period of the Previous Year	From the Beginning of the Year to the End of the Current Reporting Period	Increase/Decrease of the Period from the Beginning of the Year to the End of the Current Reporting Period Compared with the Same Period of the Previous Year
Operating Income (RMB)	5,621,668,726.34	7.76%	16,428,235,097.23	9.30%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	638,471,475.06	32.53%	1,877,352,423.80	20.06%
Net Profit Attributable to Shareholders of the Listed Company after Deducting non-recurring Gains and Losses (RMB)	590,869,606.63	14.56%	1,729,521,354.66	6.55%
Net Cash Flow Generated by Operational Activities (RMB)	332,230,140.64	158.22%	-538,236,952.24	67.71%
Basic Earnings per Share (RMB/Share)	0.22	29.41%	0.64	18.52%

Diluted Earnings per Share (RMB/Share)	0.22	29.41%	0.64	18.52%
Weighted Average ROE	4.60%	0.30%	13.99%	-0.24%

## Non-recurring Gains and Losses Items and Their Amounts

√ Applicable □ Not applicable

(in RMB, except per share data, unaudited)

Item Name	The Amount from the Beginning of the Year to the End of the Current Reporting Period	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	10,509,250.47	
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company and issued in the quota or quantity based on the national standards)	138,966,305.77	
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company	41,772,143.06	
Non-Operating Revenue and Expenses other than the above	3,269,138.09	
Less: Impact of income tax	32,165,761.36	
Impact of minority equity (after tax)	14,520,006.89	
Total	147,831,069.14	--

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

□ Applicable √ Not applicable

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

## II. The Total Number of Shareholder and the Holdings of the Top 10 Shareholders at the End of the Current Reporting Period

### 1. The number of common shareholders and preferred shareholders whose voting rights have been recovered and the shareholdings of the top 10 shareholders

Unit: share

Total Number Of Common Shareholders At The End Of The Reporting Period	106,822	Total Number of Preferred Shareholders (If Any) Whose Voting Rights have been Recovered at the End of the Reporting Period	0			
The shareholdings of the top 10 shareholders						
Name of Shareholder	Nature of Shareholder	Shareholding Percentage	Number of Shares Held	Number of Shares Held with Limited Sales Conditions	Pledged or Frozen	
					State of Shares	Number
Fu Liquan	Domestic Natural Person	36.10%	1,082,081,880	834,736,410	Pledge	201,152,000
Zhu Jiangming	Domestic Natural Person	6.22%	186,461,490	139,846,117	Pledge	36,504,000
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	4.46%	133,734,769	0		
Chen Ailing	Domestic Natural Person	2.38%	71,262,813	53,447,110		
Wu Jun	Domestic Natural Person	2.31%	69,250,886	51,938,164		
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.32%	39,611,241	0		
Central Huijin Asset Management Co., Ltd.	State-owned Legal Person	1.05%	31,448,750	0		
Shanghai Greenwoods Asset Management Co., Ltd. - Greenwoods Global Fund	Others	0.97%	28,978,386	0		
Zhejiang Dahua	Others	0.88%	26,247,928	0		

Technology Co., Ltd. - Phase III Employee Stock Ownership Plan					
Four One Eight Combination of National Social Security Fund	Others	0.69%	20,554,300	0	
Shareholding list of top ten shareholders without limited sales condition					
Name of Shareholder	Number of Shares Held without Limited Sales Condition			Type of shares	
				Type of Shares	Number
Fu Liquan	247,345,470			RMB common stock	247,345,470
Hong Kong Securities Clearing Co. Ltd.	133,734,769			RMB common stock	133,734,769
Zhu Jiangming	46,615,373			RMB common stock	46,615,373
China Securities Finance Co., Ltd.	39,611,241			RMB common stock	39,611,241
Central Huijin Asset Management Co., Ltd.	31,448,750			RMB common stock	31,448,750
Shanghai Greenwoods Asset Management Co., Ltd. - Greenwoods Global Fund	28,978,386			RMB common stock	28,978,386
Zhejiang Dahua Technology Co., Ltd. - Phase III Employee Stock Ownership Plan	26,247,928			RMB common stock	26,247,928
Four One Eight Combination of National Social Security Fund	20,554,300			RMB common stock	20,554,300
Fidelity Investments Management (Hong Kong) Limited - funds of customers	20,202,093			RMB common stock	20,202,093
BOC - Core Growth Stock Type Security Investment Fund of China International Fund Management	19,746,291			RMB common stock	19,746,291
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 On Top Ten Shareholders' Participation In Securities Margin Trading (If Any)	N/A				

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

Yes  No

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

**2. The total number of the preferred shareholders and the shareholdings of the top 10 preferred shareholders**

Applicable  Not applicable

## Section III Significant Events

### I. The Changes in Major Financial Data and Financial Indicators in the Current Reporting Period and the Reasons

Applicable  Not applicable

#### i. The changes of assets and liabilities and the reasons

1. The notes receivable are decreased by 58.72 % compared with the beginning of this year, which is mainly caused by the decrease of settlement of notes sold in the current reporting period;
2. The prepayments are increased by 31.49% compared with the beginning of this year, which is mainly caused by the increase of prepayments for raw materials in the current reporting period;
3. The interest receivable is increased by 121.11% compared with the beginning of this year, which is mainly caused by the increase of fixed deposits;
4. The inventory is increased by 33.6% compared with the beginning of this year, which is mainly caused by the expansion of the Company's sales scale and the increase of stock;
5. The available-for-sale financial assets are decreased by 100% compared with the beginning of this year, which is mainly caused by that the Company adjusted the items previously listed as available-for-sale financial assets to other non-current financial assets due to the implementation of the new standards for financial instruments from 2019;
6. The long-term receivables are increased by 40.44% compared with the beginning of this year, which is mainly caused by the acceptance of goods sold with payment by installments;
7. Other non-current financial assets are increased by 100% compared with the beginning of this year, which is mainly caused by that the Company adjusted the items previously listed as available-for-sale financial assets to other non-current financial assets due to the implementation of the new standards for financial instruments from 2019;
8. The construction in progress is increased by 53.62% compared with the beginning of this year, which is mainly caused by the increase of investment in the Phase II construction of the smart manufacturing base in Hangzhou and the R&D and industrialization of the smart IoT solutions;
9. The goodwill is decreased by 61.1% compared with the beginning of this year, which is mainly caused by the provision for the impairment of assets set aside in this reporting period;
10. The short-term loans are increased by 37.11% compared with the end of the previous year, which is mainly caused by the increase of borrowings from banks in this period;
11. The financial liabilities at fair value through profit or loss of the current period are decreased by 100% compared with the end of the previous year, which is mainly caused by that the Company adjusted the items previously listed as financial liabilities at fair value through profit or loss of the current period to trading financial liabilities due to the implementation of the new standards for financial instruments from 2019;
12. The payments received in advance are increased by 47.89% compared with the end of the previous year, which is mainly caused by the business growth of the Company;



13. The taxes payable are decreased by 35.62% compared with the end of the previous year, which is mainly caused by the decrease of value-added tax and the corporate income tax payable at the end of this period;

14. The interest payable is increased by 132.09% compared with the end of the previous year, which is mainly caused by the increase of borrowings from banks in this period;

15. The dividend payable is increased by 100% compared with the end of the previous year, which is mainly caused by that the dividend of restricted shares was not released;

16. The estimated liabilities are increased by 45.44% compared with the beginning of this year, which is mainly caused by the increase of estimated fees for after-sales maintenance of products;

17. The deferred income is increased by 42.72% compared with the beginning of this year, which is mainly caused by the receiving of the special subsidy rewards for the Dahua Smart (IoT) Industrial Park;

18. Other comprehensive income is decreased by 52.49% compared with the end of the previous year, which is mainly caused by the decrease of exchange differences from the translation of foreign currency statements;

ii. The changes of items in the income statement and the reasons

1. The expenses for R&D saw a year-on-year rise of 33.79%, which is mainly caused by the increased input of the Company in R&D;

2. The financial expenses saw a year-on-year rise of 58.57%, which is mainly caused by the decrease of exchange gains in this period;

3. Other income saw a year-on-year rise of 32.76%, which is mainly caused by the increase of government subsidies recorded as other income;

4. The investment income saw a year-on-year rise of 124.79%, which is mainly caused by the decrease of investment losses of associates confirmed with the equity method in this period;

5. The fair value gains/ (losses) saw a year-on-year rise of 159.22%, which is mainly caused by the changes of the fair value from foreign exchange hedging business;

6. The credit impairment losses saw a year-on-year rise of 100%, which is mainly caused by the implementation of the new standards for financial instruments from 2019;

7. The asset impairment losses saw a year-on-year drop of 39.51%, which is mainly caused by the implementation of the new standards for financial instruments from 2019 and the provision for the goodwill impairment;

8. The income from the disposal of assets saw a year-on-year rise of 2281.89%, which is mainly caused by the increase of income from the disposal of fixed assets in this period;

9. The non-operating income saw a year-on-year drop of 53.72%, which is mainly caused by the decrease of government subsidies recorded as non-operating income in this period;

10. The non-operating expenses saw a year-on-year drop of 32.33%, which is mainly caused by the decrease of losses from the disposal of fixed assets in this period;

iii. The changes of items in the cash flow statement and the reasons

1. The net amount of cash flow generated by the business activities saw a year-on-year rise of 67.71%, which is mainly caused by the Company's enhanced management of receivables and the increase of payments recovered;

2. The net amount of cash flow generated by fund-raising activities saw a year-on-year drop of 69.91%, which is mainly caused by the increase of repaid loans.

## II. Progress of Significant Events and the Analysis of Its Influence and Solutions

√ Applicable □ Not applicable

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

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

On 4 August 2017, the Company's 34th session of the 5th Board of Directors' meeting reviewed and approved the Proposal on Investing to Establish a PPP Project Company in Shache County, Xinjiang, and the Company submitted a bid based on the requirements for the Shache County City Construction Project (PPP). The winning consortium jointly funded the establishment of the project company, with a registered capital of RMB 335,567,200. Among them, Zhejiang Dahua System Engineering Co., Ltd. contributed RMB 234,897,040, accounting for 70% of the total contribution; South North United Information Technology Co., Ltd. contributed RMB 100,670,160, accounting for 30%. In August 2017, the project company was established and the name of the company approved by the industrial and commercial bureau was Xinjiang Dahua Xinzhi Information Technology Co., Ltd.

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

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

2. On 16 May 2017, the Company's 2016 Annual General Meeting of Shareholders reviewed and approved the Zhejiang Dahua Technology Co., Ltd. Phase III Employee Stock Ownership Plan (Draft) and its summary, and decided to implement the Phase III Employee Stock Ownership Plan. On 1 June 2017, the Company's Phase III Employee Stock

Ownership Plan completed the purchase of the shares through the Caitong Securities Asset Management Dahua No. 3 Directed Asset Management Plan, with an average purchase price of RMB16.83 per share and a purchase volume of 47,000,000 shares.

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

3. On December 27, 2018, the Company's 5th interim shareholders' meeting in 2018 reviewed and approved the "Proposal on Buy-back and Cancellation of Some Granted but Unlocked Restricted Stocks" and agreed to buy back and cancel restricted shares held by the incentive targets who have left the Company and one deceased personnel. The buy-back price was RMB 8.17 per share, the same as the granting price, and the registered capital was reduced accordingly. The aforesaid repurchase and cancellation had been accomplished on March 4, 2019 and the industrial and commercial registration of changes had been accomplished on April 15, 2019.

4. On June 5, 2019, the first extraordinary shareholders' meeting reviewed and approved the Proposal on the Public Offering of Convertible Corporate Bonds and the Feasibility Study Report on the Employment of Funds Raised by the Publicly Offered Convertible Corporate Bonds. (For more details, please see the announcements numbered 2019-030 and 2019-038 published on Securities Times and [www.cninfo.com.cn](http://www.cninfo.com.cn))

5. On July 29, 2019, the Company's 23rd session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Giving up the Shareholding Company's Right to Increase Capital with the Same Percentage and Related-party Transactions. It is agreed to give up the right of Jinhua CRRC Smart IoT New Energy Industry Investment Center (limited partnership) to increase the capital of Zhejiang Leapmotor Technology Co., Ltd. with the same percentage. The total amount of related-party transactions involved in giving up the right to increase the capital with the same percentage is RMB 58,752,000. The change of industrial and commercial registrations for the above matter was completed in August 2019.

6. On July 29, 2019, the Company's 23rd session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Increasing Capital in Holding Subsidiaries and Related-party Transactions. The Company and the related party Zhejiang Huashi Investment Management Co., Ltd. increased capital in the holding subsidiary Zhejiang Dahua Robot Technology Co., Ltd. with the same percentage. The Company would complete a capital increase of RMB 40.8 million with its own funds and the related party Zhejiang Huashi Investment Management Co., Ltd. would complete a capital increase of RMB 39.2 million. After the capital increase, the registered capital of Zhejiang Dahua Robot Technology Co., Ltd. would increase from RMB 50 million to RMB 130 million. The change of industrial and commercial registrations for the above matter was completed in August 2019.

7. On September 6, 2019, the Company's 25th session of the 6th Board of Directors' meeting reviewed and approved the Proposal on Granting Reserved Restricted Stocks to Incentive Targets. It was agreed to grant 11,380,400 reserved restricted shares to 789 eligible incentive targets at the price of RMB 8.75 per share. The matter is still in progress.

Overview of the Significant Events	Date of Disclosure	Indexes for the Inquiry of Websites Disclosing the
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		Provisional Reports
The Announcement on the Signing of a Framework Agreement by a Subsidiary for a PPP Project	January 26, 2017	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Indicative Announcement on the Publicity of the Pre-awarding of the Bid for a PPP Project to a Subsidiary	July 18, 2017	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on Establishing a PPP Project Company in Shache County	August 07, 2017	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on the Progress of the PPP Project of a Subsidiary	18 April 2018	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on the Resolutions made on the 2016 Annual General Meeting of Shareholders	May 17, 2017	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on the Accomplishment of the Purchase for the Phase III ESOP	June 02, 2017	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Indicative Announcement on the Expiration of the Phase III ESOP and the Announcement on the Extension	November 13, 2018	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement of Resolutions at the Fifth Extraordinary General Meeting of 2018	December 28, 2018	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on the Accomplishment of the Repurchase and Cancellation of Part of Restricted Shares	March 06, 2019	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on the Proposal on the Public Offering of Convertible Corporate Bonds	May 18, 2019	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement of Resolutions at the First Extraordinary General Meeting of 2019	June 06, 2019	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on Giving up the Shareholding Company's Right to Increase Capital with the Same Percentage and Related Transactions, and the Capital Increase in a Holding Subsidiary and the Related Transaction	July 30, 2019	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
The Announcement on Granting the Reserved Restricted Stocks to Incentive Targets	September 07, 2019	Juchao Information Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

The progress on share buy-back

Applicable  Not applicable

The Company plans to buy back some shares with the funds raised by itself through centralized competitive bidding. The total amount of funds for the repurchase shall not be lower than RMB 200 million (inclusive) and higher than RMB 400 million (inclusive). The price of the repurchase shall not exceed RMB 25.37 per share (inclusive). Calculated according to the purchase price and the upper limit for the repurchase, it's estimated to buy back 15,766,653 shares. The repurchased

shares will make up 0.53% of the current total share capital of the Company. The specific amount of repurchased shares and the proportion in the total share capital of the Company shall be subject to the actually repurchased number of shares and the actual proportion when the period of repurchase expires. The period for the implementation of repurchase shall be 12 months from the day the Board of Directors reviews and approves the repurchase scheme.

As of September 30, 2019, the Company bought back 13,182,480 shares with its special securities account through centralized competitive bidding, which made up 0.4398% of the total share capital of the Company. The highest transaction price was RMB 17.88 per share and the lowest transaction price was RMB 12.9 per share. The total amount of transactions was RMB 199,993,812.44 (not including the transaction expenses). The Announcement on the Scheme for the Repurchase of Shares (Announcement No.: 2019-025) and the Announcement on the Progress of the Repurchase of Shares (Announcement No.: 2019-063) had been respectively published on Securities Times and www.cninfo.com.cn on April 26, 2019 and October 10, 2019.

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

Applicable  Not applicable

### III. Commitments made by the Company's actual controllers, shareholders, related parties, purchasers and purchasing companies having not been fulfilled during the reporting period

Applicable  Not applicable

During this reporting period, there is no commitment made by the Company's actual controllers, shareholders, related parties, purchasers and purchasing companies having not been fulfilled during the reporting period.

### IV. Estimation of Business Performance in 2019

The estimated business performance in 2019: the net profit attributable to the shareholders of the listed company shall be positive and the circumstance shall not be turning losses into profits.

The fluctuation range of the net profit attributable to the shareholders of the listed company in 2019	15%	to	30%
The range of changes in the net profit attributable to the shareholders of the listed company in 2019 (Unit: RMB 10,000)	290,884.05	to	328,825.45
The net profit attributable to the shareholders of the listed company in 2018 (Unit: RMB 10,000)	252,942.65		
Note for the changes	The Company expanded its sales scale so that the operating income increased. It's estimated that the net profit attributable to the owners of the parent company will increase 15%-30% compared with the same period of the previous year.		

**V. Financial Assets at Fair Value**√ Applicable  Not applicable

(in RMB, except per share data, unaudited)

Asset Class	Initial Investment Cost	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	Cumulative Investment Income	Amount at the End of the Period	Capital Source
Financial Derivatives		38,409,531.36				-8,457,380.12	17,285.33	Equity Fund
Other Non-current Financial Assets	82,970,227.00			1,000,000.00			83,970,227.00	Equity Fund
<b>Total</b>	<b>82,970,227.00</b>	<b>38,409,531.36</b>	<b>-</b>	<b>1,000,000.00</b>	<b>-</b>	<b>-8,457,380.12</b>	<b>83,987,512.33</b>	<b>--</b>

**VI. Illegal external guarantees** Applicable  Not applicable

No illegal external guarantees during the reporting period.

**VII. 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.

**VIII. Entrusted Financing** Applicable  Not applicable

No such case as entrusted financing during the reporting period.

**IX. Registration Form for reception of research, communication, interviews and other activities during the reporting period**√ Applicable  Not applicable

Reception Time	Reception Method	Reception Target Type	Index of the Basic Information of Research
August 19, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 05, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 10, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 12, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 25, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 26, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
September 27, 2019	Field Investigation	Institution	For more information, please see the investor relations activity list in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## Section IV Financial Statements

### I. Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

September 30, 2019

Unit: RMB

Item Name	September 30, 2019	December 31, 2018
Current Assets:		
Monetary Funds	3,555,362,285.14	4,160,153,847.06
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	17,285.33	
Financial Liabilities at Fair Value through Profit or Loss		
Derivative Financial Assets		
Bills Receivable	984,721,517.63	2,385,693,417.06
Accounts Receivable	11,640,177,341.20	10,191,372,777.38
Receivables Financing		
Prepayments	166,849,691.46	126,891,259.00
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	426,864,058.06	398,170,769.40
Including: Interest Receivable	14,936,130.62	6,754,941.00
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	4,055,505,530.21	3,035,579,709.14
Contract Assets		
Holding for-sale Assets		



Non-current Assets Due within 1 Year	613,378,258.93	578,733,057.27
Other Current Assets	457,394,009.91	402,255,078.05
Subtotal of Current Assets	21,900,269,977.87	21,278,849,914.36
Non-current Assets:		
Granting of Loans and Advances		
Investment in Creditor's Rights		
Financial Assets Available for Sale		82,970,227.00
Investment in Other Creditor's Rights		
Held-to-maturity Investments		
Long-term Receivables	2,614,251,641.17	1,861,485,568.28
Long-term Equity Investment	144,938,239.50	185,872,021.58
Investment in Other Equity Instruments		
Other Non-current Financial Assets	83,970,227.00	
Investment Property	340,065,865.90	346,831,376.55
Fixed Assets	1,438,234,576.53	1,407,471,330.83
Projects under Construction	347,473,416.43	226,191,587.11
Productive Biological Assets		
Oil and Gas Assets		
Right-of-use Assets		
Intangible Assets	406,236,409.84	372,467,409.09
Development Expenditure		
Goodwill	42,685,490.30	109,745,412.21
Long-term Prepaid Expenses	36,297,838.89	37,117,918.55
Deferred Income Tax Assets	549,812,365.04	425,319,406.98
Other Non-current Assets	15,912,465.02	16,277,605.61
Subtotal of Non-current Assets	6,019,878,535.62	5,071,749,863.79
Total Assets	27,920,148,513.49	26,350,599,778.15
Current Liabilities:		
Short-term Loan	2,538,910,516.82	1,851,709,561.83
Borrowings from Banks and Other Financial Institutions		
Borrowing Funds		

Transactional Financial Liabilities		
Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss		38,602,602.30
Derivative Financial Liabilities		
Notes Payable	3,021,145,396.58	3,671,586,104.79
Accounts Payable	3,659,476,898.05	3,789,729,594.20
Received Pre-payments	507,720,321.19	343,297,891.20
Contract Liabilities		
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll Payable	1,149,454,546.49	1,124,358,611.94
Tax Payable	385,966,669.10	599,478,049.81
Other Payables	1,144,866,260.63	1,051,537,094.97
Including: Interest Payable	11,012,979.60	4,745,203.31
Dividends Payable	9,882,284.31	
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale Liabilities		
Non-current Liabilities Due within 1 Year	25,500,000.00	25,500,000.00
Other Current Liabilities	68,857,756.46	70,845,639.51
Subtotal of Current Liabilities	12,501,898,365.32	12,566,645,150.55
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term Loans	154,000,000.00	179,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities		
Long-term Payables		

Long-term Payroll Payable		
Expected Liabilities	281,814,316.19	193,761,170.12
Deferred Income	83,769,065.79	58,693,533.40
Deferred Income Tax Liabilities	52,879,417.75	50,137,969.76
Other Non-current Liabilities	432,267,970.17	399,096,280.89
Subtotal of Non-current Liabilities	1,004,730,769.90	880,688,954.17
Total Liabilities	13,506,629,135.22	13,447,334,104.72
Shareholders' Equity:		
Share Capital	2,997,577,730.00	2,997,621,930.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,630,363,003.50	1,501,180,862.83
Less: Treasury Share	997,484,000.13	807,733,586.00
Other Comprehensive Incomes	4,911,148.57	10,337,164.41
Special Reserves		
Surplus Reserves	1,246,369,430.91	1,246,369,430.91
General Risk Reserves		
Undistributed Profits	9,248,573,870.14	7,670,983,116.33
Total Shareholders' Equity Attributable to the Parent Company	14,130,311,182.99	12,618,758,918.48
Minority Shareholders' Equity	283,208,195.28	284,506,754.95
Total Shareholders' Equity	14,413,519,378.27	12,903,265,673.43
Total Liabilities and Shareholders' Equity	27,920,148,513.49	26,350,599,778.15

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

## 2. Balance Sheet of the Parent Company

Unit: RMB

Item Name	September 30, 2019	December 31, 2018
Current Assets:		
Monetary Funds	330,071,832.60	611,190,236.01

Trading Financial Assets		
Financial Liabilities at Fair Value through Profit or Loss		
Derivative Financial Assets		
Bills Receivable	1,026,955,892.42	952,572,702.92
Accounts Receivable	7,513,721,266.56	4,598,575,923.04
Receivables Financing		
Prepayments	28,184,602.91	26,772,044.53
Other Receivables	5,651,042,209.33	6,954,655,863.03
Including: Interest Receivable		42,500.00
Dividends Receivable		
Inventory	161,553,679.53	120,181,267.85
Contract Assets		
Holding for-sale Assets		
Non-current Assets Due within 1 Year	52,617,709.38	50,793,137.80
Other Current Assets	20,231,057.09	24,858,982.78
Subtotal of Current Assets	14,784,378,249.82	13,339,600,157.96
Non-current Assets:		
Investment in Creditor's Rights		
Financial Assets Available for Sale		80,496,000.00
Investment in Other Creditor's Rights		
Held-to-maturity Investments		
Long-term Receivables	152,892,829.05	160,299,143.83
Long-term Equity Investment	3,098,023,447.28	3,001,639,428.55
Investment in Other Equity Instruments		
Other Non-current Financial Assets	81,496,000.00	
Investment Property	177,163,871.17	183,321,198.72
Fixed Assets	540,586,053.61	496,363,638.38
Projects under Construction	160,030,464.52	151,072,585.67
Productive Biological Assets		
Oil and Gas Assets		
Right-of-use Assets		

Intangible Assets	160,216,246.15	170,879,747.04
Development Expenditure		
Goodwill		
Long-term Prepaid Expenses	26,419,041.10	28,927,258.54
Deferred Income Tax Assets	103,154,140.46	40,821,902.57
Other Non-current Assets	10,131,863.77	929,380.00
Subtotal of Non-current Assets	4,510,113,957.11	4,314,750,283.30
Total Assets	19,294,492,206.93	17,654,350,441.26
Current Liabilities:		
Short-term Loan	1,920,000,000.00	1,380,000,000.00
Transactional Financial Liabilities		
Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss		
Derivative Financial Liabilities		
Notes Payable	291,520,667.91	175,647,414.85
Accounts Payable	439,832,886.75	889,881,485.16
Received Pre-payments	54,444,778.18	80,361,211.04
Contract Liabilities		
Payroll Payable	812,472,308.49	817,723,936.19
Tax Payable	197,359,387.30	351,294,836.50
Other Payables	1,179,861,000.96	1,060,909,330.56
Including: Interest Payable	9,340,854.19	2,416,340.30
Dividends Payable	9,882,284.31	
Holding for-sale Liabilities		
Non-current Liabilities Due within 1 Year		
Other Current Liabilities	5,924,816.39	6,464,333.12
Subtotal of Current Liabilities	4,901,415,845.98	4,762,282,547.42
Non-current Liabilities:		
Long-term Loans		
Bonds Payable		
Including: Preferred Stocks		

Perpetual Bonds		
Lease Liabilities		
Long-term Payables		
Long-term Payroll Payable		
Expected Liabilities	3,316,774.63	3,396,100.00
Deferred Income		
Deferred Income Tax Liabilities		
Other Non-current Liabilities	17,972,406.39	23,684,423.74
Subtotal of Non-current Liabilities	21,289,181.02	27,080,523.74
Total Liabilities	4,922,705,027.00	4,789,363,071.16
Shareholders' Equity:		
Share Capital	2,997,577,730.00	2,997,621,930.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	1,618,513,539.89	1,497,801,068.88
Less: Treasury Share	997,484,000.13	807,733,586.00
Other Comprehensive Incomes		
Special Reserves		
Surplus Reserves	1,246,369,430.91	1,246,369,430.91
Undistributed Profits	9,506,810,479.26	7,930,928,526.31
Total Shareholders' Equity	14,371,787,179.93	12,864,987,370.10
Total Liabilities and Shareholders' Equity	19,294,492,206.93	17,654,350,441.26

### 3. Consolidated Income Statement of This Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Total Operating Revenue	5,621,668,726.34	5,216,687,713.72
Including: Operating Revenue	5,621,668,726.34	5,216,687,713.72
Interest Income		

Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	5,191,296,726.66	4,887,081,096.07
Including: Operating Cost	3,253,454,590.62	3,333,731,189.72
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
The Net Amount Withdrawn for Insurance Liability Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	37,126,748.19	41,313,194.06
Sales Expenses	1,000,254,942.06	823,964,851.51
Management Fees	212,675,785.58	208,144,671.11
Research and Development Expense	777,438,286.97	646,771,713.83
Financial Expenses	-89,653,626.76	-166,844,524.16
Including: Interest Expenses	34,207,254.30	29,722,966.77
Interest Income	54,494,942.28	29,379,494.71
Add: Other Income	194,077,637.71	182,833,069.63
Investment Income (Mark "-" for Loss)	18,610,281.21	-31,254,782.85
Including: Investment Income from Affiliates and Joint Ventures	-60,323.75	-6,657,627.72
Profits from Recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from Changes in Fair Value (Losses Marked with "-")	-7,039,656.80	-23,528,521.97
Credit Impairment Losses (Mark "-" for Loss)	-51,555,026.88	
Asset Impairment Losses (Mark "-" for Loss)	-1,503,079.62	-37,475,609.41
Asset Disposal Income (Mark "-" for Loss)	-30,929.16	30,560.71
III. Operating Profit (Mark "-" for Loss)	582,931,226.14	420,211,333.76
Add: Non-operating Incomes	3,152,484.26	19,971,732.76

Less: Non-operating Expenses	352,012.78	330,608.26
IV. Total Profit (Mark "-" for Total Loss)	585,731,697.62	439,852,458.26
Less: Income Tax Expense	-40,088,484.83	-47,525,102.25
V. Net Profit (Mark "-" for Net Loss)	625,820,182.45	487,377,560.51
i. Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	625,820,182.45	487,377,560.51
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
ii. Classified by the Attribution of Ownership		
1. Net Profit Attributable to the Parent Company's Owner	638,471,475.06	481,764,501.06
2. Minority Shareholders' Profit and Loss	-12,651,292.61	5,613,059.45
VI. Net Amount of Other Comprehensive Incomes after Tax	-4,707,760.24	-10,629,067.12
Net Amount of Other Comprehensive Incomes After Tax Attributable to the Parent Company's Owner	-4,707,760.24	-10,629,067.12
(1) Other comprehensive Income that cannot be Reclassified as P/L		
1. Re-measure the Variation of the Defined Benefit Plan		
2. Other Comprehensive Income that cannot be Transferred to P/L under the Equity Method		
3. Changes in the Fair Value of Investment in Other Equity Instruments		
4. Changes in the Fair Value of the Credit Risk of the Enterprise		
5. Others		
(2) Other Comprehensive Income that will be Reclassified as P/L	-4,707,760.24	-10,629,067.12
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. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
4. Financial Assets Reclassified into Other Comprehensive Income		
5. Profit or Loss Arising from Reclassifying Investments Held		



to Maturity as Financial Assets Available for Sale		
6. Provisions for the Credit Impairment of Investment in Other Creditor's Rights		
7. Cash Flow Hedge Reserves		
8. Currency Translation Difference	-4,707,760.24	-10,629,067.12
9. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders		
VII. Total Comprehensive Income	621,112,422.21	476,748,493.39
Total Comprehensive Income Attributable to the Parent Company's Owner	633,763,714.82	471,135,433.94
Total Comprehensive Income Attributable to Minority Shareholders	-12,651,292.61	5,613,059.45
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.22	0.17
(II) Diluted Earnings per Share	0.22	0.17

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

#### 4. Income Statement of the Parent Company in This Reporting Period

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Operating Revenue	2,083,600,346.73	1,792,844,785.59
Less: Operating Cost	214,105,635.09	287,661,878.89
Taxes and Surcharges	27,934,138.20	22,733,401.39
Sales Expenses	484,641,161.29	488,743,169.47
Management Fees	130,526,564.44	99,149,898.12
Research and Development Expense	649,266,390.42	589,456,757.42
Financial Expenses	1,735,618.92	5,462,603.59
Including: Interest Expenses	22,964,335.86	8,996,914.10
Interest Income	21,446,503.60	4,962,437.30
Add: Other income	133,795,590.92	171,234,834.51

Investment Income (Mark "-" for Loss)	1,217,993.97	-6,657,627.72
Including: Investment Income from Affiliates and Joint Ventures	145,189.01	-6,657,627.72
Profits from Recognition Termination of Financial Assets at Amortized Cost		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from Changes in Fair Value (Losses Marked with "-")		
Credit Impairment Losses (Mark "-" for Loss)	-5,976,465.73	
Asset Impairment Losses (Mark "-" for Loss)		44,895,002.92
Asset Disposal Income (Mark "-" for Loss)		21,718.55
II. Operating Profit (Mark "-" for Loss)	704,427,957.53	509,131,004.97
Add: Non-operating Incomes	2,290,786.72	17,831,075.48
Less: Non-operating Expenses	128,305.79	245,021.42
III. Total Profit (Mark "-" for Total Loss)	706,590,438.46	526,717,059.03
Less: Income Tax Expense	-42,457,832.18	-110,393,938.26
IV. Net Profit (Mark "-" for Net Loss)	749,048,270.64	637,110,997.29
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	749,048,270.64	637,110,997.29
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax		
(1) Other Comprehensive Income that cannot be Reclassified as P/L		
1. Re-measure the Variation of the Defined Benefit Plan		
2. Other Comprehensive Income that cannot be Transferred to P/L under the Equity Method		
3. Changes in the Fair Value of Investment in Other Equity Instruments		
4. Changes in the Fair Value of the Credit risk of the Enterprise		
5. Others		
(2) Other Comprehensive Income that will be Reclassified as P/L		
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. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
4. Financial Assets Reclassified into Other Comprehensive Income		
5. Profit or Loss Arising from Redesignating Investments Held to Maturity as Financial Assets Available for Sale		
6. Provisions for the Credit Impairment of Investment in Other Creditor's Rights		
7. Cash Flow Hedge Reserves		
8. Currency Translation Difference		
9. Others		
VI. Total Comprehensive Income	749,048,270.64	637,110,997.29
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.26	0.22
(II) Diluted Earnings per Share	0.26	0.22

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

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Total Operating Revenue	16,428,235,097.23	15,030,729,066.20
Including: Operating Revenue	16,428,235,097.23	15,030,729,066.20
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	14,841,856,899.77	13,544,083,764.70
Including: Operating Cost	9,696,883,741.65	9,563,851,634.78
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		

Net Claims Paid		
The Net Amount Withdrawn for Insurance Liability Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	101,317,597.41	104,005,456.03
Sales Expenses	2,539,969,197.39	2,076,706,752.34
Management Fees	559,594,952.94	477,344,075.64
Research and Development Expense	2,022,699,488.74	1,511,900,765.92
Financial Expenses	-78,608,078.36	-189,724,920.01
Including: Interest Expenses	110,544,575.72	78,284,369.59
Interest Income	135,645,132.09	80,171,832.38
Add: Other Income	620,999,154.79	467,750,068.56
Investment Income (Mark "-" for Loss)	12,919,278.92	-52,122,659.16
Including: Investment Income from Affiliates and Joint Ventures	-608,947.68	-32,224,908.63
Profits from Recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from Changes in Fair Value (Losses Marked with "-")	38,409,531.36	-64,861,287.24
Credit Impairment Losses (Mark "-" for Loss)	-215,236,533.37	
Asset Impairment Losses (Mark "-" for Loss)	-100,277,266.24	-165,771,631.81
Asset Disposal Income (Mark "-" for Loss)	417,686.67	17,535.97
III. Operating Profit (Mark "-" for Loss)	1,943,610,049.59	1,671,657,327.82
Add: Non-operating Incomes	11,666,319.32	25,206,031.85
Less: Non-operating Expenses	1,709,111.33	2,525,495.61
IV. Total Profit (Mark "-" for Total Loss)	1,953,567,257.58	1,694,337,864.06
Less: Income Tax Expense	123,084,881.14	118,196,431.38
V. Net Profit (Mark "-" for Net Loss)	1,830,482,376.44	1,576,141,432.68
i. Classified by Operation Continuity		

1. Net Profit as a Going Concern (Mark "-" for Net Loss)	1,830,482,376.44	1,576,141,432.68
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
ii. Classified by the Attribution of Ownership		
1. Net Profit Attributable to the Parent Company's Owner	1,877,352,423.80	1,563,681,387.58
2. Minority Shareholders' Profit and Loss	-46,870,047.36	12,460,045.10
VI. Net Amount of Other Comprehensive Incomes after Tax	-5,425,937.54	-2,235,307.10
Net Amount of Other Comprehensive Incomes After Tax Attributable to the Parent Company's Owner	-5,426,015.84	-2,235,307.10
(1) Other Comprehensive Income that cannot be Reclassified as P/L		
1. Re-measure the Variation of the Defined Benefit plan		
2. Other Comprehensive Income that cannot be Transferred to P/L under the Equity Method		
3. Changes in the Fair Value of Investment in Other Equity Instruments		
4. Changes in the Fair Value of the Credit Risk of the Enterprise		
5. Others		
(2) Other Comprehensive Income that will be Reclassified as P/L	-5,426,015.84	-2,235,307.10
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. Profit or Loss Arising from Changes in the Fair Value of Financial Assets Available for Sale		
4. Financial Assets Reclassified into Other Comprehensive Income		
5. Profit or Loss Arising from Redefining Investments Held to Maturity as Financial Assets Available for Sale		
6. Provisions for the Credit Impairment of Investment in Other Creditor's Rights		
7. Cash Flow Hedge Reserves		
8. Currency Translation Difference	-5,426,015.84	-2,235,307.10

9. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	78.30	
VII. Total Comprehensive Income	1,825,056,438.90	1,573,906,125.58
Total Comprehensive Income Attributable to the Parent Company's Owner	1,871,926,407.96	1,561,446,080.48
Total Comprehensive Income Attributable to Minority Shareholders	-46,869,969.06	12,460,045.10
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.64	0.54
(II) Diluted Earnings per Share	0.64	0.54

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

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

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Operating Revenue	5,364,804,306.59	5,576,992,611.46
Less: Operating Cost	583,454,039.07	1,455,015,004.83
Taxes and Surcharges	71,739,441.76	67,645,018.11
Sales Expenses	1,259,338,762.54	1,173,616,922.24
Management Fees	325,035,065.38	224,057,849.24
Research and Development Expense	1,696,538,553.42	1,347,566,767.39
Financial Expenses	34,135,408.00	-5,455,841.16
Including: Interest Expenses	74,893,547.70	25,612,631.49
Interest Income	43,417,611.31	32,752,271.20
Add: Other Income	522,021,134.08	443,719,222.41
Investment Income (Mark "-" for Loss)	10,958,084.29	-30,125,038.40
Including: Investment Income from Affiliates and Joint Ventures	138,092.47	-31,510,214.43

Profits from Recognition Termination of Financial Assets at Amortized Cost		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from Changes in Fair Value (Losses Marked with "-")		
Credit Impairment Losses (Mark "-" for Loss)	-16,577,286.08	
Asset Impairment Losses (Mark "-" for Loss)		33,694,833.36
Asset Disposal Income (Mark "-" for Loss)	230,024.34	8,194.76
II. Operating Profit (Mark "-" for Loss)	1,911,194,993.05	1,761,844,102.94
Add: Non-operating Incomes	4,766,879.62	20,752,070.15
Less: Non-operating Expenses	828,984.67	573,768.45
III. Total Profit (Mark "-" for Total Loss)	1,915,132,888.00	1,782,022,404.64
Less: Income Tax Expense	39,489,265.06	38,435,556.77
IV. Net Profit (Mark "-" for Net Loss)	1,875,643,622.94	1,743,586,847.87
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,875,643,622.94	1,743,586,847.87
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax		
(1) Other Comprehensive Income that cannot be Reclassified as P/L		
1. Re-measure the Variation of the Defined Benefit Plan		
2. Other Comprehensive Income that cannot be Transferred to P/L under the Equity Method		
3. Changes in the Fair Value of Investment in Other Equity Instruments		
4. Changes in the Fair Value of the Credit Risk of the Enterprise		
5. Others		
(2) Other Comprehensive Income that will be Reclassified as P/L		
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. Profit or Loss Arising from Changes in the Fair Value of		

Financial Assets Available for Sale		
4. Financial Assets Reclassified into Other Comprehensive Income		
5. Profit or Loss Arising from Reclassifying Investments Held to Maturity as Financial Assets Available for Sale		
6. Provisions for the Credit Impairment of Investment in Other Creditor's Rights		
7. Cash Flow Hedge Reserves		
8. Currency Translation Difference		
9. Others		
VI. Total Comprehensive Income	1,875,643,622.94	1,743,586,847.87
VII. Earnings per Share:		
(I) Basic Earnings per Share	0.64	0.60
(II) Diluted Earnings per Share	0.64	0.60

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

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	16,730,049,636.83	14,096,899,342.48
Net Increase in Customer's Bank Deposits and Interbank Deposits		
Net Increase in Borrowings from the Central Bank		
Net Increase in Borrowing Funds		
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 Borrowing Funds		
Net Increase in Repurchase Business Funds		



Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	1,273,067,692.84	1,175,466,753.02
Other Received Cashes Related to Operational Activities	511,327,169.88	179,706,020.35
Subtotal of Operational Activities Free Cash Inflow	18,514,444,499.55	15,452,072,115.85
Cash Paid for Merchandise and Services	12,421,483,664.69	11,313,035,144.29
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Original Insurance Contract Claims		
Net Increase of Funds Lent		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	3,597,447,707.85	3,147,424,488.01
Cash Paid for Taxes and Surcharges	1,266,038,737.35	1,148,544,384.30
Other Paid Cashes Related to Operational Activities	1,767,711,341.90	1,510,039,968.78
Subtotal of Operational Activities Free Cash Outflow	19,052,681,451.79	17,119,043,985.38
Net Cash Flow Generated by Operational Activities	-538,236,952.24	-1,666,971,869.53
II. Cash Flow Generated by Investment Activities:		
Cash Arising from Disposal of Investments		146,950,000.00
Cash Arising from Investment Incomes	10,459,991.82	1,738,010.28
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	4,594,633.81	552,893.76
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities	23,496,710.65	3,254,123.87
Investment Activities Free Cash Inflow Subtotal	38,551,336.28	152,495,027.91
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	382,519,246.62	389,636,120.07
Cash Paid for Investments	13,200,000.00	144,300,000.00
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business		56,408,605.39

Units		
Other Paid Cashes Related to Investment Activities	26,708,528.22	100,527,143.08
Subtotal of Cash Outflow from Investment Activities	422,427,774.84	690,871,868.54
Net Amount of Cash Flow Generated by Investment Activities	-383,876,438.56	-538,376,840.63
III. Cash Flow Generated by Financing Activities:		
Cash Arising from Absorbing Investments	43,114,250.00	77,742,285.10
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	43,114,250.00	77,742,285.10
Cash Arising from Borrowings	4,670,035,208.85	4,608,755,547.11
Other Received Cashes Related to Financing Activities	1,040,932,000.04	1,073,755,819.97
Financing Activities Free Cash Inflow Subtotal	5,754,081,458.89	5,760,253,652.18
Cash Paid for Debts Repayment	3,921,105,318.52	3,615,177,763.81
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	381,086,344.23	650,902,100.63
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Paid Cashes Related to Financing Activities	1,276,872,441.04	912,488,000.04
Financing Activities Free Cash Outflow Subtotal	5,579,064,103.79	5,178,567,864.48
Net Amount of Cash Flow Generated by Financing Activities	175,017,355.10	581,685,787.70
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	44,026,137.84	59,968,947.69
V. Net Increase in Cash and Cash Equivalents	-703,069,897.86	-1,563,693,974.77
Add: Cash and Cash Equivalents at the Start of the Period	3,702,283,803.54	3,062,678,993.88
VI. Cash and Cash Equivalents at the End of the Period	2,999,213,905.68	1,498,985,019.11

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

Unit: RMB

Item Name	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	2,342,498,453.81	8,565,255,144.00

Tax Refund	456,671,994.80	440,611,381.06
Other Received Cashes Related to Operational Activities	106,391,951.81	21,008,777.53
Subtotal of Operational Activities Free Cash Inflow	2,905,562,400.42	9,026,875,302.59
Cash Paid for Merchandise and Services	450,973,346.38	1,529,294,174.11
Cash Paid to and for Employees	2,238,092,627.31	1,986,373,244.95
Cash Paid for Taxes and Surcharges	872,684,753.09	839,005,205.65
Other Paid Cashes Related to Operational Activities	840,812,247.82	800,738,387.79
Subtotal of Operational Activities Free Cash Outflow	4,402,562,974.60	5,155,411,012.50
Net Cash Flow Generated by Operational Activities	-1,497,000,574.18	3,871,464,290.09
II. Cash Flow Generated by Investment Activities:		
Cash Arising from Disposal of Investments		107,950,000.00
Cash Arising from Investment Incomes	10,459,991.82	1,385,176.03
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	14,376,371.57	66,112,836.14
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities	11,929,552.28	29,536,675.15
Investment Activities Free Cash Inflow Subtotal	36,765,915.67	204,984,687.32
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	157,802,380.37	91,063,022.15
Cash Paid for Investments	123,185,750.00	453,686,250.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities		
Subtotal of Cash Outflow from Investment Activities	280,988,130.37	544,749,272.15
Net Amount of Cash Flow Generated by Investment Activities	-244,222,214.70	-339,764,584.83
III. Cash Flow Generated by Financing Activities:		
Cash Arising from Absorbing Investments		
Cash Arising from Borrowings	1,963,462,853.53	1,488,603,047.41
Other Received Cashes Related to Financing Activities	3,926,000,253.84	111,547,737.65
Financing Activities Free Cash Inflow Subtotal	5,889,463,107.37	1,600,150,785.06

Cash Paid for Debts Repayment	1,423,462,853.53	950,000,000.00
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	348,137,734.88	602,162,751.51
Other Paid Cashes Related to Financing Activities	2,678,522,588.68	4,041,706,031.13
Financing Activities Free Cash Outflow Subtotal	4,450,123,177.09	5,593,868,782.64
Net Amount of Cash Flow Generated by Financing Activities	1,439,339,930.28	-3,993,717,997.58
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-243,602.64	-115,776.35
V. Net Increase in Cash and Cash Equivalents	-302,126,461.24	-462,134,068.67
Add: Cash and Cash Equivalents at the Start of the Period	603,430,209.42	524,670,812.68
VI. Cash and Cash Equivalents at the End of the Period	301,303,748.18	62,536,744.01

## II. Adjustments to the Financial Statements

### 1. Adjustments to Items in the Financial Statements of the Beginning of the Year 2019 according to the New Standards for Financial Instruments, Revenue or Lease

Applicable  Not applicable

Consolidated Balance Sheet

Unit: RMB

Item Name	December 31, 2018	January 01, 2019	Adjusted amount
Current Assets:			
Monetary Funds	4,160,153,847.06	4,160,153,847.06	
Deposit Reservation for Balance			
Loans to Banks and Other Financial Institutions			
Trading Financial Assets			
Financial Liabilities at Fair Value through Profit or Loss			
Derivative Financial Assets			
Bills Receivable	2,385,693,417.06	2,385,693,417.06	
Accounts Receivable	10,191,372,777.38	10,191,372,777.38	
Receivables Financing			
Prepayments	126,891,259.00	126,891,259.00	

Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	398,170,769.40	398,170,769.40	
Including: Interest Receivable	6,754,941.00	6,754,941.00	
Dividends Receivable			
Buying Back the Sale of Financial Assets			
Inventory	3,035,579,709.14	3,035,579,709.14	
Contract Assets			
Holding for-sale Assets			
Non-current Assets Due within 1 Year	578,733,057.27	578,733,057.27	
Other Current Assets	402,255,078.05	402,255,078.05	
Subtotal of Current Assets	21,278,849,914.36	21,278,849,914.36	
Non-current Assets:			
Granting of Loans and Advances			
Investment in Creditor's Rights			
Financial Assets Available for Sale	82,970,227.00		-82,970,227.00
Investment in Other Creditor's Rights			
Held-to-maturity Investments			
Long-term Receivables	1,861,485,568.28	1,861,485,568.28	
Long-term Equity Investment	185,872,021.58	185,872,021.58	
Investment in Other Equity Instruments			
Other Non-current Financial Assets		82,970,227.00	82,970,227.00
Investment Property	346,831,376.55	346,831,376.55	
Fixed Assets	1,407,471,330.83	1,407,471,330.83	
Projects under Construction	226,191,587.11	226,191,587.11	
Productive Biological Assets			
Oil and Gas Assets			
Right-of-use Assets			
Intangible Assets	372,467,409.09	372,467,409.09	
Development Expenditure			

Goodwill	109,745,412.21	109,745,412.21	
Long-term Prepaid Expenses	37,117,918.55	37,117,918.55	
Deferred Income Tax Assets	425,319,406.98	425,319,406.98	
Other Non-current Assets	16,277,605.61	16,277,605.61	
Subtotal of Non-current Assets	5,071,749,863.79	5,071,749,863.79	
Total Assets	26,350,599,778.15	26,350,599,778.15	
Current Liabilities:			
Short-term Loan	1,851,709,561.83	1,851,709,561.83	
Borrowings from Banks and Other Financial Institutions			
Borrowing Funds			
Transactional Financial Liabilities		38,602,602.30	38,602,602.30
Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss	38,602,602.30		-38,602,602.30
Derivative Financial Liabilities			
Notes Payable	3,671,586,104.79	3,671,586,104.79	
Accounts Payable	3,789,729,594.20	3,789,729,594.20	
Received Pre-payments	343,297,891.20	343,297,891.20	
Contract Liabilities			
Financial Assets Sold for Repurchase			
Deposit Taking and Interbank Deposit			
Receiving from Vicariously Traded Securities			
Receiving from Vicariously Sold Securities			
Payroll Payable	1,124,358,611.94	1,124,358,611.94	
Tax Payable	599,478,049.81	599,478,049.81	
Other Payables	1,051,537,094.97	1,051,537,094.97	
Including: Interest Payable	4,745,203.31	4,745,203.31	
Dividends Payable			
Service Charge and Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale Liabilities			

Non-current Liabilities Due within 1 Year	25,500,000.00	25,500,000.00	
Other Current Liabilities	70,845,639.51	70,845,639.51	
Subtotal of Current Liabilities	12,566,645,150.55	12,566,645,150.55	
Non-current Liabilities:			
Insurance Contract Reserves			
Long-term Loans	179,000,000.00	179,000,000.00	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term Payroll Payable			
Expected Liabilities	193,761,170.12	193,761,170.12	
Deferred Income	58,693,533.40	58,693,533.40	
Deferred Income Tax Liabilities	50,137,969.76	50,137,969.76	
Other Non-current Liabilities	399,096,280.89	399,096,280.89	
Subtotal of Non-current Liabilities	880,688,954.17	880,688,954.17	
Total Liabilities	13,447,334,104.72	13,447,334,104.72	
Shareholders' Equity:			
Share Capital	2,997,621,930.00	2,997,621,930.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,501,180,862.83	1,501,180,862.83	
Less: Treasury Share	807,733,586.00	807,733,586.00	
Other Comprehensive Incomes	10,337,164.41	10,337,164.41	
Special Reserves			
Surplus Reserves	1,246,369,430.91	1,246,369,430.91	
General Risk Reserves			
Undistributed Profits	7,670,983,116.33	7,670,983,116.33	
Total Shareholders' Equity Attributable to the Parent	12,618,758,918.48	12,618,758,918.48	

Company			
Minority Shareholders' Equity	284,506,754.95	284,506,754.95	
Total Shareholders' Equity	12,903,265,673.43	12,903,265,673.43	
Total Liabilities and Shareholders' Equity	26,350,599,778.15	26,350,599,778.15	

## Balance Sheet of the Parent Company

Unit: RMB

Item Name	December 31, 2018	January 01, 2019	Adjusted amount
Current Assets:			
Monetary Funds	611,190,236.01	611,190,236.01	
Trading Financial Assets			
Financial Liabilities at Fair Value through Profit or Loss			
Derivative Financial Assets			
Bills Receivable	952,572,702.92	952,572,702.92	
Accounts Receivable	4,598,575,923.04	4,598,575,923.04	
Receivables Financing			
Prepayments	26,772,044.53	26,772,044.53	
Other Receivables	6,954,655,863.03	6,954,655,863.03	
Including: Interest Receivable	42,500.00	42,500.00	
Dividends Receivable			
Inventory	120,181,267.85	120,181,267.85	
Contract Assets			
Holding for-sale Assets			
Non-current Assets Due within 1 Year	50,793,137.80	50,793,137.80	
Other Current Assets	24,858,982.78	24,858,982.78	
Subtotal of Current Assets	13,339,600,157.96	13,339,600,157.96	
Non-current Assets:			
Investment in Creditor's Rights			
Financial Assets Available for Sale	80,496,000.00		-80,496,000.00
Investment in Other Creditor's Rights			



Held-to-maturity Investments			
Long-term Receivables	160,299,143.83	160,299,143.83	
Long-term Equity Investment	3,001,639,428.55	3,001,639,428.55	
Investment in Other Equity Instruments			
Other Non-current Financial Assets		80,496,000.00	80,496,000.00
Investment Property	183,321,198.72	183,321,198.72	
Fixed Assets	496,363,638.38	496,363,638.38	
Projects under Construction	151,072,585.67	151,072,585.67	
Productive Biological Assets			
Oil and Gas Assets			
Right-of-use Assets			
Intangible Assets	170,879,747.04	170,879,747.04	
Development Expenditure			
Goodwill			
Long-term Prepaid Expenses	28,927,258.54	28,927,258.54	
Deferred Income Tax Assets	40,821,902.57	40,821,902.57	
Other Non-current Assets	929,380.00	929,380.00	
Subtotal of Non-current Assets	4,314,750,283.30	4,314,750,283.30	
Total Assets	17,654,350,441.26	17,654,350,441.26	
Current Liabilities:			
Short-term Loan	1,380,000,000.00	1,380,000,000.00	
Transactional Financial Liabilities			
Financial Liabilities Measured in Fair Value with Changes Recorded into Current Profit and Loss			
Derivative Financial Liabilities			
Notes Payable	175,647,414.85	175,647,414.85	
Accounts Payable	889,881,485.16	889,881,485.16	
Received Pre-payments	80,361,211.04	80,361,211.04	
Contract Liabilities			
Payroll Payable	817,723,936.19	817,723,936.19	
Tax Payable	351,294,836.50	351,294,836.50	

Other Payables	1,060,909,330.56	1,060,909,330.56	
Including: Interest Payable	2,416,340.30	2,416,340.30	
Dividends Payable			
Holding for-sale Liabilities			
Non-current Liabilities Due within 1 Year			
Other Current Liabilities	6,464,333.12	6,464,333.12	
Subtotal of Current Liabilities	4,762,282,547.42	4,762,282,547.42	
Non-current Liabilities:			
Long-term Loans			
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities			
Long-term Payables			
Long-term Payroll Payable			
Expected Liabilities	3,396,100.00	3,396,100.00	
Deferred Income			
Deferred Income Tax Liabilities			
Other Non-current Liabilities	23,684,423.74	23,684,423.74	
Subtotal of Non-current Liabilities	27,080,523.74	27,080,523.74	
Total Liabilities	4,789,363,071.16	4,789,363,071.16	
Shareholders' Equity:			
Share Capital	2,997,621,930.00	2,997,621,930.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	1,497,801,068.88	1,497,801,068.88	
Less: Treasury Share	807,733,586.00	807,733,586.00	
Other Comprehensive Incomes			
Special Reserves			
Surplus Reserves	1,246,369,430.91	1,246,369,430.91	

Undistributed Profits	7,930,928,526.31	7,930,928,526.31	
Total Shareholders' Equity	12,864,987,370.10	12,864,987,370.10	
Total Liabilities and Shareholders' Equity	17,654,350,441.26	17,654,350,441.26	

## 2. Explanation of Compared Data before the Retroactive Adjustments according to the New Standards for Financial Instruments or Lease Implemented from 2019

Applicable  Not applicable

### III. Audit Report

Whether the Q3 report has been audited.

Yes  No

The Q3 report of the Company has not been audited yet.

Zhejiang Dahua Technology Co., Ltd.

Chairman: Fu Liquan

October 29, 2019