

Crowe Statsautoriseret Revisionsinteressentskab v.m.b.a.

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Dahua Technology Denmark ApS

Roskildevej 16, 1. 2620 Albertslund

CVR no. 38 94 39 52

Annual report for 2019

(2nd Financial year)

Adopted at the annual general meeting on 24 April 2020

> Liquan Fu chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Dahua Technology Denmark ApS for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Albertslund, 24 April 2020

Executive board

Liquan Fu director

Auditor's report on compilation of the financial statements

To the shareholder of Dahua Technology Denmark ApS

We have compiled the financial statements of Dahua Technology Denmark ApS for the financial year 1 January - 31 December 2019 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises income statement, balance sheet, notes and summary of significant accounting policies

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 24 April 2020
CVR no. 33 25 68 76
Crowe

Hans Olsen State Authorized Public Accountant MNE no. mne25347

Company details

The company	Dahua Technology Denmark ApS Roskildevej 16, 1. 2620 Albertslund		
	CVR no.:	38 94 39 52	
	Reporting period: Incorporated:	1 January - 31 December 2019 13. September 2017	
	Domicile:	Albertslund	
Executive board	Liquan Fu, director		
Auditors	Crowe Statsautoriseret Revisionsinteressentskab v.m.b.a. Rygårds Allé 104 2900 Hellerup		

Management's review

Business activities

The company offers end-to-end security solutions, systems, and services to create values for city operations, corporate management, and consumers.

Business review

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 903.288, and the balance sheet at 31 December 2019 shows negative equity of DKK 559.335. The management expects that the coming year will show a profit.

The management expects that the coming year will result in a profit.

Financing

Dahua Europe B. V has issued a support letter, which financially secures the company's operations. The company espects to restore equity either through future operations or by further funding by the Group.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Dahua Technology Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the option of a higher accounting class.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and other external expenses.

Revenue

Income from sale of services are recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Usefu	l life
Other fixtures and fittings, tools and equipment	3-5	years

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Receivables

Receivables are measured at amortised cost.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement 1 January 2019 - 31 December 2019

	Note	2019 DKK	2017/18 TDKK
Gross profit		4.533.455	-406
Staff costs	2	-3.955.346	-2.500
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	d	-14.814	0
Profit/loss before net financials		563.295	-2.906
Financial costs		-81.819	-57
Profit/loss before tax		481.476	-2.963
Tax on profit/loss for the year	3	421.812	0
Profit/loss for the year		903.288	-2.963

Recommended appropriation of profit/loss

Retained earnings	903.288	-2.963
	903.288	-2.963

Balance sheet at 31 December 2019

	Note	2019 DKK	2018 TDKK
Assets			
Other fixtures and fittings, tools and equipment		142.440	0
Tangible assets	4	142.440	0
Total non-current assets		142.440	0
Goods for resale		17.838	0
Stocks		17.838	0
Receivables from group enterprise		6.350.585	0
Other receivables		390.492	106
Claim for payment of company capital		0	1.125
Deferred tax asset		421.812	0
Receivables		7.162.889	1.231
Cash at bank and in hand		72.634	380
Total current assets		7.253.361	1.611
Total assets		7.395.801	1.611

Balance sheet at 31 December 2019

	Note	2019 DKK	2018 TDKK
Equity and liabilities			
Share capital		1.500.000	1.500
Retained earnings		-2.059.335	-2.963
Equity	5	-559.335	-1.463
Trade payables		35.382	0
Payables to group enterprises		7.380.921	2.954
Other payables		538.833	120
Total current liabilities		7.955.136	3.074
Total liabilities		7.955.136	3.074
Total equity and liabilities		7.395.801	1.611
Uncertainty about the continued operation (going concern) Contingent liabilities	1 6		

Notes

1 Uncertainty about the continued operation (going concern)

Dahua Europe B.V has issued a support letter, which financially secures the company's operations. The company expects to restore equity either through future operations or by futher funding by the Group.

		2019	2017/18
		DKK	TDKK
2	Staff costs		
	Wages and salaries	3.745.573	2.446
	Other social security costs	209.773	54
		3.955.346	2.500
	Average number of employees	6	2
3	Tax on profit/loss for the year		
	Deferred tax for the year	-421.812	0
	Current tax for the year	-421.812	0
4	Tangible assets		
			Other fixtures and fittings, tools and equipment
	Cost at 1 January 2019		0
	Additions for the year		157.254
	Cost at 31 December 2019		157.254
	Impairment losses and depreciation at 1 January 2019		0
	Depreciation for the year		14.814
	Impairment losses and depreciation at 31 December 2019		14.814
	Carrying amount at 31 December 2019		142.440

Notes

5 Equity

		Retained	
	Share capital	earnings	Total
Equity at 1 January 2019	1.500.000	-2.962.623	-1.462.623
Net profit/loss for the year	0	903.288	903.288
Equity at 31 December 2019	1.500.000	-2.059.335	-559.335

6 Contingent liabilities

The Company has entered into a lease agreement, TDKK 340.