Zhejiang Dahua Technology Co., Ltd.

2024 Annual Report

Code of Securities: 002236

Abbreviation of Securities: DAHUA

Date of Disclosure: March 2025

This document is a translated version of the Chinese version 2024 Annual Report ("2024 年年度报告全文"), and the published annual report in the Chinese version shall prevail.

The complete published Chinese 2024 Annual Report may be obtained at http://www.cninfo.com.cn.

2024 Annual Report

Section I Important Notes, Table of Contents, and Definitions

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the information presented in this report shall be authentic, accurate and complete and free of any false records, misleading statements or material omissions, and they will bear joint and several liability for such information.

Fu Liquan, the Company's legal representative, Xu Qiaofen, chief accountant, and Zhu Zhuling, person in charge of accounting institution (chief accountant) hereby declare and warrant that the financial report in the annual report is authentic, accurate, and complete. All directors attended the meeting of the Board of Directors for deliberation of this annual report.

During the reporting period, there was no significant change in the risks faced by the Company. The Company has been trying to identify all kinds of risks and actively take countermeasures to avoid and reduce the risks.

(1) Risk of Technology Upgrading: The AIoT industry is a prime example of a technology-intensive sector, characterized by rapid advancements and upgrades. If the Company is unable to keep up with the development trends of industry technologies, fully address the diverse individual needs of customers, and invest adequately in R&D, it will still face the risk of declining market competitiveness due to an inability to maintain continuous 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 IoT, 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 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 significant changes in the global economy, industry, and technology. It analyzes industry development logic and anticipates the evolution of the AIoT industry, the ongoing integration of video technology with information communication and digital technologies, and the diversification and uncertainty of customer demands. While consolidating its advantageous markets, the Company is actively exploring and piloting new businesses, innovative commercial models, and strategic business and technology deployment.

(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) Risks of international operations: The Company’s products and solutions cover

more than 100 countries and regions overseas, and international business operations face an ever-changing environment and new challenges. On the one hand, the global economic growth rate continues to slow down, geopolitical and political conflicts in some regions have intensified, and some countries are facing risks such as foreign exchange difficulties and exchange rate fluctuations, which pose certain threats and risks to the continued expansion of business in the host countries. On the other hand, pressures such as regional trade protectionism and regulation, increasingly complex compliance requirements in the international business environment, and local manufacturing requirements in some countries and regions continue to intensify, leading to increasing demands and cost investments in the Company's compliance capacity building. In this regard, the Company actively prevents and responds to international business risks, continuously enhances the overall overseas compliance risk control system, improves the capacity for proactive compliance risk prediction and systematic response, and continuously strengthens the Company's reserves and development of local production and manufacturing capabilities. At the same time, the Company continues to strengthen its understanding and adaptability to the laws and regulations and political and economic environment in the regions where its business is involved, and formulates differentiated national business operation strategies based on "one country, one policy" under the changes in politics and economy of different regions to reduce business operations and local operation 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) Product security risks: The Company attaches great importance to and continues to set up special funds to strengthen product security construction, in order to prevent and respond to security risks of products in the Internet application environment, but there may still be risks of being attacked by denial of service, brute-force access, SQL injection, malware, etc., which may lead to system failure or service interruption. The Company has established a Network and Data Security Committee to establish and improve a global end-to-end network and data security system in terms of policies, organizations, processes, management, technology, and specifications, actively respond to cyber security challenges, and be vigilant and prevent major cyber security incidents.

(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 risks: The supply market is generally sufficient. The Company has built a sustainable supply ecosystem to ensure supply and delivery through various means such as new material selection, development of exclusive

second-party suppliers, and flexible inventory strategies. The Company pays attention to the operational risks of suppliers and monitors the operational conditions of suppliers in real time through the operational risk data management platform to avoid potential risks.

Based on the profit distribution plan reviewed and approved by the Board of Directors, the Company plans to distribute a cash dividend of RMB 4.58 (tax inclusive) for every 10 shares to all shareholders, based on the share capital of 3,279,257,910 shares after deducting the repurchased shares (totaling 19,819,601 shares), with 0 bonus shares (tax inclusive), and will not convert capital reserve into share capital.

Table of Contents

Documents Available for Reference

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

ii. The original copy of the Audit Report with the seal of the Accounting Firm and signed and stamped by Certified Public Accountants;

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

iv. 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 December 31, 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.
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.
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.
Leapmotor Technology	Refers To	Zhejiang Leapmotor Technology Co., Ltd.
Leapmotor	Refers	Leapmotor Automobile Co., Ltd.

	To	
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.
Jilin Zhilian	Refers	Jilin Dahua Zhilian Technology Co., Ltd.

	To	
Zhengzhou Huaao	Refers To	Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd.
Hainan Huizhi	Refers To	Hainan Dahua Huizhi 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 Guvenlik Teknolojileri Sanayive Ticaret A.S.
Dahua Czech	Refers To	Dahua Technology Czech s.r.o.
Dahua Argentina	Refers To	Dahua Argentina S.A.
Dahua Spain	Refers To	Dahua Iberia, S.L.
Dahua Kazakhstan	Refers To	Dahua Technology Kazakhstan LLP
Dahua Denmark	Refers To	Dahua Technology Denmark Aps.
Dahua France	Refers To	Dahua Technology France SAS
Dahua Technology Holdings	Refers To	Dahua Technology Holdings Limited
Dahua New Zealand	Refers To	Dahua Technology New Zealand Limited
Dahua Netherlands	Refers To	Dahua Technology Netherlands B.V.
Dahua Morocco	Refers To	Dahua Technology Morocco SARL
Dahua Romania	Refers To	Dahua Technology S.R.L
Dahua Uzbekistan	Refers To	Dahua Vision LLc
Dahua Bulgaria	Refers To	Dahua Technology Bulgaria EOOD
Dahua Sri Lanka	Refers To	Dahua Technology China (Pvt) LTD
Dahua Pakistan	Refers To	Dahua Technology Pakistan (private) Limited
Dahua Thailand	Refers To	Dahua Technology (Thailand) Co.,LTD.
Dahua Nigeria	Refers To	Dahua Technology Nigeria Representative Ltd
Dahua Israel	Refers To	Dahua Technology Israel Ltd.
Dahua Mexico Service	Refers To	VISMEXTECH DHM SERVICIOS, S.A. DEC.V.
Huacheng Netherlands	Refers To	Imou Network Technology Netherlands B.V.
Dahua Japan	Refers	Dahua Technology Japan LLC

	To	
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 Senantiasa	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 Information

Stock Abbreviation	DAHUA	Stock Code	002236
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	Zhejiang Dahua Technology Co., Ltd.		
Company Abbreviation in Chinese	DAHUA		
Company Name in Foreign Language (If any)	ZHEJIANG DAHUA TECHNOLOGY CO.,LTD.		
Legal Representative	Fu Liquan		
Registered Address	No.1187, Bin'an Road, Binjiang District, Hangzhou City		
Post Code of Registered Address	310053		
Change of the Company's Registered Address	On November 9, 2005, the Company's registered address changed from the 15th floor of Tianyuan Building, 508 Wensan Road, Hangzhou to the present registered address.		
Office Address	No. 1399 Bixing Road, Binjiang District, Hangzhou City		
Post Code of Office Address	310053		
Website	www.dahuatech.com		
E-mail	zqsw@dahuatech.com		

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
E-mail	zqsw@dahuatech.com	zqsw@dahuatech.com

III. Information Disclosure and Location

The stock exchange website where the Company discloses the annual report	Shenzhen Stock Exchange (http://www.szse.cn)
The media outlets and their websites where the Company discloses the annual report	*Securities Times* and Juchao Information Network http://www.cninfo.com.cn/
Location for Annual Report of the Company	Securities Investment Department

IV. Registration Change

Unified Social Credit Code	91330000727215176K
Changes in Main Business Since Listing (If any)	No Change
Change of Controlling Shareholders (If any)	No Change

V. Other Related Information

Accounting Firm Hired by the Company

Name of the Accounting Firm	BDO China Shu Lun Pan CPAs (special general partnership)
Office Address of the Accounting Firm	4/F, New Huangpu Financial Plaza, No.61, Nanjing East Road, Shanghai
Name of Certified Public Accountant	Du Na, Zhang Junhui

The sponsor institution hired by the company to perform the continuous supervision in the reporting period

☑Applicable □ Not applicable

Name of Sponsor Institution	Office Address of Sponsor Institution	Name of Sponsor Representative	Continuous Supervision Period
Guosen Securities Co., Ltd.	5th Floor, Kaixiya Building, No. 105, Tiyuchang Road, Hangzhou, Zhejiang Province	Lou Yu, Sun Yu	2023.4.14-2024.12.31

The financial adviser hired by the company to perform the continuous supervision in the reporting period

□ Applicable ☑Not applicable

VI. Key Accounting Data and Financial Indicators

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

□ Yes ☑No

	2024	2023	Increase/Decrease Compared with the Same Period of the Previous Year	2022
Operating revenue (RMB)	32,180,931,827.17	32,218,317,636.77	-0.12%	30,565,370,012.64
Net profit attributable to shareholders of the listed Company (RMB)	2,905,728,684.03	7,361,892,404.52	-60.53%	2,324,356,092.20
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,347,399,066.67	2,961,742,139.01	-20.74%	1,580,552,515.57
Net cash flow generated by operational activities (RMB)	2,710,237,609.30	4,598,778,654.47	-41.07%	1,053,587,649.46

Basic Earnings per Share (RMB/Share)	0.90	2.31	-61.04%	0.79
Diluted Earnings per Share (RMB/Share)	0.90	2.31	-61.04%	0.79
Weighted Average ROE	8.19%	22.43%	-14.24%	9.49%
	End of 2024	End of 2023	Increase/Decrease at the End of the Current Year Compared with the End of the Previous Year	End of 2022
Total assets (RMB)	52,735,912,081.82	52,881,927,214.00	-0.28%	46,252,893,804.54
Net assets attributable to shareholders of the listed company (RMB)	36,028,046,171.08	34,719,173,825.42	3.77%	25,836,798,918.61

The Company’s net profits before and after deducting non-recurring profits and losses, whichever is lower, are negative in the last three fiscal years, and the audit report of last year shows that there is uncertainty in the Company’s ability to continue as a going concern.

□ Yes ☑No

The net profits before and after deducting non-recurring profits and losses, whichever is lower, is negative.

□ Yes ☑No

VII. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

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

□ Applicable ☑Not applicable

During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to international accounting standards and Chinese accounting standards.

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

□ Applicable ☑Not applicable

During the reporting period of the company, there is no difference between the net profits and net assets in the financial reports disclosed according to overseas accounting standards and Chinese accounting standards.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	6,180,916,716.70	8,685,705,853.11	7,583,459,308.10	9,730,849,949.26
Net Profit Attributable	561,037,985.01	1,248,551,460.45	735,420,826.51	360,718,412.06

to Shareholders of the Listed Company				
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	501,290,511.61	1,260,946,957.92	499,230,279.03	85,931,318.11
Net cash flow generated by operating activities	-1,306,666,360.66	799,480,739.95	382,269,899.01	2,835,153,331.00

Whether the above financial indicators or their totals are significantly different from the financial indicators disclosed in the Company’s quarterly and semi-annual reports

□ Yes ☑No

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

☑Applicable □ Not applicable

Unit: RMB

Item	Amount in 2024	Amount in 2023	Amount in 2022	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	104,348,459.46	4,778,983,828.56	694,299,856.79	
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)	249,665,678.30	199,003,183.46	245,885,438.60	
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	124,956,271.40	103,119,981.50	-14,286,907.57	
Gains or losses from investment or asset management entrusted to others	175,635,135.76	1,819,647.72	-40,735,247.48	
Reversal of the receivables depreciation reserves for separate impairment test	4,602,004.26	4,513.91	2,151,340.72	
Profits and losses on debt restructuring	-394,660.00	-16,242,445.24	-414,996.80	
Non-Operating Revenue and expenses other than the above	12,821,255.27	-18,035,840.08	5,535,034.55	
Other gains and losses items that fit the definition of non-recurring gains and losses	-1,833,839.60	-57,989,909.93	-134,254,380.85	
Less: Impact of income tax	85,954,207.29	555,973,378.97	49,067,502.67	

Impact of minority equity (after tax)	25,516,480.20	34,539,315.42	-34,690,941.34	
Total	558,329,617.36	4,400,150,265.51	743,803,576.63	--

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. Industry Overview during the Reporting Period

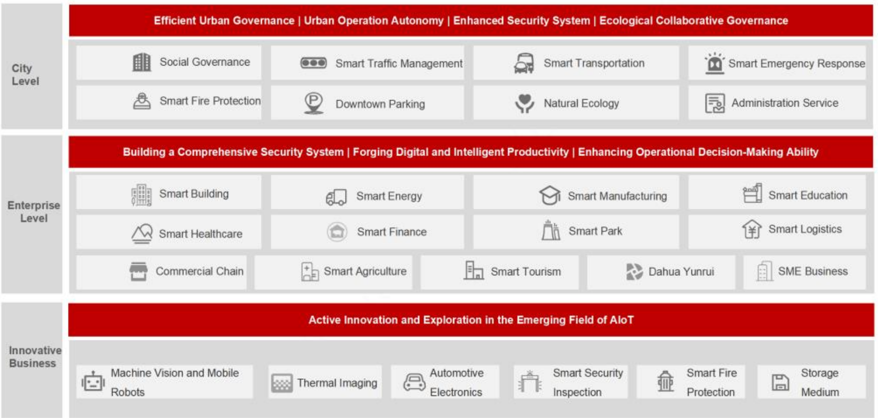
In 2024, domestic business faces insufficient market demand, while overseas business faces risks such as regional trade protectionism, localized conflicts, and a slowdown in global economic growth, putting pressure on performance. However, concurrent with this, the domestic policy environment is undergoing positive changes, offering the Company greater opportunities to capitalize on emerging market potential. Demand in emerging economies remains relatively robust, and Chinese enterprises are rapidly pursuing international expansion, thereby providing new momentum for overseas business growth.

At the same time, the digital economy, with artificial intelligence as its important Engine, is becoming an important force in promoting global economic recovery and sustainable development, opening up a broad space for China to achieve high-quality economic and social development. The emergence of large models has profoundly reshaped the development path of artificial intelligence, driving the rapid evolution of multimodal, RAG, Agent, and other technologies, greatly expanding the application boundaries of artificial intelligence, and opening a rare window period for the development of intelligent processes in various industries. The AIoT industry is driven by the business needs of customers in thousands of industries. It can give full play to the accumulation of experience in professional algorithms and scenario applications, and realize the effective implementation of advanced technologies represented by artificial intelligence in various application fields, thereby continuously consolidating the industry's moat. In addition, data elements will gradually become a key strategic resource that affects industrial development. The AIoT industry will focus on the IoT perception data element industry chain to help promote data as a resource, data as an asset, and data as a commodity, and continuously enrich business content.

With the development of technology, digitalization and intelligence have become key forces in promoting social progress and economic development. In the future, the demand for government digital construction and enterprise digital and intelligent transformation will be further released, and the AIoT industry capability circle is also changing from the integration of customer peripheral systems into core production and management systems, and the industry space is still broad.

II. Main Businesses of the Company during the Reporting Period

1. Business Overview

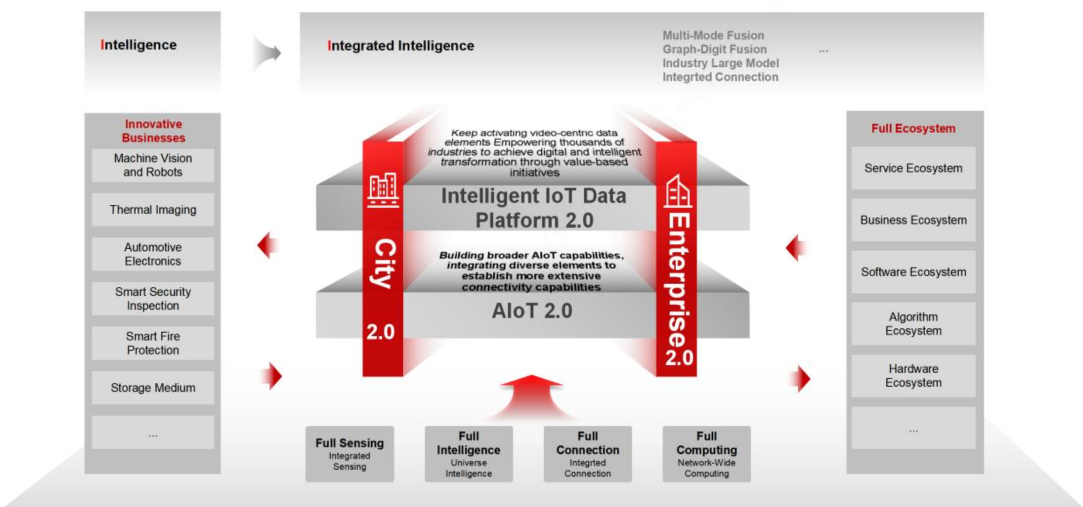


The Company is a global leading video-centric AIoT solution provider and operation service provider. With AIoT and the intelligent IoT data platform as its two major technological strategies, the Company effectively integrates artificial intelligence, big data, and IoT technologies into its products and solutions, serving the digital innovation of cities and the digital and intelligent transformation of enterprises.

In the urban business field, centering on the goal of "efficient urban governance, urban operation autonomy, enhanced security system, and ecological collaborative governance", we establish an innovative smart city ecosystem with "unified architecture, compatible reuse, shared capabilities, and open business." In industries such as transportation, traffic police, social governance, public wellbeing, and ecological environment, we deeply cultivate urban business scenarios, provide leading AIoT solutions for various industries in the city, serve urban digital innovation, and help realize the beautiful vision of harmonious coexistence between man and nature, man and society, and man and city.

In the field of enterprise business, the Company deeply integrates advanced technologies such as AI and big data with industry scenarios, gaining insight into the trend of industrial transformation. It delves into various industries to explore the digital and intelligent needs of enterprises, providing each customer with high-quality digital intelligence upgrade solutions. In the fields of construction, education, manufacturing, petrochemistry, coal, electricity, iron and steel, agriculture, logistics, culture & tourism, healthcare, finance, and commercial chains, the Company is actively engaged in innovative practices, focusing on ensuring production safety, enhancing production capacity, promoting operational efficiency, and optimizing the quality of service (QoS) to achieve customer value, and is committed to becoming a trusted partner for the digital intelligence upgrade of enterprises.

In the innovative business, the Company, based on its in-depth understanding of customers' diversified needs and years of experience in AIoT, continues to explore emerging businesses, including: machine vision, mobile robots, thermal imaging, automotive electronics, smart security inspection, smart fire control, and storage media.

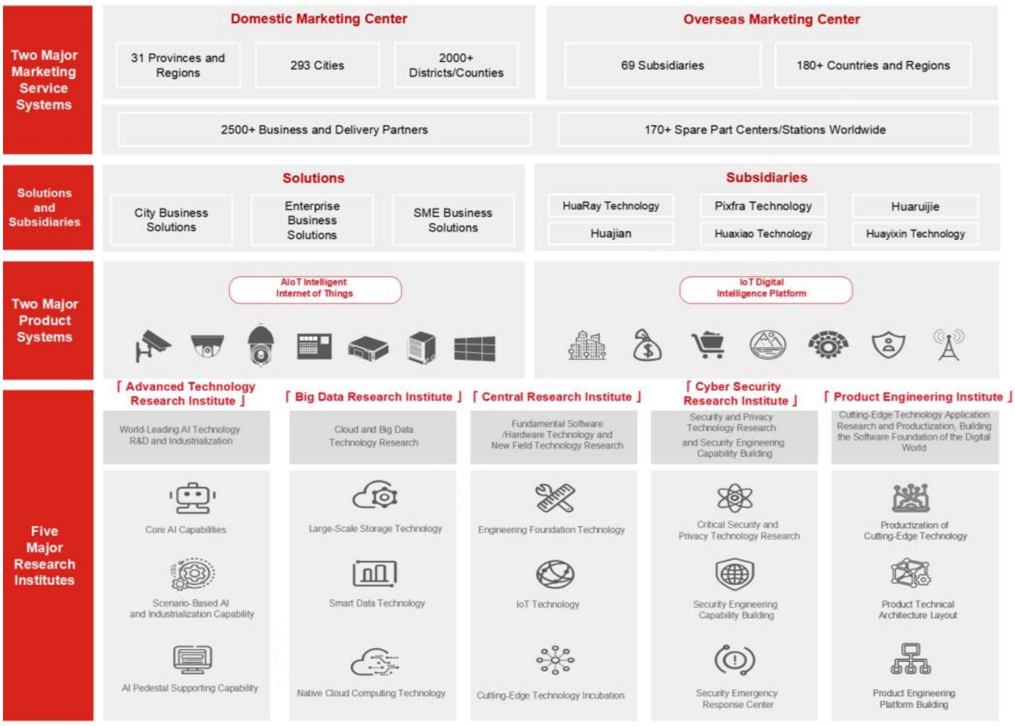


In 2024, the Company has built a broader AIoT capability, strengthened integrated connectivity capabilities, activated the value of data elements centered on video, and made solid progress towards the goal of becoming the preferred brand of AIoT.

In the technology field, the Company continues to strengthen its technological capabilities. In terms of AIoT, we insist on taking video as the core, continuously deepening the full-domain 6D perception capability, and building broader connectivity capabilities through visual network integration; relying on the deep integration of multimodal technologies such as images, voice, and text with the Company's industry accumulation, we continue to improve the industry's large model architecture system and build comprehensive scenario-based AI capabilities; through the collaboration of large and small models and combined with industry business scenarios, we accelerate the implementation of industry large models. In terms of intelligent IoT data platform, based on a deep insight into urban governance and enterprise needs, a new platform upgrade has been carried out, with data full lifecycle management as the core, to help promote the process of data as a resource, data as an asset, and data as a commodity, and inject new impetus into high-quality development; relying on the full-domain 6D multi-dimensional perception technology and multi-connectivity capabilities, efficient aggregation of data across the entire network is achieved, a dynamic data base for cities and enterprises is built, and data as a resource is promoted; a graph-digit fusion computing system is constructed to break through the barriers between view data and business data, explore multi-dimensional features and establish a multimodal relationship network, activate the deep value of data, and promote data as an asset; upgrade software engineering capabilities to achieve the free orchestration of industry scenario modules, large models, and graph-digit fusion technologies, enabling efficient urban governance and enterprise digital and intelligent transformation.

In the business field, the Company continues to empower industry customers to release business value. In terms of urban business, the Company is committed to implementing digital and intelligent capabilities in thousands of urban scenarios, focusing on the four major business areas of social security, urban order, governance efficiency improvement, and green benefits for the people. It has profound insights into industry scenario needs and continues to build industry-leading product and solution capabilities. Through digital and intelligent integration and application innovation, it safeguards the implementation of urban business, helps improve urban management efficiency, and provides scientific decision-making support. In terms of enterprise business, the Company focuses on scenario-based digital and intelligent business and actively carries out innovative practices. Through technology co-creation and business sharing with partners, it provides customers with high-quality digital and intelligent solutions, builds a large security system for users, creates digital and intelligent productivity, and enhances operational decision-making, helping enterprises achieve digital and intelligent transformation.

2. Organization Structure

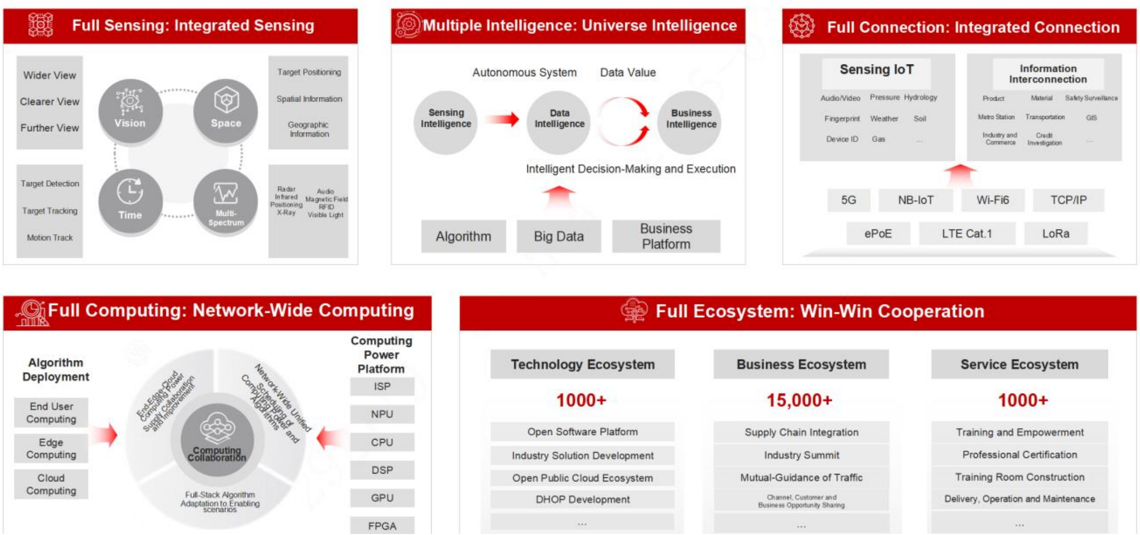


The Company has established five major research institutes, namely Advanced Technology Research Institute, Big Data Research Institute, Central Research Institute, Cyber Security Research Institute, and Product Engineering Institute, to support the two major R&D product lines of AIoT and intelligent IoT data platform, empower the three major solution departments of urban business, enterprise business and small and medium-sized enterprise business, and with Hangzhou headquarters as the center, establish R&D sub-centers in Xi'an, Chengdu, Europe and Latin America, orderly expand the layout of the global R&D system, meet the ever-changing business needs, and explore the infinite possibilities of technology. After years of development, the Company has a national postdoctoral workstation, is a nationally recognized enterprise technology center, a National Industrial Design Center, and a national innovative pilot enterprise. With its continuous innovation capabilities, it continues to make breakthrough contributions and lead the industry's development.

In terms of innovative business, subsidiaries including HuaRay Technology, Pixfra Technology, Hirige, Zhejiang Huajian, Huaxiao Technology, and Huayixin are constantly carrying out technological innovation, continuously expanding business boundaries based on the field of AIoT, and forming integration and complementarity with the Group's main business.

Under the global business trend, the Company has orderly promoted the layout of domestic and overseas marketing and service systems, providing customers with full lifecycle services such as product and solution consulting, design, sales, delivery, and after-sales. As of now, the Domestic Marketing Center covers all provinces and cities and more than 70% of districts and counties, and the Overseas Marketing Center has established 69 overseas branches, and its products cover more than 180 countries and regions. The Company has more than 1,000 service partners worldwide and has established more than 170 spare parts centers and spare parts stations.

3. Main Products and Capabilities



In 2024, the Company continues to increase its investment and construction in the "five full" capabilities pedestal of "full perception, full intelligence, full connectivity, full computing, and full ecology", and establish an industry-leading "video and non-video multimodal perception, full coverage of perception to cognitive intelligence, diversified connectivity, and end-edge-cloud fusion computing" with video as the core of the IoT infrastructure R&D and solution closed-loop services, and continues to maintain the industry leadership of technology and products. At the same time, the Company is actively building an open, cooperative, and win-win digital technology ecosystem, and is firmly promoting full openness to partners and industry developers from digital infrastructure, industry paradigm applications, algorithm capabilities to data intelligence.

Full Perception: Through the multi-dimensional fusion application of vision, multi-spectrum, time, space, etc., we can maintain the accurate adaptation of products and technologies to the scenarios, build an industry-leading all-around perception system, and accurately present the physical world in the digital world.

Full Intelligence: In response to industry needs, to achieve a closed loop from perception intelligence to data intelligence and then to business intelligence, we have built an autonomous system based on algorithms, big data, and business platforms to realize customer data value mining and intelligent decision-making.

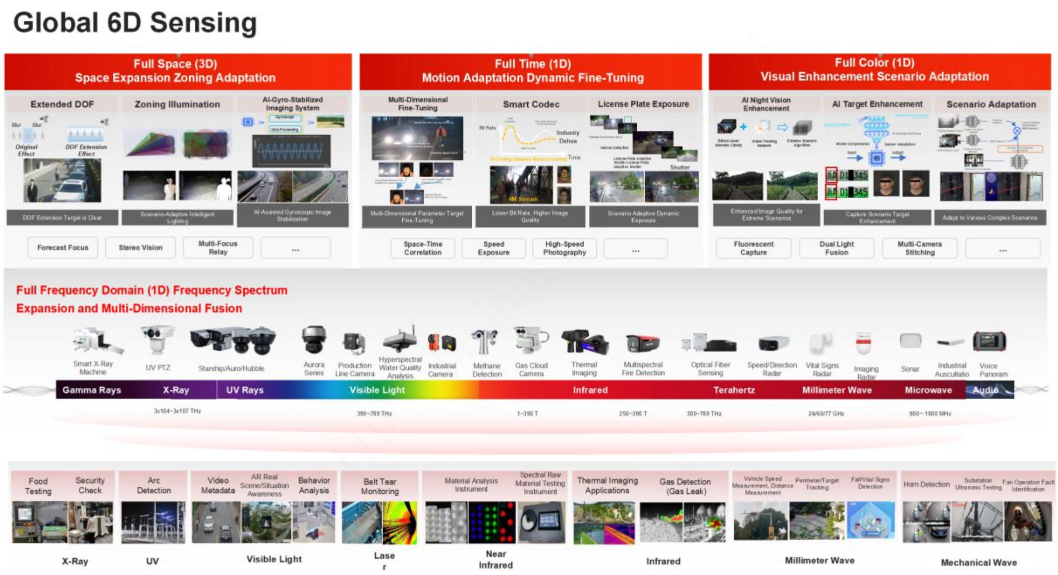
Full Connectivity: Build a data connection system that adapts to the needs of diversified scenarios, consolidate the data value connection foundation that integrates IoT perception and information interconnection, and continuously improve IoT perception access and integration capabilities.

Full Computing: Fully realize the computing resources, including image computing power, AI computing power, general computing power, etc., uniformly schedule and coordinate end-edge-cloud computing power and algorithms, and build a full-network computing architecture system.

Full Ecosystem: The Company aims to facilitate a comprehensive ecosystem for collaboration across business, software, algorithms, hardware, and more, fostering an environment of co-construction, win-win, and symbiosis, while creating an AIoT ecological community.

3.1 Full Perception

The Company insists on taking video as the core, continuously strengthening its video perception capabilities in various extreme environments, and under the full-domain 6D perception architecture, continues to expand perception methods in non-video dimensions such as audio, radar, thermal imaging, hyperspectral, and laser, enriching product forms to adapt to segmented scenarios in various industries and providing customers with more comprehensive perception services.



3.1.1 Video perception technology and products

The Company drives the core with AI technology to achieve full-link intelligent reconstruction of the video perception system. Driven by the dual engines of vision engine and thinking engine, the cognitive upgrade of traditional camera device to intelligent vision terminal is completed.

Regarding technical architecture, we continue to consolidate core technology foundations such as optical imaging, intelligent motion control, efficient coding transmission, and complex environmental adaptability, build a solid technical foundation, and fully enable product iteration and performance leaps. At the terminal product level, the Company continues to improve its multi-camera perception product matrix, and through innovative designs such as intelligent multi-camera linkage, multi-camera collaboration, and multi-camera stitching, it significantly improves the multi-dimensional scenario coverage capabilities and business execution efficiency of a single device. Aiming at segmented industry scenarios, we have created a professional camera product system covering vertical fields such as smart security, energy and chemical industry, industrial inspection, and traffic management, which deeply meets the needs of industry scenarios and continuously expands the boundaries of commercial applications.

(1) Full-color night vision enhancement

With AI vision reconstructing the imaging system, the second generation of AI ISP technology is launched, breaking through the performance boundaries of traditional ISPs and comprehensively upgrading the product matrix: through AI algorithms, the SNR of low illumination scenes, color rendition, and motion blur suppression are deeply optimized, achieving full-color imaging and detail enhancement at night, while completing algorithm lightweight adaptation for the whole series of products, promoting the accessibility of AI night vision. At the same time, it promotes three-dimensional innovation in "algorithm-hardware-scenario" and builds an intelligent vision closed loop from night imaging to analysis of complex light environments.

The Nightvision King series is the first to introduce full-color monitoring without fill light, supports precise detection of a 100-meter perimeter, and has the characteristics of anti-flying insect interference and low power consumption; the Skyscanner/Skyline series are equipped with a large model enhancement algorithm, which significantly improves the capture effect of non-motor vehicles and people in the vehicle at night, and the mixed-exposure 3.0 technology realizes adaptive speed tracking of all targets, and the hyper DoF technology upgrades the DOF focus to automatic one-click joint debugging; the Yizhen series is loaded with backlight hunting technology, which effectively eliminates the monitoring blind zones caused by strong light from vehicle lights and ensures all weather visibility in high-speed scenarios.

(2) Intelligent scenario adaptation

With AI active vision technology as the core, it breaks through the bottleneck of complex scenario imaging and realizes the comprehensive evolution of the product matrix. By dynamically adjusting the imaging system and optimizing the algorithm, the adaptability to scenarios such as backlight, fog and rain, and complex indoor light sources is significantly improved, achieving a dual upgrade in detection accuracy and mode switching fluency. In terms of perimeter detection, the collaborative computing of large and small models is introduced to effectively suppress false alarms caused by sudden changes in light and rain interference, enhance the ability to recognize unconventional postures such as crawling/rolling, and simultaneously improve the detection distance and accuracy. In terms of innovative and precise retrieval functions, it relies on real-time structured feature extraction on the terminal side and distributed edge computing architecture to achieve concurrent image search on multiple devices in the local area network, getting rid of the dependence on traditional high-computing power servers.

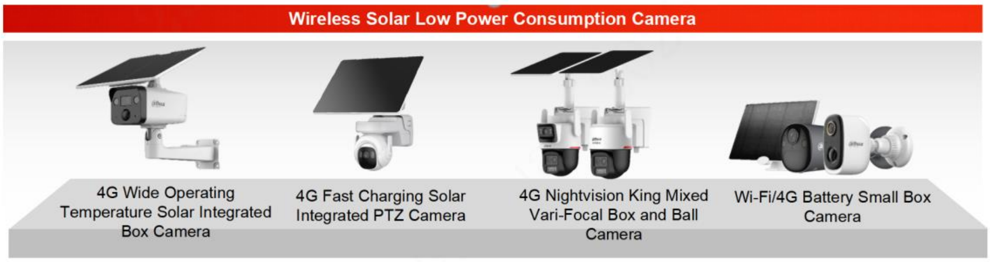
The Acupick/TIOC series are equipped with collaborative perimeter and scenario adaptation technologies; the triple-lens 100-meter perimeter camera achieves 100-meter coverage with a single device through multi-focal length range relay; binocular box camera/PTZ and other devices build a multi-directional multi-camera surveillance network, supporting flexible adjustment of visual angles and ultra-wide-area monitoring; the multi-camera linkage series upgrades AST variable-level acceleration and target association deduplication technology, greatly improving the linkage tracking efficiency and stability. Technological innovation deeply empowers accurate perception and efficient operation and maintenance in scenarios such as security and traffic.

(3) Definition of professional scenarios

The scenario-defined series deeply integrates technological innovation and scenario requirements, relies on technological accumulation and scenario insights, targets the pain points of the industry's digital transformation, and provides customers with products precisely defined by scenarios.

In the field of electricity, related products can achieve millimeter-level precise positioning of the PTZ system, complete automatic collection of instrument data, and realize AI identification of foreign objects on power lines in an environment without network or electricity. In the field of hydrological monitoring, 4G radar water level meters are used to achieve an accuracy of ±1mm, breaking through the bottleneck of extreme weather monitoring. In mining scenarios, the first self-cleaning camera solves the problem of lens contamination underground, its ultra-small size enables enhanced control of dangerous areas, and its sound-seeking technology optimizes underground intercom effects. In the field of transportation, the product can respond rapidly and combine with ITO heated glass to adapt to vehicle-road collaborative scenarios. In the field of urban management, smart parking construction is promoted through 4G wiring-free high-position cameras or video poles. In the port and shipping field, remote-controlled cameras conquer the challenges of strong vibration scenarios, enabling remote and precise control of port machinery. In the field of intelligent manufacturing, the camera adopts a miniaturized body and a triple anti-vibration structure, combined with high frame rate imaging to accurately capture high-speed moving targets, comprehensively improving industrial quality inspection efficiency.

(4) All-time guarding without electricity or network



In response to the country's low-carbon environmental protection transformation requirements, the Company upgraded its low power consumption technology platform and significantly reduced the power consumption of devices through technologies such as dynamic partition power-off control. The newly added AOV (low power consumption full-time video duty) mode can still ensure 24-hour uninterrupted recording under extremely low power consumption, and you can get the experience of a long-power camera without wiring.

Based on a new generation of low power consumption platform, the Company has launched a series of energy-saving wireless cameras equipped with a wide operating temperature battery design that can cope with the needs of use in various temperature environments. Relying on the features of improved product endurance and wide operating temperature batteries, the application scenarios of cameras can be expanded.

(5) HD coaxial

The high-definition coaxial series continues to innovate based on customer scenario needs: the full-color 3.0 is equipped with sharp/zoning illumination technology to solve the pain point of uneven brightness; the dual-light full-color achieves full-time monitoring through dynamic perception and intelligent light switching, reducing deployment costs; the new PT series products use self-developed technologies such as dual-light coaxial and senseless hybrid zoom, breaking through the limitations of traditional zoom and expanding application scenarios such as perimeter protection.

3.1.2 Full-domain perception technology and products

Based on the "full-domain 6D perception" product technical architecture, the Company continues to expand perception methods in more non-video dimensions such as audio, millimeter wave, and radio frequency, integrating intelligent analysis and judgment of data from various dimensions, further improving the product's perception adaptability and information correlation capabilities, and tapping the value of the AIoT industry.

(1) Millimeter-Wave Radar Perception Products

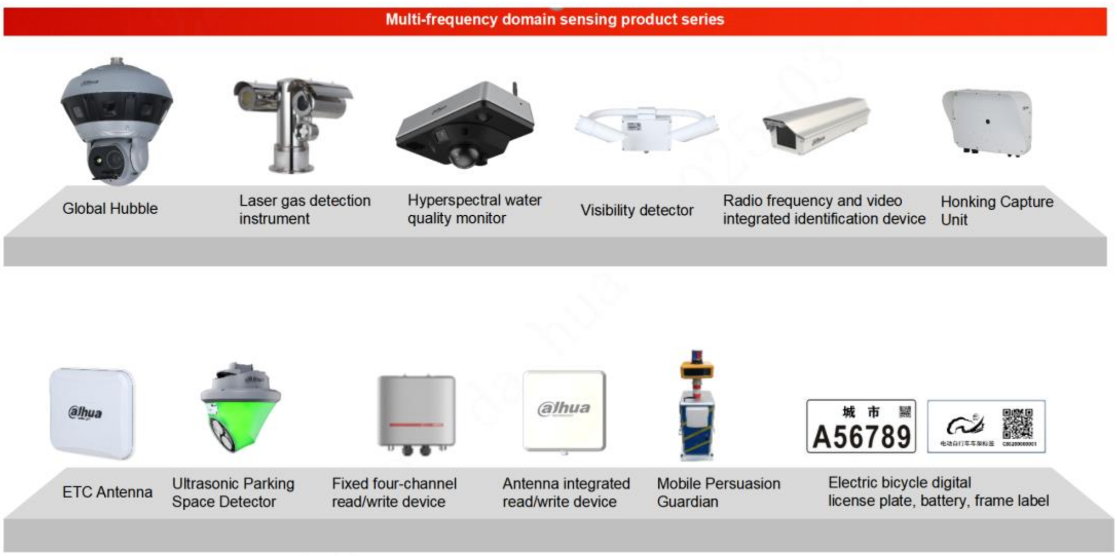
Through algorithm optimization, we continuously improve detection precision and effectively reduce the false alarm rate. We have built four major product matrices for security, transportation, volume, and health care: security radar, which can be used to cover the perimeter protection of power stations; traffic radar, which can support overload control, traffic dispatching, and railway intrusion prevention scenarios; volume radar, which can achieve three-dimensional measurement of stock piles and silos; health care radar, which monitors human posture and health status.

We further expand products in the field of radar and vision fusion, and form a full-link solution from perimeter protection to smart transportation through scenario-based product combinations. For example, the "Sentinel" series is equipped with the VRF2.0 algorithm to achieve feature-level fusion of video and radar, and is widely used in scenarios such as holographic intersections and traffic alerts. The overseas Spotter speed measurement column adopts a modular design to meet the needs of speeding capture and violation management.

(2) Audio perception products

The Company continues to build and improve a full-link audio and video technology system, covering the entire process of audio collection, transmission, and processing. Through enterprise-level development standards and audio encoding and decoding, quality optimization, event detection, speech recognition, and other technologies, it ensures sound field adaptability and sound quality intelligence. In the field of industrial audio, we have made breakthroughs in exclusive filtering algorithms, frequency domain feature extraction, and cross-channel simulation technology, created a closed-loop link between vibration collection and algorithm analysis, and launched the ASD8000 audio intelligent hub product, which realizes functions such as anomaly detection of industrial transformers and bearings, and identification of square dance nuisances. It is widely used in scenarios such as electricity, steel, and public security. At the same time, we further deepen the innovation of interactive audio, form a multimodal solution matrix, and deeply empower industrial detection and public safety management.

(3) Multi-frequency domain perception products



The Company innovatively integrates multi-spectrum technologies to construct a full-domain perception system. Spectral detection device conducts corresponding component analysis based on the absorption characteristics of materials, such as laser gas meters to detect leaks of flammable and noxious gases, and hyperspectral water quality meters to sense and ensure water safety; the full-domain Hubble system achieves panoramic monitoring and smoke identification by integrating visible light and thermal imaging, and is used in forest fire prevention, border and coastal defense and other fields; the digital license plate and radio frequency video all-in-one device uses independently developed UHF RFID technology to enable electric vehicle management, contactless passage, and urban illegal parking management. At the same time, we expand visibility detectors, sonar "Sentinel", and other diversified perception device to continuously deepen the scenario solution capabilities.

(4) Wireless alarm products

The Company's alarm product series has been deeply engaged in wireless technology, released AirFly4.0 technology, optimized and expanded protocol standards, and built a new software framework, which has greatly improved data transmission speed, stability, access efficiency, and low power consumption performance. Based on customer needs and business scenarios, the product system and functions have been improved: cloud business capabilities are continuously improved to optimize user experience, the Converter baseline functions and cloud API interfaces are improved to make ecological access more convenient, and the connection between multiple alarm software and alarm operation centers is completed to help the product open the alarm operation pipeline.

3.1.3 Intelligent interactive technology and products

The world of physics is rich and colorful. In many scenarios, there are rich interactions between people and people, as well as people and things. Multidimensional awareness is applied to refine the real world, with multivariate connection to collect data and intelligent computing to build scenarios of digital intelligence, so as to finally make things an extension of people's touch, improve the interaction between people and things, and bring people closer. The Company has launched various intelligent interactive products in multiple fields and scenarios, including vehicle management, personnel access management, smart office, access control intercom and alarm, hospital care, industry, new energy, etc., to promote the continuous progress of society.

(1) Human settlement field

➢ **Vehicle management induction scenario**

In the field of smart parking, we perfectly combine video with display and mechanical control to continuously optimize the entrance and exit experience, improve the accuracy of license plate recognition and product stability, create a series of industry-leading products such as springless barrier gates and springless barrier gate all-in-one devices, reduce the operating costs of parking lots and improve management efficiency. At the same time, we provide innovative integrated parking and charging solutions to address the issue of new energy charging space occupation and optimize user experience.

➢ **Personnel entrance and exit management scenario**

In the field of personnel access, the Company has created an intelligent personnel access system that integrates intelligent identity verification, access behavior perception and interaction, and local and remote management. It can be widely used in unmanned passages in high-end office buildings, smart parks, smart campuses, smart culture & tourism, transportation hubs, commercial complexes and other building entrances and exits, bringing users an ultimate seamless access experience.

➢ **Building interaction scenarios**

Building interaction scenarios have penetrated into people's daily lives, including various smart products such as access control, video intercom, and emergency assistance.

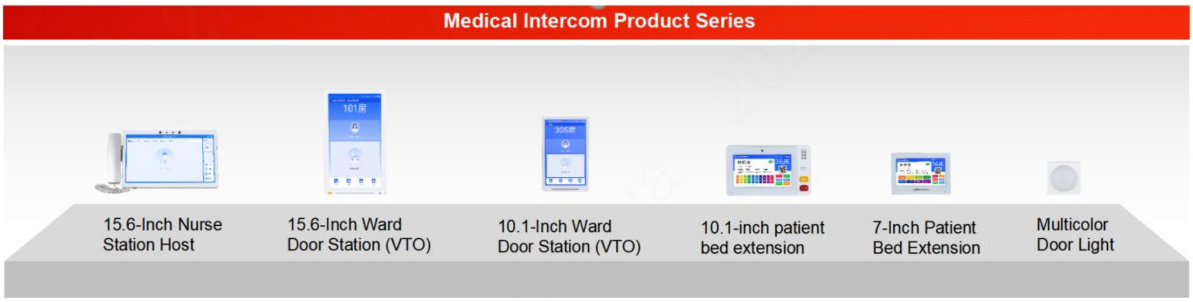
In the access control series, the company has comprehensively upgraded product value based on technological progress: improving the security protection capabilities of the access control system, and launching the national secret and palm vein recognition series access control; bringing users a smoother user experience, achieving 0.1 second ultra-fast and seamless recognition; helping customers achieve business value-added, the product supports one-click cloud access, realizes Mobile Client configuration and management, and integrates advertising playback functions, which are applied to electronic doorplate display, park community announcement release, and commercial advertising.

In the field of video intercom, the Company always adheres to the people-oriented concept, provides owners with a convenient living experience, and builds a solid line of defense for community safety. Optimize the business processes between visitors, owners, and property management centers, and integrate humanized functions such as one-click elevator call, community announcement broadcast, and intelligent voice dialing.

- **Smart office scenarios**

Relying on the foundation of AIoT capabilities, the Company has intensively researched core technologies of interaction and video, continuously enriched its smart office product system, continued to innovate and hone its competitiveness, improved product performance and user experience, and helped expand the global education and conference markets. In 2024, we launched the new "Yuexiang Pro S2" and "Professional S2" series of conference tablet products and a series of educational tablet products, and collaborated with Deephub board, Deephub Class and other software to provide the ultimate audio and video interactive experience and create selected solutions for education and meetings.

➢ **Medical intercom scenarios**

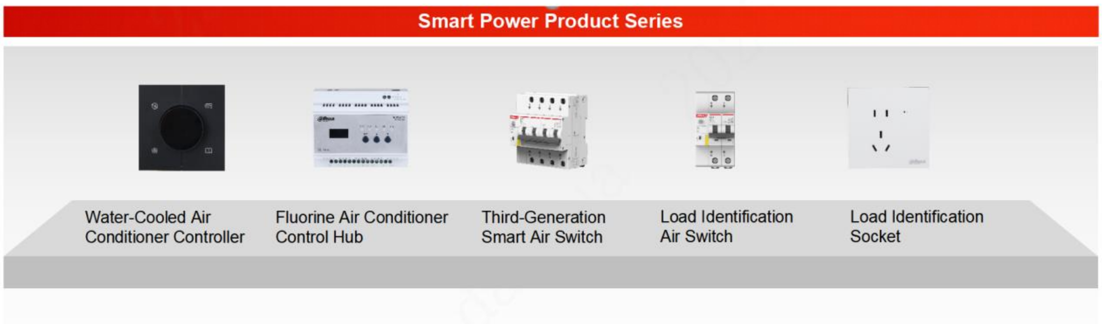


In the hospital nursing scenario, the Company takes "building a barrier-free communication bridge between nurses and patients" as its core goal and fully upgrades the intelligent medical intercom system. It supports one-click dressing change and high-definition audio and video instant intercom, ensuring that medical staff can respond to patient needs at the first time; through precise nursing positioning function, it optimizes the scheduling efficiency of medical staff; the system displays its nursing level identification on the bedside extension to effectively prevent the occurrence of nursing omissions. The system design fully embodies the patient-centered service philosophy and provides strong technical support for establishing a harmonious doctor-patient relationship.

➢ **Display and control scenarios**

In the field of display and control, the Company aims to meet the efficient command needs of scenarios such as urban operation centers, hub dispatch centers, and medium and large command centers, while improving project deployment efficiency and user experience. It has launched innovative products and solutions such as the integrated video platform M80, K series MLED controller, and Taishan decoder. By integrating AI technology, it has created three smart scenario applications: unmanned screen shutdown, large-screen fire protection, and intelligent dehumidification, providing users with more efficient and convenient services.

(2) Industrial field



In the field of smart electricity use, by integrating information technology and IoT technology, we help improve the safety, economy, and convenience of the power system. The Company launched the third-generation smart air switch products, upgrading the metering accuracy and breaking capacity to provide more accurate and safer power supply protection. We apply load identification technology to smart plug products to monitor the end circuit in real time to meet the needs of dormitories, office areas, and other places for the control of prohibited electrical appliances. We enrich the intelligent air conditioner control system and improve the level of intelligent operation and energy utilization efficiency.

(3) New energy field

The Company has seized the development trend of new energy and achieved a major breakthrough from scratch in the field of new energy chargers, launching a variety of charger products to fully meet the charging needs of new energy vehicles. We have released solutions such as integrated charging and parking, commercial operation, and home IoT for parks, cities, and cloud scenarios, providing one-stop services such as vehicle parking management, charging management, intelligent operation and maintenance, and station operation to create a safer, smarter, and more convenient ultimate user experience.

3.1.4 Intelligent IoT edge technology and products

The intelligent IoT edge series is an intelligent product that combines IoT and edge computing. As an edge management and control center, it is combined with video perception products to form different application solutions. Various video, audio, alarm, and sensor devices can be accessed and managed, and data can be collected, processed, stored, and analyzed in real time to achieve a localized business closed loop without relying on the cloud, supporting rapid decision-making and response. The product integrates multiple industry application algorithms and is widely used in scenarios such as industrial automation, logistics warehousing, and commercial buildings.

The Company has launched a series of products based on domestically produced hardware and the Harmony operating system. The product supports massive IoT protocols and super AI computing power, meets the access management of IoT sensors and control devices in various industries, realizes the deep integration of IoT data and video AI capabilities, and provides end-to-end AIoT solutions for the edge of various industries.

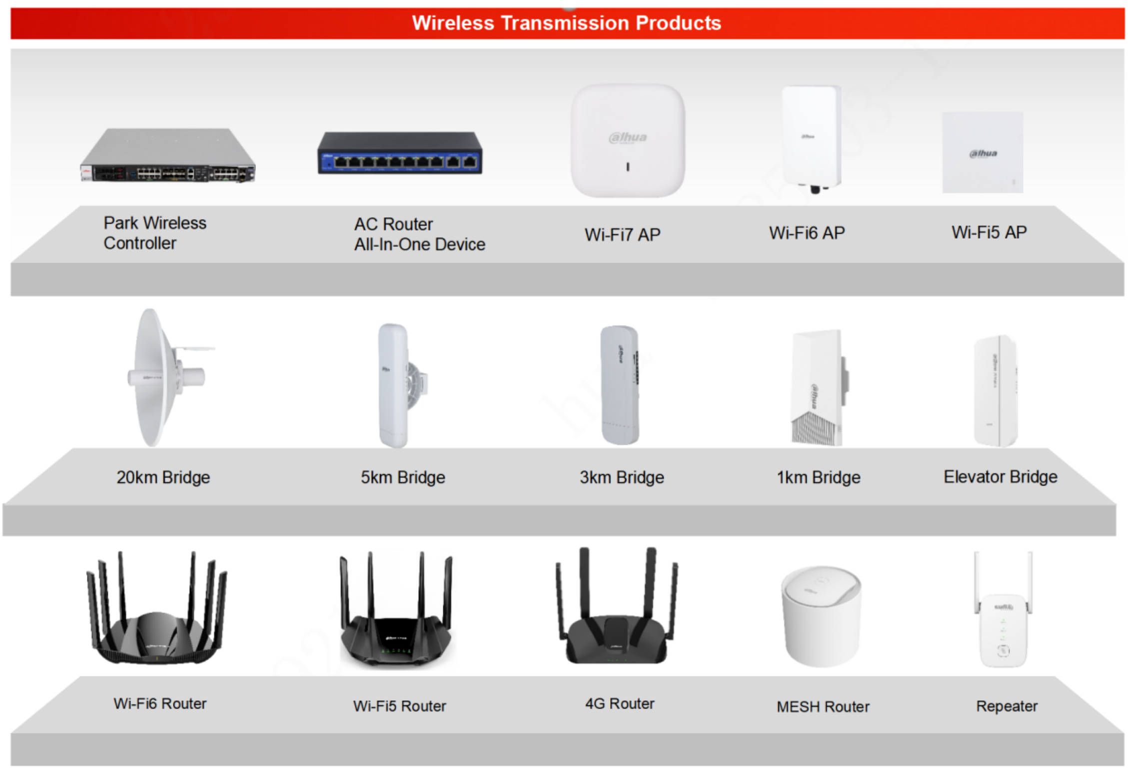
3.2 Full Connectivity

In the era of digital video, network products and video systems need to be deeply integrated. With "visual and network integration" as the core concept and "easy to install, easy to configure, and easy to maintain" as the goal, the Company has created a "one integration and three easy-to" product and technology system to upgrade the "full connectivity" capability. The cloud has reshaped the startup, configuration, and operation and maintenance methods of video and network systems, allowing for quicker startups, simpler configurations, and more efficient operation and maintenance. In addition, we have launched a complete product portfolio and solutions, including wired networks, wireless networks, optical networks, industrial networks, etc. for different usage scenarios.

3.2.1 Wired transmission

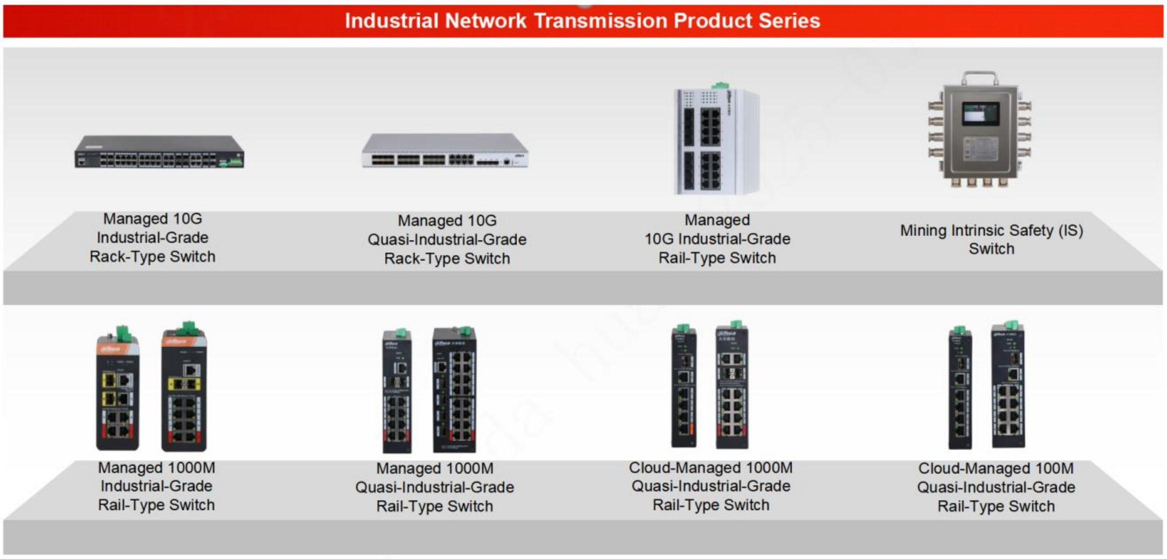
In 2024, the Company built a new generation of network operating system, continuously enrich the wired transmission product system, and completely upgraded the core, aggregation, access management, and access cloud management switches to achieve zero-configuration startup, whole-network management, whole-network VLAN batch division, and other visual and network integration features, effectively simplifying the configuration and operation and maintenance methods of wired transmission products and improving user operation and maintenance efficiency.

3.2.2 Wireless transmission



In the field of wireless transmission, the company aims to meet users' needs for convenient use, simple installation, and diversified access. It loads the innovative technology of "visual and network integration" into wireless transmission products for various scenarios, enriches the wireless transmission product system, optimizes product performance, and makes wireless transmission products start faster, configure easier, and use smoother. For example, based on the eSync fast networking technology, wireless terminal devices can be configured with one click, the roaming algorithm is optimized to bring users an ultimate seamless roaming experience, and the video network and office network can be isolated with one click, creating a convenient and stable wireless transmission network for users.

3.2.3 Industrial scenario transmission



In the industrial transmission scenario, the Company has upgraded its entire series of industrial network products, achieving cloud integration for these products. The product supports fast ring network, visual topology, batch VLAN configuration, intelligent analysis and alarm, and cloud configuration management, improving the usability and reliability of network products in industrial scenarios.

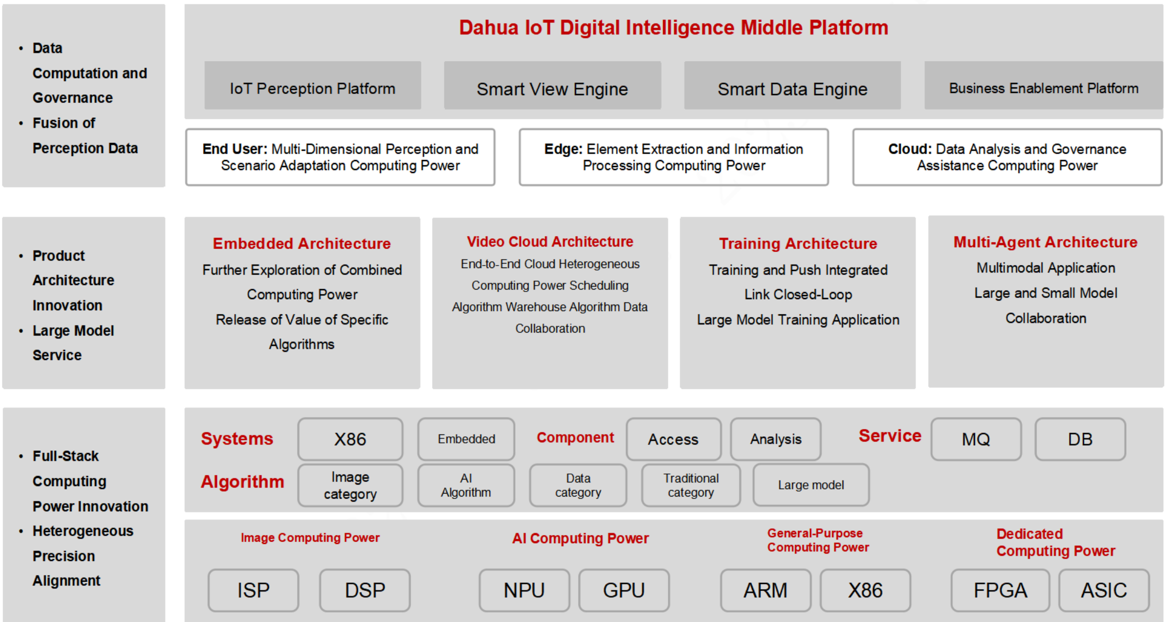
3.2.4 All-optical network

In the field of all-optical networks, in response to the converged communication needs of video, data, and voice services in park networks in scenarios such as enterprise parks and schools, passive optical communication technology is used. In 2024, a full range of frame-type and small-box local-end aggregation OLT products and terminal access ONU products with rich features and complete specifications were launched to create a new generation of all-optical park networks with high capacity, large bandwidth, long distance, and simple deployment for users.

3.3 Full Computing

When facing diverse scenarios, the diversity of computing becomes an inevitable trend. The Company's "full computing" architecture is based on multiple dimensions such as edge intelligent computing, central intelligent computing, intelligent storage, and cloud computing, providing stronger, faster, more secure, and reliable computing power for multiple fields. Combined with the application of large models in "full computing", it builds a sustainably driven full-stack innovation to help cities govern efficiently and enterprises achieve digital intelligence upgrade.

3.3.1 Intelligent computing



With the application of intelligent technology, the integration of digital technology and the real economy continues to accelerate; data has become a new productive force, and intelligence has become the most effective and powerful production tool. With the promotion and application of large model technology in the AIoT industry, intelligent computing has gradually moved from traditional pure-view algorithms to a new stage of multimodal algorithms. New algorithms generated by large model zero-sample capabilities can quickly verify business scenarios and complete business matching evaluations. Through the fine-tuning capabilities of large models with few samples, intelligent project construction can be quickly implemented, accelerating the process of industry intelligence. The Company's intelligent computing makes breakthroughs in computing power construction, architecture complementation, and digital intelligence middle platform integration.

Through virtualization, containerization, and other deployment methods, the Company can quickly realize the full compatibility of high-performance computing resources, adapt to all kinds of CPUs, GPUs, and NPUs, and fully realize resource pooling.

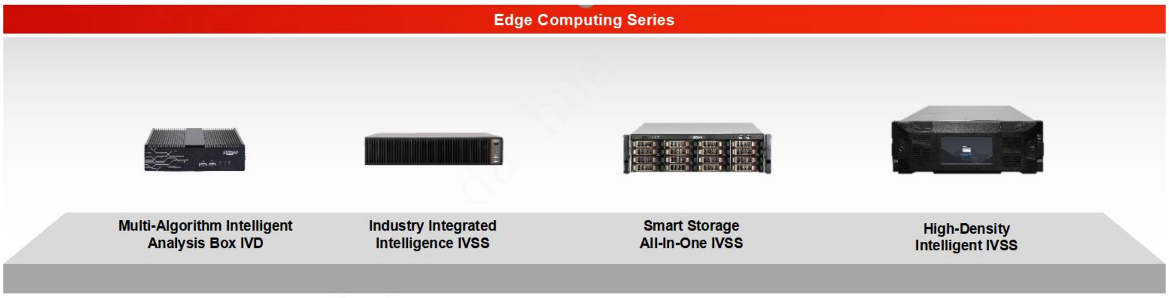
(1) Computing power construction: As localization and independently controllable open source projects become increasingly mature, the Company has completed the localization of full-link products, covering end-edge-cloud computing power; realized the resource pooling of computing power (such as image computing power, AI computing power, general computing power, and special computing power); leveraged accumulated industry experience and collaborated with partners to carry out technological innovation, such as chip virtualization computing power segmentation and professional comparison computing, to provide strong computing power support for full-link localization. To meet customers' high requirements for algorithm performance, we continuously optimize cross-hardware model quantization, achieve cross-hardware precision alignment, realize end-edge-cloud computing power collaboration, and efficiently leverage the value of computing power.

(2) Architecture complementation: In order to meet customers' scenario-based needs in differentiated long-tail scenarios, the Company uses the advantages of four different architectures, namely multi-agent architecture, embedded computing architecture, video cloud computing architecture, and training architecture, based on professional algorithms, open algorithms, and large model algorithm capabilities.

(3) Digital intelligence middle platform: In order to maximize the advantages of the Company's computing power and architecture, the digital intelligence middle platform will focus on the capability level, provide intelligent services for the upper-level application platform, connect multiple capabilities such as professional algorithms, training algorithms, large model algorithms and data computing, enhance the intelligent application of algorithms, assist in the incubation of emerging intelligent businesses, and provide an intelligent foundation for ecological partners.

In order to process massive amounts of AIoT data, the Company has carried out comprehensive product upgrades in the field of intelligent computing. Including: central intelligent products, edge intelligent boxes, storage and intelligence all-in-one devices, intelligent storage EVS and other product series.

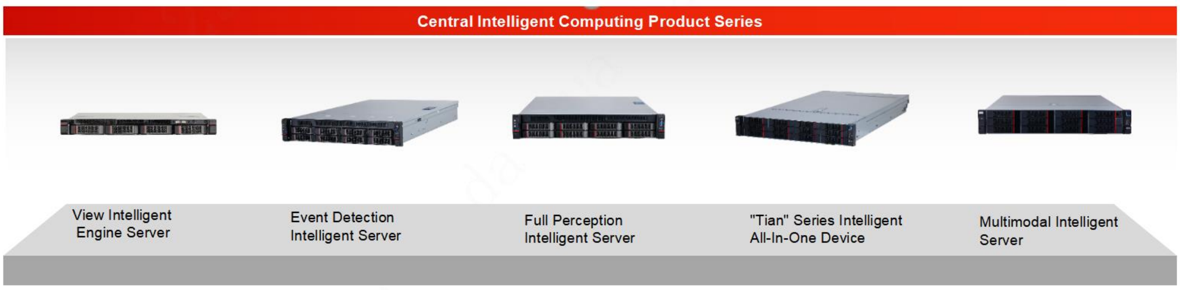
3.3.1.1 Edge intelligent computing



The Company is committed to deepening edge computing in the industry, continuously exploring business specifications in various fields, upgrading technical applications such as algorithm orchestration, false alarm filtering, and algorithm paradigms, and effectively solving the problems of massive data processing, real-time response, and data security faced by AI in industry applications, realizing more intelligent management and services.

The Company has released the Dahua Shensuan all-in-one device. Dahua Shensuan integrates storage, computing, and management. Based on reliable storage, safe monitoring, and efficient query, it continuously enhances capabilities in image recognition, video analysis, and behavior prediction. The algorithm shelf covers energy security, electricity, coal mining, emergency management, financial compliance, natural resources, behavior analysis, and other subdivided industry intelligence. The algorithm shelf realizes the free combination of algorithms in different industries, and combines the highlight functions such as multi-intelligent parallel, intelligent patrol, tidal intelligence, etc., to provide more accurate and efficient intelligent monitoring solutions. At the same time, the product has recently introduced advanced large model technology, applying the generalization and high precision of large models to quickly respond to the fragmented needs of edge scenarios. This enables faster, more accurate, and intelligent decision-making during the application process.

3.3.1.2 Central intelligent computing



In terms of technology, the Company continues to build a unified open intelligent architecture, and by improving the intelligent middle platform framework and upgrading the view intelligence engine, it provides a basic foundation for intelligent advancement, thereby building an intelligent ecosystem and incubating emerging intelligent businesses.

At the same time, based on different business demands, we comprehensively upgraded our core capabilities in two fields: in the field of specialized intelligence in all factors of storage, computing, and inspection; Through multimodal algorithms, feature indexing technology and domestic hardware adaptation, high-precision perception analysis and large-scale data retrieval are achieved, enabling city-level big data applications; in the emerging long-tail intelligence field, the "algorithm training engine + algorithm warehouse + rule engine" model is used to support cloud-edge-end collaborative scheduling, quickly generate adaptation algorithms and flexibly deploy them, and open up ecological cooperation links through standardized interfaces.

In terms of products, the Company launched the Sky Series all-in-one devices and large model intelligent engines, carrying the Dahua large model capabilities, and fully promoting the implementation of the industry's large model product business.

The Sky Series all-in-one device integrates computing power, industry algorithms, platform applications, computing warehouse management, and algorithm training through deep collaboration between software and hardware, providing customers with a one-stop solution. The all-in-one device comes with a built-in capability base, integrating innovative technologies such as AI supervision optimization, multi-algorithm orchestration, and holographic multi-dimensional engine. At the same time, it can be organically combined with the business of ecological partners to achieve a single-device scenario-based AI closed loop, leading the implementation of industry intelligence.

The large model intelligent engine product adopts a software-hard decoupling solution, integrating capabilities such as large- and small-model collaboration, zero-sample new algorithm generation, and small-sample large model fine-tuning to create a private, localized, self-closed-loop large model solution. Based on the capabilities of multimodal large models, we can objectively and accurately describe real business scenarios, form intelligent applications in vertical fields, autonomously plan business paths from the end to the beginning, deeply explore the value of graphs, and efficiently coordinate multiple algorithm models to serve the industry's intelligent upgrade. Through technologies such as domain distillation and model quantization, the miniaturization of large models is achieved, ensuring efficient operation of the model and resource optimization. In engineering practice, we combine small model applications to achieve multi-model collaboration, optimize computing power resource allocation, accelerate the application of large models in thousands of industries, and build large model products that can think, reason, and be affordable.

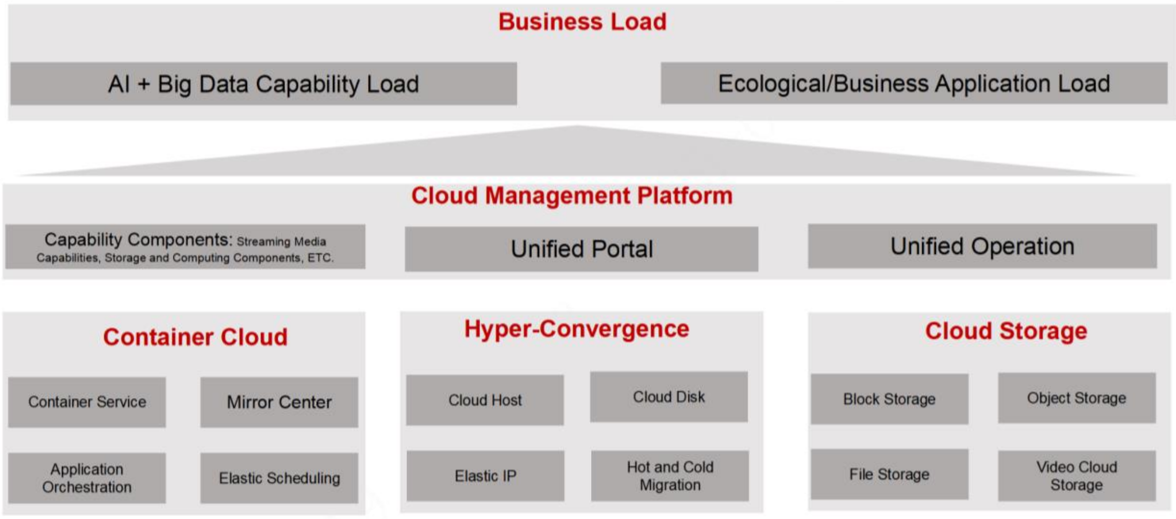
3.3.1.3 Intelligent storage

With the advent of the IoT information age, multi-dimensional perception data such as videos, images, audio, and documents are growing explosively, and the diversification and complexity of storage needs are placing higher demands on data storage.

Traditional storage is limited by hardware space, storage data access methods, and other factors, making it unable to meet users' huge data storage and high-performance processing challenges. The Company's intelligent storage uses single controller and dual controller as the hardware base, based on streaming storage capabilities, it integrates data redundancy, cluster strategy, encryption, and other technologies to reduce the risk of single point failure and achieve safe and reliable data storage. Combining technologies such as intelligent analysis, rapid data structuring, storage, intelligence and management integration, we achieve quick pick of target data, long-term storage of value data, and a closed-loop operation of edge data, thereby imparting new value to centralized data storage.

The intelligent storage EVS product adopts a modular design and supports multiple product forms such as single-control, dual control, dual-channel, and high-density storage. It integrates RAID technology and unified cluster management technology to build multiple data protection mechanisms and combines large-capacity hard drives to ensure long-term and highly reliable data storage. The relevant products have technical features such as multi-channel intelligent balanced scheduling, complete localization of all components of the device, and dynamic storage strategy adjustment.

3.3.2 Cloud computing



In the process of transformation from traditional data centers to the cloud, we face many challenges, such as chimney-style duplicate construction and long construction cycles. In order to improve resource utilization, simplify management and O&M, and ensure safe and stable business operation, the Company has launched cloud computing solutions to integrate underlying physical resources, provide rich cloud services such as computing, storage, network, and PaaS, and manage cloud infrastructure throughout its full lifecycle, becoming a powerful engine for customers' digital transformation.

(1) Cloud platform: The Company provides a new generation of efficient and agile cloud-native computing base for diverse computing scenarios of AIoT, realizing resource pooling of basic computing resources and hybrid deployment of multiple loads such as big data/intelligent analysis/application software, meeting the needs of unified management, efficient resource utilization, flexible service deployment and reliable disaster recovery. Based on a deep understanding of cloud native and video industry business, we have launched a series of cloud products such as cloud management platform, container cloud platform, hyper-convergence, and universal storage, covering high, medium, and low product forms, and seamlessly elastically expanding from a single device to a large-scale cluster, providing users with more inclusive cloud solutions and helping government and enterprise customers build a new generation of digital infrastructure.

(2) Cloud storage: The Company provides large-scale video cloud storage services for city-level and enterprise-level customers. After more than ten years of technological accumulation, it offers capabilities such as multi-device access, multi-channel large-scale video access and storage, and streaming media distribution. Relying on long-term technical research and development, such as native distributed file system technology, domain optimization, software and hardware integration, and dynamic fault tolerance, it has built an ultra-large-scale four-level (disk level, node level, rack level, storage pool level) reliable data storage capability.

(3) Big data storage and computing components: Over the past decade, the Company has been facing the real-time access, storage, and retrieval of massive perception data, as well as the processing needs of complex scenarios. It has continuously accumulated a wealth of practical experience and has made long-term investments in the fields of software and hardware integration, dynamic fault tolerance, index optimization, reliability, distributed technology, and data security. It can provide customers with centralized databases, distributed database services, Hadoop, and other storage components with industry-specific capabilities, automatically complete the access of IoT perception device data, automatically and evenly distribute data, and provide efficient retrieval services, achieving a stable, reliable, and out-of-the-box experience. On the other hand, in the face of diversified video IoT data computing scenarios, we continue to optimize the kernels of computing components such as Spark and Flink, provide industry-specific differentiated capabilities, and meet the offline and real-time computing needs of graph-digit fusion services. The big data storage and computing components on the cloud significantly reduce the development, operation and maintenance, and implementation costs of the business platform docking with storage and computing components, and can serve a wide range of government and enterprise customers.

3.4 Full Intelligence

As artificial intelligence and big data technologies accelerate their industrialization, the Company is guided by scenario-based applications, focuses on core technology research, insists on scientific and technological innovation, actively explores and promotes breakthroughs and applications of new technologies such as large models and multimodal AI, continuously consolidates the foundation of AI engineering, builds full-stack capabilities of large models, and continuously promotes the industrialization and commercial success of AI. At the same time, we deeply explore the connotation of view data, release the value of data, promote the comprehensive upgrade of human-computer interaction, and fully assist the digital intelligence upgrade of cities and enterprises, so as to achieve the closed loop from perceptual intelligence to data intelligence and then to business intelligence, creating business value for customers with "full intelligence" capabilities.

(1) Artificial intelligence

Artificial intelligence large models have become an important tool for industrial innovation and unlocking new quality productivity. Multimodal large model technology with vision as the core has gradually begun to be applied in various industries. The Company regards artificial intelligence as one of its core strategies and has always been committed to the research and innovation of the world's leading artificial intelligence technologies, focusing on vision as the core main channel, and continuously optimizing its comprehensive and leading artificial intelligence research and engineering capabilities. Focusing on industry business and driven by large model technology, we continue to consolidate AI industrialization capabilities and accelerate the digital and intelligent transformation of various industries.

At present, the Company has national enterprise technology centers, national post-doctoral scientific research workstations, Zhejiang Enterprise Research Institute, Zhejiang Engineering Research Center, Zhejiang Provincial Key Laboratory, and AI R&D teams with more than 1,000 members. It has won the first place in more than 70 AI algorithm competitions and evaluations at home and abroad, published more than 140 papers in core journals, applied for more than 2,700 AI patents, and undertaken 26 national and provincial-level AI research projects. During the reporting period, the Company applied for more than 270 AI invention patents, obtained more than 400 patents authorization, and undertook four national and provincial and ministerial artificial intelligence scientific research projects.

3.4.1.1 Development trends of artificial intelligence

The emergence of large models has greatly changed the trajectory of AI development. Multimodal large models, RAG, Agent, and other technologies have developed rapidly, expanding the application areas of artificial intelligence and bringing unprecedented opportunities and challenges to all walks of life. In 2023, the Company launched the Dahua large model, a multimodal big model with vision as its core, which greatly improves visual analysis capabilities by integrating multimodal data. In 2024, the Company rapidly iterated large model applications around actual business operations, accelerated the implementation of industry intelligence, and realized value from multiple angles. In some industries, large models have penetrated into core businesses, and by reshaping core business systems, the industrial and commercial value of large models can be truly realized.

(1) Rapid development of multimodal large models

The traditional large model is only good at processing text information. Some new technologies try to allow large models to integrate data from multiple modalities, such as images, videos, and audio, and have launched a variety of multimodal large models. Among them, visual language models (VLM) are particularly noteworthy. The visual language model can learn rich visual language correlations from massive amounts of image text. Only one VLM is needed to achieve visual parsing tasks such as image understanding, target localization, and image-text question and answer. Although the general VLM may not be as good as the dedicated small model in specific functional indicators, it can outperform the small model in the field on specific tasks by generating multiple task plug-ins with smaller parameters through industry data supervised fine-tuning (SFT). In addition, VLM is also developing towards miniaturization. Small models with a parameter scale of about 0.5B to 3B can also achieve good results in visual parsing tasks and have strong generalization capabilities. The rapid development of VLM will have a great impact on the AIoT industry and video application fields.

(2) AI agents are moving towards applications

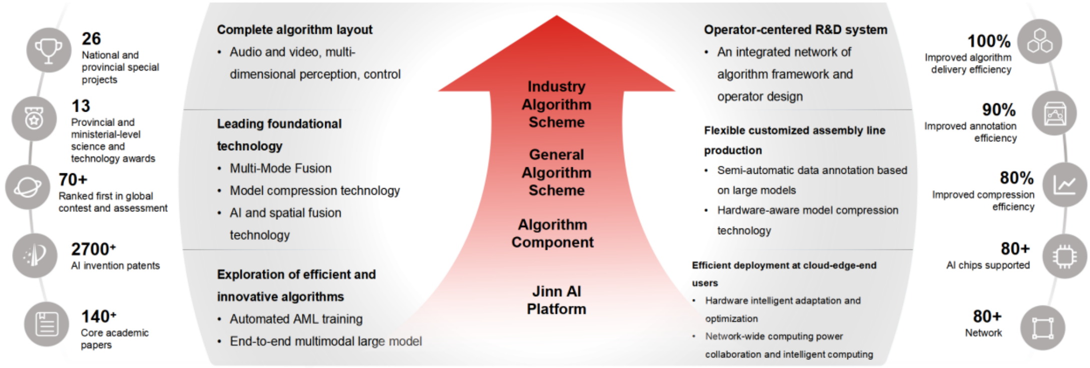
Recently, people have built a series of agents based on traditional LLMs, that is, users input instructions, and after the large model understands them, it calls the corresponding tools in the intelligent body to output the desired results, thus realizing an intelligent closed loop of the business. The intelligent agent is endowed with the ability to actively think, plan, and execute tasks. It can actively perceive the environment and understand task objectives, independently select solutions, interact with the external environment, continuously improve model capabilities through the "data flywheel", and continuously enrich functions by concentrating various intelligent tools, ultimately autonomously realizing a closed business loop.

(3) Large model technology migrates from the center to the edge

In 2024, with the emergence of various optimization technologies, powerful large models are becoming compact, and the enhancement of edge computing power creates conditions for the deployment of large models on terminals. The edge-side large model can process data locally, avoiding privacy leaks and compliance risks that may occur during the transmission process, and it does not need to transmit data and interact over the network. The response is more timely, and it can be customized according to user needs, providing personalized services and improving timeliness and flexibility. In addition, the enhancement of the capabilities of the edge-side large models will make devices smarter and services more precise. Through the coordinated deployment of cloud-edge large models, more powerful AI solutions can be created, promoting the widespread application of large models in all walks of life.

3.4.1.2 Strengthening the “1+2” artificial intelligence capability system

After years of continuous accumulation, the Company has built a "1+2" artificial intelligence capability system, namely 1 set of architecture system plus 2 supports of scientific research capability and engineering capability. In 2024, the Company focused on comprehensive upgrades of large model technology, achieved significant improvements in large model technology research and engineering implementation capabilities, and released version 3.0. The four-layer technical architecture enables seamless integration of large and small models, giving full play to the technical advantages of each model. In terms of scientific research capabilities, we have laid out advanced basic technology research such as language large models, visual large models, and multimodal large models. In terms of engineering capabilities, a research and development system centered on algorithm components has been established to promote small models with large models and assist large models with small models, supporting the efficient deployment of algorithms in the cloud, edge, and end user.



(1) Continue to improve the four-layer architecture system to efficiently meet scenario-based AI needs

➢ **Continuous upgrade of the Ginn AI platform**

To achieve large-scale industrialization of AI, it is necessary to possess efficient end-to-end solution development and delivery capabilities. The Company continues to focus on investing in building the Ginn one-stop AI development platform. The Ginn development platform is a one-stop AI development platform for developers, which realizes the full work flow management of AI development from data processing, model training, optimization and transplantation, algorithm management, solution development, to algorithm verification and testing. In 2017, the Company built a high-performance computing center; in 2019, the Company released a full-stack algorithm development platform to realize a full-chain closed loop from data management to solution delivery; in 2021, the Company upgraded and released an assembly solution development platform; in 2023, it developed a work flow system for scenario-based algorithm development. In 2024, with the widespread application of large models in natural language processing, computer vision, speech recognition, and other fields, efficient large model development and delivery capabilities were required. The Ginn AI development platform focuses on large model business and continuously upgrades and improves the full-link online capabilities of AI development. It supports intelligent annotation of different types of data such as images, texts, videos, and audios, with a processing capacity of 100 million per day; it develops its own large model reasoning framework to support cross-platform deployment of mainstream models; it upgrades the large model work flow system to achieve full-link support for large model data processing, training, reasoning, evaluation, application deployment, and traceability, thereby improving the development efficiency of large model businesses.

➢ **Algorithm components complete the technical upgrade of large models**

Based on a large number of scenario-based application solutions, the Company has accumulated a series of general algorithm components, switching the algorithm development model from "solution-centric" to "algorithm component-centric", effectively improving the reusability of the algorithm. The large model technology of multimodal fusion has achieved a qualitative improvement in visual understanding capabilities. By adopting large model technology, we have achieved technical upgrades of small model algorithm components, and the algorithm effect has been significantly improved while maintaining low computing power consumption. At the same time, relevant large model algorithm components have been accumulated, significantly improving the development speed of industry large models. The entire system has opened up the collaboration and call of large and small models, accelerating the upgrading of small model technology and the implementation of large model technology.

➢ **Build comprehensive scenario-based AI capabilities**

Faced with the massive scenario-based intelligence demands that have emerged during the industry’s digital and intelligent transformation, the Company has gradually established a scenario-based intelligent algorithm development system that can be efficiently implemented after years of exploration and innovation, covering technical models such as professional customized development, general algorithm paradigms, lightweight training, large model custom functions, and more accurate on-site use. Comprehensive scenario-based AI capabilities enable different customers to select suitable AI development models according to their unique business characteristics, significantly enhancing the richness and efficiency of scenario-based algorithm supply and accelerating the process of inclusive AI.

The general algorithm paradigm extracts general technical methods from numerous fragmented demands to meet specific types of demands, transforms customization into generality, and realizes new function support through rapid configuration to satisfy scenario-based intelligent needs. Large model custom recognition technology opens up the imagination space for scenario-based intelligent business, quickly converting what users want into smart features while ensuring the effectiveness of the algorithm; the more accurate on-site use technology achieves continuous optimization of AI solutions to better meet actual business needs.

(2) Actively lay out new AI technology fields around industry development trends

➢ **Innovative integration technology of AI and spatial intelligence, creating a new form of application in the digintelligent twin industry**

Spatial intelligence technology has greatly promoted the deep integration of the digital world and the physical world. In 2024, the Company proposed the concept of digintelligent twin and created the Luban series of products, which originated from the Company's accumulation and breakthroughs in three-dimensional spatial intelligence technology. The Company has developed video fusion technology that allows video images from multiple cameras to be synchronously stitched and fused in a three-dimensional model, giving the traditional twin model rich real-time dynamic information. The Company continues to delve into automated modeling technology and has launched a complete set of modeling algorithm solutions, including reconstruction and texture mapping, which solves the problems of high cost and poor realism of traditional manual modeling, and significantly reduces the delivery and O&M costs of projects. The Company has developed 3D vector positioning technology, which can accurately locate sensors and target positions based on the structural relationship constraints of spatial vectors in the scenario, realize smart features such as field of view analysis, camera recommendation, and smart deployment, and has applied it to scenarios such as enterprise, energy, and public wellbeing.

➢ **Build audio algorithm basic capabilities to improve the audio capabilities of industry products**

As an important perception dimension, the Company continues to build an audio algorithm technology system, and effectively implements audio processing, speech recognition, audio detection, and other technologies into various product series of the front and back ends of AIoT. In terms of audio processing technology, the main goal is to improve audio quality and retain the target voice. Audio AI noise reduction technology is used to effectively remove non-target audio signals, improve audio quality, and make communications clearer and more understandable. In terms of speech recognition technology, it realizes speech content recognition and builds lightweight wake-up word and command word algorithms from 0 to 1. In terms of audio detection technology, by detecting and identifying specific types of signals, combined with other perceptions such as vision, event alert and analysis are be achieved; by loading AI detection technology, abnormal audio detection algorithms such as sound intensity, sudden change, mute, and smashing are improved; specific audio signal detection algorithms are upgraded to improve product operation and maintenance automation, and sound event detection such as baby crying and audio detection algorithms for industrial device failure are developed.

➢ **Relying on the intelligent practical experience in the field of AIoT, develop low-altitude intelligent scenario applications**

The Company actively responds to the low-altitude economic policy and is committed to expanding the innovative application and intelligent development of the Company's technologies and related products across multiple industries. We researched and sorted out the technical characteristics of low-altitude mobile scenarios, refined generic object positioning operators and algorithm modules such as target detection and scenario comparison, and quickly launched more than 30 intelligent solutions, such as smoke and fire, illegal construction, and engineering truck detection and positioning. We deeply explore the pain points of customers in low-altitude scenarios, use intelligent algorithms in the low-altitude field as a link, connect satellite and high-point camera data, provide unified geographic information embedding capabilities, complete the spatiotemporal alignment and feature fusion of three-dimensional multi-data, and achieve efficient integration and analysis of multi-scale and multi-dimensional spatial information. We have launched algorithm solutions such as natural disaster detection, forest destruction, and coastal change monitoring, and effectively support customers in multiple industries such as emergency response, urban governance, and public wellbeing to create low-altitude intelligent application demonstrations.

➢ **Develop a new generation of radar vision multimodal fusion technology to advance the development of the vehicle-road collaboration industry**

We have developed end-to-end radar-vision multimodal fusion technology. From the perspective of Bird's Eye View (BEV), the point cloud features that represent spatial position, speed, and size are aligned and fused with fine visual texture features. The traditional radar vision target-level fusion method is upgraded to a feature-level fusion method, fully tapping the advantages of radar spatial perception and deeply understanding visual semantic information. The radar vision multimodal fusion technology realizes the complementary advantages of multi-sensor data and significantly enhances the target perception capability in various harsh environments. The data fusion accuracy is improved by 20%, and the effective perception range is extended to hundreds of meters, realizing ultra-long-distance target capture, speed measurement, traffic statistics, event detection, and active safety warning. The lane-level steering flow accuracy is over 95%, and the speed measurement and capture accuracy is over 99%. Related technologies have been applied in the Company's monocular radar, binocular radar, speed measurement all-in-one device, and other products, helping to upgrade traffic signal control, holographic intersections, vehicle-road-cloud and other businesses.

➢ **Systematic safety technology throughout the entire process ensures the safety and reliability of large models**

Large model technology is booming, and its capabilities are constantly being enhanced and extended. The accompanying large model security risks have attracted widespread attention and become a major challenge to the application of large models. From the perspective of model training, the security issues of large models mainly include the source security of data corpus, the content security of corpus, and the annotation security of corpus. From the perspective of model application, the main dimensions are traditional security (property privacy, crime, ethics), command attacks (negative inducement, unsafe role-playing, unsafe command themes, target hijacking), and responsibility (social harmony, psychology, and compliance with laws and regulations). In order to ensure the security and reliability of the delivered large model algorithms, the Company mainly uses data enhancement, perturbation, and cleaning to reduce data risks, and fine-tunes the model to eliminate the original model backdoors and data poisoning. It uses collaborative feedback reinforcement learning between humans and AI to ensure that the model's values are consistent with expectations, and calibrates model biases based on contextual learning technology. The above technologies can effectively improve the reliability, robustness, privacy, and fairness of large models.

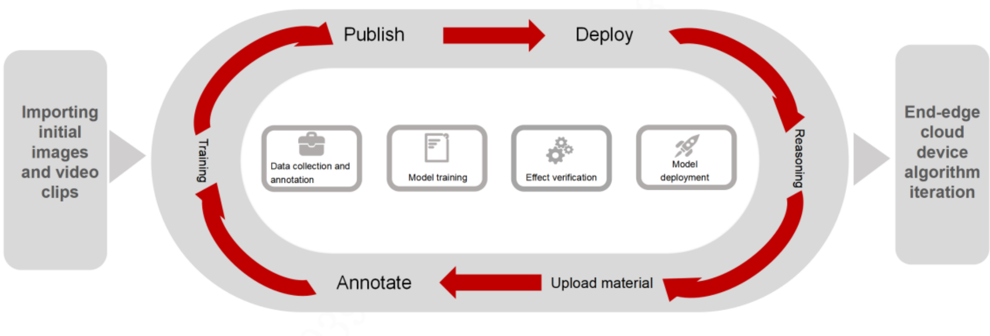
(3) Continuous optimization of AI engineering capabilities

➢ **Orderly promote the localization deployment of large models**

Large models with billions of parameters require powerful computing power to support them. Based on the experience in small model industry applications, the Company has accumulated rich foundational capabilities for model deployment in domestic chip applications. Starting from the industry's large model R&D stage in 2023, the Company has deepened cooperation with mainstream domestic chip manufacturers to explore training and verification work based on domestically produced chips. In 2024, the Company completed the migration of the Dahua large model to domestic chips, ensuring the sustainable development of the business. Release a unified and efficient large model training framework

To achieve efficient training of large models, the training framework is optimized in many aspects: it supports FP32 and FP8 mixed precision training to maximize video memory utilization and computing efficiency while maintaining model accuracy; it can dynamically adjust numerical precision according to different parts of the model and training stages, balance accuracy and performance, and improve training efficiency. Based on data parallelism, we deepen the model parallelization strategy and comprehensively use model parallelism and pipeline parallelism technologies to solve the training difficulties caused by the huge scale of large model parameters and improve the training efficiency after model splitting. In addition, the addition of the Machine Learning Accelerator (MLA) module further improves the speed and efficiency of large model training by optimizing the computing architecture, providing efficient parallel processing capabilities and specialized operators.

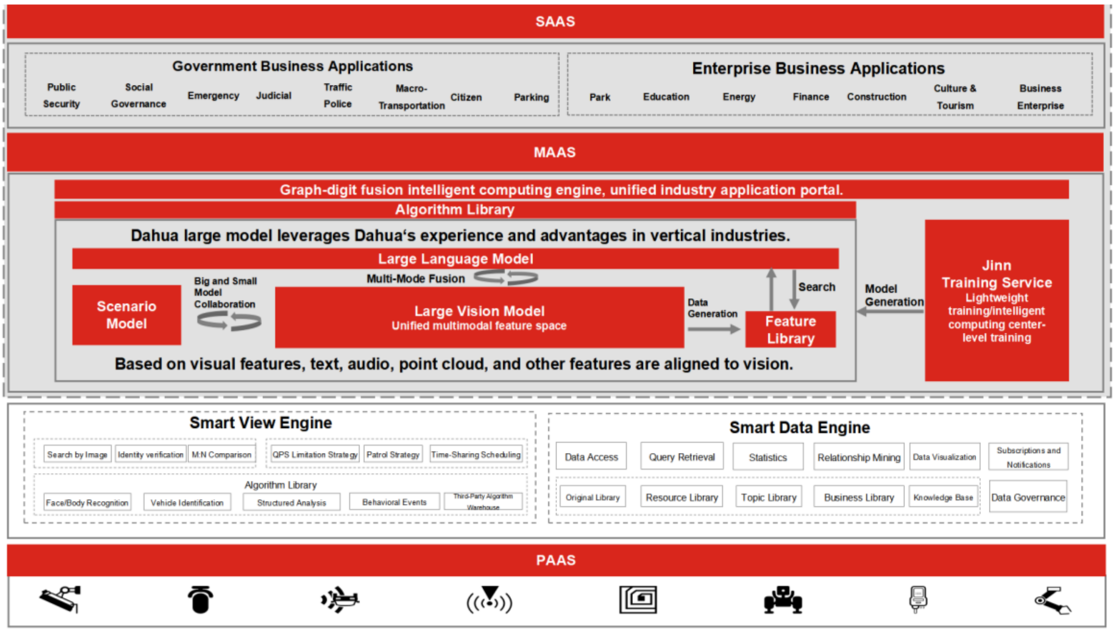
➢ **Build a 1+1+N algorithm training system**



Build a 1+1+N algorithm training system, namely: algorithm model training + algorithm incremental training + algorithm orchestration. The 1+1+N algorithm training system enriches the applicable scenarios of the algorithm, is closer to customer business processes, and significantly shortens the algorithm delivery cycle. By providing customers with professional, timely, and personalized training, we can quickly build algorithm capabilities for customers, support the broad needs of government business, and assist enterprises in intelligent upgrades, transformation, and transition. The Company has launched two core platforms: an offline all-in-one device and an AI training online platform, which support on-demand application for training resources, dynamic allocation, multi-person collaboration, task allocation, online verification, online deployment and upgrade capabilities.

3.4.1.3 Comprehensively upgrade the multimodal capabilities of the Dahua large model to accelerate implementation and promotion

In 2024, the Company released an industry intelligent application framework centered around MAAS architecture, achieving efficient computing, convenient delivery, and simple use. The bottom layer of the system is the IoT perception terminal, which provides a variety of rich raw data. Above the IoT perceptron layer are the view intelligence engine and data intelligence engine, which enable efficient governance of multi-dimensional perception data and provide high-quality structured and unstructured data support for industry intelligent entities. The overall industry intelligent entity consists of two parts: MAAS and SAAS.



Unified Industry Intelligent Application Framework

➢ **Three series of industry large models**

The Dahua large model is an industry large model that takes visual analysis as its core, integrates multimodal capabilities, and combines industry experience. Driven by industry business, the Company has comprehensively upgraded the Dahua large model: launching the V series large model with vision as the core, the L series large model with language as the core, and the M series large model with multimodality as the core. Relying on three types of industry large models, we build industry intelligent entities and reshape industry applications.

Visual large model (V series): The large model with visual analysis as the core has two major advantages. First, the algorithm analysis effect moves from accurate to precise, and the accuracy is greatly improved. The performance of target detection for small targets and the accuracy of low-probability events are greatly improved. Second, it realizes automatic scenario understanding and is more convenient to deploy. For example, smart tags can realize functions such as automatic scenario classification and dynamic segmentation, enhance image understanding, and perform functions such as image description and event analysis.

Language large model (L Series): It has text interaction capabilities and can achieve semantic understanding, task decomposition, work flow execution, and result generation. Its language ability has been significantly improved, and it can deeply understand industry knowledge and data, promoting the transformation of human-computer interaction to human-computer collaboration. In specific applications, the model supports functions such as knowledge-enhanced retrieval, semantic understanding and interaction, and can automatically schedule work flow tasks, including thought chain and work flow orchestration, task execution, and result generation.

Multimodal large model (M series): Through the image and text fusion technology, a large model of image and text mutual search and visual analysis is realized, while having all the capabilities of the V series. This model can not only achieve the transformation of requirements from personalization to generalization and shorten the development cycle, but also implement new functions through graphic prompts without customized development. It has gone from simple recognition to deep understanding, breaking through visual cognitive capabilities, and can identify various complex behaviors through video sequences, such as destroying facilities, climbing over guardrails, and pulling vehicle doors. In addition, the multimodal capabilities of the model have been significantly enhanced, expanding the application value of multimodal data collaboration, and supporting new functions such as text search for images, text-based behavior search, text search for videos, global image search, local image search, full-factor image search, and cross-modal combined search.

➢ **MAAS computing architecture with graph-digit fusion**

The application of Dahua large models in vertical fields is complex and diverse. In order to efficiently and conveniently deliver the big model algorithms, the company has built a unified big model service architecture. For each application scenario, one-click delivery can be completed through a unified MAAS service. During the process, you only need to replace the vertical field big model in each business scenario.

1+1+1+N graph-digit fusion MAAS computing architecture: 1 computing architecture to unify the large model architecture of multiple industries; 1 computing power base to achieve unified management of computing power and unified task scheduling; 1 application portal to innovate new human-computer interaction methods and unify the text-based interaction portals; and provide flexible expansion capabilities for N types of industry applications for government and enterprise businesses.

The MAAS architecture is designed based on a multimodal large model algorithm, integrating multimodal information such as video, audio, and text. It mainly includes a language large model, a visual large model, a model feature library, and a large and small model collaborative module. All business scenarios use the language large model as the interaction entry. The language large model extracts semantic features, and the visual large model extracts features of images and videos, and aligns multimodal features such as views and semantics, which can effectively realize the knowledge and capability alignment of the multimodal large model in each modality. The feature data of each modality can be effectively exported to the feature library and used as internal multimodal feature knowledge to realize offline and online semantic search. In addition, based on the industry multimodal knowledge, an external knowledge base can be further constructed to reduce the illusion of the large model and further improve the richness of knowledge acquisition. MAAS also supports algorithm implementation solutions that collaborate with large and small models. The multimodal data perceived by the small model on the front end is aggregated to the back end for secondary analysis and secondary feature alignment through the large model, further upgrading the algorithm application solution and effectively reducing the cost of algorithm implementation.

Language large model technology is an important component of the large model architecture and the core part of the multimodal large model architecture. It can serve as the key entry point to the software application platform. The intelligent agent framework based on the language large model can not only understand the alignment semantic features, but also automatically call various platform resources and tools, such as function calls, domain knowledge retrieval, data retrieval, automated document analysis, risk assessment, compliance checks, etc., which can greatly enhance the intelligence level of the entire software and hardware products, provide cross-domain intelligent solutions for enterprises and governments, and promote the digital and intelligent transformation of businesses.

- **SAAS with natural language interaction**

The SAAS platform provides flexible expansion capabilities for government industries (public security, transportation, urban governance, etc.) and enterprise industries (electricity, coal, manufacturing, etc.) with a new way of human-computer interaction. By building a unified text-based interactive portal, the complex interface of the traditional application system is broken, allowing users to easily access and operate various services in the most natural and intuitive way, greatly lowering the usage threshold. Government and enterprise customers can get started quickly and enjoy an efficient and convenient work experience.

- **Upgrading from large models to intelligent agents to reshape business application models**

Large model technology is usually used for understanding and generating multimodal data such as text, images, videos, and audio. With the development of the large model application paradigm, the Company has been constantly thinking about how to enable large models to mimic human problem-solving through the use of various tools. As a result, intelligent agents (AI Agents) centered around various tool calls and task orchestration are becoming an important form of implementation in the industry. Large models can not only understand tool calls but also carry out independent thinking, planning, and task execution based on task requirements.

Industry intelligence agents have achieved remarkable results in promoting the intelligent upgrade of business applications, and have been successfully implemented in scenarios such as government and enterprises. The Company's industry intelligence agent demonstrates its unique value with the following five advantages:

Reshaping the software form: The deep understanding capabilities of the multimodal large model enable us to quickly build a complete business flow from visual analysis, evaluation, decision-making, to execution when faced with new business. Upgrading from the traditional function stacking model to an efficient closed-loop work flow has significantly improved business processing efficiency.

Reinventing the interaction method: The traditional interaction method of clicking the keyboard, mouse, and screen can be transformed into multimodal interaction modes such as text, images, and videos. Through the powerful understanding ability of the multimodal large model, the system can accurately capture user intentions and provide timely and effective suggestions. It has a unified entry and convenient operation, which greatly reduces the learning cost and optimizes the user experience.

Continuous evolution, the more you use it, the better it gets: The intelligent agent possesses exceptional business understanding capabilities, and its understanding of data and business continues to deepen as the frequency of use increases. The intelligent agent continues to grow in use, and its performance is increasingly optimized, accelerating the digital and intelligent process of the industry.

Helping to deepen business: In response to the diverse needs of the long-tail market, the industry intelligent agent with multimodal large models as its core can accurately precipitate professional knowledge of users and industries. By continuously accumulating industry knowledge, we have developed products that better meet user needs and help business development and innovation.

Optimizing computing network collaboration: The intelligent agent can automatically complete the optimal scheduling of computing power according to specific business needs, build an end-edge-cloud computing network, realize the coordinated operation of end-edge intelligence and center intelligence, and further improve the efficiency of computing resource utilization.

Driven by the core of multimodal large models, the industry intelligent agent has demonstrated its revolutionary advantages in multiple dimensions, injecting strong impetus into the industry's intelligent transformation.

- **Large and small models collaborate to achieve efficient utilization of computing power**

In order to accelerate the product application scope of large models, we continue to upgrade the collaborative computing architecture of large and small models to reduce the hardware deployment cost of large models. Through multimodal distillation, domain knowledge is transferred from large models to small models. While maintaining high generalization of the model, the number of model parameters is reduced, and the model reasoning speed is improved. At the same time, the large model technology is used to upgrade the small model to enhance model accuracy and cross-scenario adaptability. In order to give full play to the effect advantages of large models and the reasoning speed advantages of small models, large and small models are deployed together to achieve collaborative computing. The small model performs real-time analysis and feature extraction on the data flow, the large model shares the feature information of the small model, and performs secondary analysis on key frame images or sequences to achieve information fusion output. In order to further improve the utilization rate of computing power, by integrating heterogeneous computing power resources, realizing virtualized scheduling and load balancing of computing power resources, dynamically allocating computing power resources according to the amount of task analysis and model scale, reducing the waste of computing power caused by excessive task dispersion, and achieving optimal allocation and efficient utilization of computing power.

In terms of hardware infrastructure, the Company provides comprehensive cluster management software and reasoning devices. It not only includes its own large model reasoning all-in-one device, but also supports the rapid deployment of large model intelligent computing center-level computing clusters on computing power cards or computing power servers at home and abroad. Through a unified computing system, full utilization of computing power can be achieved: it supports unified scheduling of multi-site and heterogeneous computing power, as well as on-demand storage and computing power allocation; it supports full coverage of cloud-edge-end product reasoning, supports coordinated deployment of large and small models, optimizes overall computing power consumption, and accelerates the industrial application and promotion of large models.

- **The large model industry has been established, and its application value has been revealed**

The industry large model has made significant progress in recognition accuracy, reducing computing power consumption and localization, and has entered the stage of industrial application and promotion from the technical research stage. Through continuous technological innovation, the Company accelerates the research and application deployment of large models of end-side products. At the same time, it expands the application of large models in more industries, helps users improve quality and efficiency, enhance operational production efficiency, and accelerate the digital and intelligent transformation and upgrading of businesses.

(1) End-side product deployment

Multi-label recognition of scenario points will support scenarios expanded from 30 to more than 60, covering over 90% of daily monitoring categories, significantly improving scenario classification efficiency and reducing manual screening costs. It also supports zero-sample recognition and small-sample online fine-tuning, allowing users to add new categories online to improve support for long-tail business scenarios, greatly enhancing the processing capabilities for diversified scenarios and making the algorithm more accurate in practical applications.

Behavior recognition. It has achieved technical upgrades for functions such as making phone calls, playing with mobile phones, smoking, falling down, and fighting, solving pain points such as interference and perspective of similar actions. At the same time, it can recognize more semantically complex actions through full-scenario understanding. Compared with the small model, false alarms are reduced by over 90%. It has been successfully applied to projects such as a nursing home in Jiangsu and an education bureau in Shandong to better meet the users' practical needs.

Smoke and fire recognition. It has achieved a leap in results. The detection rate for difficult events, such as smaller flames and thin smoke, has been significantly improved, with the overall detection rate exceeding 98%. At the same time, false alarms are significantly reduced, with less than one false alarm per video channel per month. It has been published on the Shensuan All-in-One Device. The large model solution for smoke and fire identification has been deployed and used in emergency projects in many provinces, and its application is being promoted in the remaining provinces. The promotion and application will be accelerated in 2025, and the accuracy of alarms will be greatly improved through secondary analysis of the fire hazard, reducing the cost of personnel verification.

Perimeter algorithm. Relying on large model technology, it has completed comprehensive optimization and upgrades. Not only has the capture distance for targets such as people, motor vehicles, and non-motor vehicles been increased by more than 20%, but through technological upgrades, the algorithm can more accurately identify targets in complex scenarios. In particular, significant progress was made in distinguishing between humans and animals in a crawling state, thanks to the large model's powerful understanding of subtle movements and form factor differences. This series of upgrades has laid a solid foundation for building a more secure and efficient monitoring system.

In addition, the edge-side large model technology has been upgraded in many algorithm solutions, such as crowd situation and wearable compliance.

(2) Accelerate the pilot promotion of large models in the government and enterprise industries

The large mode of the transportation industry. It integrates multimodal capabilities, upgrades interactive modes, achieves full-scenario enhanced analysis and visual understanding, and increases industry application value. Based on the powerful view understanding ability of the large model, it is upgraded from the structuring of people and vehicles to the analysis of the full scenario elements of people, vehicles and roads, realizing the recognition of more than 90 types of traffic scenario information such as traffic signs, markings, facilities, etc., and quickly expanding new businesses such as traffic light operation and maintenance, facility inspection, and road maintenance. Breakthroughs in view recognition capabilities have been made to improve the availability of complex traffic events and traffic accident detection. The large model has expanded the types of accident detection from 4 to more than 20, from only supporting motor vehicle accidents to all-target accidents involving motor vehicles, non-motor vehicles, and pedestrians. The application scenarios have been expanded from closed scenarios, such as highways, to open scenarios, such as urban roads, with an accuracy rate increased by 70%, making it available for actual business operations. The road debris detection capability has been upgraded. Compared with the small model, not only is the all weather accuracy increased by 50%, it also supports debris type recognition, automatic determination of the danger level of the debris, and hierarchical management of minor and serious incidents, significantly improving the conversion rate of effective alarm services and providing a basis for business decision-making. Multimodal interaction expands new business governance models, defines new functions through text prompts, and quickly meets the differentiated needs of users. The semantic understanding of the large model supports functions such as event process description and event cause analysis, such as traffic accident tracing and traffic event aggregation and correlation analysis, which effectively solves the pain points of isolated alarm events, inability to form a complete event chain, and inefficient business use value in the industry.

The large model of the urban governance industry. It accurately describes the characteristics of many events in urban life and helps upgrade the AI capabilities of urban governance. In 2024, the model was upgraded and iterated, with performance improved by about 50%. At the same time, compared with the small model, the average accuracy of common functions such as out-of-store operation and unlicensed stall vendors was still increased by more than 10%; the accuracy of five difficult events such as street begging and missing manhole covers was increased by more than 20%, providing stronger guarantees for urban appearance, public facilities management, etc. The number of supported scenarios has increased from 10 to 20, expanding from urban streets, residential parks, etc., to more fields such as water banks, construction sites, etc., which improves the application scope of large models. In addition, the point governance algorithm continues to expand and optimize, and currently supports more than 60 point scenarios, while also supporting intelligent recommendations for functional configuration solutions suitable for each point. In 2024, trials were carried out in multiple pilot projects, including a certain service carrier in Shaanxi.

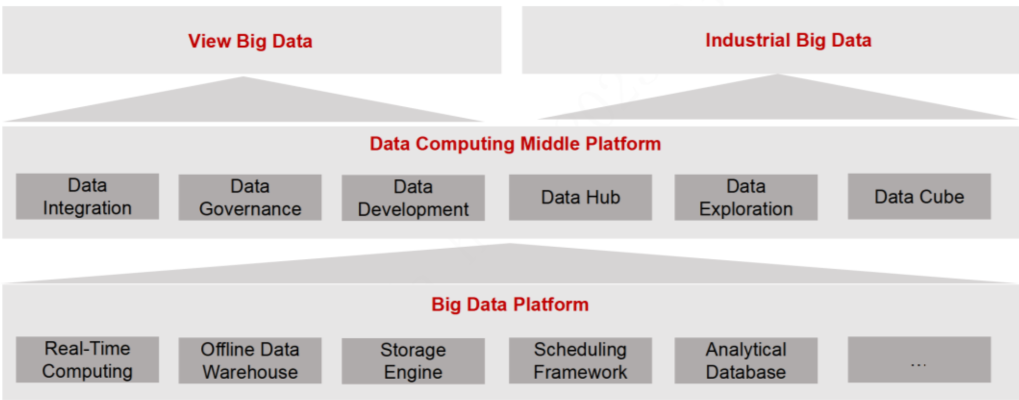
The large model in the public security industry. It supports complex behavior recognition and alert, user-defined information retrieval, and natural language interactive intelligent agents. It realizes the transition from perception to cognition, from understanding to execution, and reshapes the public security industry business. The large model can achieve complex behavior recognition by understanding subtle movements, related objects, and surrounding environment information. It can accurately identify abnormal behaviors such as running, pulling rolling doors, and holding weapons, and its accuracy can be improved by more than 20% compared to small models. Based on full-scenario information extraction, it supports super image search and local image search functions, such as text search for images, text search for videos, and text-based behavior search, and can perform quick pick according to user-defined needs. It enables rapid querying of clues and greatly improves work efficiency compared to the previous method of manually reviewing recordings in massive amounts of video. The intelligent agent launched by the large model in the public security industry can understand, find, and adjust quickly, reshaping the software form and interaction mode. It supports functions such as data retrieval, knowledge Q&A, task orchestration, etc., through natural language. Data retrieval, based on the agent function call capability, realizes convenient human-computer non-equivalent data interaction retrieval and reduces software operation costs. Knowledge Q&A, based on retrieval augmentation generation (RAG) technology, realizes the retrieval and query of the industry knowledge base, lowers the threshold for acquiring industry knowledge, and reduces the illusion of large models. Relying on a pilot project in Beijing, we continuously improved the model’s functions and optimized its effects, and presented it at a national public security bureau conference, where it was highly recognized by experts in the field, including the Minister of Ministry of Public Security. After the meeting, more than 10 key units from various provinces and cities conducted visits, and a large number of new business opportunities and pilot projects were created across the country.

The large model in the power industry. It supports more than 70 common functional recognitions in the industry, such as instruments, smoke and fire, and foreign object detection, replacing the original 7 special small model functions, and realizes zero calibration configuration, reducing the algorithm deployment cycle by more than 90%. The large model uses the fusion of image and text features to improve the algorithm's feature expression capabilities, increasing the average accuracy by more than 20% compared to the small model. It enables zero-sample new function development through graphic and text prompt technology and supports customer-defined function deployment. It has now been implemented in a digital technology company in Guizhou to enhance the overall smart level of the industry.

The large model in the mining industry. It is able to comprehensively monitor the operating status of devices and assist the coal and steel industries in achieving intelligent upgrades. Compared with small models, its average accuracy has improved by more than 10%, and no rule parameter configuration is required, which reduces the workload of personnel operation and maintenance, improving efficiency and quality. The solution has more than 20 smart recognition functions for the conveyor belt, which can analyze the operating status in real time, identify abnormal conditions such as anchor rods, foreign objects, water coal, etc., and issue timely alerts to ensure smooth coal transmission. At the same time, it supports ore quality analysis, including real-time analysis of coal block size distribution, ore loading rate, etc., improves the utilization efficiency of conveyor belts, and enables users to timely control coal quality. In addition, the large model also supports real-time analysis of device operating status through graphic prompts, such as determining whether the device is in motion or stationary, and accurately capturing the start and stop moments. There is no need for additional material collection and model retraining, which effectively reduces repetitive work, provides strong support for device status identification and analysis, and helps enterprises make efficient decisions. This solution has been implemented in a large coal mine project in Shanxi.

3.4.2 Data intelligence

The Company focuses on video IoT scenarios and relies on cloud native, big data framework, heterogeneous fusion computing, data middle platform, and other technologies to provide a one-stop data intelligence base, including view and information fusion, integration, governance, development, and services. Based on technologies such as artificial intelligence, graph-digit fusion, data mining, and knowledge graph, we deeply explore the connotation of view data, build a high-value data warehouse with graph-digit fusion, release the value of data, assist cities and enterprises in their digital and intelligent transformation and development, and jointly open up new development of digital society and digital economy.



In 2024, the Company continued to explore the connotation of view data, activate data value, and innovatively launch data analysis intelligent agents. Driven by view data value computing, it continued to build industry-specific capabilities such as AI + big data fusion computing framework and diverse data heterogeneous computing, empowering data application innovation, and assisting domestic and overseas government and enterprises in their digital and intelligent transformation.

(1) Driven by data value computing, we continued to build multi-source heterogeneous big data platform capabilities

Focusing on data value computing, we continued to consolidate the capabilities of multi-source heterogeneous big data platforms, including products such as data computing platform, data hub, data discovery platform, data low-code platform, and big data platform, providing one-stop data integration, data governance, data development, data services, and other capabilities to meet the digital and intelligent governance of governments and the digital and intelligent transformation of enterprises. Guided by the strategy of focusing on video data value computing and stimulating the value potential of view data, in terms of data integration, the Company has built-in self-access capabilities for various video IoT data and accumulated a number of industry data standards; in terms of data governance, it has loaded intelligent governance algorithm capabilities to automatically realize data mapping, standardization, and quality inspection, greatly improving governance efficiency; in terms of data development, it provides real-time unified development and orchestration of offline tasks, and relies on self-developed low-code engine technology for data applications to quickly configure business applications, greatly improving the delivery efficiency of fragmented scenarios; in terms of diversified heterogeneous data computing formed by unstructured data such as views and texts and structured data, it builds an AI + big data fusion computing framework, a graph-digit fusion computing framework to break the limitations of traditional big data computing boundaries, and a heterogeneous computing power scheduling framework to break the computing power boundaries, making computing more efficient and business innovation more convenient.

(2) Continuously delve deeper into the connotations of view data to enable data business innovation

The Company has deeply explored the value of data, built a data system from data to information and knowledge, developed a variety of data algorithms and industry-specific models, and accumulated a large number of data element standards and view data assets. In 2024, the Company relied on the data intelligence system to innovate and launch data analysis intelligence, it has opened up the last link of data intelligence and provided conversational full-chain data analysis, natural language modeling, attribution analysis and decision support, intelligent interaction for thousands of people, and other capabilities to enable business innovation, assist government and enterprise customers in their digital and intelligent transformation, and drive business development in depth in the industry.

3.5 Full Ecosystem

Ecological development is one of the Company's most important strategic initiatives. The Company has always been committed to building a cooperative and win-win ecosystem to co-create value with partners. The Company's purpose is to achieve customer success, adhering to the "full ecosystem" concept, anchoring on serving customer value realization, building comprehensive open capabilities from technology, business, to services, and being fully open to industry customers and developers through hardware, software, algorithms, services, and business ecosystems. We work with ecological partners to open up new areas, create new momentum, and jointly create unlimited possibilities for industrial development, empower the digital and intelligent development of thousands of industries, and achieve co-creation, symbiosis, and win-win results.

3.5.1 Business opening and ecological cooperation

3.5.1.1 Integrator customer business ecosystem

The Company continues to advance the construction of the integrator cooperation system and resource investment, prioritizing service and committed to providing partners with higher quality products and solution services across the industry, upholding altruism and achieving win-win results. The company continues to improve the integrated management of customers and business opportunities and strengthen front-line combat capabilities; it advocates releasing more industry resources to partners to jointly explore market segments; at the same time, it establishes an ecological cooperation organization to integrate product R&D resources, improve ISV customer cooperation efficiency, focus on valuable customers, and achieve more effective resource allocation, thereby improving customer satisfaction and cooperation stickiness.

During marketing activities, we empower and train customers, strengthen all-around ecological cooperation with integrator partners in technology, business, services, etc., and further enhance the depth and breadth of cooperation with customers.

3.5.1.2 Business ecosystem for SMEs

In 2024, the Company comprehensively deepened the construction of the global SME ecosystem. Through a three-dimensional marketing network, partner growth plans, and precise resource allocation, we work together with global channel partners to build a sell-out-driven model, strengthen channel business penetration and coverage, optimize service layout, build a healthy and sustainable ecological structure, and jointly achieve a leap in the business value of small and medium-sized enterprises. In the domestic market, the Company continues to promote the "district and county lower-tier" strategy, deepen local operations, and build a new ecosystem for the low-tier market; in overseas markets, it focuses on innovation in cooperation models, management models, and tools, attaches importance to coverage in weak areas and depth in strong areas, and drives changes in the business landscape.

3.5.1.3 Industry customer business ecosystem

In order to realize the digital transformation of the government, we integrate the advantages of ecological partners in the subdivided fields in terms of product solution innovation and integration, data resource application, etc., to create an "end-to-end closed-loop" solution and enhance the competitiveness of the solution. In terms of product solution innovation and integration, we deepen cooperation with the industry ecosystem. For example, in the field of smart water conservancy, we focus on typical environments and application scenarios, carry out product solution innovation, and improve the scientific level of water conservancy decision-making and management. We cooperate extensively with the industry ecosystem in terms of data resource integration and application. For example, in the field of emergency disaster reduction, the Company gathers multi-source IoT data in multi-frequency domain application scenarios to achieve dynamic video fusion and event linkage, improve auxiliary decision-making, and coordinate precise rescue.

Aiming at the digital intelligence upgrade of enterprises, we integrate the ecological capabilities in subdivided fields, create full-scenario, high-value solutions, and serve the digital and intelligent scenarios. For example, in the industrial and commercial enterprise sector, we work with ecological partners to jointly create professional solutions such as logistics warehousing, digital workshops, digital stores, and digintelligent marketing, enabling enterprises to build new quality productivity and improve operational efficiency; in the cultural, educational, and health business sector, we provide ecological partners with comprehensive IoT and AI capabilities, and empower the digital intelligence of the industry through technical and business cooperation.

3.5.2 Technical openness and ecological cooperation

3.5.2.1 Software open platform and ecological cooperation

In terms of the technology open system, the Company has accumulated core capabilities based on the three major areas of IoT perception, view intelligence, and data intelligence. It continuously optimizes the open system capability for partners, continuously enriches the content of ecological products and ecological solutions, and reduces the technology integration costs of partners. Through technical support, we provide partners with various technical services, empowerment support, and training certification, continuously reducing partners' learning costs and ensuring that partners maximize the use of various capabilities provided by the Company's open software system and profit from them. Through the above-mentioned value co-creation and sharing actions, the breadth and depth of the technical cooperation between the two parties have been continuously enhanced, ultimately forming a highly trustworthy and stable technical ecosystem.

At the market cooperation level, the Company classifies partner needs based on region, industry, and customer characteristics, carries out targeted cooperation, and continuously explores efficient cooperation models to ensure continuous value creation for partners. By establishing hierarchical customer management organizations, sharing pipeline resources, building ecological shelves, joint marketing activities, and brand cooperation, we promote the collaborative construction of solutions and joint technological innovation between the two parties.

In 2024, relying on the full-process support of the digital system, the Company has built a comprehensive software ecological resource operation system to enable the digitalization of ecological operations and the standardization of process management, and to promote the orderly implementation of ecological partners' business expansion.

3.5.2.2 Hardware open platform and ecological cooperation

The Company's open hardware ecosystem mainly includes the opening of device hardware capabilities (DHOP), the opening of third-party platform access capabilities (cross-platform unified protocol, device network SDK, HTTP API), as well as various ecological cooperation solutions such as HarmonyOS, Ora, and others.

Opening of device hardware capabilities: It supports software and hardware decoupling, provides hardware resource services such as storage and computing power, multimedia function services, AI acceleration engine services, various device basic information services, etc., to meet various custom business needs of third-party developers, and provides a rich tool development kit from model conversion, compilation, packaging, debugging to operation and maintenance, reducing the difficulty of third-party development. In 2024, the Company signed cooperation agreements with many algorithm manufacturers around the world to develop applications in various industry scenarios through mutually beneficial cooperation, effectively meet the business needs of end customers, and prosper the AIoT ecological application market. In addition, the hardware open platform supports mainstream domestic chips, and the product matrix landing cameras, PTZ cameras, buildings, centralized storage, and other edge devices. In order to explore new intelligent scenarios, the supporting company opens the Ginn training server and algorithm warehouse to achieve a full-link closed loop for the rapid implementation of new intelligent scenarios.

Cross-platform unified open protocol: It mainly includes the device open API protocol (EZAPI), the object model access protocol (STAP), etc. The device open API protocol provides basic functional interfaces such as system management, audio and video transmission and storage, AI intelligent analysis, and a variety of industry business interfaces, to help third parties quickly connect. The object model access protocol is designed to address the diversity and resource limitations of devices.

It provides complete device descriptions and efficient data transmission, facilitating the rapid networking of IoT devices.

HarmonyOS ecosystem cooperation: The Company actively participates in industry organizations such as the OpenAtom Foundation and the HarmonyOS Ecosystem Promotion Committee, tracks the development of the HarmonyOS ecosystem industry, and conducts in-depth research on OpenHarmony certification requirements and 6 industry HarmonyOS certification requirements. We have promoted technical cooperation with multiple hardware suppliers and software service suppliers. As of the end of 2024, 15 hardware products in six categories have passed the OpenHarmony certification, and several other products have passed the proprietary industry HarmonyOS certification.

3.5.2.3 Algorithm opening and ecological cooperation

In this trend of digital transformation, many clients from different industries use AI to improve production efficiency. The Company provides targeted empowerment tools for partners with different levels of needs, and at the same time, introduces more algorithm ecosystem manufacturers to better meet the increasing scenario-based needs in various industries. It pools the power of the industry to accelerate the industrialization of artificial intelligence and the digital and intelligent transformation of the industry, and works with partners and customers to jointly build an artificial intelligence industry ecosystem.

Mature algorithm, out-of-the-box: The Company's AI algorithms have accumulated a large number of mature solutions in industry business applications, with the following advantages to help partners expand their business: a wide range of choices, developing dedicated algorithm solutions covering different industries to meet the different needs of various industries; good results, polished by actual business, with strong scenario generalization capabilities, and has won championships in international competitions in the fields of target detection and target recognition; simple to use, selecting algorithms as needed in the algorithm warehouse and simply configuring them to achieve functions; save time on deployment and reduce usage costs by optimizing technology.

AI open platform, build partners’ AI capabilities, and enable independent development: For users with low thresholds and no algorithm capabilities, they only need to input relevant data on the AI open platform to efficiently complete the desired algorithm function development with a low threshold, help build users' algorithm development capabilities, enable users to develop independently, and implement it in products for commercial realization. The AI open platform provides a one-stop graphical AI algorithm development platform for partners, which has flexible platform deployment, zero-code development, efficient training, online verification, and one-click deployment capabilities.

AI open toolchain, accelerate the commercialization of partner algorithms: It is mainly aimed at customers who can develop algorithms themselves but cannot develop product hardware. Users can develop algorithms through self-research, and then use the "Ginn Artificial Intelligence Algorithm Deployment Tool" to deploy the developed algorithms to the Company's hardware products, and use DHOP to implement the development and implementation of business software products, and quickly productize the algorithms.

Introducing ecological algorithm manufacturers to accelerate the fulfillment of industry scenario-based algorithm requirements: The Company has established comprehensive algorithm research and engineering capabilities and possesses efficient algorithm supply capabilities. However, compared to the various fragmented demands in the industry, the Company's supply capacity still needs to be improved. At the same time, in order to better enhance the input-output efficiency, the Company strengthens cooperation with industry algorithm ecosystem manufacturers. Through close collaboration between both parties, it provides industry users with more cost-effective and high-quality intelligent products and solutions.

3.5.3 Service opening and ecological cooperation

The Company consistently upholds altruism, empowers ecological development, and is steadfast in growing together with its partners. More than 100 talent development and training centers for college-industry cooperation have been established in provinces and regions nationwide to cultivate and supply professional and skilled talents in AIoT for industry and ecological partners, and provide efficient service support for customers and the market. We have built the Dahua Ecosystem Learning Center, focusing on technology empowerment and comprehensive business enablement, to assist partners in business expansion and improving delivery efficiency, ensuring end-customer satisfaction.

3.6 Software Products and Business

With the continuous implementation of technologies such as IoT, big data, and large models, and the gradual improvement of data industry standards by major countries around the world, the technical system and circulation system of data elements are becoming increasingly mature. Among them, unstructured data mainly based on video images has become an important breakthrough in data value realization due to its diversity, circulation, scale, and privacy.

As a leading enterprise in the AIoT industry, the Company has always been committed to promoting the value-added process of data elements. Faced with the opportunities and challenges brought by data elements, the Company has completely upgraded the intelligent IoT data platform 2.0 from the dimensions of multi-dimensional perception, multi-connection, view intelligence, and open platform. It has deeply integrated the Dahua large model and graph-digit fusion capabilities, built efficient software engineering capabilities, and released two major industry product systems, Urban Tianji and Enterprise Tianyan, to comprehensively assist efficient urban governance and digital intelligence upgrades for enterprises.

3.6.1 Deeply excavate the value of the software business and comprehensively upgrade core capabilities

- **Build intelligent competitiveness**

In terms of product research and development, the Company actively integrates cutting-edge technologies such as large models, digital twins, low code, and graph-digit fusion to continuously improve product competitiveness. Empowered by the Dahua large model, the view intelligence engine realizes efficient processing and analysis of massive unstructured data, significantly improving the intelligence level of security scenarios. At the same time, the Company has built a powerful development toolchain based on the HuaDesign system and microservice architecture platform, and through the low-code business engine of the Firefly Component Mall, it can quickly respond to the needs of scenarios such as enterprise parks and digital twin, and achieve flexible and efficient technology reuse and business assembly.

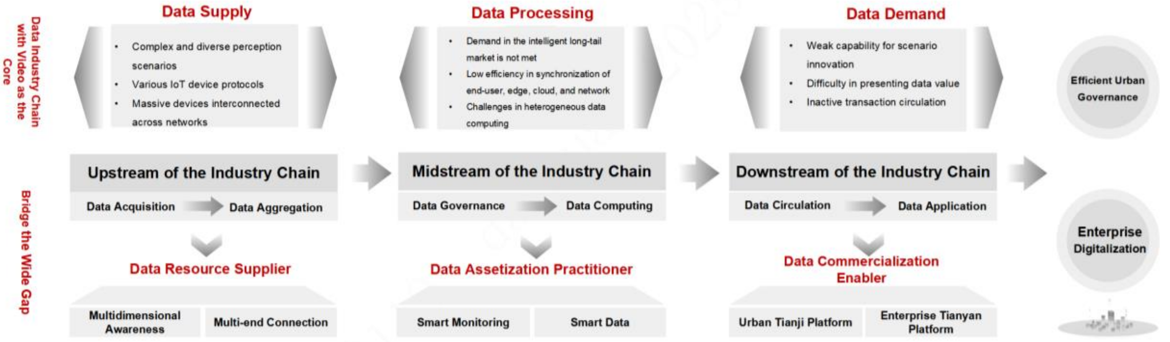
- **Close to customers, empowering the frontline**

In terms of service, the Company always adheres to the "customer-centric" concept, promotes the deep integration of software development centers in various provinces and regions with front-line businesses, and stays close to customer needs. Through efficient software engineering capabilities, the Company can quickly combine emerging industry technologies to achieve business innovation and scenario implementation, creating greater value for customers.

- **Join hands with partners to co-create the future of the industry**

Based on the intelligent IoT data platform, the Company has formed three cooperation models around ecological customers: solution co-construction, product co-creation, and capability sharing. Through in-depth collaboration with partners, the Company jointly promotes the digital intelligence upgrade of the industry, helps customers grow bigger and stronger, and achieves the ecological goal of "co-construction, win-win, and symbiosis".

3.6.2 Deepen the data industry chain and jointly create a prosperous data element market



Data elements have become the core engine driving social and economic development. However, the current AIoT data element industry chain with video as the core still faces challenges such as insufficient coordination between upstream, midstream and downstream, and hindered value release. As a technology service provider deeply rooted in the industry, the Company positions itself as a data resource provider, assetization practitioner, and commercialization enabler. It works with ecological partners to break through industry bottlenecks and help build a prosperous data element market.

➢ **Problems facing the data element industry chain**

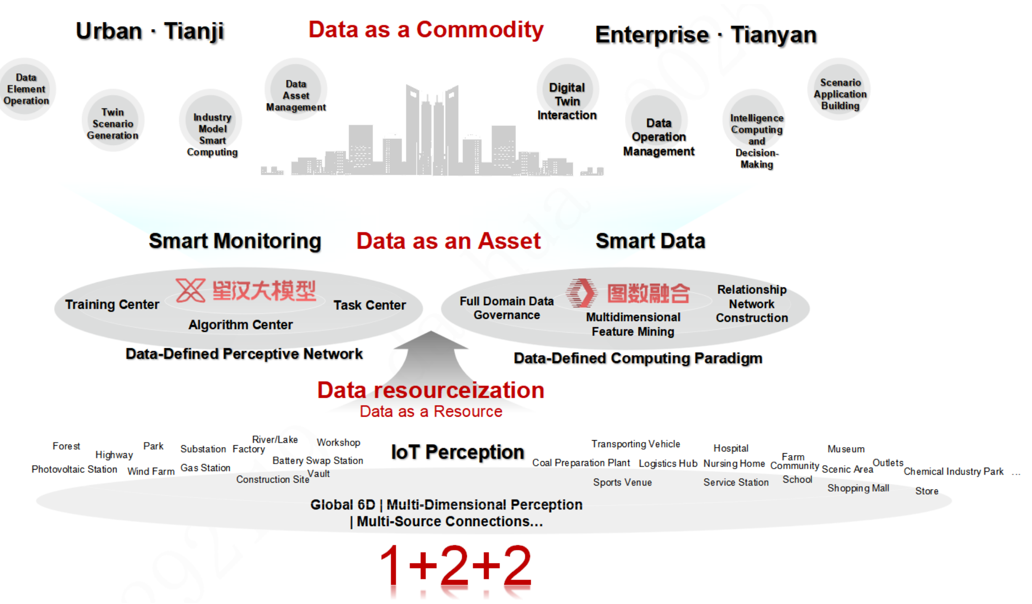
In terms of upstream data acquisition, it faces the dilemma of scenario complexity and device fragmentation. On the data supply side, there are problems such as fragmented perception scenarios, non-interoperable IoT device protocols, and difficulty in cross-network data interconnection. The collection efficiency and quality of massive unstructured video data need to be improved urgently; in terms of midstream data governance, there is an imbalance between intelligent long-tail demand and collaborative efficiency. Data processing service providers need to deal with pain points such as insufficient adaptability of intelligent algorithms to scenarios, low efficiency of end-edge-cloud network resource collaboration, and difficulty in multimodal data fusion and analysis; in terms of downstream data application, there is a lack of value presentation and circulation mechanisms, and the existing data services in various industries are difficult to match dynamic business needs, resulting in a prominent "data sleep" phenomenon.

➢ **Empowering data elements to realize value throughout the entire lifecycle**

To address the pain points in the industry chain, the Company used technology and ecology as dual drivers to build solutions covering the entire lifecycle of data.

We broke through the upstream, built multi-dimensional perception and full-domain interconnection, and realized the standardized collection of video, IoT and other data in complex scenarios through multimodal perception terminals and a unified IoT protocol stack; relying on cross-network secure interconnection technology, we connected private networks, government clouds and edge devices to build a full-domain data base. We tackled tough issues in the middle platform, realized intelligent collaboration and open computing, continued to build a view intelligence engine, integrated industry algorithm warehouses and low-code development tools, and met the agile development needs of long-tail scenarios. At the same time, we built a distributed computing framework to achieve elastic collaboration of lightweight reasoning on the end-user side, real-time analysis on the edge side, and deep training on the cloud side. We activated downstream to meet scenario innovation and ecosystem co-creation, and work with leading industry customers and ISV partners to incubate data application paradigms in various industry scenarios, promoting efficient urban governance and digital and intelligent transformation of enterprises.

3.6.3 Upgrading the intelligent IoT data platform to empower urban governance and digital and intelligent enterprises



With the rapid development of the IoT, large models, and big data technologies, the Company has comprehensively upgraded its intelligent IoT data platform based on its deep insight into urban governance and enterprise needs. With data full lifecycle management as the core, it has promoted the process of data as an asset, data as a resource, and data as a commodity, injecting new impetus into high-quality development.

- **Empowering the entire data workflow to release new intelligent value**

In terms of data as a resource, relying on the full-domain 6D multi-dimensional perception technology and multi-connectivity capabilities, we have achieved efficient aggregation of data across the entire network; combining AI technology to enhance data acquisition accuracy and content description capabilities, we have built a dynamic data base for cities and enterprises. In terms of data as an asset, the view intelligence engine deeply integrates the "Dahua large model", breaks through the boundaries of traditional visual cognition, realizes autonomous analysis of the entire scenario, and supports the implementation of complex scenarios with higher generalization capabilities and accuracy; through the data intelligence engine, it creates a graph-digit fusion computing system, breaks through the barriers between view data and business data, and activates the deep value of data. In terms of data as a commodity, through the upgrade of software engineering capabilities, we have achieved the free orchestration of industry scenario modules, large models, and graph-digit fusion technologies, built two major product systems, "Urban Tianji" and "Enterprise Tianyan", and enabled application innovation in thousands of industries.

➢ **Innovating the business paradigm of government and enterprises, moving towards a new stage of cognitive intelligence**

In the field of urban governance, through dynamic perception, intelligent analysis, and decision-making closed loops, we helped urban governance achieve self-optimization, learning, and evolution, and promoted the transition of the governance model from "perceptual intelligence" to "cognitive intelligence". Focusing on the four dimensions of "public security, orderly urban management, green development for the benefits of the people, and governance efficiency improvement" in urban business, the Company launched the Tianji series of products, with CV large model, computing network self-intelligence and graph-digit fusion technology as the core, to create four functional modules: industry model intelligent computing engine, twin scenario generation engine, data asset management service and data element operation center.

In the field of enterprise services, the Company took the Tianyan series of products as the core, providing four engines: data operation management, intelligent computing decision-making, scenario application construction, and digital twin interaction. Relying on the practical experience of tens of thousands of industry projects every year, the Tianyan series has accumulated massive business paradigms and deeply integrated the Dahua large model capabilities to help enterprises achieve human resource replacement for high-risk and high-intensity positions, production safety risk alerts, and management decision-making optimization, and promote companies to transition from "comprehensive security" to "digital and intelligent operations".

3.6.4 Upgrading the view intelligence engine based on the large model to realize the self-intelligence of the computing network

In the AIoT industry, scenario fragmentation and diversified demands have always been difficulties in intelligent upgrades. The current AI market has a variety of product forms, and algorithms and computing power are difficult to coordinate, resulting in wasted customer investment. In addition, traditional AI algorithms rely on a large amount of labeled data and are unable to meet the customized needs of long-tail scenarios, resulting in a large number of scenarios being unable to be effectively covered, which restricts the industry's intelligent process. To this end, the Company innovatively launched the Dahua large model, empowering the intelligent long-tail market in the AIoT industry with technological breakthroughs and opening a new chapter of global intelligence.

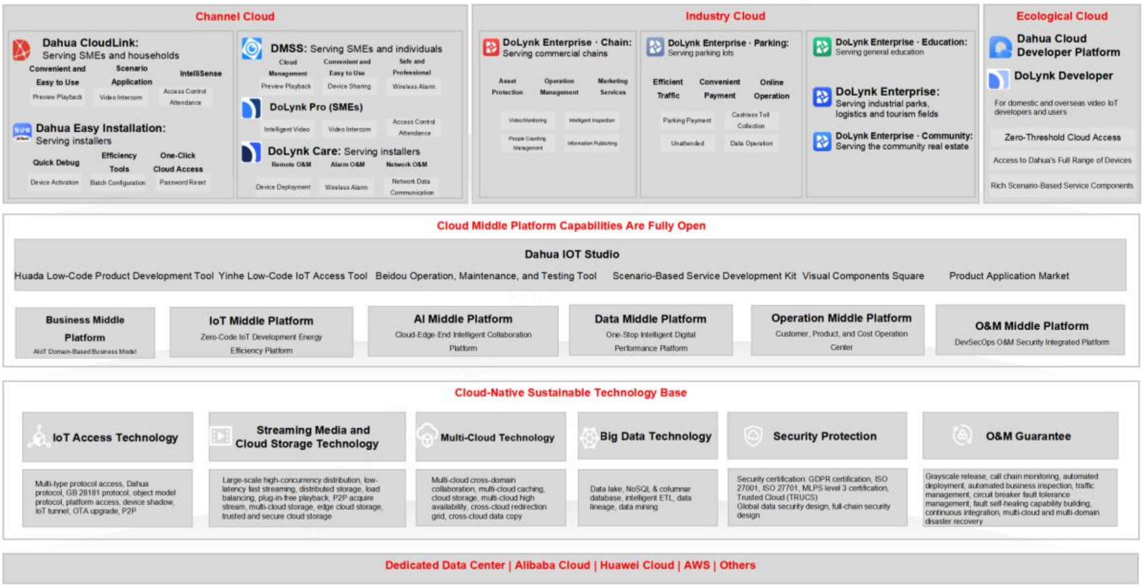
Build a computing power "network" to achieve optimal resource allocation

In response to the pain point of scattered computing power resources and low utilization, the Company innovatively proposed a unified computing power quantification and pooling solution to effectively shield the differences between different chip architectures and integrate scattered computing power resources into "one network". By accurately sensing computing power needs, dynamically scheduling and allocating computing power resources, we have achieved coordinated optimization of algorithms, computing power, and data, maximized resource utilization, and reduced customer investment costs.

Technology leadership: Dahua large model reshapes the intelligent capabilities of AIoT

The Dahua large model independently developed by the Company realized low-sample learning and rapid distillation of small models through massive data pre-training and industry small data fine-tuning, greatly reducing the dependence on labeled data. Whether it is smart city, traffic management, energy, education, community, or other segmented scenarios, it can be quickly adapted to meet personalized needs. The collaborative processing of large and small models not only ensures high precision but also improves computing efficiency, truly realizing "one network for multiple uses and one network for multiple capabilities".

3.6.5 Public cloud makes management more efficient and operations more intelligent



The public cloud business has completed the 3.0 architecture upgrade, building a full cloud product system for channels, industries, and ecosystems based on a cloud-based low-code development middle platform, providing customers with rich SaaS applications and creating efficient, open, and minimalist cloud product capabilities. The cloud middle platform includes the low-code development platform Dahua IoT Studio and six core middle platform capabilities, making it easier to get devices to the cloud and making business development more efficient. Based on the cloud middle platform, the Company provides SaaS series products such as Yunlian, DoLynk, and Yunrui to channel partners. With the advantages of low-cost, high elasticity, scalability, and configurable SaaS services, it provides enterprises with a new operating model, transforming from manual to "data + intelligence" upgrades, and enabling enterprises to transform into digital and intelligent management.

Cloud ecosystem empowers domestic enterprises to upgrade their digital intelligence

For domestic customers, Dahua CloudLink serves small and medium-sized enterprises. Focusing on online devices, online users, and online services, it drives massive devices to the cloud and provides one-stop product solutions covering video monitoring, access control, attendance, video intercom, visitor management, alarm linkage, etc. It goes deep into segmented scenarios such as corporate offices, residential communities, small chains, factory parks, hotels and homestays, scenic areas, construction sites, etc. to create scenario-based application solutions, injecting strong impetus into the digital and intelligent transformation of small and medium-sized enterprises.

DoLynk Enterprise serves industry users and is deeply engaged in the SAAS service field. With its scenario-based and professional advantages, it helps enterprises to move their digital and intelligent transformation to new heights. By continuously exploring customer usage scenarios and refining core business modules such as video cloud intelligence, store inspection management, park access, and unattended parking, we can meet differentiated needs with refined services and ensure that enterprise operations and management are accurate and efficient.

Relying on Dahua Cloud Developer Platform, the Company has opened up diversified development resources represented by low-code product development tool, Yinhe low-code IoT access tool, and Beidou online operation, maintenance, and testing tool to ecological customers, helping ecological customers to build innovative products that adapt to market demand and commercial value at low cost. At the same time, Dahua Easy Installation serves its partners, focusing on the key links of product debugging, and fully optimizing tool design. It significantly improves debugging efficiency with professional and streamlined operating procedures, accelerates project implementation and delivery, and provides partners with better quality and more efficient support to jointly build a wide-area AIoT ecosystem.

Cloud platform creates an intelligent connection foundation for global customers

For overseas customers, the Company provides DoLynk overseas cloud services, focusing precisely on the field of AIoT, empowering enterprises and developers in all aspects, and is committed to providing an accurate, intelligent and convenient platform. From the perspective of connecting devices, solutions, and business partners, we deeply create a one-stop scenario-based solution covering multiple applications such as cloud video management, device operation and maintenance, data communication network, wireless alarm, video intercom, access control and attendance, and chain operation, to help enterprises refine process control, achieve cost reduction and efficiency improvement, activate the digital transformation engine, and move towards a new level of lean operation.

At the same time, we provide installers with convenient and efficient quick-start tools to improve device debugging efficiency, ensure project delivery, and lower the threshold for entry into the industry. Adhering to the principle of openness, DoLynk provides developers with extremely simple AIoT integration capabilities. Relying on a convenient construction process, developers can quickly build their own AIoT cloud platform, seamlessly access rich functional modules in one stop, and accelerate business innovation and iteration. The Company will make every effort to build a marketing chain that directly reaches the terminal, gain in-depth insights into demand, integrate cutting-edge AIoT technologies into business scenarios, continue to build an AIoT foundation for global customers, and jointly create a new future of the Internet of Everything.

3.6.6 Co-build an industry innovation ecosystem and share a digital and intelligent future

The AIoT industry is accelerating its transformation from "single product competition" to "ecological collaborative innovation". As a practitioner of the industry's digital and intelligent transformation, the Company takes the intelligent IoT data platform as its core foundation and works with ecological partners to explore the three major cooperation models of "solution co-construction, product co-creation, and capability sharing", promote the efficient integration of industrial chain resources, and build an open and win-win new AIoT ecosystem.

Solution co-creation: complementary advantages to build closed-loop competitiveness

Based on the deep vertical cultivation capabilities of ecological partners and the Company's platform technology advantages, the two parties achieved the rapid implementation of scenario-based solutions through "modular assembly". For example, the integrated event management and disposal solution launched by the Company in cooperation with ISV deeply integrates the real-time perception capabilities of the intelligent IoT data platform with the event management platform of the ISV, connects users, permission, and data links, and forms a "risk alert-collaborative disposal-intelligent review" business closed loop to help customers improve emergency response efficiency. This type of cooperation not only fills the business gaps of a single enterprise but also builds differentiated solution competitiveness through ecological collaboration.

Product co-creation: technology empowerment, activating the value of data elements.

Relying on the low-code development engine and open interface of the intelligent IoT data platform, ecological partners can efficiently develop vertical industry joint products and quickly reach the market through our global sales network. In the medical field, to address the pain points of data silos and privacy security, the Company and ISV jointly launched a privacy computing platform, innovatively applying multi-party secure computing (MPC) and trusted execution environment (TEE) technologies to achieve "available but invisible" data across institutions, helping medical research institutions to complete joint modeling and analysis without leaking raw data, promoting the improvement of scientific research efficiency, and becoming a benchmark for the "security base" for the circulation of data elements.

Capability sharing: agile innovation, empowering business upgrades

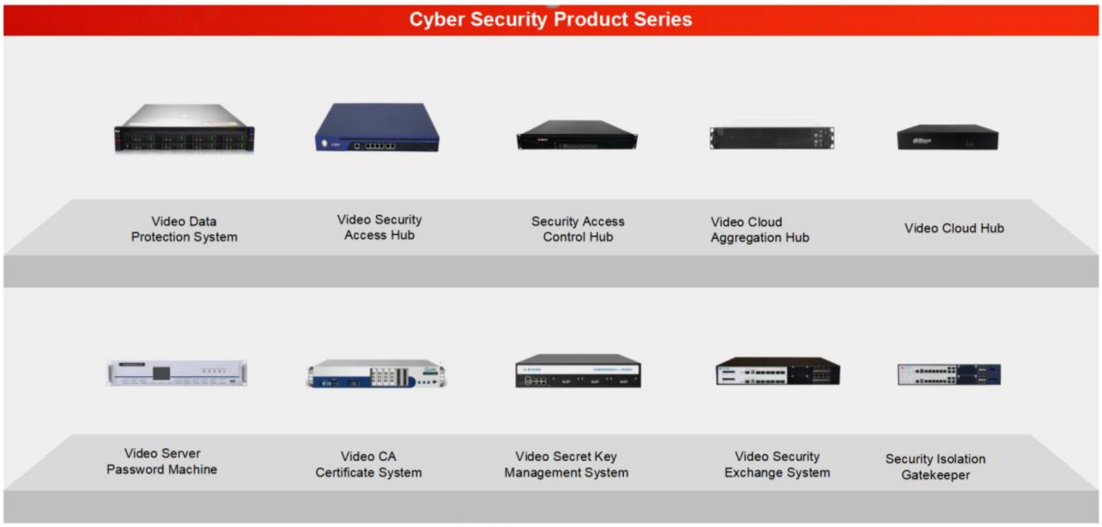
The intelligent IoT data platform provides standardized capability modules such as AIoT perception, big data, and intelligent analysis, which ecological partners can flexibly call and quickly build customized applications. In the field of urban emergency management. By integrating the platform's video analysis, plan management, and digital twin capabilities, ISV partners can quickly develop urban disaster simulation systems, shortening the development cycle from months to days, and reducing partners' development thresholds and trial-and-error costs.

The Company will continue to improve the openness and compatibility of the intelligent IoT data platform and support partners in joint research and development in cutting-edge fields such as AI large models and digital twins. Only by building a technological foundation together with ecological partners, expanding scenario boundaries, and sharing data value can we truly achieve the leap of the security industry from "connecting everything" to "intelligently connecting all industries", allowing the results of digital intelligence to benefit thousands of industries.

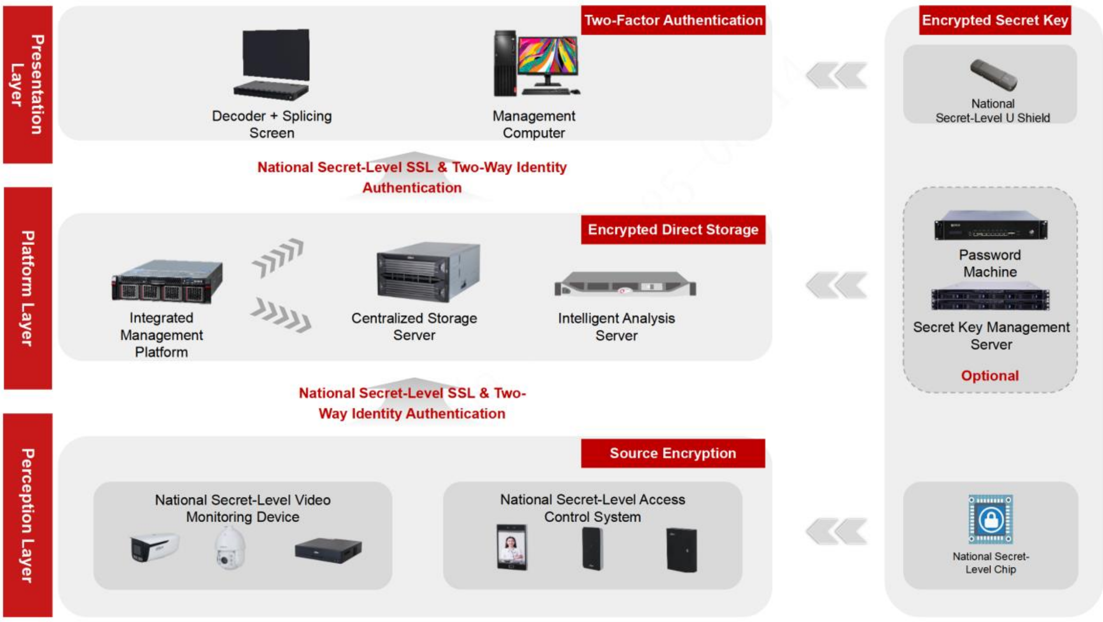
3.7 Security and Privacy Protection

The Company attaches great importance to cyber security and privacy protection, establishing a Network and Data Security Committee as the highest decision-making organization to comprehensively plan, coordinate, and oversee the development and implementation of cyber security efforts from the Company's strategic level. As one of the Company's five major research institutes, the Cyber Security Research Institute is an independent organization within the Company for cyber security supervision and capacity building. It focuses on areas such as security engineering capability building, key security and privacy technology research and application, and security emergency response services. By combining technological innovation with engineering capabilities, it ensures the security and reliability of the entire series of products, platforms, and services.

3.7.1 Security Products and Solutions

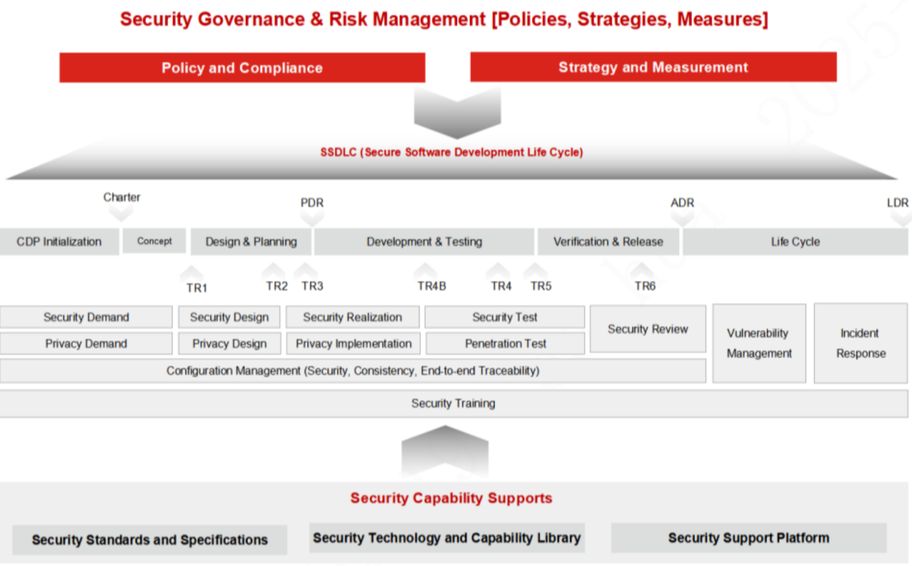


The Company has launched a series of products including security database, video protection system, video security hub, video encryption server and video security certificate, which integrate security protection service capabilities such as video terminal security access, video stream integrity verification, video stream encryption, user and video data secret key management, CA certificate and security authentication.



The Company continues to improve and optimize the security solution for secret evaluation. Focusing on the full lifecycle of data acquisition, transmission, storage, sharing, and use, it integrates cryptographic modules and products with commercial cryptographic certification qualifications to achieve end-to-end encryption protection of video, access control, and other data. It supports strong security capabilities such as source encryption, encrypted direct storage, encrypted secret key, two-factor authentication, national secret-level SSL & two-way identity authentication, and provides users with optional password machines and secret key management servers to help information systems in different scenarios better meet the security requirements of secret evaluation standards.

3.7.2 Security technology and engineering



The Company continues to increase its research investment in key technologies such as trusted computing, end-to-end encryption, and privacy protection. Relevant technological achievements have been integrated and applied in products to further enhance the security capabilities of products and allow users to enjoy better security protection.

During the product development stage, the Company continues to promote and improve the construction of the secure software development lifecycle, strengthen the security management requirements and capabilities of the software development process, and improve and optimize the secure software development process suitable for the Company through in-depth security activity maturity assessments.

During the lifecycle of the product, the Company's product security incident response team PSIRT provides users with 7x24 hours security emergency response services to maximize the protection of users' security rights and interests. At the same time, PSIRT actively participates in industry and public activities and has joined multiple authoritative vulnerability management and technology organizations, including the China National Vulnerability Database (CNVD), the China National Vulnerability Database of Information Security (CNNVD), the China National Industrial Cyber Security Vulnerability Database (CICSVD), and the Ministry of Industry and Information Technology's mobile internet APP product security vulnerability professional database, etc., fully utilizing its role as a member unit within the organization to establish a collaborative mechanism for sharing cyber security threat information.

3.7.3 Data security and privacy protection

With the promulgation of laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the EU's General Data Protection Regulation, the global cyber security, data security, and privacy protection supervision and compliance requirements are becoming increasingly stringent. The Company has adopted a pragmatic attitude and strategy to actively respond, adhered to the concept of "active, open, cooperative, and responsible", formulated a complete security and privacy management system, and relied on mature security engineering capabilities to strictly implement in the planning, design, development, delivery, and other stages of the product to ensure product security and privacy compliance.

In the face of the EU NIS2 Directive, EU RED Directive and UK PSTI Act that have come into effect or are about to come into effect, the Company established a special compliance team during the reporting period to closely track regulatory developments and adjust compliance strategies in a timely manner. At the same time, we invited third-party organizations to cooperate, deeply interpreted regulatory requirements, and proactively conducted product testing and evaluation based on relevant safety standards, formulated compliance measures that fit business scenarios, and helped customers better comply with laws and regulations.

In addition, the Company actively cooperated with third-party authoritative organizations and introduced external assessment and certification. We have passed ISO27001 information security management system certification, ISO27701 privacy information management system certification, ISO27017 cloud service information security management system certification, ISO27018 public cloud personal privacy information security management system certification, CSA STAR certification, ETSI EN 303645 certification, CC EAL3+ certification, commercial encryption certification, etc.

4. Main Business

4.1 Domestic Business

4.1.1 City-level business

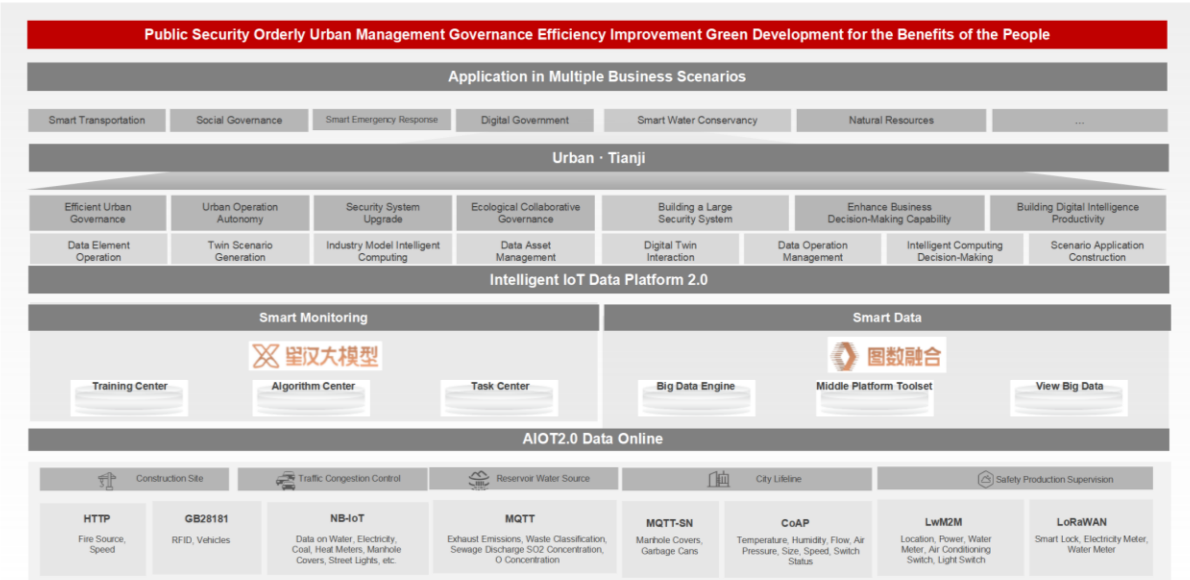
4.1.1.1 Business overview

With the advancement of urbanization, cities have become the core carriers of government digital construction, and the whole country is faced with the urgent task of building resilient cities. Urban construction faces multiple risks, such as natural disasters, public security incidents, and challenges such as the increasingly complex urban operation systems. To meet these challenges, government digital construction requires the use of IoT technology, big data technology, artificial intelligence technology, cloud computing technology, etc., to improve urban safety levels, promote sustainable development, and enhance governance capabilities and residents' quality of life.

Under the general trend of improving the quality and efficiency of the government's digital transformation, the Company keeps pace with the industrial development of digital infrastructure construction, value of data elements, and implementation of digital applications. With video IoT perception data as the core, it focuses on the four major urban business sectors of public security, orderly urban management, governance efficiency improvement, and green development for the benefits of the people. Through digital and intelligent integration and application innovation, it escorts the implementation of urban business, helps to improve urban management efficiency, and provides scientific decision-making support.

4.1.1.2 Core strategy

The Company is committed to implementing digital and intelligent capabilities in numerous urban scenarios, focusing on the main channel of AIoT business, and continuously exploring the implementation of scenarios in which digital intelligence empowers urban digital innovation. Focus on deploying new opportunities in industries such as integrated transportation, natural resources, smart water conservancy, emergency management, etc., we deeply understand industry scenario needs, focus on the implementation of digital and intelligent capability scenarios, continue to build industry-leading product and solution capabilities, and empower urban development and governance model innovation with digital intelligence. At the same time, the Company continues to deepen its ecological cooperation strategy, continuously strengthens technology co-creation and business sharing around core customers, industry experts, outstanding manufacturers and other partners in the urban governance business field, jointly empowers efficient urban governance, and creates an AIoT ecological community of "co-construction, win-win and symbiosis".



(1) Building a digital and intelligent urban foundation

Based on AIoT2.0 and the intelligent IoT data platform 2.0, the urban platform utilizes the unified base of Urban Tianji, focusing on capabilities such as industry model intelligent computing, twin scenario generation, intelligent computing decision-making, and scenario application construction. It helps users achieve efficient urban governance, autonomous urban operations, and ecological collaboration around multiple urban scenarios. Combining the best business practice paradigms in various fields of the industry, it quickly builds a digital intelligence system with comprehensive management decision-making capabilities. It helps urban governance achieve self-optimization, self-learning, and self-evolution, and gradually move towards a new stage of cognitive intelligence and decision-making intelligence.

(2) Deepen the implementation of scenario-based business

Based on the unified platform of City Secret, and combined with years of deep experience in business areas such as smart transportation, social governance, smart emergency response, smart water conservancy, natural resources, etc., we have developed scenario-based solutions for various industries and fields, continuously advancing the process of urban digitalization, enabling efficient urban governance, and striving to achieve a new picture of urban governance with public security, orderly urban management, governance efficiency improvement, and green development for the benefits of the people.

4.1.1.3 Industry value practice

The Company has always adhered to the social mission of "making society safer, making cities more orderly, making governance more efficient, and making life better". We continue to deepen the digital and intelligent practice of business in the fields of public security, orderly urban management, governance efficiency improvement, green development for the benefits of the people, etc., relying on AIoT2.0 and intelligent IoT data platform 2.0 to activate the value of urban IoT data elements and empower urban digital transformation with digital and intelligent innovation.

(1) Making society safer

The Company focuses on the goals of social stability and order, people's safe travel, the stability of people's lives, and enterprises' peace of mind in production. It actively fulfills its social mission and is committed to building a higher level of safe China. Focusing on the four business areas of public safety, traffic safety, life safety, and production safety, we opened up the "urban lifelines" such as water, electricity, gas, heat, and transportation, and built a safety "immune" system for the urban life body. Digital and intelligent empowerment helped upgrade the city's overall safety system, strengthen the city's lifeline, and build a safe life body.

Public Safety: We focused on the country's "14th Five-Year Plan", focused on deepening the comprehensive visual system, actively embraced emerging technologies, and continued to deepen the combination of AIoT technology and public security industry scenarios, provided customers with more convenient urban IoT capabilities, smarter integrated connection capabilities, and more efficient social governance capabilities, and provided security protection in all aspects from cities to villages, from highways to railways, from forest protection to river basins, to help modernize urban public security systems and capabilities. In 2024, the Company focused on the mining of view data elements, and relied on the view large model to continue to help customers improve the depth and efficiency of data utilization, provided strong protection for the people and public security, and contributed to building a safer China at a higher level.

Traffic safety: Guided by the "14th Five-Year Plan" National Road Traffic Safety Plan, and focusing on the three major scenarios of refined urban traffic safety management, highway safety prevention and control, and rural safety grassroots management, we further deepened the "reduction in quantity and control of major traffic accidents" in traffic accident prevention, created a traffic safety management model that covers all scenarios and combines multiple means, and deeply explored the application of big data and AI technology in the field of traffic management. Focusing on governance scenarios, the "Yizhen" series of cameras were launched in 2024 to solve problems such as strong light interference from headlights and video jitter, restore the "Zhen" colorful world of highways around the clock, and truly achieve all weather intelligent monitoring of highways; focusing on vehicle-road collaboration, we have realized a closed loop of roadside applications such as holographic perception, traffic autonomy, and situation monitoring; focusing on road network monitoring, starting from panoramic monitoring and video clouding, we have put forward targeted video encryption solutions and lightweight video cloud hub products to help the operation status of highways to be accurate, efficient, safe, and smooth.

Life safety: The Company focused on the safety monitoring scenarios of urban lifelines that are closely related to life, such as water, electricity, gas, heat, and transportation, with the goal of "monitoring, alerting, and quick disposal". By building front-end IoT perception, video intelligent analysis, and urban safety index models for urban infrastructure, the Company monitored urban infrastructure, used big data technology to analyze and predict disaster data, and used artificial intelligence technology to provide scientific decision-making suggestions, effectively reducing the probability and impact of disasters and improving the level of urban safety. We have realized online monitoring of the safe operation data of lifeline projects and intelligent analysis and judgment of various risk factors, meeting the integrated business closed loop of risk classification alert, trend intelligent judgment, and event linkage disposal, promoting the transformation of safety supervision from "passive response" to "active supervision", and creating a safety "immune" system for urban life.

Emergency disaster reduction: In response to the information construction requirements issued by the Ministry of Emergency Management in 2024, the Company's first digintelligent twin engine represents a new generation of intelligent emergency management model. The engine builds a three-dimensional scenario model and integrates multi-source heterogeneous data to create an application environment where the virtual and the real coexist. This innovative technology can intelligently realize dynamic video fusion and event linkage in special scenarios such as emergency chemical parks, mining enterprises, and high-risk areas for natural disasters, thereby improving auxiliary decision-making and coordinated command capabilities; the thermal imaging “four-warehouse” technology assists in precise rescue, combining visible light, thermal imaging, laser fill light, and ranging. This technology can ensure the accuracy of fire point identification under extreme conditions such as thick smoke and strong light; through intelligent equipment such as intelligent fire-fighting robots, UAVs, and mobile arming PTZ cameras, remote monitoring and task coordination can be achieved, truly creating an integrated air-ground-space emergency disaster alert and rescue system.

In the field of production safety: With "source control, process supervision and graded disposal" as its core idea, the Company focused on key regulatory areas such as hazardous chemicals, mines, industry and trade, fireworks and firecrackers, and hazardous chemical parks, and provided support for front-line employees, enterprise leaders, and regulatory departments in the areas of major hazard source supervision, operation process risk alert, and emergency rescue. We continued to pay attention to special rectification of production safety focusing on hazardous chemicals, mines, fire protection, transportation, urban construction, industrial parks, hazardous waste, etc. In 2024, we strengthened and upgraded the production safety risk monitoring and alert system in key industries, assisted in the dual prevention work mechanism of production safety risk classification management and hidden danger investigation and control, and effectively protected the production of enterprises and the safety of people’s lives and property.

(2) Making cities more orderly

Focusing on urban traffic management and urban infrastructure management, the Company integrated various digital capabilities such as holographic perception, intelligent computing, graph-digit fusion, and visual large models, and provided advanced digital and intelligent solutions for business areas such as smooth urban traffic and urban infrastructure management, to build a standardized, orderly, convenient, and efficient urban management system.

Smooth urban traffic: Co-create an autonomous urban transportation service system and open up the entire business chain of holographic perception, graph-digit computing, simulation and deduction, intelligent decision-making, and precise services. Focusing on intersection scenarios, all-factor traffic data, such as machines, vehicles, people, and infrastructure, are collected, and the traffic risks/congestion levels at intersections are actively analyzed. The traffic light signal timing is intelligently adjusted, and the autonomous effect is objectively and quantitatively evaluated to optimize the operation efficiency and safety level of intersection traffic. Relying on the city-level holographic perception network, the traffic operation situation of the urban road network is actively predicted, and intelligent and autonomous decision-making of city-level traffic is realized, which promotes the autonomy of traffic management and the intelligence of services, and ultimately drives the transformation of urban traffic management from "manual management" to "operation autonomy".

Urban infrastructure management: Taking the airport scenario as an example, green airport energy management automation has become the focus of airport construction. Focusing on the four major business scenarios of energy monitoring, control, analysis, and decision-making in the airport energy center, the Company provided smart energy automation management system solutions for airport energy center customers by integrating intelligent patrol robots and back-end intelligent analysis capabilities. At a 4F-level airport, through the intelligent transformation of 6 35kV substations, boiler rooms, and cold machine rooms in the airport, online collection, unmanned inspections, and automatic control of airport energy management were realized, greatly improving management efficiency and reducing management costs.

Urban parking management: In order to help improve the national urban comprehensive transportation system, perfect the layout of the facility network, and enhance operational efficiency, overall benefits, and the level of intensiveness, intelligence, and greenness; the Company has launched the Dahua City-wide Integrated Parking, Charging, and Energy Storage Solution. The solution integrates data from two scenarios: integrated parking and charging operations, and centralized energy control of photovoltaic storage and charging microgrids. While achieving efficient use of parking space resources, reducing operational costs and increasing efficiency, and improving the owner experience, it optimizes and improves the layout of the charging network through intelligent, refined, and green management methods, thereby facilitating the construction of low-carbon cities. At the same time, in 2024, the Lingtan high-position camera was released. It is powered by solar energy and has ultra-low power consumption, long battery life, 4G, and no need to pull wires to access the network or electricity. It greatly reduces the difficulty of front-end construction and operation and maintenance manpower costs, and cooperates with the back-end intelligent parking space monitoring server to ensure more accurate vehicle identification and efficiently enable intelligent management of urban on-street parking.

(3) Make governance more efficient

The Company has always practiced the concept of "business traction and scenario implementation" to empower efficient urban governance with digital intelligence. We seize the opportunity to promote the modernization of the urban governance system and governance capacity, and provide solutions for application scenarios such as urban operation, urban management, grassroots governance, and community governance. We use intelligent means and real-time online data to solve various complex problems in urban governance, improve urban governance efficiency, and enhance public satisfaction.

City operation: The Company has built an urban operation system with "comprehensive situation perception, intelligent trend analysis, coordinated resource scheduling, and multi-cross business collaboration" to empower the modernization of urban governance with perception data. The unified video IoT convergence center realizes a one-screen overview of the entire region, the unified algorithm supermarket realizes rapid discovery of urban events, the unified integrated command and dispatch system realizes the coordinated dispatch of event handling resources, and the unified event center realizes business collaboration across multiple departments. The monitoring of urban infrastructure, the analysis and prediction of disaster data using big data technology, and the scientific decision-making suggestions provided by artificial intelligence technology effectively reduce the probability and impact of disasters, enhancing the level of urban safety.

Urban management: With the goals of urban governance, operational safety and serving the people, the Company has built an operational management system of "smart management of big cities, detailed management of big cities, and public management of big cities", focusing on areas such as street management, urban sanitation, and comprehensive governance, and realizing intelligent detection and alert of street violations, illegal garbage dumping, urban waterlogging, spillage and dripping of construction trucks, illegal urban construction, and lost manhole covers. It has launched innovative scenario applications such as AI-powered patrol and unlicensed stall vendor management, and built an urban operation management model that integrates "real-time monitoring, dynamic analysis, overall coordination, command and supervision", and is committed to making urban governance "smarter", urban operations "safer", and public services "more precise".

(4) Making life better

"With the help of AI, we practice the concept of green water and green mountains and enhance people's well-being." The Company focused on the two major fields of ecological protection and administrative service, providing integrated applications of IoT perception in industry-specific business scenarios including biodiversity monitoring, ecological environment protection, arable land red line safeguarding, digital twin of water conservancy, intelligent elderly caring, and food safety supervision, to boost ecological civilization construction and make life better.

Smart water conservancy: In order to promote advanced and applicable technologies to enable high-quality development of water conservancy, in 2024, the Company actively participated in the Water Expo China and the 19th China (International) Water Innovation Technology Exchange Conference co-organized by the China Water Resources Society and the China Water Resources Engineering Association. Focusing on the needs of the construction and development of the national water network and water conservancy digital twin, the Company comprehensively enhanced its core competitiveness in technical fields such as AI, 5G, and IoT. By utilizing a number of innovative products in the water conservancy industry, such as the video twin engine all-in-one device, hyperspectral water quality analyzer, and digital-visual fusion all-in-one device, real-time acquisition of water environment data, atmospheric data, and video images is achieved; through water quality monitoring stations, atmospheric monitoring stations, etc., the water environment can be displayed more scientifically based on various data, and the management center uniformly gathers and integrates data resources from multiple parties and displays them visually on maps; relying on video intelligence technology and rich AIoT device data, the smart AIoT perception platform has comprehensively and accurately organized the water conservancy data of Dujiangyan, making it appear in an orderly manner, accelerating the process of transitioning from traditional experience management to information-based intelligent monitoring methods, and improving the efficiency, accuracy, and safety of water protection work.

Biodiversity conservation: In order to achieve the intelligent monitoring of rare protected animals, the Company's relevant industry solutions focus on business scenarios and needs, efficiently and accurately identify rare species, analyze activity patterns, manage human activities, monitor forest and grass fires, record meteorological, hydrological, water quality, soil, and other ecological factor data, fully leverage and enhance the application of ecological perception and monitoring data fusion analysis, and assist in the construction of China's nature reserve system. The Company has implemented biodiversity monitoring and protection programs in many national parks and nature reserves in China, loaded hundreds of bird and mammal identification algorithms, and conducted detection, identification, classification, and statistical analysis of wild protected animals in various regions, achieving real-time and precise observation of animal habitats. At the same time, in response to the boundary management requirements of various types of protected areas, we strengthened the management and guidance of human activities, reduced human interference with wild animals, and fully assisted managers to carry out more refined ecological protection work based on rich monitoring data records and statistical analysis results.

Forest and grassland fire prevention: In order to improve the efficiency of forest and grassland fire prevention and reduce the workload of managers, the Company's corresponding industry solutions use digital and intelligent technology to achieve real-time alert of multi-dimensional fire conditions in the sky, tower, and ground, multi-dimensional and precise positioning of fire points, secondary analysis and filtering of fire hazards, comprehensive analysis and judgment, and closed-loop task handling processes, thereby improving the accuracy of forest and grassland fire monitoring and alarm and fire prevention and extinguishing emergency response capabilities, better gaining more "golden time" for early fire extinguishing, and further achieving the goal of "timely response, quick control, and speedy extinguishment" in forest fire prevention. At the same time, it also provides a wider and freer green space for wild protected animals, and promotes the harmonious development of man and nature.

4.1.2 Enterprise-level business

4.1.2.1 Business overview

The Company is committed to becoming the preferred supplier of AIoT infrastructure, the professional service provider of scenario-based digital intelligence applications, and the key builder of the AIoT ecology. The Company focuses on scenario digitalization business and carefully creates scene cameras, IoT devices, industry algorithms, and industry platforms. By optimizing the security system, improving production efficiency, and assisting business management, the Company helps enterprises achieve digital and intelligent transformation. The Company actively carries out innovative practices and continues to assist the digital intelligence upgrades of enterprises in thousands of industries such as manufacturing, construction, electricity, petrochemicals, coal, steel, finance, education, medical care, culture and tourism, agriculture, logistics, and retail. It enables the realization of value in all scenarios, builds a large security system for users, constructs digital and intelligent productivity, and improves business decision-making. It is committed to becoming a trustworthy enterprise digital intelligence upgrade partner for customers. In this process, through technology co-creation and business sharing with partners, we have built an AIoT ecological community of co-construction, win-win, and symbiosis, and jointly empowered the digital intelligence upgrades of enterprises.

4.1.2.2 Core strategy

With the continuous exploration of business scenarios, the Company has further deepened its presence in the core areas of enterprise production, focused on scenario digital and intelligent business, and continued to carefully create scene cameras, IoT devices, industry algorithms, and industry platforms. At the important juncture of promoting new industrialization, it helps enterprise customers achieve "digital intelligence" upgrades and create new momentum for the high-quality development of enterprises.

(1) Focus on scenario-based business and serve as a service provider for the digital and intelligent transformation needs of enterprise scenarios

The Company has served more than 50,000 enterprises across China in the field of enterprise digital and intelligent transformation, and has accumulated profound experience in enterprise digital and intelligent transformation. It has ultimately formed four major business directions: safe production, production execution, testing and measurement, and green and low-carbon, and continues to provide good services and upgrades.

Safety production: Continue to delve into high-risk production and operation scenarios of enterprises, and deeply integrate digital intelligence capabilities and scenarios. Through a series of products such as leak detection, thermal imaging temperature monitoring, and device status inspection, equipped with a variety of intelligent algorithms such as personnel wear, behavior, environmental anomalies, and device status, we have created an intelligent management and control solution based on safe production and efficient operation and maintenance, to achieve operation process control, risk hazard monitoring, and environmental anomaly alert, to complete the management of unsafe factors for people, unsafe conditions of objects, and unsafe factors in the environment, to safeguard safe production.

Production execution: Digitally express, control, and optimize the workshop production process, and realize production visualization, data interconnection, and intelligent management through visual management systems, production process traceability systems, etc., to create a new generation of smart factory management system. Based on the Company's own multi-dimensional intelligent integration advantages, using digital twin technology as the top-level presentation, to create a human-computer interaction platform for industrial sites, efficiently realize the management of the entire production process from order to finished product, and greatly improve the Company's operating and management efficiency.

Detection and measurement: Focusing on the enhancement and expansion of perception capabilities, we continue to invest in technology research and application exploration, expanding the perception domain in the perception spectrum to low and high frequencies, and obtaining more dimensional collection methods. For example, in the management of production devices, audio and vibration perception capabilities are used to perceive abnormal internal conditions of devices during operation, and to adjust the production rhythm in a timely manner to avoid device damage and production interruptions. We continue to work hard in the next breakthrough direction other than visible light, achieving the transition from visible and knowable to invisible and knowable.

Green and low-carbon: The Company focused on "source, network, load, storage, charging, and inspection" to implement the "dual carbon" strategy through energy conservation and emission reduction, focusing on scenarios such as photovoltaic storage and charging, production and manufacturing, and enterprise parks. Through advanced technologies such as power electronics, cloud computing, and artificial intelligence, it created new zero-carbon parks/factories and provides full-stack solutions for green energy to help enterprises achieve energy conservation and consumption reduction.

In addition, in response to the fragmented, small-scale, and multi-category digital and intelligent needs of SMEs, the Company's smart enterprise has created a flexible and lightweight DoLynk Enterprise business, focusing on SME customer scenarios, and using "cloud + AI" technology to provide professional services around the entire process of "assessment, design, implementation, and optimization". At the same time, we provide an open platform with rich interfaces, and open up IoT capabilities, AI algorithm capabilities, and business capabilities to ecological partners for free, allowing the value of AI to benefit more industries and enterprises, helping more enterprises reduce costs and improve efficiency.

(2) Rooted in digital and intelligent scenarios, driving technological innovation

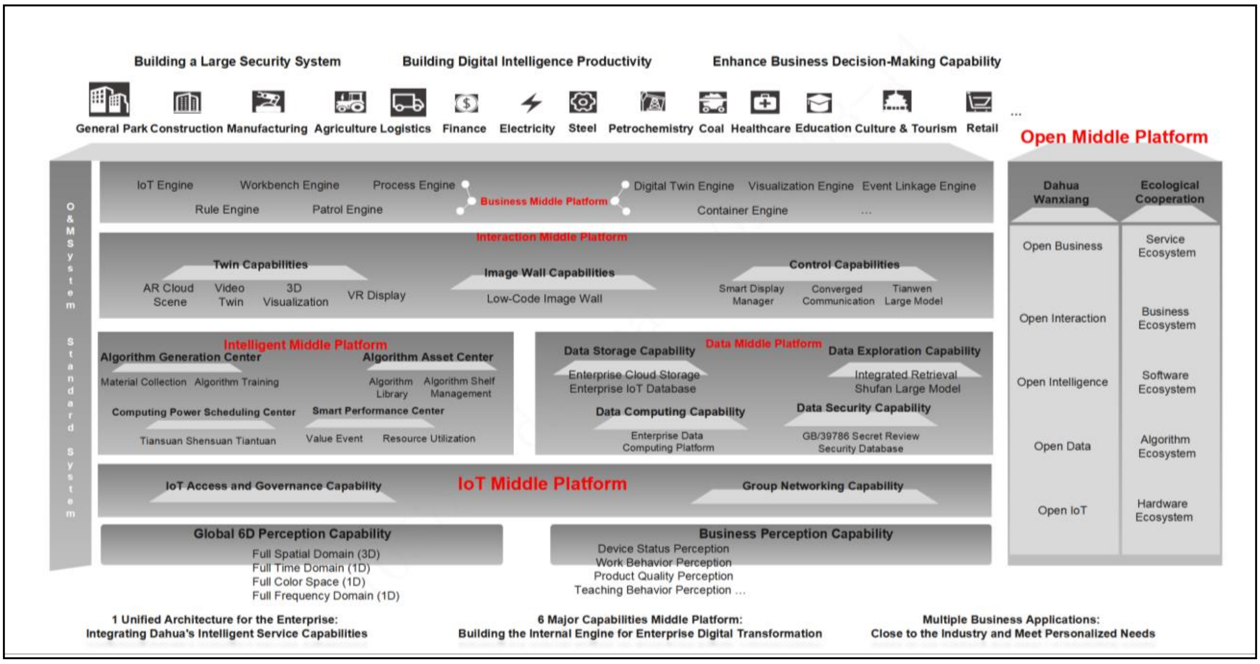
Based on its profound technology layout and forward-looking market insights, the Company is supported by the IoT technology system, the artificial intelligence technology system, and the software operation technology system. It insists on entering every specific scenario, giving full play to decades of industry experience, and promoting the realization of the digital and intelligent value of scenarios.

The integration of vision and data develops to amplify the value of the industry: In the cooperation and practice with global leading enterprises, the Company has continuously innovated, accumulated and summarized, relying on the full-frequency domain IoT perception capabilities to create a comprehensive AIoT infrastructure, build a comprehensive connection from information, people, objects, scenarios to services, provide visual detection for production in all walks of life, use smart data to assist production decisions, and realize the innovative development of the industry based on digital and visual fusion technology. At the same time, it goes deep into industry scenarios to bring customers four major values: safety, reliability, convenience, and efficiency.

The collaborative application of large and small models is more efficient and cost-effective: The Company continues to invest heavily in the field of AI, focusing on building the multimodal fusion Dahua industry vision large model. By integrating multimodal data such as images, point clouds, text, and voice, it greatly improves visual analysis capabilities, and develops industry-specific small models for different business scenarios, generalizing the application of IoT perception technology to various fields. Through the fusion and collaboration of large model + small model computing power, the large model supervises the small model to improve performance, and the small model solves the problem of the high cost of the large model, allowing enterprises to control computing power costs and make algorithm training more efficient, bringing more efficient and intelligent solutions to various industries.

(3) Strengthen the "1+6+N" unified architecture, empowering enterprises to innovate in all business scenarios

In the process of serving enterprises' digital intelligence upgrades, the Company uses common middle platform capabilities as a foundation to quickly build a large number of basic business and industry business applications on a unified framework. In order to more efficiently serve the digital and intelligent transformation of customers in various industries, the Company's solution basic framework has been upgraded to a unified framework of "1+6+N", which means "1 unified framework to serve digital and intelligent transformation business, 6 major middle platforms to build an internal engine, and promote the implementation of N types of applications", truly accelerating the launch of industry applications and speeding up the coverage of industry customer scenarios and businesses.



➢ **Strengthen the enterprise middle platform capabilities and build the enterprise digital intelligence foundation**

IoT middle platform: By adopting a set of intelligent IoT architecture, the growing number of IoT devices in the enterprise business can be accessed in a low-code manner. It can not only solve the problem of unified element access of IoT devices from multiple manufacturers, multiple systems, and multiple types, but also cope with the scale of group networking at the park level, provincial level, and national level.

Data middle platform: It provides storage, computing, exploration, and security capabilities for a variety of data, including videos, images, and structured data. This helps to address the issues of expanding data scales, increasing varieties of data, and the need for mutual integration in enterprise businesses. At the same time, utilizing a combination of big data technology, expert knowledge, and experience accumulation, we have transformed scenario perception data into more valuable industry business big data.

Intelligent middle platform: It provides an algorithm generation center to solve the problem of intelligent implementation of general scenarios and personalized business scenarios of enterprises. Core algorithm assets are managed and allocated through the algorithm asset center, and the computing power resources of intelligence devices are fully utilized through the computing power scheduling center.

Interaction middle platform: Through technical means such as AR display, VR display, 3D display, real-life three-dimensional and video twins, we can improve twin capabilities, enhance data expression capabilities through low-code image walls, and improve control capabilities through smart display manager, so that the value of enterprise digital transformation can be made concrete.

Business middle platform: We integrate multiple engines to build a business middle platform, improve the reusability of software, shorten the development cycle of various fragmented industry applications, accelerate the implementation of digital and intelligent applications of N types of enterprises, create solutions for customers that are in line with the enterprise’s own business and scenario applications, continue to consolidate traditional existing businesses, quickly match customer businesses, and continuously accumulate replicable and popularizable digital and intelligent business scenarios.

Open middle platform: On one hand, we attract professional manufacturers within the industry to integrate into the Company's business system to collectively strengthen our foundational capabilities; on the other hand, we open the Company's capability system to empower our ecosystem partners, facilitating more efficient services for our enterprise customers.

➢ **Promote public cloud SaaS applications, helping enterprises upgrade their services**

In response to the fragmented, small-scale, and multi-category digital and intelligent needs of various enterprises, the Company's smart enterprise has created a flexible and lightweight DoLynk Enterprise, using "cloud + AI" technology to provide professional services around the entire process of "assessment, design, implementation, and optimization". By providing standard lightweight cloud solutions, DoLynk Enterprise achieves lightweight deployment and convenient management, guiding enterprises to optimize management efficiency, boost business efficiency, explore data value, and avoid operational risks. In addition, DoLynk Enterprise also provides an open platform with a rich set of interfaces, offering ecological partners free access to IoT capabilities, AI algorithm capabilities, and business capabilities, allowing AI value to benefit more industries and enterprises, enabling more enterprises to reduce costs and improve efficiency.

In processing factories, DoLynk Enterprise provides device management solutions, including device status monitoring, real-time alarm for abnormalities, and device maintenance management, achieving asset digitization and process standardization; in logistics parks, DoLynk Enterprise offers vehicle management and intelligent scheduling solutions to standardize vehicle entry and reduce labor costs; in workshops, DoLynk Enterprise loads various AI algorithms to detect violations and assist in safe production; in office buildings, based on the needs for visitor access, parking, property management, etc., DoLynk Enterprise implements intelligent scenario applications to enhance operational management efficiency.

➢ **Build a business engine pool to accelerate the implementation of N types of applications**

Based on the evolution of the enterprise digital and intelligent framework, the continuous consolidation of the enterprise's middle platform capabilities and the expansion of its business, the

Company has gone deep into the subdivided scenarios of various industries, and has worked hard in multiple industry scenarios such as factories, hospitals, schools, parks, chemical parks, etc., continuously polishing scenario-based solutions, and deeply refining the industry's business value to provide customers with scenario-based digital and intelligent solutions that are feasible, quantifiable, and value-calculated.

4.1.2.3 Industry value practice

The Company focuses on enterprise business scenarios, aiming for online resources, intelligent business, and data-driven decision-making. It explores the operational and decision-making value of enterprise production management data, provides a means for business management, and enhances decision-making capabilities. We work hard in the fields of manufacturing, construction, education, electricity, petrochemicals, coal, steel, finance, medical care, logistics, culture and tourism, agriculture, and retail, focusing on core scenarios such as "5+X" (factory manufacturing, energy production, school education, healthcare, and park management), providing customers with high-value digital intelligence solutions, empowering the realization of enterprise value in all scenarios and enabling business innovation.

Factory manufacturing: AI + industrial vision applications assist enterprises in improving quality and efficiency

In the industrial field, AI + big data, cloud computing, and other advanced technologies are used to achieve visual management and traceability of the entire production process, realize unmanned production sites, and visualize problem tracing.

The Company fully leverages its in-depth accumulation in the fields of AI and vision, applies leading machine vision, automation, digitalization, AIoT, and other technologies, and uses digital twin technology as the top-level presentation to create a human-computer interaction platform for industrial sites. Through the digital twin platform, the Company's factory scenario solutions have achieved coverage from single scenarios to multiple businesses, from factory security and workshop energy consumption to production business, comprehensively improving the depth and breadth of the interconnection between people, machines, and systems. Through the digital integration of product data flow, manufacturing control flow, and order delivery flow information, it more efficiently realizes the visualization of the entire production process from order to finished product.

At the same time, based on the enterprise group management platform architecture, the Company realizes unified management of intelligent management systems such as energy consumption, vehicles, perimeter, and integrated security and fire control, accurately controls abnormal situations such as personnel and vehicles, and effectively controls the real-time status of factory fire protection and security IoT facilities, etc., helping enterprises to achieve comprehensive management of the park.

Energy production: Combining video AI with AIoT to create a new model for risk and hidden danger supervision

The production scenarios of energy enterprises face numerous risks and hidden dangers, with common issues including a lack of diverse traditional regulatory methods, limited operation and maintenance personnel, and a complex environment. The Company has long been committed to using video AI, large models, and AIoT technologies to achieve online automatic monitoring and intelligent alert of risks and hidden dangers in production scenarios, reduce production risks, improve personnel operation and maintenance efficiency, and efficiently assist energy enterprises in safe production.

Based on the full perception capabilities of "looking, smelling, asking, and touching", the Company has realized a new model of online supervision with machines assisting people. By loading AI intelligence and visual large model capabilities into videos, industrial televisions are given a second "life". Combined with infrared, laser, hyperspectral, voiceprint and other AIoT multi-dimensional perception technologies, remote intelligent visual monitoring of the operating status of devices, online compliance management of work sites, and safe and stable management of production environments are achieved, providing energy enterprises with new digital and intelligent management and control models such as risk monitoring.

Currently, the Company has applied it in multiple energy sub-industries, such as the electricity and coal industries. Based on new regulatory requirements and integrating new technologies, it has achieved online visual intelligent monitoring and early alert of safety management and intelligent inspections, effectively improving the level of production supervision, reducing accident rates, and simultaneously reducing labor costs. The Company will continue to explore the deep integration of AIoT technology and productivity to help energy enterprises upgrade their safe production to digital intelligence levels.

School education: Focusing on "balance, precision, efficiency, and safety", providing a comprehensive solution for campus digital intelligence

The Company empowers the digital transformation of universities with digital intelligence. Based on video capabilities, it has created campus safety big data, campus AI Hero, Luban digital twin, class inspection supervision and other solutions, built a campus IoT digital intelligence middle platform, focused on the integration and innovation of university business, realized data value empowerment, and assisted the digital transformation of universities. The Company integrates artificial intelligence and big data technology into video scenarios, focusing on the campus AI large model, making it possible for videos to move from static recognition to dynamic behavior understanding. It uses large model technology to help schools solve effective prevention and control of unsafe behaviors such as illegal distribution of leaflets, posting of small advertisements, and violent destruction of facilities on campus.

Campus safety big data has transformed security work from passive to active, providing active alert capabilities for university safety pain points such as students losing contact, abnormal work and rest schedules, and high-frequency occurrences in key areas. It also applies large models and big data technology to achieve human-computer interactive retrieval, such as text search for images and fusion search, making finding people and cars quick and efficient. Luban digital twin enables the overall campus security prevention and control situation to shift from a limited glimpse to a global visual angle, and provides all-around and three-dimensional protection for the safety of university teachers and students.

In a high-tech school, the Company helped the school build a campus AI Hero system. Through intelligent audio and video analysis means, it implemented campus safety risk prevention and control and anti-bullying solutions, greatly improving students' sense of security. At a comprehensive university, the Company used campus safety big data technology and tactics solutions to help the school address the issue of missing students on campus. At a certain polytechnic university, by building a class inspection and supervision solution, the system can analyze classroom process data, including key indicators such as students' attendance rate, head-up rate, front-row seating rate, as well as instructors' teaching behaviors, classroom interactions, etc., providing an objective basis for teaching evaluation and comprehensively improving the school's digital intelligence capabilities.

Healthcare: Focusing on the construction of “three-in-one” smart hospitals, promoting high-quality development of the medical industry

The Company takes the national "three-in-one" smart hospital construction standards as its guideline, deeply integrates IoT, big data and artificial intelligence technologies, and builds a collaborative development system of "smart management - smart services - smart healthcare", comprehensively promoting a new pattern of high-quality development of public hospitals. By creating an intelligent nursing decision-making system, a smart ward management platform, and a full-process medical service system, we have achieved significant results such as improving the precision of nursing operations, increasing the efficiency of medical resource scheduling, and shortening patients' waiting time for medical treatment. Building on the foundation of continuously consolidating the security prevention construction of smart hospitals, the Company focused on breakthroughs in eight core scenarios, including smart outpatient clinics, smart wards, perioperative safety supervision, and AI supervision of medical behavior, to assist hospitals in their digital upgrades.

In 2024, the Company continued to deepen its smart ward business, with the core goal of "improving hospital nursing services and optimizing patients' medical experience", and developed smart ward solutions for all business entities, including doctors, nurses, patients, and managers. By deeply mining system data, conducting information cleaning and governance, we have presented key data in an intuitive and convenient way on smart terminals in various scenarios, assisting hospitals in achieving intelligent management. At the same time, the solution comprehensively covers the entire scenario of patients from admission to discharge, from registration to consultation, and from the lobby to the examination room. By matching the optimal diagnosis path through intelligent algorithms and combining guide screens and smart terminals for real-time diagnosis guidance, the hospital's service efficiency and patient experience have been significantly improved, further promoting the intelligent upgrade of medical services.

Park management: Creating a digital headquarters and smart parks to deeply empower enterprises

As the construction carrier and physical foundation of digital operations and smart cities, the park’s intelligent operation level directly affects the management and operations of the enterprise. With the continuous development of technologies such as large models and AIoT, the Company continues to upgrade its digital solutions for the park, realize the collaboration of multiple scenarios and multiple businesses, and transform from the original five-dimensional integration to the construction of a five-star (new) park. It integrates new energy, new services, new capabilities, new security, and new perspectives to establish a "green, efficient, and safe" digital benchmark park.

More industries: Focus on policy guidance and customers' internal needs, and participate in the development of new opportunity points in various industries

In the tourism industry: In-depth interpretation of industry documents, supporting design of smart scenic area solutions, helping scenic areas to create A-level upgrades in management, service, operation, safety, environmental protection and other aspects; actively responding to the requirements of the Cultural Relics Protection Law to strengthen the digitalization of cultural relics protection, and launching smart museums, smart cultural relics (preventive protection, digital protection of cultural relics, cultural relics warehouse management, intelligent management of cultural relics), smart cultural heritage protection (protection of immovable cultural relics, preventive protection of cultural relics and historical sites, AI cultural relics protection), actively contributing digital intelligence in the field of cultural heritage protection.

In the financial industry: The construction of smart outlets is no longer a traditional security business, but a digital empowerment centered on the efficient and high-quality development of outlet services. It fully loads solutions such as screen display, smart electricity use, and video twins, covering six major scenarios: comprehensive reception, product launch, interactive marketing, non-cash area services, wealth management, and convenience services. It comprehensively improves the service level of outlets and enhances user service experience.

In the construction industry: 1) Actively participate in the construction of affordable housing, focusing on the IoT access, operation and supervision applications of affordable housing, with the architecture of community solutions + two meters and one lock + rental application platform, to achieve the three-in-one intelligent integration of property on-site services, group network operations, and government unified supervision, to help customers improve service content, operational efficiency and regulatory transparency; 2) Focus on building gas terminal supervision applications, with urban pipeline gas users and rural gas cylinder gas users as the core, to explore a set of strong landing application solutions integrating unified networking, multi-dimensional alert, rapid linkage, and intelligent disposal. On the premise of meeting the unified supervision of the government, it can also adapt to a variety of maintenance modes, greatly reducing the threat of gas leakage to people’s lives and property; 3) For industrial parks, through AIoT, intelligent middle platform, precise investment promotion, and enterprise services, a unified management platform for industrial parks is created, with a unified entrance and unified data. Multiple business scenarios are centrally managed, data resources from all parties are integrated, interconnected, and a park data center is built. Digital twins are used to empower, improve the park’s operational management efficiency, and assist in decision-making.

The Company's enterprise business is based on a new starting point for digital and intelligent development, and continues to focus on the practice and innovation of enterprise digital and intelligent transformation. It always insists on the development of quantifiable, calculable, and feasible product solutions, helping users build a large security system, build digital and intelligent productivity, and improve operational decision-making. It is committed to becoming the most trustworthy enterprise digital intelligence upgrade partner for customers.

4.1.3 SME business (SMB)

In 2024, facing the complex and changing market environment and continuously upgraded industry demands, the Company's small and medium-sized enterprise business took "local operation and district and county lower-tier" as its strategic core, continuously enhanced customer value, expanded market coverage horizontally, deepened market penetrating power vertically, and continuously optimized the channel ecology. We have promoted the in-depth development of small and medium-sized enterprise business towards refinement, scenario-based, and digital and intelligent transformation, empowered the digital and intelligent transformation of millions of small and medium-sized enterprises with AIoT technology, and built a symbiotic and prosperous channel ecological system.

(1) Deepen local operations and build a new ecosystem for the lower-tier markets

The Company is unswervingly promoting the strategy of "local operation and district and county lower-tier", guiding customers to localized operations, product balance, and the continuous profitability of customers. The Company accurately allocated resources to city, district, and county markets, continued to assist first-tier distributors in closely connecting with the local service provider system, and reshaped the channel value distribution system. Through the "district and county responsibility contracting system", the business mechanism of "whoever cultivates the land, harvests the crops" was clarified to protect the rights and interests, and benefits of distributors' localized operations. At the same time, the Company continued to expand the market demand for small and medium-sized enterprises through sellout policies such as "installation red envelopes", "online rewards", "sales staff running & signing incentives", etc., to stimulate the enthusiasm and subjective initiative of partners, effectively support the implementation of localized operations and district and county lower-tier strategies, and ensure the continued profitability of channel ecological partners.

(2) Technology drives product innovation and consolidates scenario-based competitiveness

Relying on the "video + AI + IoT" technology base, the Company continued to optimize Yunlian Platform 2.0, comprehensively upgraded Yunlian’s core business and functions, and launched more abundant value-added services, achieving a year-on-year growth of 252% in new devices and 69% in new users. In terms of products, the Company has iteratively upgraded its circulation-type dual-light products and newly launched indoor and outdoor wireless products, Nightvision King 2.0, HarmonyOS NEXT series, Door God series, HarmonyOS Camera series, 4G lifetime free flow products, etc., to improve the "wired + wireless" product series layout and win wide recognition and praise from customers. At the same time, the Company has deployed exclusive online products on multiple e-commerce platforms, achieved online and offline product segmentation and product coverage of all sales channels, and fully demonstrated the value and market competitiveness of the Company’s AIoT products to its partners. In the field of scenario solution innovation, based on new business scenarios, the Company has launched a series of small and micro scenario innovation solutions, such as e-commerce return video tracing solutions, express station misdelivery control solutions, smart agriculture and fishery breeding, etc. It has firmly followed the direction of scenario products + district- and county-level characteristic economic industry supporting facilities, and realized the implementation of multiple domestic small and micro scenario solutions.

(3) Build a comprehensive, full-chain three-dimensional marketing system, and create a win-win partnership

In terms of marketing and brand building, the Company has supported partners in building digital stores on various online local life platforms, enhancing brand voice and online traffic, and helping partners improve their digital marketing capabilities. Offline, we have increased support for the construction and operation subsidies of district and county specialty stores, city showrooms, and storefronts to achieve comprehensive coverage of "small and beautiful". The Company has built a full-chain service ecosystem of "pre-sales, sales, and after-sales", continuously introducing valuable small and medium-sized customers to responsible distributors in districts and counties, assisting first-level distributors and service providers to develop small and medium-sized scenario users in the responsible districts and counties, and providing distributors and service providers with comprehensive technical and business support to enhance the project service capabilities and profit margins of distributors and service providers. By building a three-dimensional digital marketing system, shaping a digital channel ecosystem of online marketing, online stores, and online services, we have helped customers achieve a full closed loop of "traffic leads → order conversion → installation and delivery" and achieve win-win cooperation with partners.

4.1.4 Service carrier business

The Company is deeply integrated into the service carriers' digital and intelligent transformation development strategies and visual networking business development plans, leveraging its own video capabilities and scenario-based solution advantages to carry out all-around cooperation in the fields of standardized product creation, artificial intelligence algorithms, large model all-in-one devices, video security, and big data. At the same time, the two parties complement each other's strengths and share resources to jointly expand the market and achieve mutual benefit and win-win results in the DICT industry market and small and medium-sized enterprise development, and continue to create greater value for customers across various industries.

(1) Capability complementarity and building a new type of information infrastructure

The Company has leading technology and intelligent manufacturing capabilities in the fields of visual IoT and connectivity, and combines service carriers' computing power and network capabilities to jointly create deeply customized industry products, such as AI terminals and AI large model all-in-one devices.

（2）Technological complementarity and promoting the construction of core technological capabilities

Co-build core capabilities such as large models and big data, promote the transformation of traditional communication services to digital and intelligent services, and create new business models and business growth points. Based on its own video capability advantages, the Company has helped service carriers build and develop visual networking platforms in terms of video aggregation and access, capability platform construction, AI scenario implementation, and application expansion.

（3）Resource complementarity and accelerating the digital development of the industry

Construction of Digital China, development of the digital economy, mining of data value, and digital and intelligent transformation and upgrading of governments and enterprises. The Company has a strong R&D team and business innovation capabilities, and the service carrier has huge user resources and channel advantages. The two parties have carried out in-depth cooperation and joint expansion in industries such as social governance, smart transportation, education, culture and tourism, natural resources, industrial manufacturing, mining and energy.

4.2 Overseas Business

4.2.1 Business overview

The Company formulated a "going global" strategy to enter the international market in 2003, began to strengthen its own brand capability development in 2008, and started to set up local overseas locations and local business operations in 2014. Over the years, we have comprehensively laid out overseas channels, project expansion, technical support, supply logistics systems, and after-sales service construction to ensure a virtuous cycle of overseas business development and long-term localized operations. In addition, through the support of R&D investment and technological innovation, the innovation and enrichment of product lines, and the continuous refinement and adaptation of solutions; the focus on channel penetration overseas has steadily improved the product competitiveness, solution capabilities, and levels of localized service of the business, demonstrating professional quality and high-quality services to global customers. The brand value continues to increase, laying a solid foundation for the Company's accelerated expansion of overseas business and ensuring the sustainable development of the business. Currently, the Company has invested in and established 68 overseas subsidiaries in major countries on all continents, and its products and services cover more than 180 countries and regions around the world. As the global demand for AIoT continues to grow, the Company will continue to focus on marketing upgrades, product innovation, industry development, and ecological cooperation to further expand the international market.

4.2.2 Core strategy

(1) Continuously improve global marketing and operations organization and localized operating capabilities

The Company maintains a prudent business strategy, continuously strengthens its understanding and adaptability to the regulations, politics, and economic environment in the regions where the Company's business is involved, formulates differentiated national business strategies based on the "one country, one policy" approach, and fully absorbs local talents through continuous channel penetration, integrator business expansion, industry breakthroughs and replication, and development of new business lines. It builds a professional and diversified organization team, actively adapts localized products and solutions, and continues to provide front-line customers with efficient, professional, and nearby services. The Company strengthens its local operational capabilities through the "strategic customization + deep penetration" model, implements the talent localization strategy, forms a cross-cultural composite team, and establishes a three-level management system of "headquarters - region - country" to achieve simultaneous improvement in decision-making efficiency and effectiveness.

（2）Build an agile supply service system

In the construction of the supply service system, six regional supply centers have been established in Europe, Southeast Asia, the Middle East, Latin America, and other regions, and national central warehouses have been established in many key countries around the world to create a three-level supply system of "headquarters - regional supply center - national warehouse" to enhance global supply delivery capabilities. In terms of the service system, we have established a global integrated delivery system, technical support system, operation and maintenance management system, customer service system, and training and certification system, and have set up more than 120 overseas after-sales service stations; among them, more than half of the countries have directly provided overseas hotline services, which has greatly enhanced our global service and delivery capabilities. The two major supply systems form a closed-loop ecosystem of "front-end market insight - middle platform rapid response - back-end efficient support", which shortens the Company's overseas business delivery cycle and significantly improves customer satisfaction. This model has achieved remarkable results, particularly in countries along the "Belt and Road" and has been successfully copied to emerging markets.

(3) Expand rich innovative business categories and achieve diversified business layout

Based on the Company's years of technological accumulation and exploration practice in the field of AIoT, combined with the differentiated scenarios and needs of various overseas regions, we work together with upstream and downstream partners to bring China's latest digital and intelligent products, solutions and technical concepts to all parts of the world. As one of the typical representatives of digital and intelligent enterprises going overseas, the Company has continuously invested in technological innovation and product research and development for many years, continuously improved its service system, and gradually built localized operational capabilities, helping the Company’s products and solutions continue to maintain a leading position in overseas markets. The traditional video business maintained steady growth, which not only supported the steady growth of the main business but also solidified the foundation for the development of new businesses. Based on the "video + AIoT" dual-engine driven strategy, the Company has broken through the boundaries of traditional security and formed an innovative business matrix covering multi-dimensional scenarios. While relying on existing overseas channels, we have quickly expanded new professional channels and achieved rapid growth in innovative businesses such as thermal imaging, commercial display screens, smart buildings, fire protection, and data communications to meet the differentiated business and scenario needs of different countries and regions overseas.

(4) Provide complete scenario-based solutions

Relying on the development path of "video-based foundation and innovative fission", the Company has achieved a strategic leap from a single security device supplier to an intelligent IoT solution provider. In recent years, the Company has worked with partners around the world to actively explore vertical industry markets, providing complete scenario-based solutions for industries such as safe city, smart transportation, retail, education, energy, and manufacturing. In particular, the Company has had many successful practices in the areas of digital urban governance, intelligent transportation management, ecological environmental protection, and digital education. For example, in the Amazon rainforest, the Company's AIoT solutions have greatly reduced the area of forest fires. In many regions such as Africa, Europe, the Middle East, and Asia-Pacific, with the implementation of the Company's various intelligent monitoring systems and Skynet systems, the urban management efficiency, case solving rate, and successful accident alert rate in these regions have rapidly improved, the traffic accident rate has gradually decreased, and road safety and travel efficiency have been guaranteed. At the same time, the Company's digital and intelligent solutions for the education industry also assist with the digital intelligence upgrade of education in some overseas regions, allowing excellent educational resources to cover remote areas and promoting remote sharing of teaching resources and educational equity.

(5) Construction of a global digital ecological community

The globalization path embodies the characteristics of "technological deep squat + ecological fast run". Its strategic core lies in accelerating the transformation to an industrial digital service provider while maintaining its advantages in the field of video IoT through extreme scenario-based capability (covering more long-tail demands) and flexible cost structure (double elasticity of manufacturing and service). It emphasizes the establishment of a "sharp knife advantage" in specific fields and the formation of a staggered competition pattern.

4.2.3 Social value practice

(1) Providing a multicultural integration international talent training platform

The localization rate of overseas employees has exceeded 60%, and more than half of the employees come from the talent resource pool in the country where the business is located. On the one hand, it contributes to the Company's localized operations; on the other hand, it continues to cultivate high-tech professionals for the local area and contributes to local employment. The Company focuses on the growth and talent development of global employees, continuously enhancing employee skills and knowledge training, enriching the welfare system and promotion pathways, and is committed to providing a fair, just, and high-quality growth system and platform for global employees.

(2) Practicing the “dual carbon” strategy and assisting green development

Adhering to sustainable development is a manifestation of the Company's social responsibility and commitment. Through the layout of clean technology, the Company actively carries out innovative product green design, reduces product energy consumption, and promotes green expansion and business upgrades in the global market. Among various AIoT solutions, we adopt intelligent energy-saving and emission reduction solution designs to promote the application of global green solutions and reduce global carbon emissions. For example, the Company provides solutions in many fields such as intelligent supervision of nature reserves, water conservancy and water affairs monitoring and management, forest fire prevention, etc., actively participates in and promotes sustainable development, empowers environmental protection and green development with digital intelligence, and contributes to building a better and greener world. In 2022, as a national-level green supply chain and green factory, the Company was awarded the honorary title of "Green Leader Enterprise". In 2023, the Company became a member of the United Nations Global Compact organization for the first time, injecting new strength into the realization of the United Nations' sustainability goals. In the same year, the Company won the silver medal in the audit of EcoVadis, a global authoritative sustainability rating agency, and ranked among the top 15% of global enterprises. In 2024, the Company officially passed the ISO 37301:2021 compliance management system certification and obtained the ISO 37301 compliance management system certificate issued by BSI (British Standards Institution), becoming the first Chinese company to obtain the ISO 37301 certificate in the video-centric AIoT industry.

4.3 Innovative Business

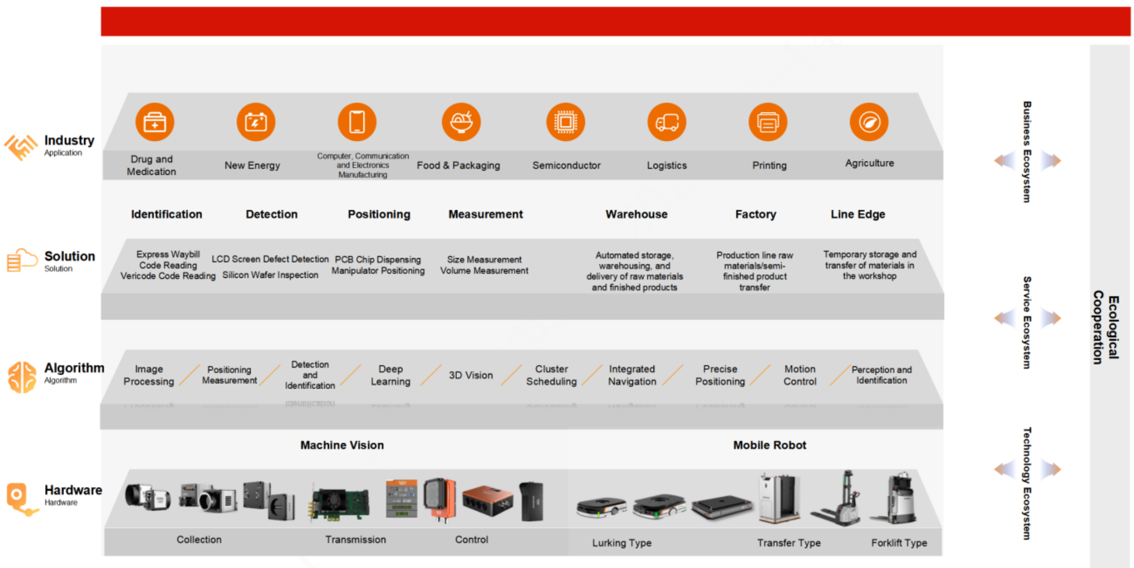
In recent years, the boundaries of the AIoT industry have continued to expand. Based on its in-depth understanding of the diverse needs of customers and years of accumulation and sedimentation in the field of AIoT, the Company continues to expand its innovative business and provide customers with richer and more complete solutions. The Company is continually developing innovative businesses by seeking fields with great growth potential and broad market opportunities, corresponding talent selection, and incentive mechanisms, thereby expanding the Company's AIoT industry capability circle. The Company's innovative business mainly includes: machine vision, mobile robots, thermal imaging, automotive electronics, smart security inspection, smart fire control, storage medium, and other relevant businesses.

4.3.1 Machine vision and mobile robots

The Company's subsidiary Zhejiang HuaRay Technology Co., Ltd. (hereinafter referred to as HuaRay Technology) is a professional company focusing on the research and development, production and sales of machine vision and mobile robot products. The Company adheres to the core mission of "making factories smarter", focuses on areas related to smart manufacturing and smart logistics, drives its development with technological advantages, relies on years of AI technology accumulation in the industrial field and the established industrial IoT ecosystem, helps industrial digitalization and realizes intelligent and flexible production management.

At the same time, HuaRay Technology is also constantly exploring new terminal application scenarios to help customers improve quality, increase efficiency, reduce costs, and reduce inventory, and ultimately achieve "interconnection, human-machine collaboration, data-driven, and intelligent transformation", empowering thousands of industries and promoting global intelligent manufacturing to a new form.

As a national high-tech enterprise and a specialized and innovative "little giant" enterprise, HuaRay Technology has always insisted on technological innovation. As of the end of 2024, the Company has applied for more than 500 patents, including more than 300 invention patents, and has achieved patent layout in 11 key technology fields such as embedded software, image optimization, recognition algorithms, network transmission, navigation positioning, scheduling, and motion control.



The Company's machine vision products include a series of products such as 2D industrial cameras, 3D industrial cameras, smart cameras, smart code readers, acquisition cards, and accessories such as lenses, cables, and light sources. Together with the self-developed visual algorithm platforms MVP and MVT, they can be used for positioning, measurement, defect detection, code reading and recognition, and other scenarios. Currently, the products and solutions have been widely used in lithium batteries, photovoltaics, logistics, 3C, and other industries.

Mobile robot products are mainly used in logistics warehouses and material handling, including latent lifting, fork-picking, and transfer robots. Through the RCS scheduling system, iWMS warehouse management system, etc., they can provide functions such as handling, stacking, sorting, etc., and provide end-to-end intelligent solutions for logistics handling in various industries, helping customers build smart factories.

4.3.1.1 Machine vision

HuaRay Technology's machine vision products have built a complete closed-loop visual application ecosystem, from underlying acquisition devices like industrial cameras to upper-level visual algorithm software. Users can choose "industrial camera + algorithm software" to build a visual solution, or they can choose smart products such as smart code readers and AI visual sensors to implement solution design. The rich product selection can more flexibly respond to the personalized needs of thousands of industries.

At the same time, in terms of core algorithms, HuaRay Technology continues to strengthen the development and product applications of AI. The code reading algorithm is fully AI-based "end-to-end", which greatly improves the code reading performance; OCR character recognition technology realizes single-character, end-to-end, unsupervised and other AI recognition algorithms, and completes the full AI of character recognition algorithms, with recognition capabilities reaching the industry-leading level; image generation is based on large model technology, which can simulate the generation of various defect samples, greatly improving the implementation capabilities of defect detection projects; in terms of incremental learning, it has achieved the first domestic application, reducing the training time by more than 80% in terms of retraining.

(1) Machine vision algorithm platform

HuaRay Technology's independently developed machine vision algorithm platform MVP is dedicated to providing customers with algorithm tools for quickly building visual applications. The platform integrates over a thousand independently developed basic image algorithms and is the "brain" of machine vision. It connects cameras with PLCs (Programmable Logic Controllers), robotic arms, and other devices to help form a technological closed loop for perception, cognition, and decision-making. At the same time, the platform combines a large number of deep learning algorithms of visual images of industrial parts for perception, cognition, and decision-making training, and establishes a big data detection model, which can achieve high-precision and high-efficiency visual positioning, image recognition, defect detection and other functions. It uses a GUI visual interface, drag-and-drop to freely build visual processes, and quickly configure visual solutions. It supports multi-task synchronization and multi-process asynchrony, providing a rich communication interface to meet the demands for the highly efficient application of multiple products. At the same time, the deep learning interface has been opened on the MVP algorithm platform, supporting the reasoning application of AI model. MVT is an industrial AI visual platform based on deep learning, providing customers with end-to-end full-process services to build an "industry brain" with higher efficiency and lower costs. It integrates sample annotation, sample enhancement, and model training, and has built-in neural network models: classification, detection, semantic segmentation, optical character recognition (OCR), etc. At the same time, each type of task supports large, medium, and small models to meet the needs of multi-feature detection in complex industrial environments. The model trained by MVT can be conveniently loaded into the MVP algorithm platform and flexibly combined with other operators in the MVP algorithm platform.

(2) Machine vision hardware products

In the aspect of machine vision hardware products, the Company has gradually changed from the manufacturer of single industrial cameras to the provider of machine vision core components and solutions. At present, it offers a series of products such as area scan camera, line scan camera, 3D camera, smart camera, code reader, visual controller, acquisition card, lens, and light source related to vision integration solutions.

The company launched many new product series in 2024, such as: the world's first 245-megapixel CXP interface large area scan camera, 152-megapixel global 10 Gigabit network large area scan camera, 4K 4-line true color camera, 8K/16K CXP interface line scan camera, 10 Gigabit network acquisition card, logistics industry AI high-performance 7000P code reader, industrial-grade RS3000 series handheld code reader, SS4000 series AI visual sensor, high-speed and high-precision logistics second-generation 3D camera, intelligent medical code reading and traceability system, flowchart-based visual algorithm platform MVP5.1, etc.

4.3.1.2 Mobile robots

The widely applicable typical intelligent logistics system launched by HuaRay Technology includes industrial mobile robots, automatic chargers, communication systems (WIFI/5G), warehouse management platforms, integrated control platforms, scheduling simulation platforms, and robot scheduling platforms, providing smart factories with various solutions such as automatic loading and unloading and goods-to-person sorting.

(1) Mobile robot large-scale scheduling system

HuaRay Technology RCS Scheduling System: The scheduling system employs a self-developed scheduling algorithm, including a dynamic switching allocation algorithm based on multiple constraint conditions, a multi-constraint path planning algorithm, a safety detection algorithm based on the separation axis theorem, a multi-strategy fusion multi-vehicle traffic control algorithm, and a MAPF unlocking algorithm; at the same time, combined with the self-developed AMR device's perception and recognition algorithm, motion control algorithm, intelligent electronic control, and high-precision intelligent electric drive algorithms, it achieves ultra-large scale map construction and millisecond-level path planning, capable of supporting optimal allocation of thousands of concurrent tasks and multi-server cluster scheduling, thereby providing a variety of functions such as multi-robot cluster path planning, avoidance control, robot traffic management, intelligent task allocation, multi-vehicle avoidance, traffic balancing control, system load balancing, intelligent charging management, safety monitoring, storage location management, intelligent operation and maintenance management, and report statistics.

HuaRay Technology iWMS warehouse management system: Based on the RCS robot scheduling system, it realizes various automated warehouse and distribution scenarios such as goods-to-person sorting, production line delivery, point-to-point transport, and loading and unloading at the line-side warehouse. It optimizes storage and distribution through automated strategies such as shelving strategy, allocation strategy, wave strategy, and mixed placement strategy. Combined with functions such as big data analysis of operational data and algorithm analysis, it further optimizes business processes and inventory management, improving operational efficiency.

(2) Mobile robot hardware products

HuaRay Technology's industrial handling robots, such as latent lifting, transfer, and fork-picking robots, are equipped with a rich variety of network systems and intelligent charging systems, and are widely used in modern warehousing management and production handling scenarios in various industries. In 2024, a new generation of latent AMR series and fork-picking robot products that are more stable and safe were launched and have been widely used in the market. They are faster to deploy and maintain and have higher operating precision. The load specifications cover typical scenarios such as 60KG, 400KG, 600KG, 1000KG, 1500KG, 2000KG, and 3000KG. The high-precision dual-lift products launched have achieved large-scale application among many customers in the lithium battery industry.

The navigation mode realizes laser SLAM navigation, visual navigation, inertia navigation and multi-sensor fusion navigation, and is compatible with visual obstacle avoidance and TOF three-dimensional obstacle avoidance. Through multi-dimensional perception, the product achieves millimeter-level high-precision docking. The 5G communication scheduling forklift has a small control latency, which realizes business from indoor to outdoor, and is widely applied in the new energy, automotive parts, textile, 3C, and food industries.

4.3.2 Thermal imaging

With thermal imaging technology as its core, Pixfra Technology provides thermal imaging modules, personal vision products, security products, platform software, and full-scenario digital intelligence solutions to the world. The Company's products and solutions are widely used in many fields such as low-altitude economy, emergency management, outdoor sports, industrial temperature monitoring, new energy, perimeter protection, natural ecology, environmental protection, and urban lifeline. The Company is committed to perceiving the world with temperature and developing leading thermal imaging products and full-scenario digital intelligence solutions to serve global customers.

In 2024, Pixfra Technology passed the certification of "Hangzhou Enterprise High-tech Research and Development Center" and "Zhejiang Enterprise High-tech Research and Development Center", and was rated as the sixth batch of national specialized and innovative "little giant" enterprises.

4.3.2.1 Technological breakthroughs

In 2024, Pixfra Technology continued to consolidate its technological foundation and maintain its leading position in core technologies in the industry. Pixfra Technology has always been committed to providing personal visual products with excellent images to meet customers' unremitting pursuit of high-quality visual experience. In 2024, the Company launched the PIPS2.0 image algorithm. This breakthrough technology can accurately highlight target details, significantly improve edge clarity, and effectively reduce noise in the image, thereby bringing users more delicate and realistic image effects. The launch of the PIPS2.0 image algorithm marks another solid step forward for Pixfra Technology in providing high-quality image products. Smart Thermal 5.0 is loaded with low, slow, and small UAV detection algorithms, intelligent normalization algorithms, animal detection algorithms, long-distance small target algorithms, and intelligent algorithms for improving detection distance and reducing false alarms, which improve the intelligence level of thermal imaging product industry applications.

4.3.2.2 Product innovation

Pixfra Technology continues to maintain its leading position in the security field and continues to deepen its application in the security subdivision industry scenarios. In 2024, it developed a series of integrated open source HarmonyOS products to meet the requirements of power Harmony in power scenarios. A mobile arming product was released. The product has a built-in battery, supports 5G communication, and supports quick installation, which facilitates customers' temporary deployment requirements in the fields of operation monitoring and power intensive care.

In addition, Pixfra Technology is also continuously expanding new product forms and new application fields. In the field of integrated applications, a series of module products such as micro module and digital module have been released, further improving the module product system, and continuing to be implemented in the fields of UAV integration, robot integration, industrial temperature monitoring, security integration, etc., continuously expanding the integration business.

In the field of personal vision products, the Company further expanded the width of its product line in 2024 and released a series of competitive personal vision products, such as the M2 telescope that won the 2024 German Red Dot Design Award, Sirius telescope, ARC Pro telescope, Taurus sight, etc. In the innovative design of these products, the family-oriented design concept is deeply integrated, and on this basis, there are bold breakthroughs and innovations. At the same time, the Company actively responded to the market demand for portability and lightweight design, and through a series of innovations, successfully made its products smaller and lighter. This series of innovative measures demonstrates Pixfra Technology's ultimate pursuit of products and brings consumers a more exceptional experience.

4.3.2.3 Industry focus

In 2024, Pixfra Technology focused on two major industry fields: emergency management and big energy.

(1) Emergency management

In the field of emergency management, especially in forest fire prevention, we have carried out comprehensive business focus and technology iteration, and launched thermal imaging products that are more suitable for emergency forest fire prevention application scenarios. The product has been optimized and improved, especially achieving important breakthroughs in the smoke false alarm algorithm and fire hazard detection algorithm, significantly improving the detection capability and accuracy of forest fires. By optimizing the smoke false alarm algorithm, the false alarm rate is effectively reduced, ensuring the accuracy of smoke detection of thermal imaging products under complex background conditions such as strong light and shadows. At the same time, the newly upgraded fire hazard detection algorithm combines deep learning technology to more accurately identify the source of fire. These technological advances enable the Company's thermal imaging products to not only respond quickly but also provide reliable alerts in the early stages of a fire. In addition, the Company has deeply integrated thermal imaging products with high-precision maps and back-end intelligent second verification and analysis systems to form a comprehensive forest fire monitoring and disposal solution. High-precision maps provide accurate geographic information for fire hazard analysis, while intelligent second verification and analysis ensure the accuracy and timeliness of the data, enhancing the scientific nature and effectiveness of decision-making.

With the application of these new technologies and capabilities, the Company greatly improved its emergency forest fire hazard detection capabilities in 2024, and was highly recognized by customers and the industry. Through a series of innovations and applications, the Company has not only enhanced its competitiveness in the field of forest fire prevention, but also made positive contributions to ecological environmental protection and public safety.

(2) Big energy

The Company has further deepened its business focus on the big energy industry, and continued to increase its investment and R&D efforts in infrared thermal imaging products, striving to maintain its leading position in this key field. The Company recognizes that with the advancement of green energy transformation and sustainable development goals, the safe and stable operation of related devices and infrastructure is becoming increasingly important. In the past year, the Company has continuously optimized infrared thermal imaging technology and launched a series of products with higher sensitivity and reliability, providing strong technical support for device monitoring and fault alert in the power, petrochemical, steel, coal, and other industries. The Company's thermal imaging products can monitor device temperature distribution in real time, promptly detect potential overheating hazards, significantly reduce device failures and downtime, and help customers improve operational efficiency and safety.

In addition, the Company actively collected user feedback in application scenarios, used data to drive technology iteration, and launched a variety of targeted solutions through in-depth cooperation with upstream and downstream of the industrial chain to meet the ever-changing needs of the big energy industry. The Company's infrared thermal imaging products not only played an important role in traditional energy monitoring, but also showed broad application prospects in the detection and maintenance of new energy devices.

4.3.3 Automotive electronics

Hirige, a subsidiary of Dahua, focuses on intelligent vehicle products and industry solutions. With video as the core, it has laid out the direction of intelligent driving, combined with radar, AI, perception data analysis and processing and other technologies, and is committed to becoming an industry-leading supplier and solution provider of intelligent automotive electronic products with video technology as the core. At present, the Company has obtained the IATF16949 quality management system certification, and its product development has successively obtained product process certifications in the industry, including IS026262 functional safety certification, ISO/SAE 21434 road vehicle cyber security process system certification, and ASPICE automotive software process improvement and capability L1 assessment. The product solutions comprehensively serve domestic and foreign passenger vehicle and commercial vehicle customers, as well as consumers and industry users at all levels.

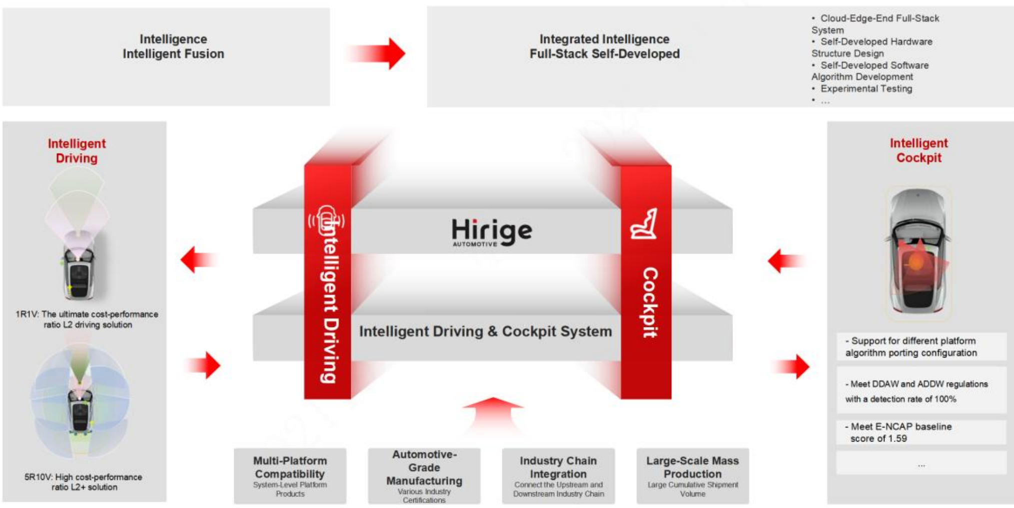
4.3.3.1 Passenger vehicle market

Passenger vehicle products are built around the two core capabilities of perception and intelligence, with four major product series: intelligent driving, intelligent cockpit, visual sensors, and millimeter-wave radar. Through full-domain self-research capabilities, we can carry out multi-dimensional cooperation with customers from products to solutions, from deep customization to technological empowerment, and provide customers with all-around advanced solutions in the automotive field.

In the field of intelligent driving, Hirige integrates cutting-edge intelligent driving technology into the OEM market, and launches and optimizes forward-looking assisted driving solutions: the forward 8M solution has been developed and launched on the market; the flagship configuration is the ultimate cost-effective L2+ driving solution 5R1V, which can support unmapped highway NOA, support blind zones, front/rear crossing detection, and support C-NCAP 2024 five-star rating; the lightweight driving and parking integrated solution provides a more highly adapted version of intelligent driving products for the advancement of automobile companies' intelligent systems, which can realize more complex and more reliable driving and parking integrated functions. Among them, the entry-level configuration and extremely cost-effective 1V solution has been successfully mass-produced by LEAPMOTOR, and at the same time, it supports regulatory adaptability development in overseas markets. After a year of special optimization, the applicable scenarios have been greatly expanded and recognized by many vehicle manufacturers.

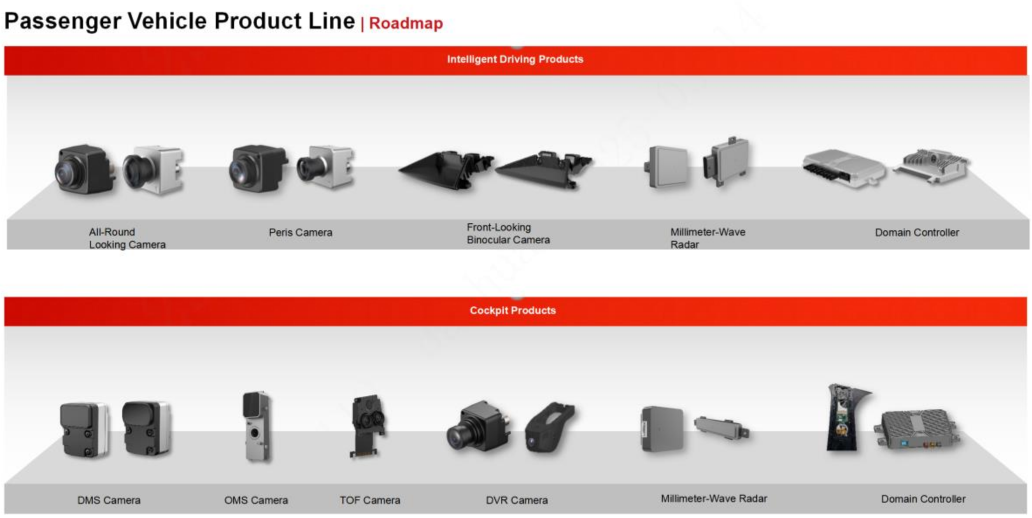
In the field of intelligent cockpits, the Company has realized cockpit safety and interaction systems and completed mass production of various types of in-cabin visual sensors. DMS and OMS cameras all have functional safety ASIL B level; TOF cameras realize face recognition through deep information image algorithm and have been mass-produced by leading automakers; the cockpit safety system realizes driver fatigue detection, distraction alarm, and dangerous driving behavior recognition, and cooperates with LEAPMOTOR to successfully obtain the first EU-related regulations ADDW, DDAW certification and E-NCAP 2024 five-star level; the cockpit interaction system realizes functions such as rear-seat residue detection, gesture recognition, emotion recognition, and heart rate monitoring, helping customers create intelligent cockpits with different characteristics and enhance the in-cabin driving experience.

System Solution



In the field of visual sensors, the Company has achieved a comprehensive upgrade of its camera products and has mass-produced a new generation of vehicle-mounted cameras that combine front and rear shell integration technology, laser welding technology, and PCB board active centering technology, effectively reducing the production cost of vehicle-mounted cameras and improving product stability and consistency; at the same time, it has further expanded the domestic leading OEMs, achieved multiple project targeting and mass production, and increased market share; with the expansion of product business, the Company has invested heavily in the construction of manufacturing plants, added multiple SMT production lines and AA camera production lines, and doubled the overall production capacity.

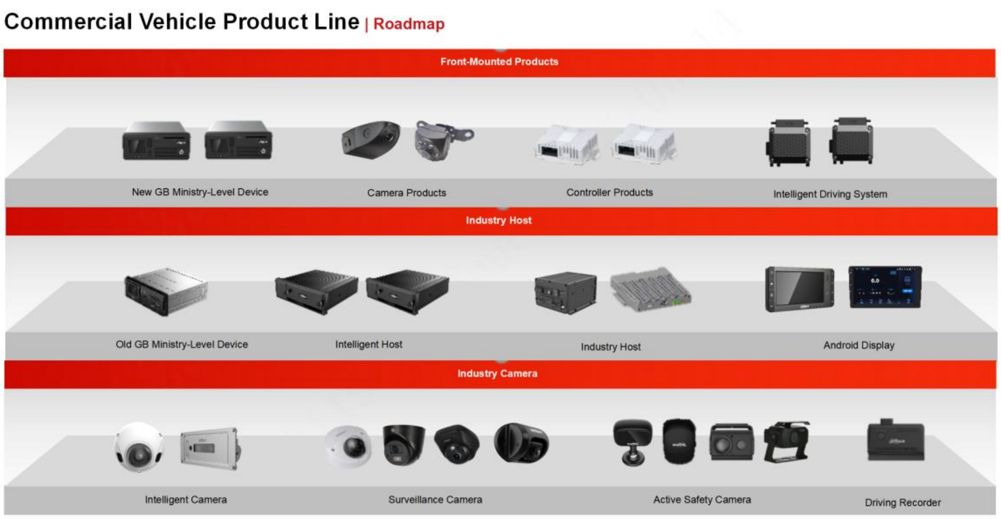
In the field of millimeter-wave radar, the Company continued to increase investment to promote technological progress and innovation. In terms of forward radar and blind zone radar, the Company released microstrip antenna radar products with better performance and previewed the next-generation waveguide antenna radar products. The in-cabin vital signs radar has undergone product iterations in two different directions: high performance and high cost-effectiveness, achieving coverage of a wider range of application scenarios. At the same time, progress in the preliminary research of 4D radar has been achieved, laying the groundwork for the subsequent upgrade of higher-performance products.



4.3.3.2 Commercial vehicle market

Currently, the stock of commercial vehicles in China exceeds 20 million units. However, safety problems such as traffic accidents, casualties, and cargo damage have become increasingly prominent. After speeding and fatigue driving, traffic accidents caused by blind zones have significantly increased. Front vehicle collision warning, lane departure warning (LDW), fatigue driving warning, driving behavior analysis, etc. have gradually become standard configurations for active safety advanced assisted driving construction projects for commercial vehicles in various places. Based on the actual operating environment of the vehicle, Hirige conducted in-depth research in algorithms, efficiency and other aspects to further improve product performance, and realized front/rear mounted intelligent vehicle solutions through active safety, assisted driving, panoramic 360° surround view system, 1R1V and other product systems. At present, these solutions have been widely used in freight, logistics, taxis, ride-hailing cars, tour & scheduled buses, dangerous goods transport vehicles, public transportation, public security, school buses, sanitation trucks and other fields.

In 2024, in the domestic market, we focused on traditional mainstream industries such as public transportation, taxis, ride-hailing cars, public security, and freight, and completed the update and iteration of solutions, comprehensively enhanced market competitiveness, and created benchmark projects such as Hangzhou Public Transportation, Postal Freight, and Xiamen Heavy Truck. In the overseas market, while focusing on public transportation, police vehicles, school buses, and the freight industry, we also focused on the freight industry, entered major overseas markets with new freight solutions to seek explosive points for business growth.

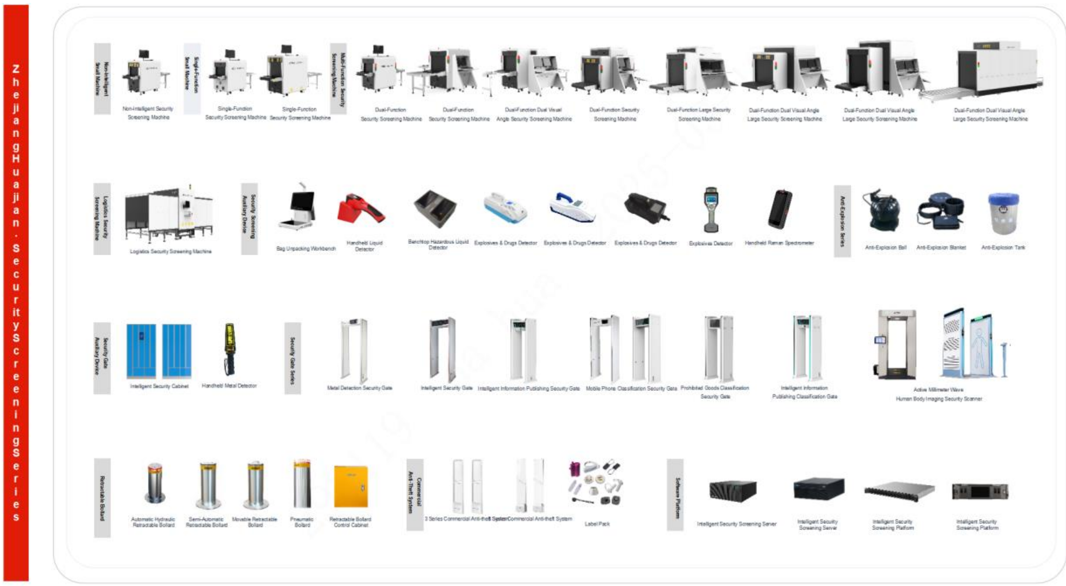


In 2025, the commercial vehicle market will make full efforts to expand into key industries. In the commercial vehicle OEM market, we focused on launching new GB standards, 1R1V, European standard R151 regulations, and 360° surround view systems to further improve the comprehensiveness of our business and achieve targeted breakthroughs for many leading OEMs; in the tour & scheduled bus, dangerous goods transport vehicles, heavy trucks and freight markets, we took the opportunity of the national single Beidou update law to fully cover the single Beidou replacement business in 32 provinces, and faster promote the coverage and application of the new GB three-piece set (ministry-level device/ADAS/DSM); in the public transportation market, we completed the coverage of public transportation from provinces to cities across the country, and promoted the full implementation of the second-generation public transportation integration plan; in the taxi and ride-hailing car market, we completed the release of the entire system of products, and took the opportunity of the national ride-hailing car control regulations to increase the market share of more provincial capitals.

Hirige will always maintain its R&D investment in the commercial vehicle market, continuously improve its products and solutions, help customers solve business problems, improve customer satisfaction, and contribute to the development of the transportation industry.

4.3.4 Smart security inspection

Zhejiang Huajian Technology Co., Ltd., a subsidiary of Dahua, is a technology company based on core video technology, artificial intelligence technology, big data technology, and IoT technology. It is committed to becoming China's leading provider of full-domain digital security prevention solutions. The Company adheres to the mission of "giving the world more peace and making life more secure" and focuses on the research and development of innovative solutions in the fields of security inspection, supermarket anti-theft, and airspace prevention. With the rapid development of technologies such as artificial intelligence, big data and Internet of Things, these technologies have been deeply and innovatively integrated with the security check industry, and global users are in need of reliable, convenient and advanced smart security check equipment and services, making security check intelligence usher in a new round of development opportunities. With IoT technology and AI analysis technology as the core, the Company promotes the reform and development of the security check industry, bringing new business opportunities and new vitality to the industry.



4.3.4.1 Security screening machine

Regarding security screening machines, Zhejiang Huajian uses its R&D technology as its foothold in the industry, and continuously and innovatively explores security screening products and technical standards that represent the industry's top level, including intelligent views, material identification, and civil aviation standards. The Company officially obtained civil aviation certification for five aircraft models in May 2024. This not only represents that the Company's security screening device research and development level has received the highest recognition in China, but also indicates that the door to the civil aviation security market has been opened to us. In terms of imaging, the Company has independently developed a new generation of image algorithm engine "Qingkong 3.0". While ensuring the domestic production of components, it has greatly improved the fineness and layering of the imaging images of security screening machines, and optimized the operating environment of manual and machine image judgment. At the same time, based on the advantages of AI deep learning training, the security screening machine can not only accurately identify organic, inorganic and mixed substances, but also directly and effectively identify some types of toxic, explosive, and high-risk prohibited items.

4.3.4.2 Security gate

Zhejiang Huajian has profound technical accumulation and project experience in the field of security gate technology. During the self-research process, it was found that high-precision magnetic fields combined with AI deep learning can be used to accurately identify prohibited items such as mobile phones and knives. This technology can perfectly fit the market trend of "large-scale initial screening and common metal shielding in life". In 2024, the Company obtained the certification for

Zhejiang Province's first integrated area array imaging millimeter wave security gate, adding a powerful tool to China's refined human body imaging detection field. In addition, in the field of small metal identification, Zhejiang Huajian dared to introduce the acceptance criteria of half-a-paper-clip to the market, which was widely recognized by customers.

Zhejiang Huajian focuses on the value and innovation of product solutions in actual application scenarios, and has launched products and solutions with strong industry attributes for industries such as rail transit, large-scale events, justice, hospitals, education, and logistics, so that its products continue to maintain high-level and multi-level competitiveness. In the future, Zhejiang Huajian will continue to implement the strategic policy of taking market demands as the guide and R&D as the core productivity, and move towards the high-end security screening market. The core components of security screening, rapid imaging millimeter wave, CT-type security screening devices, and civil aviation security screening devices will be the main R&D investment directions in the future. The Company shall make full use of its own technical advantages and characteristics to create a security screening solution with unique features, focusing on networking and intelligence as the main theme.

4.3.5 Smart fire control

Huaxiao Technology is an advanced provider of fire protection products, solutions, and operational services. With IoT, big data, cloud computing, video AI, and other technologies as its core, it continues to be committed to providing advanced fire protection products, solutions, and operational services for the entire industry for fire safety for individuals, enterprises, and government customers around the world, to achieve early warning, early prevention and control, and early disposal in the fields of fire protection, gas, electricity, etc., and improve the overall safety level of society.

4.3.5.1 Fire protection products

We deeply cultivated the domestic market and adhered to technological innovation as the driving force for enterprise development. In 2024, the Company actively expanded into areas such as safe electricity and gas detection while continuously consolidating its smart fire control business. At the same time, for the SMB market, we launched the "Changlian" series of fire protection products, focusing on the effective management of fire safety in small scenarios; for the industrial field, we further developed explosion-proof, intrinsic safety (IS) and other series of products to enhance the overall competitiveness in professional segments; we launched the "Huaxiao Fangtong" product series, further improving the loading and application of integrated security and fire control, video AI and big data capabilities.

Continuing to focus on the development of overseas business, in 2024, the Company created an integrated overseas security and fire control solution combining "product + software", forming a product system with household fire protection, commercial fire protection, AI-Fire safety and fire protection cameras, industrial special detectors, and fire protection accessories as the core, and released C-end and B-end user software platforms. In 2024, the Company's overseas fire protection product certifications were gradually completed, and the Company's brand has also been recognized by an increasing number of national markets and customers.

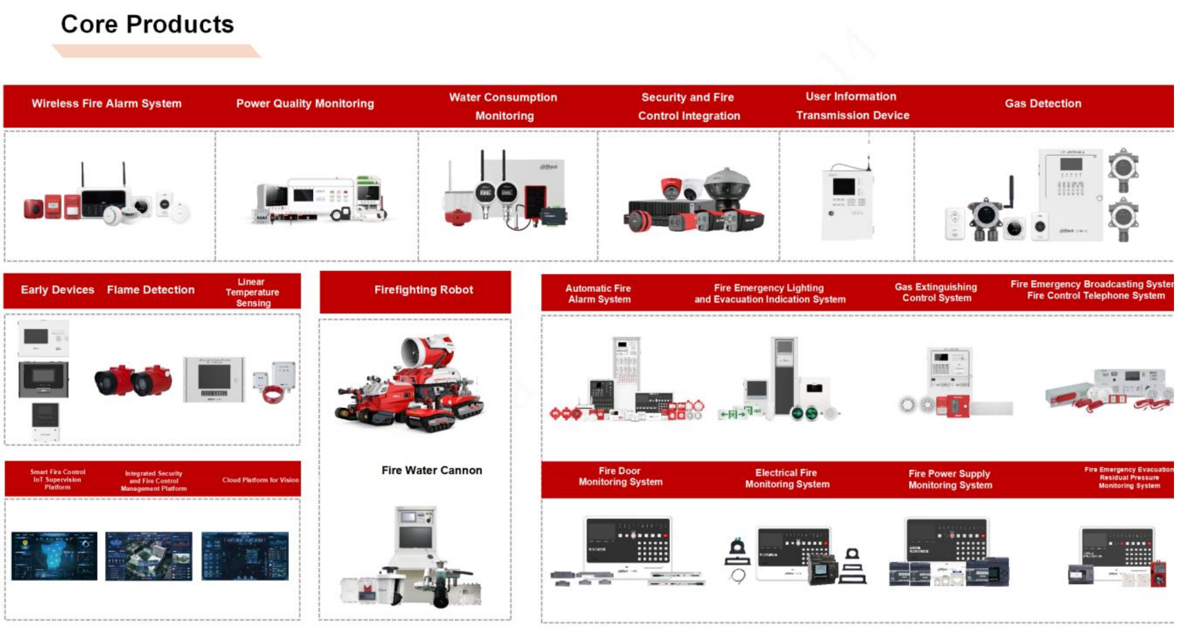
4.3.5.2 Solutions

Huaxiao Technology always adheres to the principle of starting from customers' pain points and actual needs, targeting fire protection business scenarios in various industries and fields, and using its integrated security and fire control core capabilities to achieve intelligent transformation and upgrade applications of fire safety in various industries.

Given the fire safety characteristics of civil and commercial buildings, based on the original fire protection system, through the expansion of the LORA wireless alarm system, the effective integration of the smart fire control system and the security system, the integrated, visual and intelligent management of the local and remote management platforms is realized. Aiming at traditional industrial sectors such as energy, chemical, electric power, and coal, as well as pan-industrial sectors such as tunnels, pipeline corridors, and rail transit, we have developed intrinsically safe (IS), explosion-proof, multi-spectral, and fire-fighting combined intelligent terminals to meet industry requirements and create a two-level architecture overall solution for multi-factory group IoT remote supervision and integrated security and fire control at the territorial level.

In the field of urban lifeline gas safety business, Huaxiao Technology provides a full-chain prevention and control solution based on four major business scenarios: stations, important pipelines, residential and industrial & commercial users, and bottled gas traceability. A variety of IoT perception devices are used to monitor data such as leaks, pressure, flow, temperature, position, liquid level, and vibration in real time. The digital and intelligent gas IoT supervision platform, combined with AI visualization capabilities, enables efficient management of IoT perception devices, while modularly integrating a series of supervision applications such as risk investigation and safety risk assessment.

In response to the gradual advancement of smart fire control construction in cities across the country, Huaxiao Technology and strategic partners from various regions have jointly established an urban fire protection operation service center. Using the Cloud Platform for Vision and Fire Control as its capability base, it provides users with one-stop fire protection comprehensive services such as fire safety design, construction, alarm networking, remote duty, fire protection maintenance, fire protection training, and fire insurance, realizing the transformation from product sales to product services.

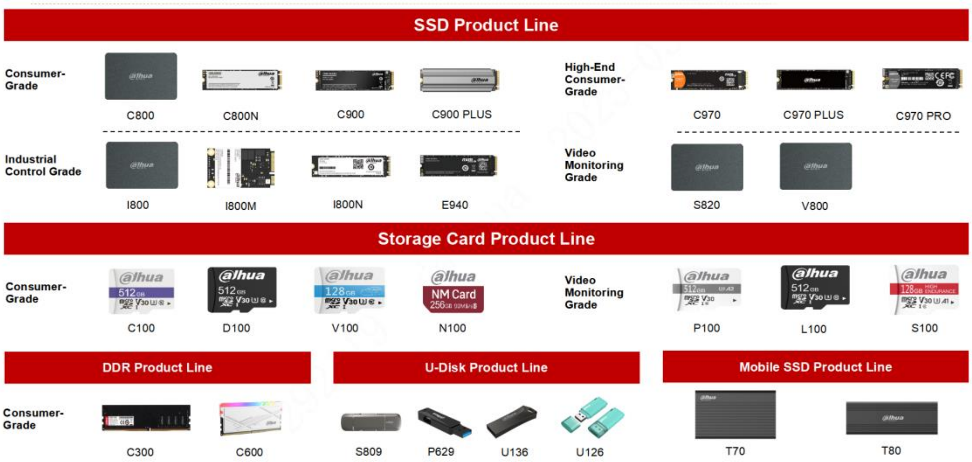


4.3.6 Storage medium

Zhejiang Huayixin Technology Co., Ltd., a subsidiary of Dahua, is an innovative technology company that focuses on the research and development, production, and sales of storage mediums. Its product lines include SSDs, storage cards, USB drives, PSSDs, and memory. Its business focuses on various application scenarios, such as terminal consumption, industrial control, vehicle-mounted monitoring, and video monitoring.

The Company continues to strengthen market promotion and marketing network construction and has established a marketing network centered in Hangzhou that radiates to various countries and regions at home and abroad, covering all provinces in China. Its products are exported to more than 100 countries and regions around the world. At the same time, it actively expands the industry market and performs outstandingly in industries such as PC, rail transit, automotive, industrial automation, security monitoring, cloud storage, cloud computing, and healthcare.

In 2024, the Company passed the ISO 9001, ISO 14001, and ISO 45001 system certifications and was successfully recognized as a national high-tech enterprise. In the context of industrial development and upgrading, along with focusing on the Company's self-research strategic route, significant breakthroughs have been made in R&D and technological innovation for storage products, with heavyweight products launched across various product lines.



SSD: In the field of video monitoring, Huayixin launched a new generation of V800 series video monitoring disks that use domestic controllers and domestic storage particles. The products support DLBA, have stable video writing performance, meet 7*24 hours of recording without frame loss, and seamless cooperation with the underlying file system of storage products. Facing the automotive market, we launched the S820 series of automotive video monitoring SSDs, a domestically produced solution, which is specially designed for automotive video monitoring scenarios and suitable for use in scenarios with frequent vibrations, abnormal power failures, and very low temperature operating environments in the automotive industry. Facing the industrial control market, we launched products of different specifications.

Memory products: The E500 and E510 series memory products are launched in combination with business usage scenarios, forming an industry product layout for the fields of information technology, commercial use, industrial control, etc.; DDR5 high frequency and low-timing memory products are launched for the general consumer market to meet the usage scenarios of different users.

USB drive: We have launched several mainstream USB 2.0/3.0 direct-plug USB drives and high-speed dual-interface solid-state USB drives, supporting a maximum capacity of 1TB, meeting consumers' multiple demands for different appearances, high speeds and large capacities.

Memory card: The original monitoring series SD/Micro SD storage card solution is upgraded to support a wide operating temperature working environment and increase the capacity to 1TB. The entire S100/H100 series is highly durable and meets the mainstream security monitoring and automotive industry usage scenarios.

PSSD: We launched the T70 and T80 series of PSSDs based on SATA and PCIe protocols, respectively, with a maximum capacity of 2TB to meet the portable storage needs of different users.

With the vision of "being a leader in secure storage", Huayixin is committed to creating Chinese quality storage. As the storage cornerstone to promote the development of AIoT, it builds an industrial ecological chain with global partners, embraces the intelligent upgrade of Chinese manufacturing, and grows together with technology, industry, and users.

4.4 Developing Green and Low-Carbon Businesses

The Company is anchored on the dual carbon goals, practicing the mission of "making society smarter and life better", using technology to support the construction of ecological civilization, building a safe, low-carbon, beautiful and harmonious society, and actively implementing environmental, social, and governance (ESG) initiatives. Based on the overall strategy of "digital and intelligent empowerment, low-carbon future, shared ecology, and compliance management", it combines sustainable development with digital and intelligent empowerment to empower biodiversity protection, environmental protection, intelligent traffic management, smart energy, smart buildings, smart education, safe production and many other fields, and help thousands of industries to achieve sustainable, green and high-quality development.

(1) The Company's enterprise smart park uses the national green building three-star standard and the Company's AIoT solution to achieve real-time monitoring of the park's energy data and automatic allocation of energy strategies around sources, networks, loads, storage, charging, and inspection, so that the entire park's microgrid has adaptive capabilities. At the same time, it tracks the flow of each energy source and the footprint of carbon emissions, realizes refined energy management, helps enterprises save energy and reduce emissions, and implements the "dual carbon" strategy.

By building a rooftop photovoltaic system, the building can generate its own green electricity for the Company's own use, and operate an intelligent generating capacity detection system to help the device run safely and stably; build an intelligent microgrid in the park, and realize flexible scheduling of the park's energy consumption based on peak and valley electricity, transformer capacity, and electricity demand forecasts; the intelligent air-conditioning hub covers the park, automatically detects the operating status of all air-conditioning device, and can remotely turn on/off or set a unified temperature. By using big data to analyze the energy usage habits of each space, it can realize adaptive environmental control of the air-conditioning and effectively reduce the power consumption of the air-conditioning; use intelligent dimming lamps, gradually adjust the brightness of the lights, and manage them intelligently, and connect with the attendance, elevator control, and parking systems, so that each lamp can be lit as needed to achieve companion lighting; combined with peak and valley loads, through platform strategies, new energy vehicles can be charged in an orderly manner, centralized fast charging can be avoided, and the pressure on the power grid can be relieved; intelligent circuit breakers cover detection around the clock, automatically warn of safety hazards such as electric leakage, overload, and overvoltage, respond with one click, and trace them in time, track energy trends in real time, further standardize energy waste, and achieve refined energy saving in buildings.

(2) The Company focuses on continuously developing scientific and technological applications in the water conservancy industry. Centering on the development needs of the national water network and water conservancy digital twin construction, the Company comprehensively enhances its core competitiveness in technologies such as artificial intelligence, 5G, and IoT. Based on its in-depth understanding of water conservancy business scenarios and long-term technology accumulation and practice, the Company creates a mature and complete smart water conservancy visualization supervision solution, providing systematic capabilities such as intelligent perception, smart recognition, and intelligent alert for multiple business scenarios such as hydrological forecasting, river and lake inspections, sand mining supervision, and water source protection, thereby fully enabling user business applications.

In terms of rivers and lakes, we used the full-process intelligent system of smart rivers and lakes to achieve efficient management of rivers and lakes, and take practical actions to help protect the Yangtze River and improve the efficiency of water area management. In terms of reservoirs, we created application solutions for water conservancy project safety and operation supervision, dam safety monitoring, etc. through ecological cooperation to improve the level of refined management of water conservancy projects. In terms of water environment protection, we launched a hyperspectral water quality analyzer to quickly realize automated monitoring and alert of various water quality parameters such as water turbidity and pH value, to timely grasp the situation of water quality changes, and make water quality monitoring more efficient.

The Company continues to explore new paths for "digital and intelligent water management", accelerates the deep integration of digital and intelligent technology and diversified water conservancy scenarios, and enables application scenarios such as flood and drought prevention, intensive and efficient use of water resources, optimal allocation of water resources, and ecological protection and management of major rivers, lakes, etc.

(3) In the field of forest protection technology, the Company closely aligns with the grand blueprint of China's ecological civilization construction and the urgent need for digital management of forest resources, protects forest resources through technological innovation, and contributes to the global "dual carbon" goals. In terms of fire alert, we have innovatively launched an intelligent server for secondary analysis of fire hazards, which can intelligently filter common sources of false alarms such as fog, reflections, construction machinery, and industrial heat sources, to create a three-dimensional forest fire detection and warning system to make information more accurate and handling more efficient. In terms of animal and plant protection, we have optimized the smart

recognition algorithm to achieve identification and analysis of nearly a thousand species of protected animals, helping to protect wild animals and plants. In the field of pest and disease detection, we have achieved intelligent detection of small targets such as pest-infested plants and diseased trees, accurately predicted the occurrence trends of pests and diseases, scientifically guided prevention and control work, and effectively reduced their threats to forest resources. Through continuously innovative smart forestry solutions, we drive the deep integration of information technology and forest protection work, contributing indispensable wisdom and strength to the sustainable management of forest resources, the solid construction of ecological security barriers, and the comprehensive advancement of ecological civilization construction.

(4) The Company, through the power of science and technology, continues to explore digital ecological protection models and actively protects biodiversity. In the extremely cold region of Antarctica, the Company donated intelligence device systems to multiple scientific bases to assist in the research of fauna and meteorology and to protect Antarctic penguins. In wetland environments, the Company actively explores the integration of technology and wetland protection, assisting in bird monitoring and protection in many wetlands across China. In Hainan, Yunnan, and other places, the Company assisted local departments in continuously training algorithms through the Ginn platform to help with the research and protection of populations such as gibbons and green peacocks. These measures not only help protect biodiversity, but also make positive contributions to ecological protection and sustainable development.

III. Core Competitiveness Analysis

As the Company's services for cities and enterprises' digital and intelligent transformation continue to deepen, the "diversity and fragmentation" characteristics of the AIoT industry are becoming increasingly prominent. The Company meets these challenges with its diversified application technology capabilities, continues to broaden its product breadth, strengthen its marketing model, focus on business penetration, and launch a "combination punch" for business development. It conducts self-iteration and optimization in multiple dimensions of the entire chain, including R&D, marketing, supply chain, and delivery services, thereby building unique competitiveness in the face of a diverse and fragmented AIoT market, and working with partners to achieve sustainable and high-quality development.

1. Adhere to the "Five Fulls" as the core of R&D and innovation investment, deepening customer demand orientation

With the advancement of digitalization and intelligence, technological evolution, industry needs and business models are undergoing continuous changes. The Company has a deep understanding of the development trend, firmly adheres to the two major technical strategies of AIoT and intelligent IoT data platform, consolidates the "five full" capabilities foundation, strengthens multi-dimensional perception capabilities, and provides more comprehensive perception services for various industry segmentation scenarios; with visual analysis as the core, improves the "1+2" artificial intelligence capability system, and accelerates the implementation and promotion of the Dahua industry large model, and implements trials in public security, transportation, urban governance, electricity, mining and other industries; builds a security assurance framework of "full process control + full product coverage" to make products safer and customers more at ease; provides cloud products that are cloud-native, fully open, and cover all scenarios in the entire domain, and shares, creates, and wins with partners. In the future, the Company will continue to strengthen business model innovation, build a preferred brand of AIoT, and work with partners to create new business formats in the digital era.

2. Continue to optimize the global marketing and service system layout and increase customer coverage

The Company has a global marketing and service network. By the end of 2024, the Company had 32 provincial and regional offices in China. The Company has increased its investment in client coverage at the marketing end, continued to deepen its efforts in small and medium-sized enterprise business at lower-tier administrative levels, built a win-win ecosystem, and continuously deepened its industry customer coverage. Customers in blind spots are constantly being explored. It is focusing on constructing multi-dimensional ecological partners, building a comprehensive altruistic service platform, and assisting partners in continuous innovation and development.

The Company has an extensive and in-depth distribution network overseas, which has laid a solid foundation for the stable growth of its basic business. Its brand influence continues to expand. At the same time, relying on the Company’s strong technical strength, localized sales network, global logistics and after-sales service system, it continues to deepen business opportunities, strengthen the adaptation of solutions to the local market, and gradually increase the proportion of solutions in overseas market revenue. The Company has further expanded into the international market by continuously cultivating an international business development and management team and continuously improving local business development and organizational operation capabilities.

3. Deepen intelligent manufacturing and build a customer-oriented digital supply chain system

The Company is committed to building an efficient, intelligent, flexible and reliable supply chain system for the global market. In addition to the Hangzhou headquarters smart (IoT) industrial park and Changsha Central Manufacturing Center, the Company has established manufacturing supply centers and HUB warehouses overseas to form a global multi-level supply network, and continues to promote the construction of an integrated upstream and downstream supply ecosystem to enhance its global supply capabilities.

On the basis of product standardization, operation standardization, and lean management, we continue to promote high-quality intelligent manufacturing and intelligent logistics construction. We apply leading machine vision, automation, digitalization, AIoT, and other technologies to achieve automated assembly, unmanned testing, and visualized supervision of key processes in core product lines. We apply various robots and logistics devices to improve the level of automation in material warehousing, material distribution, production handling, finished product warehousing, and outbound logistics. At the same time, we enhance the depth and breadth of human-machine-system interconnection based on business scenarios, and more efficiently collaborate with suppliers at all levels to continuously meet customer needs through the digitization of product data flow, manufacturing control flow, and order delivery flow information, thus practicing the "customer-centric" concept.

In response to the diverse needs of customer orders, we continue to deepen the construction of digital supply chain capabilities, and through visual fool-proofing in the manufacturing process, optimized logistics resource distribution, effective supplier management, delivery capability planning, and efficient internal collaboration, we can fulfill delivery commitments on time and reliably to meet customer needs.

4. Improve delivery and service capabilities and deliver great client experience

The Company always adheres to the core value of "achieving customers" and is committed to building a world-leading, efficient, and professional delivery platform to provide the ultimate delivery and service experience. To this end, the Company continues to improve its delivery and service system aimed at the whole market and all businesses, including project delivery, technical support, operation and maintenance management, and training certification. At the same time, the three-level service network consisting of Hangzhou Global Delivery & Service Center, domestic and overseas branches and subsidiaries, and authorized service centers, combined with digital and intelligent delivery service tools, provides customers with precise and intelligent services and solutions. The Company's service network covers more than 180 countries, with 9 spare parts distribution centers and 173 spare parts stations (46 spare parts stations in China), more than 2,000 delivery and service personnel, and more than 1,000 service partners, fully ensuring the response speed and delivery efficiency of the delivery and service business.

With the continuous development of the AIoT industry, the complexity of delivery is increasing. To meet the growing demand for software and personalized customization, the Company has established software capability centers in major provinces and regions in China, and has formed cooperative relationships with more than 200 software ecosystem partners to respond to customer needs flexibly and quickly. This strategy not only improves delivery efficiency, but also enhances the Company's service competitiveness, thereby further enhancing customer satisfaction.

5. Adhere to the Full Ecosystem Strategy and Build the Smart IoT Ecosystem Community featuring Co-construction, Win-win Outcome and Symbiosis

Ecological development is one of the Company's most important strategic initiatives. The Company has always been committed to building a cooperative and win-win ecosystem to co-create value with partners. The Company's purpose is to achieve customer success, adhering to the "full ecosystem" concept, anchoring on serving customer value realization, building comprehensive open capabilities from technology, business, to services, and being fully open to industry customers and developers through hardware, software, algorithms, services, and business ecosystems. We work with ecological partners to open up new areas, create new momentum, and jointly create unlimited possibilities for industrial development, empower the digital and intelligent development of thousands of industries, and achieve co-creation, symbiosis, and win-win results.

The Company provides convenience for partners by opening up device hardware capabilities and third-party platform access capabilities, enabling the rapid implementation of new intelligent scenarios; relying on the intelligent IoT data platform base, it achieves solution co-construction, product co-creation and capability sharing with ecological customers, and helps the industry's digital intelligence upgrade; it continues to upgrade the Ginn Open Platform, providing developers with online full-link capabilities for algorithm development, and improving the development efficiency of large model businesses; for service partners and business partners, the Company adheres to the business philosophy of "leaving convenience to partners and leaving complexity to ourselves", and optimizes the corresponding marketing policies, resource support and organization based on this philosophy to build a benign shared and win-win ecosystem.

6. Establish a compliance management system that complies with international standards to effectively ensure compliance operations and steady development

Adhering to integrity in business operations, upholding commercial ethics, and complying with the laws and regulations of the countries where the business operates are the core concepts that the Company has always advocated and practiced. In the context of global business operations, the Company attaches great importance to compliance in business development and operational processes, and continuously enhances its risk governance level. In 2024, the Company was awarded the ISO37301 compliance management system certificate issued by the British Standards Institution (BSI). This honor is not only a certification of the scientificity and effectiveness of the Company’s compliance management system, but also indicates that the Company’s systematic compliance management capabilities have been comprehensively improved. On this basis, the Company will continue to deepen its risk prevention and control and governance work in various compliance areas such as cyber security and data protection, export controls and economic sanctions, anti-bribery and anti-corruption, science and technology ethics, anti-monopoly, and anti-money laundering, to ensure that the goals and focus of compliance work are in resonance with the risks and challenges brought to the Company by changes in the internal and external environment, and to effectively play the value of the compliance management system in safeguarding the steady development of the business.

As the globalization of its business continues to deepen, the Company has always maintained a prudent business strategy, continued to consolidate the compliance risk management mechanism of "one country, one policy", improved the Company's risk control capabilities in various compliance areas, and the compliance management organization and operation mechanism of domestic and overseas branches. Through the solid operation and implementation of "compliance starts from the top, compliance is embedded in the process, compliance covers all employees, compliance system is standardized, compliance management is IT-based, and continuous optimization and improvement", it effectively prevents major compliance risks and safeguards the Company's interests and good reputation.

7. Adhere to the principle of "achieving customers, achieving strivers", and create a platform for common development

The Company always adheres to the core value of "achieving customers, achieving strivers", prioritizes customer achievement, guides everything based on customer needs, and aims to create customer value. It continuously supports customers in achieving long-term success and realizes co-creation, co-existence, and win-win outcomes with customers! At the same time, the Company is also a platform for realizing dreams and joint development, allowing all those who are willing to continuously strive and contribute on the platform to receive their deserved development and rewards, obtain both material and spiritual bounties, and achieve co-construction, sharing, and common development with those who strive!

IV. Main Business Analysis

1. Overview

The Company is a global leading AIoT solution provider and operation service provider. Focusing on the digital intelligent innovation and transformation of cities and enterprises, it continuously promotes urban business from improving urban management to efficient urban governance, ensuring orderly operation to urban operation autonomy, enhancing public safety to security system upgrades, and ecological environment monitoring to ecological collaborative governance. The enterprise business is from optimizing the security system to building a large security system, improving production efficiency to building digital intelligence productivity, assisting business management to improving business decision-making. It is committed to making society smarter and life better.

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 revenue of 32.181 billion yuan, a decrease of 0.12% compared to the same period last year; realizing a net profit of 2.347 billion yuan attributable to the shareholders of the listed company after deducting non-recurring gains or losses, a decrease of 20.74% compared to the same period last year. Main business strategies of the Company include:

1. Promote stability through progress and deepen 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. Delve into the core business of enterprises and assist in the digital and intelligent transformation of enterprises

The Company continues to deepen its presence in the business field of enterprise digital and intelligent transformation. In the process of helping enterprise customers with their digital and intelligent transformation, the Company has gradually integrated from peripheral systems into the core business systems of production, continuously improving hardware richness and AI capabilities, and continuously enhancing the application depth of multi-dimensional perception products and industry algorithm models in enterprise scenario-based business, realizing scenario-based services such as production safety, online device detection, and operation and maintenance status, helping to ensure production safety in the energy industry, as well as improving quality, reducing costs, and increasing efficiency in the field of intelligent manufacturing.

3. Keep precision investment in research and development, and deepen "five full" capabilities

The Company adheres to the core of technological innovation, maintains large-scale investment in research and development, and deepens the "five full" capabilities. In 2024, the Company invested 4.213 billion yuan in R&D, registering a year-on-year increase of 6.20%, and accounting for 13.09% of the operating revenue. In addition to maintaining investment in traditional video technology, the Company continued 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.

4. Build full-stack capabilities for large models and promote AI industrialization

The Company is guided by scenario-based applications, focuses on core technology research, insists on scientific and technological innovation, actively explores and promotes breakthroughs and applications of new technologies such as large models and multimodal AI, continuously consolidates the foundation of AI engineering, builds full-stack capabilities of large models, and continuously promotes the industrialization and commercial success of AI. At the same time, we deeply explore the connotation of view data, release the value of data, promote the comprehensive upgrade of human-computer interaction, and fully assist the digital intelligence upgrade of cities and enterprises, so as to achieve the closed loop from perceptual intelligence to data intelligence and then to business intelligence, creating business value for customers with "full intelligence" capabilities.

5. Improve software management capabilities and deepening the data industry chain

The Company has always been committed to promoting the value-added process of data elements. It positions itself as a provider of data as a resource, practitioner of data as an asset, and enabler of data as a commodity. It uses technology + ecology as a dual-wheel drive to form solutions covering the entire lifecycle of data, and works with ecological partners to help build a prosperous data element market. Starting from the dimensions of multi-dimensional perception, multi-connection, view intelligence, and open platform, the newly upgraded intelligent IoT data platform 2.0 deeply integrates the Dahua large model and graph-digit fusion capabilities, and builds efficient software engineering capabilities. It releases two major industry product systems, Urban Tianji and Enterprise Tianyan, to comprehensively assist efficient urban governance and enterprise digital intelligence upgrades. The Company has completed the 3.0 architecture upgrade for its public cloud business, building a full cloud product system based on a cloud low-code development middle platform, oriented towards channels, industries, and ecosystems. It provides customers with rich SaaS applications, including DoLynk Enterprise, Dahua CloudLink, DoLynk, and other public cloud products, offering enterprises a brand-new operation mode, upgrading from manual to "data + intelligence", and empowering enterprises to transform their digital and intelligent management.

6. Promote the development of innovative businesses and expand new high-potential growth points

In the innovative business, the Company, based on its in-depth understanding of customers' diversified needs and years of experience in AIoT, continues to explore emerging businesses, including: machine vision and mobile robots, thermal imaging, automotive electronics, smart security inspection, smart fire control, and storage medium, continuously expanding new high-potential growth points for the Company.

7. 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. Domestically, we continued to push our business downward to lower-tier cities, deepen local operations, and build a new ecosystem for lower-tier markets. Overseas, we carried out customer delamination and grading in our distribution business, make precise investments and marketing, and strengthen brand coverage. As an integrator, we will focus on key markets and key customers and strengthen the support system for lower-tier markets. 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.

2. Income and Costs

(1) Composition of operating revenue

Unit: RMB

	2024		2023		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	32,180,931,827.17	100.00%	32,218,317,636.77	100.00%	-0.12%
By Industry					
Smart IoT Industry	32,180,931,827.17	100.00%	32,218,317,636.7	100.00%	-0.12%

			7		
By Product					
Smart IoT Products and Solutions	25,775,422,871.14	80.09%	26,644,648,182.18	82.70%	-3.26%
Including: Software Business	1,685,487,112.56	5.24%	1,797,226,644.00	5.58%	-6.22%
Innovative Business (Note)	5,566,291,857.39	17.30%	4,906,653,657.98	15.23%	13.44%
Others	839,217,098.64	2.61%	667,015,796.61	2.07%	25.82%
By region					
Domestic	15,886,994,088.01	49.37%	16,891,274,970.99	52.43%	-5.95%
Overseas	16,293,937,739.16	50.63%	15,327,042,665.78	47.57%	6.31%

Domestic Sub-business Segment

Unit: RMB

	2024		2023		Year-on-year increase or decrease
	Amount	Proportion in Domestic Operating Revenue	Amount	Proportion in Domestic Operating Revenue	
To G	4,057,234,809.51	25.54%	4,333,197,296.68	25.65%	-6.37%
To B	8,710,034,420.06	54.82%	9,087,212,028.79	53.80%	-4.15%
Others	3,119,724,858.44	19.64%	3,470,865,645.52	20.55%	-10.12%
Total	15,886,994,088.01	100.00%	16,891,274,970.99	100.00%	-5.95%

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.

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

☑Applicable □ Not applicable

Unit: RMB

	Operating income	Operating Cost	Gross margin	Increase or decrease of operating revenue compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
By Industry						
Smart IoT Industry	32,180,931,827.17	19,681,686,604.51	38.84%	-0.12%	4.67%	-2.80%
By Product						
Smart IoT Products and Solutions	25,775,422,871.14	15,187,851,740.07	41.08%	-3.26%	1.06%	-2.51%
Including: Software	1,685,487,112.56	590,089,111.30	64.99%	-6.22%	-0.88%	-1.88%

Business						
Innovative Businesses	5,566,291,857.39	3,765,335,736.52	32.35%	13.44%	18.01%	-2.62%
By region						
Domestic	15,886,994,088.01	10,584,111,985.06	33.38%	-5.95%	0.51%	-4.28%
Overseas	16,293,937,739.16	9,097,574,619.45	44.17%	6.31%	9.96%	-1.85%
Domestic Sub-business Segment						
To G	4,057,234,809.51	2,426,040,798.49	40.20%	-6.37%	2.10%	-4.96%
To B	8,710,034,420.06	5,587,127,753.92	35.85%	-4.15%	2.24%	-4.01%
Others	3,119,724,858.44	2,570,943,432.65	17.59%	-10.12%	-4.40%	-4.93%

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 year.

□ Applicable ☑Not applicable

(3) Is the company's physical sales income greater than the labor income?

☑Yes □No

Industry Classification	Item	Unit	2024	2023	Year-on-year increase or decrease
Smart IoT Industry	Sales volume	Unit/set	89,318,564	82,494,035	8.27%
	Production output	Unit/set	91,286,526	79,919,254	14.22%
	Inventory Level	Unit/set	11,908,069	10,493,991	13.48%

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

□ Applicable ☑Not applicable

(4) Performance of major sales contracts and major procurement contracts signed by the Company as of the report period

□ Applicable ☑Not applicable

(5) Operating Cost Structure

Industry and Product Classification

Unit: RMB

Industry Classification	Item	2024		2023		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Smart IoT	Operating	19,681,686,604.5	100.00%	18,804,021,731.30	100.00%	4.67%

Industry	Cost	1				

Unit: RMB

Product Classification	Item	2024		2023		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Smart IoT Products and Solutions	Operating Cost	15,187,851,740.07	77.17%	15,028,931,547.27	79.92%	1.06%
Including: Software Business	Operating Cost	590,089,111.30	3.00%	595,339,657.86	3.17%	-0.88%
Innovative Businesses	Operating Cost	3,765,335,736.52	19.13%	3,190,755,235.44	16.97%	18.01%
Others	Operating Cost	728,499,127.92	3.70%	584,334,948.59	3.11%	24.67%

(6) Has the scope of consolidation changed during the reporting period?

☑Yes □No

(1) In the current period, the Company founded a total of 14 domestic and overseas subsidiaries through investment establishment and other means, 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., Jilin Dahua Zhilian Technology Co., Ltd., Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd., Hainan Dahua Huizhi 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 the enterprises it controls. The above subsidiaries were included in the scope of consolidation in the current period.

(2) Dahua Technology USA Inc., a subsidiary of the Company, was transferred during the current period and is no longer included in the consolidation scope from the date of transfer.

(3) 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.

(7) Major changes or adjustments to the company's business, products, or services during the reporting period

□ Applicable ☑Not applicable

(8) Major Clients and Suppliers

The Company's Major Clients

Total sales amount of the top five customers	3,754,506,222.76
Proportion of the total sales amount of the top five customers to the total annual sales	11.66%

Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	3.95%

Profiles of the Company's top five customers

No.	Name of customer	Sales amount (yuan)	Proportion to the annual sales
1	Company 1 (related party)	1,272,280,696.42	3.95%
2	Company 2	1,074,520,175.03	3.34%
3	Company 3	519,548,285.20	1.61%
4	Company 4	477,445,681.19	1.48%
5	Company 5	410,711,384.92	1.28%
Total	--	3,754,506,222.76	11.66%

Other Information Notes for Major Clients

□ Applicable ☑Not applicable

Major suppliers

Total Purchase Amount of Top Five Suppliers (yuan)	3,452,199,971.05
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	16.87%
Proportion of the total purchase amount of the related parties in top five suppliers to the total annual purchase amount	0.00%

Profiles of the Company's top five suppliers

No.	Supplier Name	Purchase amount (yuan)	Proportion to the total annual purchase amount
1	Company 1	1,252,392,104.10	6.12%
2	Company 2	686,420,981.77	3.35%
3	Company 3	598,241,391.99	2.92%
4	Company 4	477,902,532.13	2.34%
5	Company 5	437,242,961.06	2.14%
Total	--	3,452,199,971.05	16.87%

Other Information Notes for Major Suppliers

□ Applicable ☑Not applicable

3. Expenses

Unit: RMB

	2024	2023	Year-on-year increase or decrease	Statement on Significant Changes
Sales Expenses	5,166,733,337.95	5,163,519,417.85	0.06%	
Administration expenses	1,141,408,186.63	1,257,429,514.27	-9.23%	
Financial expenses	-389,890,980.61	-409,307,989.62	4.74%	
Research and development expense	4,213,255,565.73	3,967,248,795.22	6.20%	

4. R&D Investment

☑Applicable □ Not applicable

R&D personnel of the Company

	2024	2023	Change Ratio
Number of R&D personnel	12,689	12,372	2.56%
Percentage of R&D personnel	53.11%	52.80%	0.31%
Education background of R&D personnel			
Bachelor	8,196	8,214	-0.22%
master	3,436	3,056	12.43%
Age of R&D personnel			
Under 30	6,205	6,537	-5.08%
30-40	5,729	5,253	9.06%

Company's R&D investment

	2024	2023	Change Ratio
R&D investment (yuan)	4,213,255,565.73	3,967,248,795.22	6.20%
The proportion of R&D investment to operating income	13.09%	12.31%	0.78%
Capitalized R&D investment	0.00	0.00	0.00%
Proportion of capitalized R&D investment to R&D investment	0.00%	0.00%	0.00%

Causes and effects of significant changes in the composition of R&D personnel

□ Applicable ☑Not applicable

The reason for the significant change in the proportion of the total amount of R&D investment to operating income compared with last year

□ Applicable ☑Not applicable

Reasons and rational explanations on the substantial change in capitalization rate of R&D investment

□ Applicable ☑Not applicable

5. Cash Flow

Unit: RMB

Item	2024	2023	Year-on-year increase or decrease
Subtotal of cash inflow from operational activities	37,318,848,649.22	37,198,634,257.76	0.32%
Subtotal of cash outflow from operational activities	34,608,611,039.92	32,599,855,603.29	6.16%
Net cash flow generated by operating activities	2,710,237,609.30	4,598,778,654.47	-41.07%
Subtotal of cash inflow from investment activities	15,607,688,895.58	4,824,255,692.30	223.53%
Subtotal of cash outflows from investment activities	20,439,774,518.31	3,098,033,765.83	559.77%

Net amount of cash flow generated by investment activities	-4,832,085,622.73	1,726,221,926.47	-379.92%
Subtotal of cash inflow from financing activities	2,365,429,558.19	8,465,159,516.11	-72.06%
Subtotal of cash outflow from financing activities	5,168,848,978.07	6,812,296,481.85	-24.12%
Net cash flow generated by financing activities	-2,803,419,419.88	1,652,863,034.26	-269.61%
Net Increase in Cash and Cash Equivalents	-4,819,128,778.67	8,002,194,542.32	-160.22%

Description of the main factors affecting the significant changes in related data over the same period of last year

☑Applicable □ Not applicable

1. Net cash flow from operating activities decreased by 41.07% compared to the same period last year, mainly due to the increase in purchasing expenditures, cash paid to employees, and taxes paid compared to the same period last year.
2. The net cash flow from investment activities decreased by 379.92% compared with the same period last year, mainly due to the purchase of large-denomination certificates of deposit in this period and the large amount of cash received from the equity transfer in the previous period.
3. Net cash flow from financing activities decreased by 269.61% compared to the same period last year, mainly due to the receipt of raised funds in the same period last year.

Reasons for the significant difference between the net cash flow generated by the company's operating activities in the reporting period and the net profit in the current year

□ Applicable ☑Not applicable

V. Non-Main Business Analysis

□ Applicable ☑Not applicable

VI. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of 2024		Early 2024		Proportion increase and decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	Proportion To Total Assets		
Cash and Bank Balances	11,181,803,423.83	21.20%	15,971,005,114.47	30.20%	-9.00%	Mainly due to the large-denomination certificates of deposit purchased from banks in the current period and the repayment of debts
Accounts	17,046,094,518.79	32.32%	16,276,803,954.03	30.78%	1.54%	No major changes.

receivable						
Contract Assets	87,397,517.09	0.17%	86,714,216.34	0.16%	0.01%	No major changes.
Inventory	5,203,560,771.25	9.87%	5,332,608,544.02	10.08%	-0.21%	No major changes.
Investment Property	139,280,586.26	0.26%	129,637,004.00	0.25%	0.01%	No major changes.
Long-term Equity Investment	722,241,568.57	1.37%	727,453,629.75	1.38%	-0.01%	No major changes.
Fixed Assets	4,973,953,628.05	9.43%	4,937,180,876.88	9.34%	0.09%	No major changes.
Projects under Construction	1,254,554,187.36	2.38%	1,008,612,408.49	1.91%	0.47%	No major changes.
Right-of-use assets	232,124,277.86	0.44%	299,202,586.56	0.57%	-0.13%	No major changes.
Short-term loan	995,000,000.00	1.89%	957,426,330.18	1.81%	0.08%	No major changes.
Contract liabilities	1,282,204,348.75	2.43%	1,194,534,307.04	2.26%	0.17%	No major changes.
Lease liabilities	114,313,807.41	0.22%	176,580,049.57	0.33%	-0.11%	No major changes.
Other Non-Current assets	4,327,776,909.06	8.21%	210,809,264.49	0.40%	7.81%	Mainly due to the large-denomination certificates of deposit purchased from banks

The proportion of overseas assets is relatively high

□ Applicable ☑Not applicable

2. 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)		-206,254,198.57			100,802,813.95	91,599,686.10	426,978,600.00	229,927,529.28
2. Other Non-current Financial Assets	1,535,742,385.71	164,033,503.88			2,470,000.00	4,830,000.00	-422,718,398.72	1,274,697,490.87
3.	810,713,2						31,101,99	841,815,2

Receivables financing	67.86						9.57	67.43
4. Other	1,470,000.00						-1,470,000.00	
Financial assets subtotal	2,347,925,653.57	-42,220,694.69			103,272,813.95	96,429,686.10	33,892,200.85	2,346,440,287.58
Total of above items	2,347,925,653.57	-42,220,694.69			103,272,813.95	96,429,686.10	33,892,200.85	2,346,440,287.58
Financial liabilities	61,400.12	1,194,709.59					3,012,493.81	4,268,603.52

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

□ Yes ☑No

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

As of December 31, 2024, restricted assets of the Company are as follows:

Item	Book Value at the End of the Perion (RMB)	Cause of restrictions
Cash and Bank Balances	107,576,703.27	Guarantee letter security deposit and other restricted funds
Notes receivable and receivables financing	987,102,426.21	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognised
Fixed Assets	787,890,801.32	Fixed assets rented out under operating leases
Total	1,882,569,930.80	

VII. Investment Analysis

1. Overview

☑Applicable □ Not applicable

Investment in the Reporting Period (RMB)	Investment for the same Period of Last Year	Rate of Change
210,210,937.44	3,337,590,020.22	-93.70%

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 Stocks	688213	SMARTSENS	103,317,000.00	Fair value measurement	426,978,600.00	-206,455,158.21		20,802,813.95	91,599,686.10	109,222,706.41	149,726,569.64	Trading Financial Assets	Equity Fund
Total			103,317,000.00	--	426,978,600.00	-206,455,158.21		20,802,813.95	91,599,686.10	109,222,706.41	149,726,569.64	--	--

(2). Derivatives investment

☑Applicable □ Not applicable

1) Derivatives investments for hedging purposes during the reporting period

☑Applicable □ Not applicable

Unit: ten thousand RMB

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	-99.66		961,678.37	976,916.62	14,600.00	0.41%

Total		29,838.25	-99.66		961,678.37	976,916.62	14,600.00	0.41%

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 20.8868 million 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 fair value change loss of foreign exchange contracts was RMB 996,600 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: ten thousand RMB

Year of fund-raising	Way of fund-raising	Listing date	Total amount of funds raised	Net funds raised (1)	The amount of funds raised used in the current period	Accumulated aggregate amount of funds raised used (2)	Proportion of raised funds used at the end of the reporting period (3) = (2) / (1)	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	Issuance of shares to specific objects	April 14, 2023	509,999.92	508,983.26	82,583.88	432,276.60	84.93%	30,191.75	30,191.75	5.92% (Note 1)	83,149.32	Deposited in banks	0
Total	--	--	509,999.92	508,983.26	82,583.88	432,276.60	84.93%	30,191.75	30,191.75	5.92% (Note 1)	83,149.32	--	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. On August 23, 2024, the Company held the seventh meeting of the eighth Board of Directors and the sixth meeting of the eighth Board of Supervisors, and reviewed and approved the "Proposal on the Completion of Some Fundraising Projects and the Permanent Use of Surplus Fundraising Funds to Supplement Working Capital". In view of the fact that the Company's fundraising investment projects "AIoT Solution R&D and Industrialization Project" and "Supplementary Working Capital Project" have been invested and completed, in order to improve the efficiency of the use of raised funds, with the approval of the Board of Directors and the Board of Supervisors, the Company used the surplus raised funds of the aforementioned fundraising projects and the general account of raised funds totaling RMB 17.7424 million (including interest income from bank deposits) to permanently supplement its working capital, and cancelled the relevant special accounts for raised funds.
3. The Company cumulatively used raised funds of RMB 4322.766 million, the special account of the raised funds has received a net bank interest income of RMB 82.169 million, and as of December 31, 2024, the balance of unused raised funds was RMB 831.4932 million.

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: ten thousand RMB

Financing Project Name	Listing date	Projects with pledged investments and investment directions of excess funds due to oversubscription	Project Nature	Whether the projects have been changed (including partial changes)	Total pledged investments using raised funds	Total adjusted investments (1)	Amount Invested in the Current Reporting Period	Cumulative investments as of the end of reporting period (2)	Investment progress as of the end of reporting period (3)=(2)/(1)	The date the project reaches its intended usable status	Benefits realized during the reporting period	Cumulative Income As Of The End Of The Reporting Period	Whether expected benefits have been achieved	Whether there are major changes in project feasibility
Projects with pledged investments														
Issuance of shares to specific objects in 2023	April 14, 2023	Project of Smart IoT Solution R & D and Industrialization	Operation Management Project	No	92,990.00	92,990.00	0	92,990.00	100.00%	2023	1,311.73	4,703.28	No	No
		The phase II construction project of the smart manufacturing	Production and Construction Project	No	77,580.00	77,580.00	3,579.50	77,859.38	100.36% (Note 2)	2024	6,281.11	6,281.11	No	No

		base in Hangzhou												
		Artificial intelligence technology research and development and application research project	Research and Development Project	Yes	88,960.00	119,151.75	51,208.69	75,950.61 (Note 1)	63.74%	2026	N/A	N/A	N/A	No
		5G, IoT and multi-dimensional perception products and solutions R&D project	Research and Development Project	Yes	100,470.00	70,278.25	27,795.69	35,364.62 (Note 1)	50.32%	2026	N/A	N/A	N/A	No
		Replenishment of working capital	Flow Supplement Project	No	148,983.26	148,983.26	0	150,111.99	100.76% (Note 2)	N/A	N/A	N/A	N/A	No
Subtotals for projects with pledged investments				--	508,983.26	508,983.26	82,583.88	432,276.60 (Note 1)	--	--	7,592.84	10,984.39	--	--
Investment directions of excess funds due to oversubscription														
N/A														
Total				--	508,983.26	508,983.26	82,583.88	432,276.60 (Note 1)	--	--	7,592.84	10,984.39	--	--

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")	1. The R&D and industrialization project of AIoT solutions failed to achieve the expected benefits mainly because (1) the project revenue was lower than expected due to the impact of the overall industry environment; (2) in order to meet market demand and expand segmented scenarios, some product lines of the project adjusted their product structure, resulting in a decrease in gross margin; and (3) the Company continued to strengthen research and development and productization in technical fields such as software platforms, cloud computing, and big data, and its R&D investment increased. 2. The failure of the Phase II construction project of Hangzhou manufacturing base to achieve the expected benefits was mainly due to the impact of the overall industry environment and the project revenue was lower than expected.
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	The remaining raised funds are RMB 17.7424 million, which is mainly the interest income generated by the raised funds during the deposit period in the project special account and the general account. Considering that the investment projects of the raised funds "AIoT Solution R&D and Industrialization Project" and "Supplementary Working Capital Project" have been completed, with the approval of the Company's Board of Directors, the Company used the remaining raised funds from the aforementioned projects and the general account to permanently supplement working capital.
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	1. 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. 2. On May 19, 2023, the Company held the 43rd meeting of the 7th Board of Directors and the 30th meeting of the 7th Board of Supervisors, and reviewed and approved the "Proposal on the Use of Acceptance Bills, Equity Funds,

	etc. to Pay Funds for Investment Projects and Replace them with Equal Amounts of Fundraised Funds", agreeing that during the implementation of the investment projects with raised funds, the Company would use acceptance bills (including endorsement transfers), own foreign exchange, supply chain bills, and equity funds to advance payment of part of the funds for investment projects, and regularly transfer equal amounts from the special account for raised funds to the Company's equity funds account. This part of the equal amount of replacement funds would be deemed as funds used for the investment projects.

Note 1: 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 2: 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: ten thousand RMB

Financing Project Name	Way of fund-raising	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?
Issuance of shares to specific objects in 2023	Issuance of shares to specific objects	Artificial intelligence technology research and development and application research project	Construction Project of Xi'an R & D Center	119,151.75	51,208.69	75,950.61	63.74%	2026	N/A	N/A	No
		5G, IoT and multi-dimensional percep	New project of Southwest R&D Center	70,278.25	27,795.69	35,364.62	50.32%	2026	N/A	N/A	No

		tion products and solutions R&D project	of Dahua Co., Ltd.								
Total	--	--	--	189,430.00	79,004.38	111,315.23	--	--		--	--
Explanation of reasons for changes, decision-making procedures and information disclosure (by project)			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"): 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 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. 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."): 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. 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.
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

VIII. 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

IX. 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 income	Operating Profit	Net Profit
Zhejiang Dahua Vision Technology Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing, sales, and system services of computer hardware and software; manufacturing and sales of security devices, mechanical and electrical devices, and photovoltaic devices; sales and technical services of IoT devices; charging pile sales; warehousing services, bonded	1,306,810,000.00	23,340,493,944.39	2,561,502,790.32	23,382,881,120.18	82,965,068.22	67,452,055.56

		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 electronic components, safety equipment and communication devices; leasing of self-owned houses; warehousing services; catering services; import and export of goods	1,885,800,000.00	6,388,777,311.37	1,631,899,284.65	6,113,767,350.88	75,555,858.67	3,691,557.78

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
Jilin Dahua Zhilian Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Hainan Dahua Huizhi 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	Established with investment	No significant impact on overall

SDN. BHD.		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

X. Structured Entity Controlled by the Company

□ Applicable ☑Not applicable

XI. Prospects for the Future Development of the Company

1. Focus on the main channel of AIoT and strive to build the world's preferred brand of AIoT

The Company regards technological innovation as its core competitiveness, focusing resources on refining and perfecting each product to enhance the quality of business growth; at the same time, it deeply explores valuable industries and valuable customers, achieves balanced development of distribution channels, integrator customers, and industry users, and realizes product value. Faced with the highly fragmented market of AIoT, ecological development is the Company's long-term strategic choice. Distributors, integrators, ISVs, software service providers, installation service providers, etc., are all long-term partners. The Company will play the ecological "amplifier" effect to achieve a win-win value with its partners.

2. Focus on key work

(1) Continue to increase investment in innovation and core technologies, form core technology barriers, adhere to the two major technical directions of AIoT and intelligent IoT data platform, build a "five full" capabilities foundation, realize the "three improvements" of full-domain 6D perception technology, upgrade video perception capabilities in multiple dimensions, comprehensively expand full-frequency domain perception capabilities, strengthen research and development and investment in the field of artificial intelligence, combine multi-modal and large model technology capabilities,

promote the research and development and industrial implementation of industry visual large models for industry applications, accelerate the industrialization and upgrading of AI, and further expand the scale of digital and intelligent business in cities and enterprises.

(2) Adhere to the full ecosystem strategy, anchor the realization of customer value, build comprehensive open capabilities from technology, business, to services, and fully open up to industry customers and developers from hardware, software, algorithms, to services and business ecosystems. Work with ecosystem partners to open up new areas, create new momentum, jointly create and build unlimited possibilities for industrial development, and empower the digital intelligence of thousands of industries.

(3) Optimize the layout of the global marketing and service system, continue to deepen business into key cities in China and key overseas countries, strengthen regional operating capabilities, collaborate with ecosystem partners to deepen industry development, accelerate the response speed to front-line business and enhance service content, accurately match resources, and build value for customers.

(4) In the innovative business, the Company, based on its in-depth understanding of customers' diversified needs and years of experience in AIoT, continues to explore emerging businesses, including: machine vision and mobile robots, thermal imaging, automotive electronics, smart security inspection, smart fire control, and storage medium, to continuously expand new high-potential growth points for the Company.

(5) Deepen intelligent manufacturing and build a customer-oriented digital supply system. By building digital supply chain capabilities, visualizing the manufacturing process, optimizing logistics, effectively managing suppliers, planning delivery capabilities, and ensuring efficient internal collaboration, we can fulfill delivery commitments on time and reliably to meet customer needs.

(6) Enhance business operating efficiency, focus on high-quality operations, further improve the refined management of customers and business opportunities, and strengthen front-line operational capabilities. The supply chain shortens delivery time and further reduces costs through flexible supply. Strengthen quality management, comprehensively improve delivery and product quality, and promote the practical application of new technologies in intelligent software programming, intelligent pre-sales, and intelligent operation and maintenance.

(7) Deepen organizational capacity, develop talent teams, stabilize the talent hierarchy, and promote a virtuous cycle of management personnel and professional talents; cultivate a high-performance culture and clarify organizational responsibilities, enhance organizational efficiency and per capita efficiency; inspire hard work and reciprocation, and continue to promote the "Employee Development Community Plan".

(8) Continue to advance the construction of the Company's compliance system to effectively safeguard compliant operations and stable development of the business.

XII. Reception of Visits, Communication, Interviews, and Other Activities in the Report Period

☑Applicable □ Not applicable

Reception Time	Reception location	Reception Method	Reception target type	Reception objects	Main content of the discussion and the information provided	Index of the basic information of research
January 23, 2024	Company meeting room	Field Investigation	Institution	Dongxing Fund, Haitong Securities, and 28 other institutions	Business situation in 2023 and outlook for 2024, with a focus on communication and exchange on customer ecosystem construction and full-sensing field business.	Juchao Information Network "Investor Relations Activity Record Form from January 23 to 25, 2024"
April 16, 2024	Company meeting room	Telephone communication	Others	222 institutions, including CITIC Securities, China Merchants Asset Management, and 15 individual investors	The Company's operating conditions in 2023 and strategic development plan for 2024	Juchao Information Network "Investor Relations Activity Record Form on April 16, 2024"
May 13, 2024	Company meeting room	Field Investigation	Others	10 institutions, including CITIC Securities, China Merchants Asset Management, and 9 individual investors	Communicate and exchange ideas on future industry situation, overseas business, investor returns, etc.	Juchao Information Network "Investor Relations Activity Record Form on May 17, 2024"
August 24, 2024	Company meeting room	Telephone communication	Others	110 institutions, including CITIC Securities, China Merchants Asset Management, and 3 individual investors	The Company's operating situation in the first half of 2024	Juchao Information Network "Investor Relations Activity Record Form on August 24, 2024"
October 26, 2024	Company meeting room	Telephone communication	Others	129 institutions, including CITIC Securities, China Merchants Asset Management, and 4 individual investors	The Company's operating situation in the first three quarters of 2024	Juchao Information Network "Investor Relations Activity Record Form on October 26, 2024"

13. Development and implementation of market value management system and valuation enhancement plan

Whether the Company has established a market value management system.

☑Yes □No

Whether the Company has disclosed its valuation enhancement plan.

□ Yes ☑No

In order to strengthen the Company's market value management work, further standardize the Company's market value management behavior, and safeguard the legitimate rights and interests of the Company, investors, and other stakeholders, the Company has formulated a market value management system. The Company should focus on its core business and improve its operating efficiency and profitability. At the same time, based on its own circumstances, it can use a combination of mergers and acquisitions, equity incentives, employee stock ownership plans, cash dividends, investor relations management, improved information disclosure quality, share buybacks, and other legal and compliant methods to enhance the Company's investment value.

XIV. 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 "achieving customers, achieving strivers". It fulfills the mission of "making society smarter and life better", relying on two technical strategies: AIoT and the intelligent IoT data platform. It effectively integrates artificial intelligence, big data, and IoT technologies into the Company's products and solutions, serving urban digital innovation and enterprises' digital and intelligent transformation. The Company is committed to building a preferred brand of AIoT, promoting 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 and homing. 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 firm sense of returning to shareholders while laying a solid foundation for its development. It insists on cash dividends every year, and since its listing, the total amount of cash dividends has exceeded RMB 7.5 billion. During the reporting period, the Company formulated and implemented a profit distribution plan for the first half of 2024, and distributed cash of about RMB 602 million 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 annual profit distribution plan, and intended to distribute cash of RMB 4.58 (tax included) per 10 shares to all shareholders, with a cash dividend of about RMB 1.502 billion, in order to make the shareholders obtain better returns.

Section IV Corporate Governance

I. Basic Situation on Corporate Governance

The Company strictly follows the requirements of relevant laws, regulations, rules and normative documents such as the Company Law, the Securities Law and the Governance Guidelines for Listed Companies, and has established a "shareholders' meeting, board of directors, board of supervisors and senior management" corporate governance structure consisting of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the management. The Board of Directors has four special committees: the strategic committee, the audit committee, the nomination committee and the remuneration and assessment committee. Each institution has clear responsibilities and powers and operates in a coordinated manner.

During the reporting period, the Company continued to improve its corporate governance structure, establish and improve its internal control system, continuously enhance its standardized operation level, strictly fulfill its information disclosure obligations, and focus on protecting the interests of investors. During the reporting period, the actual situation of corporate governance is basically in line with the legal, regulatory, normative documents, and self-regulatory rules regarding the governance of listed companies issued by the China Securities Regulatory Commission, Shenzhen Stock Exchange, and others.

(I) Shareholders and General Meeting of Shareholders

The Company convenes and holds general meetings of shareholders in strict accordance with the provisions and requirements of the Company Law, the Articles of Association, and the Rules of Procedure for General Meeting of Shareholders, and is able to treat all shareholders equally, thus ensuring shareholders' rights to know, participate, and vote on major matters of the Company. During the reporting period, three general meetings of shareholders were held, and resolutions were made on issues such as regular reports, adjustments to fundraising and investment projects, and cash dividends. The Company hired lawyers to issue legal opinions on matters such as the convening of the general meeting of shareholders, the qualifications of attendees, the qualifications of the convener, the voting procedures and the voting results, to ensure that the operating mechanism of the general meeting of shareholders complies with relevant regulations and safeguards the legitimate rights and interests of shareholders.

(II) The Company and Controlling Shareholder

The Company is independent from the controlling shareholder in terms of business, personnel, assets, finance, and organization, and each has independent accounting and bears independent responsibilities and risks. During the reporting period, the controlling shareholder was able to strictly regulate its own behavior and exercise shareholder rights under relevant laws, regulations, and the Company's Articles of Association. There was no situation of abusing its controlling position to damage the legitimate rights and interests of the listed company and other shareholders, nor was there any situation of occupying the listed company's funds for non-commercial purposes.

(III) Directors and the Board of Directors

The Company elects the directors and appoints the independent directors in strict accordance with the selection and employment procedure specified in the Company Law and the Articles of Association. At present, the Company has nine directors, including three independent directors, all of whom are experts in corporate management, financial accounting, and other fields. The number and composition of the Board of Directors meet the requirements of relevant laws and regulations and the Articles of Association. All directors of the Company can perform their duties honestly and diligently in accordance with the requirements of maximizing the interests of the Company and shareholders. The Board of Directors convenes board meetings and implements the resolutions of the shareholders' meeting in strict accordance with the Articles of Association and the Rules of Procedure of the Board of Directors; all the directors are able to perform their due duties and conscientiously attend the Board meetings and shareholders' meetings to safeguard the legitimate rights and interests of the Company and shareholders.

(IV) Supervisors and the Board of Supervisors

The Board of Supervisors of the Company strictly elects the supervisors by the election and appointment procedures specified in the Company Law and the Articles of Association. The Company currently has three supervisors, and the number and composition of the Board of Supervisors meet the requirements of relevant laws and regulations and the Articles of Association. The board of supervisors convenes supervisor meetings in strict accordance with the Articles of Association and the Rules of Procedure of the Board of Supervisors. All the supervisors perform their duties conscientiously, and effectively supervise and express independent opinions on the legitimacy and compliance of the performance of the corporate finance, directors and senior managers in an integral, diligent and conscientious manner, to safeguard the legitimate rights and interests of the Company and shareholders.

(V) Senior Management

The Company's senior management has clear responsibilities and is able to perform their duties in strict accordance with the Articles of Association and other management systems, act diligently and conscientiously, and effectively implement and execute the resolutions of the Board of Directors.

(VI) Performance Appraisal and Incentive and Restrictive Mechanisms

In order to further establish and improve the Company's incentive mechanism and enhance the concept of common sustainable development between the Company, management and core backbone employees, the Company has implemented option and Restricted Share Incentive Plan to strengthen the interest sharing and restraint mechanism between shareholders and core business personnel, maintain the stability of the management team and business backbones, ensure the realization of the Company's development strategy and business objectives, and ensure the long-term and stable development of the Company. The appointment of company executives is open, transparent and complies with laws and regulations.

(VII) Stakeholders

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders. While striving to achieve a steady growth of the Company's performance, the Company also effectively treats and protects the legitimate rights and interests of all stakeholders, strengthens communication and cooperation with all parties, continuously improves product quality, emphasizes corporate social responsibility, and realizes the balance of interests among shareholders, employees, society, etc., in order to promote sustainable, stable, and healthy development of the Company.

(VIII) Information Disclosure and Investor Relations

The Company performs obligations for truthful, accurate, timely, and complete information disclosure in strict accordance with the relevant laws and regulations and the Company's Information Disclosure Management System and Investor Relations Management System, and designates Securities Times and Juchao Information Network (www.cninfo.com) as the media channels for such disclosure; the Company strictly enforces the confidentiality of undisclosed information. In accordance with the provisions of the Company's Inside Information Confidentiality System, the registration and filing of insiders of insider information is done conscientiously. The internal information insider filing system has been established and submitted to the regulatory authorities for record in time as required, and the behavior of submitting company information to external information users has been strictly regulated. During the reporting period, no incidence of stock trading based on insider information has occurred.

At the same time, the Company actively carries out exchanges with investors, opens an investor relations management column on the Company's official website, and responds to investors' questions through the Shenzhen Stock Exchange's investor interactive relations platform, the Company's investor hotline, etc., to keep investor communication channels smooth, help investors understand the Company, get closer to the Company, improve the Company's transparency, and protect the legitimate rights and interests of all shareholders.

Whether the actual status of corporate governance significantly deviates from the laws, administrative regulations, and the regulations issued by the China Securities Regulatory Commission regarding the governance of listed companies.

□ Yes ☑No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations, and the provisions of listed companies issued by the China Securities Regulatory Commission.

II. The Company’s Independence from the Controlling Shareholder and Actual Controller in terms of the Company’s Assets, Personnel, Finance, Organization, Business, etc.

The company and the controlling shareholders are completely separated in terms of business, personnel, assets, organization, and finance, and has independent and complete businesses and capabilities of independent operation.

1. Business independence

The company's business is independent of the controlling shareholders, actual controllers and other enterprises under their control, and has an independent and complete R&D, production, procurement, and sales system; the technology required for production and operation is legal, independently owned, or licensed for use by the company with no asset disputes. The company has signed all external contracts independently, and has the ability to independently make production and operation decisions and engage in production and business activities.

2. Personnel independence

The company's personnel are independent from the controlling shareholders, actual controllers and other companies controlled by them. The company has an independent human resources department responsible for labor, personnel and payroll management. The Company has established an independent labor, personnel, and salary management system. The production, operation, and administration are independent of the controlling shareholders, actual controllers, and other companies controlled by them; the recommendation, election, and appointment of directors, supervisors, and senior managers of the Company have all been conducted legally and independently; senior management personnel such as the president, executive president, senior vice president, secretary of the Board of Directors, and finance director did not hold positions other than directors and supervisors for controlling shareholders, actual controllers, and other companies controlled by them or receive salaries from them; the Company's financial staff do not have a part-time job with the controlling shareholders, actual controllers, and other companies controlled by them.

3. Asset independence

The company's assets are independent from the controlling shareholders, actual controllers and other companies controlled by them. The company's main assets include the ownership and use rights of complete land, plants, machinery and equipment, trademarks, patents, non-patented technology required for the main business, and an independent raw material procurement and product sales system. The property rights of the above assets are clear and completely independent of the controlling shareholders and major shareholders. There was misappropriation of the company's assets by the controlling shareholders and major shareholders.

4. Organizational independence

The company's organizations are independent from the controlling shareholders, actual controllers and other companies controlled by them. The Company has established a general meeting of shareholders, Board of Directors, Board of Supervisors, and other decision-making, implementation, and supervision organizations. It has also appointed senior managers such as president, executive president, vice president, board secretary, and chief financial officer; the Company has set up specialized departments equipped with the necessary personnel independently responsible for domestic/overseas sales, R&D, supply chain, delivery and service, quality and service, finance, legal affairs, securities, internal audit, human resources, administration, IT, and other functions. The internal organizations perform their respective operational management responsibilities under the leadership of the Board of Directors and the president in accordance with the rules and regulations; there have been no cases in which the controlling shareholders, actual controllers, and other companies controlled by them are confused with their identities and duties; there has been no incidence of the controlling shareholders or actual controllers intervening in the establishment of the Company's organizational setup.

5. Financial independence

The company's finance is independent from the controlling shareholders, actual controllers and other companies controlled by them. The company has established an independent financial department with full-time financial accounting personnel, and has established an independent financial accounting system for independent financial decisions. It has a standardized financial accounting system and financial management system for subsidiaries; the company has independently opened a basic deposit account so that there is no sharing of bank accounts with actual controllers, controlling shareholders, and other companies controlled by it; the company handled tax registrations with the Zhejiang Provincial State Tax Bureau and the Zhejiang Provincial Local Tax Bureau and paid taxes independently as required by law.

III Horizontal competition

□ Applicable ☑Not applicable

IV. Relevant Situation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders Held in the Reporting Period

1. The shareholders' meetings for this reporting period

Conference Session	Conference Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Conference Resolution
First Extraordinary General Meeting of Shareholders in 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).
Second Extraordinary General Meeting of Shareholders in 2024	Extraordinary General Meeting	46.01%	September 9, 2024	September 10, 2024	For details, see the Announcement of Resolution of the Second Extraordinary General Meeting of Shareholders in 2024 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

V. Directors, Supervisors, and Senior Management

(1) Basic information

Name	Gender	Age	Post	Position status	Starting date of tenure	Termination Date of tenure	Number of shares held at the beginning of the period (share)	Number of shares increased in the period (share)	Number of shares decreased in the period (share)	Other changes (share)	Number of shares held at the end of the period	Reasons for the changes in the number of shares
Fu Liquan	Male	58	Chairman	Incumbent	April 01, 2005	September 10, 2026	1,023,868,980	0	0	0	1,023,868,980	N/A
Wu Jun	Male	53	Vice Chair	Incumbent	April 01,	September	69,172,886	0	0	0	69,172,886	N/A

			man		2005	10, 2026						
Chen Ailing	Female	58	Director	Incumbent	April 01, 2005	September 10, 2026	71,262,813	0	0	0	71,262,813	N/A
Zhao Yuning	Male	48	Director	Incumbent	March 6, 2023	September 10, 2026	1,312,600	0	0	0	1,312,600	N/A
Yuan Lihua	Male	57	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	N/A
Zhang Xiaoming	Male	53	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	N/A
Liu Hanlin	Male	62	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	N/A
Zhang Yuli	Male	60	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	N/A
Cao Yanlong	Male	50	Independent Director	Incumbent	December 20, 2021	September 10, 2026	0	0	0	0	0	N/A
Song Maoyuan	Female	43	Employee Supervisor	Incumbent	April 03, 2008	September 10, 2026	0	0	0	0	0	N/A
Zheng Jieping	Female	46	Employee Supervisor	Incumbent	August 12, 2020	September 10, 2026	50,200	0	0	0	50,200	N/A
Jia Qi	Male	47	Supervisor	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	N/A
Fu Liquan	Male	58	President	Incumbent	February 27, 2020	September 10, 2026						
Zhao Yuning	Male	48	Executive President	Incumbent	December 19, 2022	September 10, 2026						
Liu Ming	Male	44	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	805,500	0	0	0	805,500	N/A

Li Zhijie	Male	50	Senior Vice President	Incumbent	February 27, 2020	September 10, 2026	940,600	0	0	0	940,600	N/A
Song Ke	Male	47	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	327,600	0	0	0	327,600	N/A
Wu Jian	Male	51	Secretary of the Board of Directors, Senior Vice President	Incumbent	December 01, 2005	September 10, 2026	1,624,935	0	0	0	1,624,935	N/A
Xu Qiaofen	Female	53	Senior Vice President, Chief Financial Officer	Incumbent	February 27, 2020	September 10, 2026	828,600	0	0	0	828,600	N/A
Xu Zhicheng	Male	59	Senior Vice President	Incumbent	22 March 2018	September 10, 2026	882,600	0	0	0	882,600	N/A
Zhu Jiantang	Male	43	Senior Vice President	Incumbent	22 March 2018	September 10, 2026	1,075,825	0	0	0	1,075,825	N/A
Chen Qiang	Male	43	Senior Vice President	Incumbent	April 15, 2024	September 10, 2026	53,040	0	0	0	53,040	N/A
Gao Chunshan	Male	47	Senior Vice President	Resigned	April 15, 2024	December 09, 2024	353,640	0	0	0	353,640	N/A
Total	--	--	--	--	--	--	1,172,559,819	0	0	0	1,172,559,819	--

During the reporting period, were there any directors or supervisors leaving their posts or senior management dismissed during their term of office?

☑Yes □No

During the reporting period, due to the Company's business management adjustments, Mr. Gao Chunshan applied to resign from the positions of Senior Vice President and President of the Domestic Marketing Center. For details, please see the "Announcement on the Resignation of Senior Management" disclosed by the Company on Juchao Information Network on December 10, 2024.

Changes of Directors, Supervisors and Senior Management of the Company

☑Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Chen Qiang	Senior Vice President	Appointment	April 15, 2024	Appointment
Gao Chunshan	Senior Vice President	Appointment	April 15, 2024	Appointment
Gao Chunshan	Senior Vice President	Dismissal	December 09, 2024	Job transfer

2. Position status

Professional backgrounds, major work experiences and current main responsibilities in the Company for incumbent directors, supervisors and senior management of the Company

Mr. Fu Liquan, Chinese nationality, born in 1967, with an EMBA degree from Zhejiang University. As one of the main founders of the Company, he has served as the director, chairman, and president of the Company and currently holds the titles of chairman and president of the Company. He has won the honors of "Top Ten Influential Zhejiang Entrepreneurs", "Model Worker of Zhejiang Province", "Outstanding Constructer of Socialism with Chinese Characteristics in the New Era of Non-Public Economy in Zhejiang Province", "Excellent Enterprise Operator with Outstanding Contributions to the Information Economy", "Outstanding Figure Award of China Security - Tribute to the 40 Years Anniversary of Reform and Opening Up", "Excellent Contributions Award in 'Ingenuity for a Safe China'", Global Security Contribution Award, Top Ten Figures in Security and Protection Industry, and the Best CEO of listed companies of Forbes.

Mr. Wu Jun, Chinese nationality, born in 1972, with a bachelor's degree, engineer, served as vice chairman and vice president of the Company and general manager of Zhejiang Dahua System Engineering Co., Ltd. He now serves as vice chairman of the Company and executive director of Zhejiang Dahua System Engineering Co., Ltd.

Ms. Chen Ailing, Chinese nationality, born in 1967, has a bachelor's degree. As one of the main founders of the Company, she served as director, CFO of the Company, and now serves as director of the Company.

Mr. Zhao Yuning, of Chinese nationality, was born in 1977 and holds a master's degree in science from the National University of Singapore. From July 2017 to December 2022, he served as Vice President of the Company, General Manager of the Overseas Marketing Center, Senior Vice President of the Company, and President of the Overseas Marketing Center. He currently serves as the Company's director, executive president, and president of the Domestic Marketing Center.

Mr. Yuan Lihua, Chinese nationality, born in 1968, with a master's degree. He has served as director and deputy general manager of China Mobile Communications Group Terminal Co., Ltd., and deputy general manager of the Overseas Investment Management Department of China Mobile Communications Group Co., Ltd. He is currently serving as the director of the Company, director, deputy general manager, and general legal counsel of China Mobile Capital Holdings Co., Ltd.

Mr. Zhang Xiaoming, Chinese nationality, born in 1972, holds a master's degree. He was formerly the Deputy General Manager of the Marketing Center of China Mobile Communications Group Beijing Co., Ltd., Manager of the Key Account Department of the Customer Service Division of China Mobile Communications Group Co., Ltd., and Deputy General Manager of Aspire Holdings Limited. He is currently the director of the Company.

Mr. Cao Yanlong, Chinese nationality, born in 1975, member of the Communist Party of China, holds a doctoral degree. He has served as a lecturer/postdoctoral fellow at the College of Food Science and Technology at Zhejiang University, a visiting scholar at the Centre for Precision Technologies (CPT) at the University of Huddersfield in the UK, and assistant director of the Hangzhou Municipal Economic and Information Technology Commission. He is currently a professor at the College of Mechanical Engineering at Zhejiang University. He also serves as the dean of Zhejiang University Shandong Industrial Technology Research Institute and an independent director of the Company.

Mr. Liu Hanlin, Chinese nationality, born in 1963, holds a master's degree. He has served as a teaching assistant, lecturer, associate professor, and professor of accounting at Hangzhou Dianzi University. He has served as vice dean of the College of Finance and Economics and secretary of the Party Committee of the School of Accounting at Hangzhou Dianzi University. He is currently a professor at Hangzhou Dianzi University, and is also a member of the Chinese Institute of Certified Public Accountants, a director of the Electronic Branch of the Accounting Society of China, a director and academician of the Zhejiang Accounting Society, an executive director of the Zhejiang Association of Chief Accountants, deputy director of the Zhejiang Management Accounting Expert Advisory Committee, and an independent director of Zhejiang Great Shengda Packaging Co., Ltd. An independent director of the Company.

Mr. Zhang Yuli, Chinese nationality, born in 1965, with a doctoral degree. He has served as Executive Deputy Director of the MBA Center of Nankai University, Vice Dean of the Graduate School, Vice Dean, and Dean of the School of Business. He is currently a professor and doctoral supervisor at the School of Business of Nankai University and the dean of the School of Innovation and Entrepreneurship of Nankai University. He is also a member of the Management Department of the Science and Technology Committee of the Ministry of Education, a member of the China High-Quality MBA Education Certification Working Committee, a member of the Tianjin Discipline Review Group and Professional Degree Education Steering Committee, and a review expert for the National Natural Science Foundation and the National Social Science Foundation, as well as an independent director of Tianjin Port Holdings Co., Ltd. and Tianjin Benefo Tejing Electric Co., Ltd. He was the recipient of the Special Allowance from the State Council in 2004 and was selected as a distinguished professor of the "Changjiang Scholars" program of the Ministry of Education in 2013. An independent director of the Company.

Ms. Song Maoyuan, Chinese nationality, was born in 1982 and graduated from university. She currently serves as the Company's president's secretary and chairman of the Board of Supervisors.

Ms. Zheng Jieping, Chinese nationality, was born in 1979 and graduated from university. She currently serves as the president of the Company's Human Resources Center and a supervisor.

Mr. Jia Qi, Chinese nationality, was born in 1978, holds a bachelor's degree. He has served as General Manager of the General Affairs Department and R&D Department of China Mobile Communications Group Terminal Co., Ltd., and General Manager of the Beijing branch. He currently serves as the General Manager of China Mobile Capital Holdings Co., Ltd. and a supervisor of the Company.

Mr. Wu Jian, Chinese nationality, born in 1974, holds a master's degree. He has served as secretary of the Board of Directors and vice president of the Company in the past five years, and now serves as secretary of the Board of Directors, senior vice president of the Company.

Ms. Zu Qiaofen, Chinese nationality, born in 1972, holds a junior college degree. Served as General Manager of the Company's Financial Center from January 2015 to January 2017; From January 2017 to December 2017, Deputy General Manager of the Company's Financial Center; The General Manager of the Company's Financial Center since December 2017 and now serves as General Manager of the Company's Financial Center. She currently serves as Chief Financial Officer, Senior Vice President, and President of the Financial Center.

Mr. Liu Ming, Chinese nationality, born in 1981, holds a master's degree. He joined the Company in 2006. In the past five years, he has served as General Manager of the hardware platform development department of the Company’s R&D center, General Manager of the front-end product line of the R&D center, General Manager of the product R&D department of the R&D center, and Deputy General Manager of the R&D center. He has served as Executive Vice General Manager of the R&D center since March 2020. He now serves as senior vice president of the Company and president of the R&D center.

Mr. Li Zhijie, Chinese nationality, born in 1975, holds a master's degree. From March 2005 to August 2017, served as technical engineer, director of the Delivery & Service Department of the Representative Office, national delivery representative, and president of the Regional Delivery Department of Huawei Technologies Co., Ltd.; since September 2017, has been serving as General Manager of the Delivery & Service Center of the Company. He now serves as senior vice president of the Company, president of the Delivery & Service Center, and president of Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.

Mr. Song Ke, Chinese nationality, born in 1978, holds a master's degree. He has served as the manager of the IT Center of Hangzhou H3C Co., Ltd., General Manager of Zhejiang Dahua Technology Co., Ltd., and a supervisor of the Company. He now serves as Senior Vice President of the Company and President of the Process IT Center.

Mr. Xu Zhicheng, Chinese nationality, was born in 1966 and holds a junior college degree. He has successively served as deputy general manager and general manager of marketing, and a supervisor of the Company from September 2013 to June 2015, has been serving as general manager of the Internal Audit Department of the Company since June 2015, and now serves as senior vice president and general manager of the Quality Management Center.

Mr. Zhu Jiantang, Chinese nationality, was born in 1982 and holds a bachelor's degree. From March 2012 to January 2015, he has successively served as Product Director of R&D and Deputy General Manager of R&D Center. Since January 2015, he has been the general manager of the Company's Supply Chain Management Center. He is currently the senior vice president of the Company and the president of the Supply Chain Management Center.

Mr. Chen Qiang, Chinese nationality, born in 1982, holds a master's degree. He joined the Company in 2008 and has served as Vice President and Executive Vice President of the Company's Overseas Marketing Center. He is currently the Company's Senior Vice President and President of the Overseas Marketing Center.

Position held in shareholders entities

□ Applicable ☑Not applicable

Position held in other entities

☑Applicable □ Not applicable

Name	Name of other entity	Position held in other entities	Renumeration received from other entity or not
Fu Liquan	Ningbo Huayang Venture Capital Investment Partnership (Limited Partnership)	Executive Partner	No
Fu Liquan	Hangzhou Gulin Equity Investment Partnership (limited partnership)	Executive Partner	No
Fu Liquan	Ningbo Huaqi Investment Management Partnership (Limited Partnership)	Executive Partner	No
Fu Liquan	Zhejiang Huashi Investment Management Co., Ltd.	Executive Director	No
Chen Ailing	Zhejiang Huanuokang Technology Co., Ltd.	Chairman	No
Chen Ailing	Zhejiang Huashi Investment Management Co., Ltd.	General Manager	No
Chen Ailing	Zhejiang Hyxi Technology Co., Ltd.	Director	No
Chen Ailing	Hangzhou Huaxi Information Technology Co., Ltd.	Executive Director and General Manager	No
Chen Ailing	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Chairman	No
Chen Ailing	Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang Lingyi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No

Chen Ailing	Hangzhou Jikang Linger Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang Lingsan Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang Lingsi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Ruipin Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huazhen Equity Investment Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huagu Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Zhejiang Huaxiao Linger Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Zhejiang Huaxiao Lingyi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huatan Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huaqi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Wu Jun	Ningbo Huakun Venture Capital Investment Partnership (Limited Partnership)	Executive Partner	No
Wu Jun	Zhoushan Xinhao Technology Development Co., Ltd.	Executive Director and General Manager	No
Yuan Lihua	Central Enterprises Rural Industry Investment Fund Co., Ltd.	Vice Chairman	No
Yuan Lihua	China Mobile Investment Holdings Co., Ltd.	Director	No
Yuan Lihua	China Mobile Capital Holdings Co., Ltd.	Director, Deputy General Manager, General Legal Counsel	Yes
Cao Yanlong	Hangzhou Hanmo Industrial Group Co., Ltd.	Supervisor	No
Cao Yanlong	Zhejiang Xiwei New Energy Technology Co., Ltd.	Executive Director and General Manager	No
Cao Yanlong	Hangzhou Hemu Intelligent Technology Partnership (Limited Partnership)	Executive Partner	No
Cao Yanlong	Qingdao Yihua Mingsheng Technology Co., Ltd.	Executive Director	No
Zhang Yuli	Tianjin TEDA Construction Group Co., Ltd.	Director	No
Zhang Yuli	Tianjin Port Holdings Co., Ltd.	Independent Director	Yes
Zhang Yuli	Tianjin Benefo Tejing Electric Co., Ltd.	Independent Director	Yes
Liu Hanlin	Zhejiang Great Shengda Packaging Co., Ltd.	Independent Director	Yes
Liu Hanlin	Hangzhou Crysound Electronic Stock Corporation.	Independent Director	Yes
Liu Hanlin	Zhejiang Lianxin Accounting Co., Ltd.	Director	No
Jia Qi	China Mobile Capital Holdings Co., Ltd.	Department General Manager	Yes
Jia Qi	Venustech Group Inc.	Director	No
Jia Qi	Beijing Haitian Ruisheng Science Technology Ltd.	Director	No
Zheng Jieping	Hangzhou Huarong Investment Management Co., Ltd.	General Manager	No
Song Maoyuan	Hangzhou Huaxi Information Technology Co.,	Supervisor	No

	Ltd.		

Incumbent or outgoing directors, supervisors and senior management in the reporting period that have been imposed administrative penalties by CSRC in the last three years

□ Applicable ☑Not applicable

3. Remuneration of Directors, Supervisors, and Senior Management

The following describes the decision-making program, determination basis and actual payment of remuneration for directors, supervisors and senior management.

Top management of the Company shall be evaluated by the performance commitments of senior management and the department managers and those above shall be evaluated by their work report at the end of the year. The managers have made business goal responsibility system in their term of office, and set up the evaluation approach combining KPI index commitments at the level of the Company and individual performance commitments. They have achieved qualified evaluation indices, meaning that they can complete their respective tasks in the latest term of office. The Company will increase their remuneration or adopt other incentive measures, as appropriate, based on their completion of goals.

Remuneration of directors, supervisors and senior management in the reporting period of the Company

Unit: ten thousand RMB

Name	Gender	Age	Post	Position status	Total remuneration from the Company before tax	Whether to receive remuneration from related parties or not
Fu Liquan	Male	58	Chairman, President	Incumbent	298.41	No
Wu Jun	Male	53	Vice Chairman	Incumbent	9.41	No
Chen Ailing	Female	58	Director	Incumbent	0	No
Zhao Yuning	Male	48	Director, Executive President	Incumbent	282.17	No
Yuan Lihua	Male	57	Director	Incumbent	0	Yes
Zhang Xiaoming	Male	53	Director	Incumbent	191.93	No
Liu Hanlin	Male	62	Independent Director	Incumbent	28	No
Zhang Yuli	Male	60	Independent Director	Incumbent	28	No
Cao Yanlong	Male	50	Independent Director	Incumbent	28	No
Song Maoyuan	Female	43	Employee Supervisor	Incumbent	72.05	No
Zheng Jieping	Female	46	Employee Supervisor	Incumbent	180.68	No
Jia Qi	Male	47	Supervisor	Incumbent	0	Yes
Liu Ming	Male	44	Senior Vice President	Incumbent	233.45	No
Li Zhijie	Male	50	Senior Vice President	Incumbent	221.13	No
Song Ke	Male	47	Senior Vice President	Incumbent	215.64	No
Wu Jian	Male	51	Secretary of the Board of Directors, Senior Vice President	Incumbent	219.2	No
Xu Qiaofen	Female	53	Senior Vice President, Chief Financial Officer	Incumbent	207.4	No
Xu Zhicheng	Male	59	Senior Vice President	Incumbent	230.62	No
Zhu Jiantang	Male	43	Senior Vice President	Incumbent	239.16	No

Chen Qiang	Male	43	Senior Vice President	Incumbent	284.77	No
Gao Chunshan	Male	47	Senior Vice President	Resigned	230.49	No
Total	--	--	--	--	3,200.49	--

Other notes

□ Applicable ☑Not applicable

VI. Performance of Directors' Duties during the Reporting Period

1. The Board of Directors for this reporting period

Conference Session	Date of Conference	Date of Disclosure	Conference Resolution
The Fourth Meeting of the Eighth Board of Directors	January 12, 2024	January 13, 2024	Resolution of the Fourth Meeting of the Eighth Board of Directors
The Fifth Meeting of the Eighth Board of Directors	April 15, 2024	April 16, 2024	Resolution of the Fifth Meeting of the Eighth Board of Directors
The Sixth Meeting of the Eighth Board of Directors	June 19, 2024	June 20, 2024	Resolution of the Sixth Meeting of the Eighth Board of Directors
The Seventh Meeting of the Eighth Board of Directors	August 23, 2024	August 24, 2024	Resolution of the Seventh Meeting of the Eighth Board of Directors
The Eighth Meeting of the Eighth Board of Directors	October 25, 2024	October 26, 2024	Resolution of the Eighth Meeting of the Eighth Board of Directors
The Ninth Meeting of the Eighth Board of Directors	November 15, 2024	November 16, 2024	Resolution of the Ninth Meeting of the Eighth Board of Directors

2. Attendance of directors at the meeting of the Board of Directors and the general meeting of shareholders

Attendance of directors at the meeting of the Board of Directors and the general meeting of shareholders							
Name of director	Number of board meetings to attend during the reporting period	Number of on-site attendance of board meetings	Number of attendance of board meetings by means of telecommunications	Number of attendance of board meetings by entrustees	Number of absence at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendance of shareholders' general meetings
Fu Liquan	6	6	0	0	0	No	3
Wu Jun	6	6	0	0	0	No	3
Chen Ailing	6	6	0	0	0	No	3
Zhao Yuning	6	6	0	0	0	No	3
Yuan Lihua	6	0	6	0	0	No	1
Zhang Xiaoming	6	6	0	0	0	No	0
Liu Hanlin	6	5	1	0	0	No	3
Zhang Yuli	6	4	2	0	0	No	3
Cao Yanlong	6	6	0	0	0	No	2

Explanation for failure to attend the Board of Directors in person for two consecutive times

None

3. Objections of directors to related issues of the Company

Whether the directors challenged the Company's related issues

□ Yes ☑No

During the reporting period, directors did not raise objections to the Company's related issues.

4. Other information on directors' performance of duties

Whether the directors' suggestions on the company were accepted

☑Yes □No

Note on the acceptance or rejection of the directors‘ suggestions on company issues

During the reporting period, the Company's directors strictly followed the relevant laws and regulations such as the Shenzhen Stock Exchange Listing Rules and the Company's Articles of Association, conscientiously attended the Company's Board of Directors and general meeting of shareholders, conscientiously performed their duties, and put forward constructive opinions or suggestions on the Company's development decisions. At the same time, we actively paid attention to the Company's business management information, financial status, major matters, etc., to promote the continuous, stable, and healthy development of the Company's production and operation.

The independent directors were diligent and responsible, actively understood the Company's operating conditions, the construction of the internal control system, and the implementation of the resolutions of the Board of Directors and the general meeting of shareholders. They focused on prudent supervision of the Company's related transactions, profit distribution plans, and other matters, and expressed professional opinions. They actively and effectively performed their duties as directors, safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders, especially small and medium-sized shareholders, and played a positive role in the Company's standardized, stable, and healthy development.

VII. Performance of Duties of the Special Committee under the Board of Directors during the Reporting Period

Committee Name	Membership	Number of meetings held	Date of Conference	Content of meetings	Important opinions and suggestions	Other fulfillment of duties	Specific circumstances of the objection (if any)
Audit Committee	Liu Hanlin, Chen Ailing, Cao Yanlong, Zhang Yuli, Yuan Lihua	5	March 25, 2024	Communicate with the audit institution on the preliminary draft of the audit.			
			April 12, 2024	Review of the 2023 annual report, internal control report, and other matters.			
			August 22, 2024	Review of the 2024 semi-annual report and other matters.			
			October 24, 2024	Review the 2024 third quarter report, etc.			

			December 30, 2024	Communicate and review the 2024 annual audit plan.			
Strategy Committee	Fu Liquan, Zhang Yuli, Wu Jun, Zhao Yuning	1	April 12, 2024	Review of the 2024 development strategy			
Nomination Committee	Cao Yanlong, Liu Hanlin, Fu Liquan	1	April 12, 2024	Review and verify the information of candidates for senior management.			
Remuneration and Appraisal Committee	Zhang Yuli, Fu Liquan, Liu Hanlin	3	April 12, 2024	Review and determine matters such as remuneration for directors, supervisors, and senior management, equity incentive buyback and cancellation, etc.			
			June 18, 2024	Review matters such as the unlocking/exercise conditions of the equity incentive plan.			
			August 22, 2024	Review the option price adjustment for equity incentives.			

VIII. Work of the Board of Supervisors

Has the Board of Supervisors discovered any risk in the Company during the supervision in the reporting period

□ Yes ☑No

The Board of Supervisors had no objection to the supervisory matters in the report period.

IX. Employee Situation in the Company

1. Number, profession composition and educational background of the employees

Number of incumbent employees in the parent company at the end of the reporting period (person)	10,595
Number of incumbent employees in major subsidiaries at the end of the reporting period (person)	13,296
Total number of incumbent employees at the end of the reporting period (person)	23,891
Number of employees receiving salaries in current period (person)	23,891
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	6
Profession composition	
Type of profession composition	Number of employees for profession composition

	(person)
R&D staff	12,689
Sales	4,805
Supply chain	4,152
Management	451
Professional support staff	1,794
Total	23,891
Educational background	
Type of educational background	Number of employees (person)
Master and above	4,396
Bachelor	13,663
College, technical secondary school	3,227
Others	2,605
Total	23,891

2. Remuneration policies

The Company has established complete remuneration management systems and incentive mechanisms to provide the employees with competitive remunerations in strict accordance with Labor Law, Labor Contract Law and other relevant laws and regulations, departmental rules and normative documents. The Company links its remuneration system and performance appraisal system with the business performance of the Company, which fully arouses the enthusiasm of the employees and effectively improves the executive force and responsibility consciousness of employees, thus better attracting and retaining talents and providing guarantee for sustainable, stable development of the Company in respect of human resources.

3. Training plan

The Company has been dedicated to the building of employee education and training system, established the internal lecturer management measures including new employee training and in-service employee training, implemented training credits management system, improved the comprehensive quality of the Company's employees, created good learning atmosphere, established learning organization and comprehensively helped employees to improve their ability to meet challenges and reforms in the future, thus providing powerful talent guarantee and intellectual support for sustainable, fast growth of the Company and achieving joint development of employees and the Company.

4. Labor outsourcing

□ Applicable ☑Not applicable

X. Distribution of Company Profits and Capital Reserve Conversion to Share Capital Situation

Profit distribution policy during the reporting period, especially the formulation, implementation, or adjustment of the cash dividend policy.

☑Applicable □ Not applicable

1. The Company held the 2023 Annual General Meeting of Shareholders on May 13, 2024, and reviewed and approve d the 2023 profit distribution plan. Based on the 3,274,649,389 shares after the Company eliminated the repurchased shares of 19,819,601 shares, a cash dividend of RMB 3.82 (tax included) per 10 shares would be distributed to all shar

eholders, with a total cash dividend of RMB 1,250,916,066.60 (tax included). No bonus shares would be issued, and no capital reserve would be converted into share capital. The remaining undistributed profit would be carried forward to the next year. The profit distribution plan was implemented on May 22, 2024.

2. After deliberation and approval by the Fifth Meeting of the Board of Directors and the 2023 Annual General Meeting of Shareholders, the Company has formulated the "Shareholder Return Plan for the Next Three Years (2024-2026)", which plans to distribute profits in cash each year from 2024 to 2026, not less than 30% of the net profit of that year, or the cumulative profit distributed in cash for three years shall not be less than 30% of the cumulative net profit realized in those three years, on the basis of complying with the requirements of the Company's Articles of Association on the cash dividend ratio, and provided that the Company's profitability and cash flow can meet the Company's going concern and long-term development. (The aforementioned net profit refers to the net profit value attributable to shareholders of the listed company in the consolidated financial statements after deducting non-recurring gains or losses.)

3. On September 9, 2024, the Company convened the second extraordinary general meeting of shareholders in 2024 to review and approve the 2024 semi-annual profit distribution plan: based on the share capital of 3,272,527,089 shares after deducting the repurchased shares of 19,819,601 shares, a cash dividend of RMB 1.84 (tax inclusive) would be distributed to all shareholders for every 10 shares, totaling a cash distribution of RMB 602,144,984.38 (tax inclusive). No capital reserve would be converted into share capital, no bonus shares would be distributed, and the remaining undistributed profit would be reserved for future distribution. The profit distribution plan was implemented on September 20, 2024.

Special notes on cash dividend policies	
Whether they comply with the requirements of the Company's articles of incorporation or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standards and proportions are distinct and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due role:	Yes
If the Company does not distribute cash dividends, it should disclose the specific reasons and the measures it intends to take to enhance the level of investor returns:	N/A
Whether the minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legitimate rights and interests have been fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent when the cash dividend policies are being adjusted or changed:	The Company has formulated the "Shareholder Return Plan for the Next Three Years (2024-2026)", and the cash dividend plan involved complies with relevant regulations and the requirements of the "Articles of Association", and has fulfilled the relevant review procedures.

The company was profitable during the reporting period, and the parent company had positive profits available for distribution to shareholders, but no cash dividend distribution plan was proposed.

□ Applicable ☑Not applicable

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
Number of dividend payout per 10 shares (RMB) (tax included)	4.58
Equity base of the distribution plan (shares)	3,279,257,910
Cash dividend amount (RMB) (tax included)	1,501,900,122.78
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB, Note)	602,144,984.38
Total cash dividends (including other ways) (RMB)	2,104,045,107.16
Distributable profit (RMB)	24,156,989,231.15
Proportion of total cash dividends (including other ways) to total profit distribution	100%
Latest 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 3,279,257,910 shares after deducting the repurchased shares (19,819,601 shares), the Company will distribute a cash dividend of RMB 4.58 (tax inclusive) for every 10 shares to all shareholders, and the total amount of this cash dividend will be RMB 1,501,900,122.78 (tax inclusive). It will not convert capital reserve into share capital or distribute bonus shares, and the remaining undistributed profit will be retained for future distribution. If the Company's share capital that enjoys the right to distribute profits changes before the implementation of the distribution plan due to the conversion of convertible bonds, share buybacks, exercise of equity incentives, listing of new shares from refinancing, etc., the Company will distribute the profits in accordance with the principle of unchanged distribution ratio and based on the total share capital on the dividend registration date (shares in the repurchase account do not participate in the distribution), and readjust the total distribution amount in accordance with the law.	

Note: The amount of cash dividends distributed in other ways is the 2024 semi-annual cash dividend amount.

XI. 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. Given the fact that 204 incentive recipients have resigned and are no longer eligible for incentives, 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 share 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. During the reporting period, the Company has completed the repurchase and cancellation of the aforementioned restricted shares/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.

3. On August 23, 2024, the Company convened the Seventh Meeting of the Eighth Board of Directors and the Sixth meeting of the Eighth Board of Supervisors, where it reviewed and approved the Proposal on Adjustment of the Exercise Price of the 2022 Stock Option and Restricted Share Incentive Plan. Due to the Company's implementation of the semi-annual profit distribution plan and in accordance with the provisions of the Stock Option and Restricted Share Incentive Plan (Draft Revised) for 2022, as well as the authorization from the annual general meeting of shareholders in 2021, the exercise price of the stock options has been adjusted from 15.657 yuan per share to 15.473 yuan per share.

4. The exercise conditions for the second exercise period of the company's 2022 stock option and restricted share incentive plan have been met. The exercise period is from July 11, 2024 to July 10, 2025. The exercise method is voluntary exercise. For details, please refer to the "Indicative Announcement on the Voluntary Exercise of the Second Exercise Period of the 2022 Stock Option and Restricted Share Incentive Plan" disclosed by the company on Juchao Information Network on July 10, 2024. As of December 31, 2024, 3,295,423 stock options had been exercised in the second exercise period, of which 3,283,043 stock options had been exercised in the fourth quarter of 2024.

Equity incentives received by the Company's directors and senior management

☑Applicable □ Not applicable

Unit: share

Name	Post	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Number of vesting shares during the reporting period	Number of vested shares during the reporting period	The exercise price of the vested shares during the reporting period	Number of stock options held at the end of the period	Market price at the end of the reporting period (yuan/share)	Number of restricted stocks held at the beginning of the period	Number of unlocked shares in this period	Number of restricted stocks newly granted during the reporting period	The granting price of restricted stocks (yuan/share)	Number of restricted stocks held at the end of the period

						(yuan /share)							
Zhao Yuning	Director, Executive President	326,400	0	163,200	0	0	326,400	16	489,600	244,800	0	8.16	244,800
Liu Ming	Senior Vice President	254,400	0	127,200	0	0	254,400	16	381,600	190,800	0	8.16	190,800
Li Zhijie	Senior Vice President	254,400	0	127,200	0	0	254,400	16	381,600	190,800	0	8.16	190,800
Song Ke	Senior Vice President	218,400	0	109,200	0	0	218,400	16	327,600	163,800	0	8.16	163,800
Wu Jian	Secretary of the Board of Directors, Senior Vice President	254,400	0	127,200	0	0	254,400	16	381,600	190,800	0	8.16	190,800
Xu Qiaofen	CFO, Senior Vice President	218,400	0	109,200	0	0	218,400	16	327,600	163,800	0	8.16	163,800
Zhu Jiantang	Senior Vice President	254,400	0	127,200	0	0	254,400	16	381,600	190,800	0	8.16	190,800
Xu Zhicheng	Senior Vice President	254,400	0	127,200	0	0	254,400	16	381,600	190,800	0	8.16	190,800
Chen Qiang	Senior Vice President	54,960	0	27,480	0	0	54,960	16	53,040	26,520	0	8.16	26,520
Total	--	2,090,160	0	1,045,080	0	--	2,090,160	--	3,105,840	1,552,920	0	--	1,552,920

Evaluation Mechanism and Incentives for Senior Management

Top management of the Company shall be evaluated by the performance commitments of senior management and the department managers and those above shall be evaluated by their work report at the end of the year. The managers have made business goal responsibility system in their term of office, and set up the evaluation approach combining KPI index commitments at the level of the Company and individual performance commitments. They have achieved qualified evaluation indices, meaning that they can complete their respective tasks in the latest term of office. The Company will increase their remuneration or adopt other incentive measures, as appropriate, based on their completion of goals.

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.

XII. Construction and Implementation of Internal Control System during the Reporting Period

1. Internal control construction and implementation

Under the Basic Norms for Enterprise Internal Control and its supporting guidelines and other internal control regulatory requirements, and in combination with the actual situation of the Company, the Company has established a sound internal control system and has effectively implemented it, which includes the rules of procedure for the Board of Directors, the rules of procedure for the Board of Supervisors, supervision and management of subsidiaries, seal management, investment and financing management, human resources management, information system management, capital activities, procurement management, asset management, sales and collection management, cost and expense management, information system security management, and information disclosure affairs management, etc., covering all business links related to financial reporting and information disclosure affairs in the Company's business activities.

The Company has established an Audit Committee under the Board of Directors to inspect and supervise the establishment and implementation of the Company's internal control, and review the Company's financial information and its disclosure. The Company has established a risk management system framework that is "risk-oriented, system-based, process-linked, control-tooled, and IT-supported" to provide good support for the realization of corporate strategies. By identifying risks and assessing risk levels from the perspective of severity, possibility, and effectiveness of existing measures, the Company improves the hierarchical decision-making authorization system based on the acceptable level of risk, establishes or optimizes systems and processes, promotes control activities such as process IT construction, and improves process systems to comprehensively respond to internal and external risks that may be foreseen in production and operation activities. The Company emphasizes the cultivation of risk awareness and regularly organizes risk management training for all departments, so as to strengthen the Company's risk alert and handling capabilities and develop risk control awareness among all staff.

According to the identification of major deficiencies in the Company's internal control over financial reporting, as of the base date of the internal control evaluation report, there were no major deficiencies in the internal control over financial reporting, and the Company has maintained effective internal control over financial reporting in all material aspects under the requirements of the enterprise internal control standard system and relevant regulations; according to the identification of major deficiencies in the Company's internal control over non-financial reporting, as of the base date of the internal control evaluation report, no major deficiencies in the internal control over non-financial reporting were found.

2. Details of material deficiencies in internal control found during the reporting period

□ Yes ☑No

XIII. The Company's Management and Control of Subsidiaries during the Reporting Period

N/A

XIV. Internal Control Evaluation Report or Internal Control Audit Report

1. Internal control evaluation report

Date of full-text disclosure for internal control assessment report	March 29, 2025	
Full-text disclosure index for internal control assessment report	http://www.cninfo.com.cn	
Percentage of total asset from units included in the assessment out of the total asset from the company's consolidated financial statements	100.00%	
The proportion of operating income of parties included in the assessment to the operating income from the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	Signs of material weakness in financial reporting include: (1) Corrupt practices of directors, supervisors and senior managers of the Company; (2) Material misstatements in the current Financial Report discovered by the Certified Public Accountants but not recognized by the internal control of the Company; (3) Invalid internal control and supervision of the External Financial Report and the Financial Report of the Company by the Audit Committee and the Audit Department. Signs of significant deficiencies in financial reporting include:	The identification of non-financial report defects is mainly determined by the extent of their influence on validity of business process and the probability of occurrence. If the possibility of deficiencies occurring is low, it will reduce work efficiency or effectiveness, increase the uncertainty of the effectiveness, or cause it to deviate from the expected goal, which is referred to as a general deficiency. If the possibility of a deficiency occurring is high, it will significantly reduce work efficiency or effect, or significantly increase the uncertainty of the effect, or cause it to significantly deviate from the expected goal, which is an important

	(1) Failure to select and apply the accounting policies in accordance with the accepted accounting standards; (2) Failure to establish anti-fraud procedure and control measures; (3) No appropriate control mechanism established or appropriate compensating control implemented for accounting treatment of irregular or special transactions; (4) There are one or more defects in the control of final financial reporting process, and no reasonable guarantee that the financial statements can achieve the goal of being true and complete. General deficiencies refer to the control deficiencies other than the material deficiencies and important deficiencies described above.	deficiency; if the possibility of a deficiency occurring is high, it will seriously reduce work efficiency or effect, or seriously increase the uncertainty of the effect, or cause it to seriously deviate from the expected goal, which is a major deficiency. Signs of major deficiencies in internal control over non-financial reporting include: (1) The Company's decision-making process is unscientific, with decisions being wrong, which leads to the failure to achieve the expected goals after the merger and acquisition. (2) Violation of national laws and regulations, resulting in investigation by relevant departments and regulatory authority. (3) Management personnel or key technical personnel are losing out. (4) Negative news frequently appears in the media. (5) The results of the internal control evaluation, especially major deficiencies or important deficiencies, have not been rectified. (6) Important businesses lack institutional control or the institutional system fails systematically.
Quantitative standards	Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators. If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but less than 1%, it is an important deficiency; If it exceeds 1% of the total asset,it is considered as a major deficiency.	The quantitative criteria is based on operating income and total assets. Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but is less than 1%, then it is considered as an important deficiency; If it exceeds 1% of the total asset, it is considered as a major deficiency.
Number of material weakness in financial reports		0
Number of material weakness in non-financial reports		0
Number of significant deficiency in financial reports		0

Number of significant deficiency in non-financial report	0

2. Internal control audit report

☑Applicable □ Not applicable

Deliberations Paragraph in the Internal Control Audit Report	
We believe that Dahua Technology maintained effective internal control over financial reporting in all material aspects under the Basic Standards for Enterprise Internal Control and relevant regulations as of December 31, 2024.	
Disclosure in the Internal Control Audit Report	Disclosure
Date of full-text disclosure for the internal control audit report	March 29, 2025
Full-text disclosure index for the internal control audit report	http://www.cninfo.com.cn
Opinion type in the internal control audit report	Standard unqualified opinion
Whether there are material deficiencies in the non-financial reports	No

Whether the accounting firm has issued an internal control audit report with modified opinions

□ Yes ☑No

Whether the opinions in the internal control audit report issued by the accounting firm are consistent with those in the self-evaluation report issued by the Board of Directors

☑Yes □No

XV. Rectification of Self-Examination Issues in the Special Action on Corporate Governance of Listed Companies

None

Section V Environmental and Social Responsibilities

I. Major Environmental Protection 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

Dahua Technology regards sustainable development as one of its core strategies, is committed to promoting the green transformation of the industrial chain, pays attention to the carbon footprint of its own operations, and during the reporting period implemented several energy-saving and consumption-reduction measures, all of which have achieved remarkable results.

In terms of green R&D, Dahua Technology has developed a green product management platform (GPM) to achieve intelligent environmental management of the entire product lifecycle, and has created a product carbon footprint accounting system to accurately assess carbon emissions and promote low-carbon product R&D and green procurement. The Company strictly abides by environmental protection standards such as RoHS and REACH to ensure the safety and compliance of raw materials. It also reduces the use of disposable plastics and improves logistics efficiency through miniaturized packaging design, application of environmentally friendly packaging materials, and logistics packaging optimization. It also uses innovative technologies to reduce material waste and lower carbon emissions.

In terms of product applications, Dahua Technology is actively implementing carbon reduction goals through the research and development of clean technologies and smart products. The Company has developed solar-powered systems and low power consumption cameras, promoting the use of clean energy to reduce energy consumption and extend the service life of devices. Charging piles support the use of clean energy and load balancing technology to improve energy efficiency. Smart power products integrate energy consumption monitoring and management functions, helping customers achieve refined energy management and reduce carbon emissions. The low-carbon attributes of these products have been recognized by external authoritative organizations, and they have obtained multiple green certifications, including Environmental Protection Product Certification, Environmental Labeling Product Certification, and Type II Environmental Labeling Certification, assisting customers and consumers in jointly moving towards a low-carbon future.

In terms of energy resource utilization, Dahua Technology has significantly improved resource utilization efficiency through systematic carbon reduction measures. The Company optimizes its energy structure through energy consumption monitoring platforms and clean energy projects, such as outsourcing rooftop photovoltaic and carport photovoltaic projects. At the same time, we promote electronic signing platforms, integrated logistics labels, and green warehousing models to further reduced energy and resource usage. In addition, we deploy energy-saving technologies, carry out environmental protection training, and promote paperless office to comprehensively enhance employees' awareness of green office and build a smart, efficient, and low-carbon office environment.

By conducting climate risk identification, Dahua Technology more accurately grasps the challenges and opportunities brought about by policy, technology, and market changes, aims at the direction of low-carbon transformation, and provides a clear path for achieving carbon reduction goals. In addition, Dahua Technology has systematically sorted out the organizational boundaries of carbon emissions, identified the main sources of emissions, and obtained a carbon inventory certificate, providing a scientific basis for the Company's emission reduction strategy formulation and carbon neutrality goal achievement.

Through green R&D, clean technology innovation, and systematic energy conservation and consumption reduction, Dahua Technology significantly improved resource utilization efficiency, reduced its own operational carbon emissions in 2024, helping the industry's green transformation and contributing to global sustainable development goals.

II. Social Responsibilities

Report published on the same day on the Juchao Information Network (For details, see the Company's 2024 Environmental, Social and Governancewww.cninfo.com.cn).

III. Consolidation and Expansion of Achievements in Poverty Alleviation and Rural Revitalization

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

Section VI Significant Events

I. Performance of Commitments

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

☑Applicable □ Not applicable

Commitments	Party making commitments	Commitment Type	Content	Time	Term	Performance
Commitments made during initial public offerings or refinancing	Fu Liquan, Chen Ailing, Wu Jun	Commitment on restricted shares	The number of shares transferred each year during his/her term of service shall not exceed 25 percent of the total number of shares he/she holds in the Company; he/she shall not transfer his/her shares in the Company within half a year after he/she leaves the Company; within the next twelve months, the number of shares sold through the stock exchange listing transactions shall not exceed 50% of the total shares he/she holds.	15 July 2007	Long-term	In normal performance
Commitments made during initial public offerings or refinancing	All directors and senior management	Other commitments	Commitment to the effective implementation of measures for compensating the returns of non-public offering of shares	March 26, 2021	Long-term	In normal performance
Commitments made during initial public offerings or refinancing	Fu Liquan, Chen Ailing	Other commitments	Commitment to the effective implementation of measures for compensating the returns of non-public offering of shares	March 26, 2021	Long-term	In normal performance
Commitments made during initial public offerings or refinancing	China Mobile Communications Group Co., Ltd.	Commitment on restricted shares	Within 36 months from the date of completion of Dahua Technology's issuance of shares to specific objects (i.e. the first day of listing of the newly added shares), the Dahua Technology shares subscribed by the Company in this offering shall not be transferred in any way, nor shall Dahua Technology conduct a share buyback for such shares; after the completion of this issuance, the Dahua Technology shares obtained by the Company through this issuance due to	April 14, 2023	36 months	In normal performance

			Dahua Technology's bonus shares, share capital increase, etc. shall also comply with the above agreement.			
Other commitments to minority shareholders of the Company	Fu Liquan, Chen Ailing	Commitment on horizontal competition	(1) He/she will not directly engage in operational activities that constitute horizontal competition with the stock company's business; (2) for companies he/she held or indirectly held, he/she will fulfill the obligations under this commitment through agencies and personnel (including but not limited to directors and managers); (3) if the stock company further expands its range of products and business scope, he/she and the company held by him/her will not compete with the expanded range of products or businesses of the stock company.	30 June 2007	Long-term	In normal performance
Whether the commitment is fulfilled on time			Yes			
Where the commitment is overdue, the specific reasons for not completing the performance and the following work plan shall be explained in detail			N/A			

2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still within the profit forecast period, the Company shall make an explanation on the fulfillment and its reasons

□ Applicable ☑Not applicable

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. Statement by the Board of Directors on the recent "Non-Standard Audit Report" related situation

□ Applicable ☑Not applicable

V. Explanations Made by the Board of Directors, the Board of Supervisors and Independent Directors (If Any) on the "Non-standard Audit Report" from the Accounting Firm during the Reporting Period

□ Applicable ☑Not applicable

VI. Changes in Accounting Policies, Accounting Estimates, or Corrections of Major Accounting Errors Compared with the Previous Year's Financial Report

☑Applicable □ Not applicable

For details on changes in the Company's accounting policies and accounting methods during the reporting period, please see "Section 10 Financial Report/V. Significant Accounting Policies and Accounting Estimates/38. Changes in Significant Accounting Policies and Accounting Estimates".

VII. Changes in the Scope of Consolidated Financial Statements Compared with the Previous Year's Financial Report

☑Applicable □ Not applicable

(1) In the current period, the Company founded a total of 14 domestic and overseas subsidiaries through investment establishment and other means, 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., Jilin Dahua Zhilian Technology Co., Ltd., Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd., Hainan Dahua Huizhi 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 the enterprises it controls. The above subsidiaries were included in the scope of consolidation in the current period.

(2) Dahua Technology USA Inc., a subsidiary of the Company, was transferred during the current period and is no longer included in the consolidation scope from the date of transfer.

(3) 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.

VIII. Appointment and Dismissal of Accounting Firms

Currently appointed accounting firms

Names of domestic accounting firms	BDO China Shu Lun Pan CPAs (special general partnership)
Remuneration to domestic accounting firms (Unit: ten thousand yuan)	200
Years of continuous audit service of domestic accounting firms	21
Names of Certified Public Accountants from domestic accounting firms	Du Na, Zhang Junhui
The continuous period of audit service for certified public accountants in domestic accounting firms	Du Na has been in service for 2 consecutive years, and Zhang Junhui has been in service for 5 consecutive years.

Whether to reappoint accounting firms for current period

□ Yes ☑No

Appointment of accounting firms, financial advisers or sponsors for internal control auditing

☑Applicable □ Not applicable

In 2024, the Company hired BDO China Shu Lun Pan CPAs (Special General Partnership) as its internal control audit accounting firm, and paid a total of RMB 400,000 in internal control audit fees during the period; Guosen Securities Co., Ltd. is the sponsor that continues to perform supervisory responsibilities.

IX. Suspension of Listing and Termination of Listing after Disclosure of the Annual Report

□ Applicable ☑Not applicable

X. Bankruptcy Reorganization Matters

□ Applicable ☑Not applicable

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

XI. Significant Lawsuits and Arbitration Matters

□ Applicable ☑Not applicable

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

XII. Penalties and Rectification

□ Applicable ☑Not applicable

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

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

□ Applicable ☑Not applicable

XIV. 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

On April 15, 2024, the Company held the Fifth Meeting of the Eighth Board of Directors and reviewed and approved the "Proposal on the Forecast of Routine Related Transactions in 2024". Based on business development and daily operating needs, the Company and its subsidiaries estimate that the total amount of daily related transactions with various related parties in 2024 will be RMB 1,688.94 million (excluding tax).

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

Announcement name	Disclosure date	Website for the disclosure
Announcement on the forecast of daily related-party transactions for 2024	April 16, 2024	http://www.cninfo.com.cn

XV. Significant Contracts and Their 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 and devices were used for rental, and there are no other leases of major property except for the leased real estate properties 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: ten thousand RMB

External guarantees from the Company and its subsidiaries (excluding guarantees to the subsidiaries)								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees approved during the reporting period (A1)				Total amount of 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	832,500.00	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	Yes	No

						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		
			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
			10/13/2017	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2018.09.21	28,753.60 (USD 40 million)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			9/1/2020	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	Yes	No
			2021.10.20	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	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	Yes	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	No	No

						years after the date of expiration of the performance period of the last due master debt under all master contracts		
			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	Yes	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 a single credit business to three years after the expiration date of the debtor's debt performance period under such master contract	No	No
			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	No	No

						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		
			2024.07.25	49,500.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No	No
			2024.08.16	50,000.00	Joint liability guarantee	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	No	No
			2024.09.19	68,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
			2024.12.13	20,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No	No
Zhejiang Dahua Zhilian Co., Ltd.	April 16, 2024	277,500.00	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	Yes	No

						receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit 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	Yes	No
			2021.12.03	3,594.20 (USD 5 million)	Joint liability guarantee	2021.12.03-2024.12.02	Yes	No
			2022.08.25	20,000.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	20,000.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2022.09.19	15,000.00	Joint liability guarantee	2022.09.19-2024.09.18	Yes	No
			2023.07.13	8,985.50 (USD 12.5 million)	Joint liability guarantee	2023.7.13-2024.7.12	Yes	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	Yes	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	Yes	No

						contract		
			2024.03.29	30,000.00	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	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	No	No
			2024.07.25	60,000.00	Joint liability guarantee	The guarantee period starts from the expiration date of the performance period of each principal debt under the master contract and ends three years after the expiration date of the performance period of the last due principal debt under all master contracts.	No	No
			2024.07.25	16,500.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No	No
			2024.09.19	15,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit	No	No

						contract (including early maturity of the debt).		
			2024.09.26	10,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	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	Yes	No
			2019.08.30	1,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	No
			2022.08.25	500.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	500.00	Joint liability guarantee	2024.09.28-2025.08.25	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	Yes	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)	Yes	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	No	No
			2024.08.16	5,000.00	Joint liability guarantee	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	No	No
			2024.09.03	1,000.00	Joint liability guarantee	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No	No
Dahua Technology (HK) Limited	April 16, 2024	70,000.00	2023.04.21	1,437.68 (USD 2 million)	Joint liability guarantee	2023.04.21-2024.04.21	Yes	No
			2024.04.22	2,156.52 (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	718.84 (USD 1 million)	Joint liability guarantee	2023.10.18-2024.10.20	Yes	No
			2024.10.18	718.84 (USD 1 million)	Joint liability guarantee	2024.10.18-2025.10.17	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	2022.08.25-2024.09.27	Yes	No
Dahua Technology UK Limited	April 16, 2024	4,000.00	2020.08.12	1,052.87 (1.16 million pounds)	Joint liability guarantee	August 12, 2020 - Signature of notice of termination	No	No
			2024.03.04	718.84 (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	1,437.68 (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	2022.08.25-2024.09.27	Yes	No
			2024.09.28	200.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2022.10.21	800.00	Joint liability guarantee	2022.10.21-2024.09.18	Yes	No
			2024.09.26	1,000.00	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 creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	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 guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	10,000.00	Joint	2024.09.28-	No	No

					liability guarantee	2025.08.25		
			2022.10.21	2,000.00	Joint liability guarantee	2022.10.21-2024.09.18	Yes	No
			2024.09.03	3,000.00	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 creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advances date of each advance;	No	No
			2024.09.19	1,500.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
Jiangsu Huaruipin Technology Co. Ltd.	April 16, 2024	3,500.00	2022.08.25	800.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	800.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2022.10.21	1,500.00	Joint liability guarantee	2022.10.21-2024.09.18	Yes	No
			2024.09.19	1,500.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No

Zhejiang Huaxiao Technology Co., Ltd.	April 16, 2024	1,600.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	200.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2022.10.21	800.00	Joint liability guarantee	2022.10.21-2024.09.18	Yes	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	2022.08.25-2024.09.27	Yes	No
			2022.10.21	2,500.00	Joint liability guarantee	2022.10.21-2024.09.18	Yes	No
			2024.09.19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
			2024.09.28	10,000.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2024.12.06	3,000.00	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 creditor's rights granted by the Xi'an Branch of China Merchants Bank or the advance	No	No

						date of each advance within the credit extension period;		
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	2022.08.25-2024.09.27	Yes	No
			2024.09.28	3,000.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2024.07.16	5,000.00	Joint liability guarantee	2024.07.16-2025.06.09	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 Bank within the credit extension period	Yes	No
			2024.07.16	8,000.00	Joint liability guarantee	2024.07.16-2025.06.09	No	No
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	2022.08.25-2024.09.27	Yes	No
			2024.09.28	5,000.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
			2022.10.21	2,000.00	Joint	2022.10.21-	Yes	No

					liability guarantee	2024.09.18		
			2024.09.19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
Zhejiang Pixfra Technology Co., Ltd.	April 16, 2024	1,000.00	2022.08.25	500.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	500.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
Zhejiang Huafei Intelligent Technology CO., LTD.	April 16, 2024	500.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	200.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
Zhejiang Huajian Technology Co., Ltd.	April 16, 2024	1,000.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	200.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
Hangzhou Xiaohua Technology CO., LTD.	April 16, 2024	200.00	2022.08.25	200.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	200.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	April 16, 2024	500.00	2022.08.25	500.00	Joint liability guarantee	2022.08.25-2024.09.27	Yes	No
			2024.09.28	500.00	Joint liability guarantee	2024.09.28-2025.08.25	No	No
Dahua Technology France SAS	April 16, 2024	700.00	2023.12.07	109.65 (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	1,078.26 (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	359.42 (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	April 16, 2024	500.00	No such case during the reporting period

Technology Co., Ltd.								
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)		622,331.88		
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)		887,248.00		
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
Huaray Technology Korea Company Limited	December 10, 2024	4,000.00	2024.12.09	169.58 (KRW 343.432 million)	Joint and several liability guarantee	The guarantee period is until HuaRay Korea has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No	No
			2024.12.13	72.59 (KRW 147 million)	Joint and several liability guarantee	The guarantee period is until HuaRay Korea has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No (partially completed)	No
Huaray technology GmbH	December 10, 2024	1,000.00	No such case during the reporting period					

Total amount of guarantees to subsidiaries approved during the reporting period (C1)	5,000.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (C2)	242.17
Total amount of guarantees to subsidiaries approved by the end of the reporting period (C3)	5,000.00	Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (C4)	225.83
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)	1,365,000.00	Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)	622,574.05
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)	1,365,000.00	Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)	887,473.83
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets		24.63%	
Including:			
Balance of guarantees provided to the shareholders, actual controllers, and their related parties (D)		0.00	
Balance of debt guarantees directly or indirectly offered to guaranteed objects with asset-liability ratio exceeding 70% (E)		841,810.32	
Amount of the portion of the total guarantee amount exceeding 50% of net assets (F)		0.00	
Total amount of the above three guarantees (D+E+F)		841,810.32	
Notes on unexpired guarantees with guarantee responsibilities occurred or possible joint liabilities within the reporting period (if any)		None	
Notes on providing external guarantees in violation of specified procedures (if any)		None	

Explanation of the use of composite guarantee method

N/A

3. Entrusting Others to Manage Cash Assets

(1) Entrusted Financing

☑Applicable □ Not applicable

Entrusted financing during the reporting period

Unit: ten thousand RMB

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

companies					
Financial products of securities companies	Equity Fund	8,000.00	8,000.00		
Total		8,000.00	108,000.00		

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: ten thousand RMB

Name of trustee organization (or name of trustee)	Trustee organization (or trustee) type	Product Type	Amount	Capital Source	Starting date	Termination date	Investment direction	Payment determination method	Reference for annualized rate of return	Expected earnings (if any)	Actual profit and loss during the reporting period	Actual recovery of profits and losses during the reporting period	Amount of provision for impairment accrued (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 maturit			17,543.42	Unexpired		Yes		

								y								
Guosen Securities Co., Ltd.	Securities Company	Earnings Certificate	8,000.00	Equity Fund	November 6, 2024	November 6, 2025	Others	Principal-Protected Floating Income			20.10	Unexpired		Yes		
Total			108,000.00	--	--	--	--	--	--		17,563.52	--		--	--	--

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

□ Applicable ☑Not applicable

(2) Entrusted Loans

□ Applicable ☑Not applicable

No such case as entrusted loan during the reporting period.

4. Other Significant Contracts

□ Applicable ☑Not applicable

No such case as other significant contract during the reporting period.

XVI. Explanations on Other Significant Matters

□ Applicable ☑Not applicable

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

XVII. Significant Events of the Company's Subsidiaries

□ Applicable ☑Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease in the change (+, -)					After the change	
	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	-144,032,662	-144,032,662	1,191,426,894	36.15%
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	8.90%	0	0	0	0	0	293,103,400	8.89%
3. Other domestic shares	1,042,356,156	31.64%	0	0	0	-144,032,662	-144,032,662	898,323,494	27.26%
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	-144,032,662	-144,032,662	898,323,494	27.26%
4. Foreign	0	0.00%	0	0	0	0	0	0	0.00%

shares									
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
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%	3,295,423	0	0	141,897,982	145,193,405	2,104,202,839	63.85%
1. RMB ordinary shares	1,959,009,434	59.46%	3,295,423	0	0	141,897,982	145,193,405	2,104,202,839	63.85%
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%	3,295,423	0	0	-2,134,680	1,160,743	3,295,629,733	100.00%

Reasons for changes in shares

☑Applicable □ Not applicable

1. During the reporting period, in respect of the 2022 stock option and restricted share incentive plan, the Company repurchased and cancelled 2,134,680 restricted shares held by the resigned incentive recipients that had not yet been released from the restriction on sale.

2. During the reporting period, the conditions for lifting the restriction on the second restricted period of the 2022 stock option and restricted share incentive plan have been met. There are 3,798 restricted share incentive targets that can be lifted from the restriction. The Company has applied to lift the restriction on 20,262,480 restricted shares.

3. During the reporting period, the incentive recipients of the 2022 stock option and restricted share incentive plan voluntarily exercised their rights on their own initiative for a total of 3,295,423 shares.

4. 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

1. The Company's repurchase and cancellation of restricted shares have been reviewed and approved at the Fifth Meeting of the Eighth Board of Directors, the Fourth Meeting of the Eighth Board of Supervisors, and the 2023 Annual General Meeting of Shareholders.

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. Pursuant to the authorization of the general meeting of shareholders and the Board of Directors, the Company has completed the listing and circulation of restricted shares and the registration and declaration of voluntary exercise during the reporting period.

Transfer for changes in shares

□ 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

During the reporting period, the Company's repurchase and cancellation of certain restricted shares and the voluntary exercise by incentive objects have led to changes in share capital, affecting the Company's basic earnings per share (EPS), diluted earnings per share, net assets per share attributable to common stock shareholders, and other financial indexes over the last year and last period. The impact is detailed in "Section 2 VI. Main Accounting Data and Financial Indexes".

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

□ Applicable ☑Not applicable

2. Changes in restricted stocks

☑Applicable □ Not applicable

Unit: share

Name of Shareholder	Number Of Shares With Limited Sales Condition At The Beginning Of The Period	Number of increased shares with limited sales condition in current period	Number of unlocked 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	63,600	0	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	122,400	984,450	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
Zhu Jiantang	902,269	0	95,400	806,869	Lock-up shares for directors, supervisors and senior management and restricted shares for equity incentive	According to the relevant provisions of shares management of directors, supervisors and senior management as well as

					award	equity incentive
Li Zhijie	641,850	63,600	0	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	63,600	0	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
Other senior executives and equity incentive objects	164,723,227	0	144,005,662	20,717,565	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	190,800	144,223,462	1,191,426,894	--	--

II. Issuance and listing of securities

1. Securities (excluding preferred share) issued in reporting period

□ Applicable ☑Not applicable

2. Explanation on changes in total number of the Company's shares & the structure of shareholders and the structure of assets and liabilities

☑Applicable □ Not applicable

1. During the reporting period, in respect of the 2022 stock option and restricted share incentive plan, the Company repurchased and cancelled 2,134,680 restricted shares held by the resigned incentive recipients that had not yet been released from the restriction on sale.

2. During the reporting period, the incentive recipients of the 2022 Stock Option and Restricted Share Incentive Plan voluntarily exercised their rights for a total of 3,295,423 shares.

3. Existing shares held by internal staff of the Company

□ Applicable ☑Not applicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total Number Of Common Shareholders At The End Of The Reporting Period	185,187	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	159,104	Total Number of Preferred Shareholders (If Any) (Refer to Note 8) Whose Voting Rights have been Recovered at the End of the Reporting Period	0	Total number of preferred stock shareholders (if any) with resumed voting rights at the end of the previous month before the disclosure date of the annual report	0

Shareholding situation of shareholders holding over 5% of shares or the top 10 shareholders (excluding shares lent through refinancing)								
Name of Shareholder	Nature of Shareholder	Shareholding Percentage	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited sales condition	Pledges, markings, or freezing	
							State Of Shares	Quantity
Fu Liquan	Domestic Natural Person	31.07%	1,023,868,980	0	767,901,735	255,967,245	Pledged	138,200,000
China Mobile Communications Group Co., Ltd.	State-owned Legal Person	8.89%	293,103,400	0	293,103,400	0	N/A	
Zhu Jiangming	Domestic Natural Person	4.74%	156,227,560	-3,947,930	0	156,227,560	N/A	
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	
Hong Kong Securities	Overseas Legal Person	1.98%	65,134,232	794,488	0	65,134,232	N/A	

Clearing Co. Ltd.								
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.20%	39,611,241	0	0	39,611,241	N/A	
FORESEA Life Insurance Company Limited - participating insurance	Others	1.19%	39,110,996	32,710,996	0	39,110,996	N/A	
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	Others	1.04%	34,180,030	19,456,300	0	34,180,030	N/A	
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	

Strategic investors or general legal persons becoming shareholders of the top 10 common shares as a result of the placement of new shares (if any) (see Note 3)	N/A
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	N/A

the top 10 shareholders (if any) (see Note 10)	

Shareholding of the top 10 unlimited sale condition shareholders (excluding shares lent through refinancing and lock-up shares for senior management)			
Name of Shareholder	Number of 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	156,227,560	RMB common stock	156,227,560
Hong Kong Securities Clearing Co. Ltd.	65,134,232	RMB common stock	65,134,232
China Securities Finance Co., Ltd.	39,611,241	RMB common stock	39,611,241
FORESEA Life Insurance Company Limited - participating insurance	39,110,996	RMB common stock	39,110,996
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	34,180,030	RMB common stock	34,180,030
New China Life Insurance Company Limited - Traditional - general insurance - 018L-CT001 Shen	24,321,736	RMB common stock	24,321,736
New China Life Insurance Company Limited - dividend- personal dividend - 018L-FH002 Shen	24,146,636	RMB common stock	24,146,636
China Construction Bank Stock Corporation - E Fund CSI 300 Exchange Traded Open-End Index-Initiated Securities Investment Fund	23,536,443	RMB common stock	23,536,443
Chen Ailing	17,815,703	RMB common stock	17,815,703
Explanation on associated relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without limited shares and top ten 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 10 common stock shareholders' participation in securities margin trading (If any) (see Note 4)	None		
Special note on the existence of repurchase special accounts among the top 10 unrestricted shareholders	The Company hereby declares that its special securities account for repurchase held 19,819,601 ordinary shares class A 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.		

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: share

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	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

		the period				period		
	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share 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%	34,180,030	1.04%	0	0.00%
China Construction Bank Stock Corporation - E Fund CSI 300 Exchange Traded Open-End Index-Initiated Securities Investment Fund	5,466,300	0.17%	83,900	0.00%	23,536,443	0.71%	0	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.

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Natural person-owned

Type of the controlling shareholder: Natural person

Name of the controlling shareholder	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liquan	China	No
Main occupation and title	Chairman and President of the Company	
Shares held in other listed companies by controlling or holding in the reporting period	Mr. Fu Liquan directly holds 7.34% of the shares of Leapmotor (HK.09863). In holding shares of Leapmotor, Mr. Fu Liquan, Ms. Chen Ailing, Mr. Zhu Jiangming, and Ms. Liu Yunzhen (Mr. Zhu Jiangming's spouse) act in concert and jointly and ultimately hold approximately 24.48% of the shares of Leapmotor, making them the largest shareholder group of Leapmotor.	

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

3. The actual controller of the Company and persons acting in concert

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

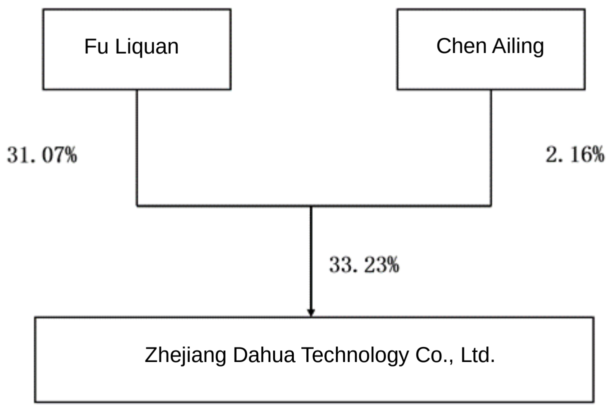
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liquan	Himself	China	No
Chen Ailing	Himself	China	No
Main occupation and title	Mr. Fu Liquan holds the position of the chairman and president of the Company; Ms. Chen Ailing holds the position of a director of the Company.		
Information about other listed companies at home and abroad controlled in the last ten years	None		

Change of the actual controller in the reporting period

□ Applicable ☑Not applicable

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

Block Digram for Property Right and Control Relationship between the Company and Actual Controllers



The actual controller controls the Company via trust or other ways of asset management

□ Applicable ☑Not applicable

4. The total number of shares pledged by the Company's controlling shareholder or largest shareholder and its persons acting in concert accounts for 80% of the total number of shares held by them.

□ Applicable ☑Not applicable

5. Particulars about other corporate shareholders with shareholding proportion over 10%

□ Applicable ☑Not applicable

6. Particulars on share reduction restricted for controlling shareholders, actual controller, restructuring party or other commitment entities

□ Applicable ☑Not applicable

IV. Specific Implementation of Share Buybacks during the Reporting Period

The progress on share repurchases

□ Applicable ☑Not applicable

Progress of the implementation of reducing repurchased shares through centralized competitive bidding

□ Applicable ☑Not applicable

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

Audit opinion type	Standard Unqualified Opinion
Signature Date of audit report	March 28, 2025
Name of audit institution	BDO China Shu Lun Pan CPAs (special general partnership)
Audit report ref.	Xin Kuai Shi Bao Zi [2025] No. ZF10088
Name of Certified Public Accountant	Du Na, Zhang Junhui

Audit Report Text

To the shareholders of Zhejiang Dahua Technology Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the Company), which comprise the parent company's and the consolidated balance sheet dated December 31, 2024, the parent company's and the consolidated income statement for the year 2024, the parent company's and the consolidated cash flow statement, the parent company's and the consolidated statement of changes in owners' equity, as well as the notes to relevant financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the parent company and the merged companies as at December 31, 2024 and the operating results and cash flows of the parent company and the merged companies in 2024.

II. Basis for Forming Our Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the CPA's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified by us during our audit are summarized below:

Key Audit Matters	How the matter was addressed in the audit
A. Recognition of revenue	
Dahua Technology's operating revenue in 2024 was RMB 32,180,931,800, which is an important part of Dahua Technology's income statement. Since revenue is	The main audit procedures we performed for the above key audit matters include: 1. Understand the design and implementation of Dahua Technology's internal control system and financial accounting system related to revenue recognition, and test the effectiveness of their operation.

one of Dahua Technology's key performance indicators, there is an inherent risk that management will manipulate the timing of revenue recognition in order to achieve specific goals or expectations. For this reason, we have determined revenue recognition as a key audit matter. For disclosure on revenue recognition policy, please refer to Note 3 (XXVI); for disclosure on operating revenue amount, please refer to Note 5 (XLV).	2. Differentiate between different types of sales, and based on the actual situation of the specific business, check the provisions of the relevant contracts and evaluate whether the revenue recognition complies with the requirements of the Accounting Standards for Business Enterprises. 3. Perform analytical review to determine the rationality of changes in sales revenue and gross margin. 4. Execute the confirmation procedure: Spot inspection of the annual sales amount and the amount of uncollected payment at the end of the year is confirmed by the customers, and the customs statistical amount certificate is obtained for the main revenue from overseas sales. 5. Test samples of different types of revenue: For standard products sold domestically and overseas sales of overseas subsidiaries, spot inspection of product delivery records, shipping orders, customer signature records, and payment records, etc.; for standard products sold overseas by domestic companies, spot inspection of delivery records, customs declaration forms, bills of lading, and payment records, etc.; for system integration sales, spot inspection of product delivery records, verification of shipping lists and contract lists, installation and commissioning completion acceptance reports, payment records, etc. 6. Sample the transactions made before or after the balance sheet date and check their out-of-stock records, customs declaration form, and other relevant supportive documents to confirm whether the revenues have been recognized in an appropriate accounting period.
B. Recoverability of accounts receivable	
At the end of 2024, the net value of Dahua Technology's accounts receivable was RMB 17,046,094,500. The management needs to make significant judgments about the identification of accounts receivable impairment accounts and the likelihood of cash inflow from future customers, and the realization of the guaranteed amount. The management's estimates and assumptions are uncertain. Since the amount of accounts receivable is significant to the financial statements	The main audit procedures we performed for the above key audit matters include: 1. Understand management's key internal controls over financial report related to credit control, account collection and assessment of receivables depreciation reserve. 2. Understand the Company's customer credit management procedures and collection measures for overdue debts. 3. For accounts receivable for which expected credit losses are calculated based on a portfolio of credit risk characteristics, review management’s division of the portfolio and assess the rationality of the estimated expected credit loss rate based on historical credit loss rates, current conditions, and forecasts for future economic conditions. We assessed the reasonableness of the provision ratio with reference to the historical audit experience and prospective information, tested the accuracy of the portfolio classification and

as a whole and the recoverability involves the estimation and judgment of future cash flows, we recognize the recoverability of accounts receivable as a key audit matter. For disclosure of the amount of accounts receivable, please refer to Note 5 (IV).	aging division of the accounts receivable, and recalculated the accuracy of the accrued amount of the expected credit loss. 4. We sampled the accounts receivable subject to separate bad debt provision, and reviewed the basis for the management's assessment of the expected credit loss based on the financial position and credit position of the customer, historical repayment records and prediction of the future economic condition. We validated the management's assessment against the evidence we obtained during the audit process, including background information, past transaction history and payment status of the customer, and forward-looking considerations. 5. Test the payment received after the balance sheet date; 6. Select customer samples according to the spot inspection principle and confirm the balance of accounts receivable. 7. Analyze whether there exist any accounts receivable that cannot be recovered and need to be written off.

IV. Other Information

The management of the Company (hereinafter referred to as the Management) is responsible for the other information. Other information includes information covered in the Company's 2024 annual report, but excludes the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In combination with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statement

The Management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. CPA's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Understand the internal control related to the audit in order to design appropriate audit procedure.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of using the going concern assumption by the Management. Meanwhile, conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit, and remain solely responsible for our audit opinion.

We have communicated with those charged with governance on such matters as the scope of audit as planned, the schedule and material audit findings, including the defects in the internal control that are worth paying attention to found in this audit.

We have also provided those charged with governance with a statement on observing the professional ethics related to independence, and communicated with those charged with governance on all the relationships and other matters that might be reasonably deemed to affect our independence, and relevant preventative measures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO China Shu Lun Pan CPAs Chinese CPA: Du Na

(Special General Partnership) (Project Partner)

Chinese CPA: Zhang Junhui

Shanghai, China March 28, 2025

II. Financial Statements

Units of financial reports in the notes: yuan

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

December 31, 2024

Unit: RMB

Item	Closing Balance	Opening Balance
Current Assets:		
Cash and Bank Balances	11,181,803,423.83	15,971,005,114.47
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	229,927,529.28	1,470,000.00
Derivative Financial Assets		
Notes receivable	777,750,260.09	813,039,192.75
Accounts receivable	17,046,094,518.79	16,276,803,954.03
Receivables Financing	841,815,267.43	810,713,267.86
Prepayments	310,574,867.09	189,388,716.99
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	293,728,850.42	337,524,688.36
Including: interest receivable		
Dividends Receivable		5,784,225.02
Buying Back the Sale of Financial Assets		
Inventory	5,203,560,771.25	5,332,608,544.02
Among them: Data resources		
Contract Assets	87,397,517.09	86,714,216.34
Holding for-sale assets		
Non-current Assets Due within 1 Year	237,608,641.30	303,454,116.40
Other Current Assets	1,035,802,016.58	939,374,868.31
Subtotal of Current Assets	37,246,063,663.15	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	744,412,552.00	946,659,309.70
Long-term Equity Investment	722,241,568.57	727,453,629.75

Investment in Other Equity Instruments		
Other Non-current Financial Assets	1,274,697,490.87	1,535,742,385.71
Investment Property	139,280,586.26	129,637,004.00
Fixed Assets	4,973,953,628.05	4,937,180,876.88
Projects under Construction	1,254,554,187.36	1,008,612,408.49
Productive Biological Assets		
Oil and gas assets		
Right-of-use assets	232,124,277.86	299,202,586.56
Intangible Assets	578,035,438.59	594,679,018.11
Among them: Data resources		
Development Expenditure		
Among them: Data resources		
Goodwill	6,615,294.18	6,615,294.18
Long-term Deferred Expenses	99,410,405.42	135,335,273.95
Deferred Income Tax Assets	1,136,746,080.45	1,287,903,482.65
Other Non-Current assets	4,327,776,909.06	210,809,264.49
Subtotal of Non-current Assets	15,489,848,418.67	11,819,830,534.47
Total assets	52,735,912,081.82	52,881,927,214.00
Current Liabilities:		
Short-term loan	995,000,000.00	957,426,330.18
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities	4,268,603.52	61,400.12
Derivative Financial Liabilities		
Notes Payable	3,599,974,242.02	3,296,294,946.26
Accounts Payable	5,877,976,861.13	5,815,123,195.55
Received Prepayments		
Contract liabilities	1,282,204,348.75	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	1,811,053,208.92	1,933,955,631.12
Tax Payable	405,860,321.63	1,243,482,361.08
Other Payables	637,013,560.05	812,424,146.52
Including: interest payable		
Dividends Payable	22,951,560.23	23,667,047.02
Service Charge and Commission		

Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	117,227,812.08	901,722,028.75
Other Current Liabilities	160,151,530.23	155,182,705.02
Subtotal of Current Liabilities	14,890,730,488.33	16,310,207,051.64
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease liabilities	114,313,807.41	176,580,049.57
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	268,194,691.24	224,542,626.90
Deferred Income	186,181,012.99	166,711,673.04
Deferred Income Tax Liabilities	19,162.22	737,367.19
Other Non-current Liabilities	102,264,089.02	119,054,046.66
Subtotal of Non-current Liabilities	670,972,762.88	687,625,763.36
Total Liabilities	15,561,703,251.21	16,997,832,815.00
Shareholders' Equity:		
Share Capital	3,295,629,733.00	3,294,468,990.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	7,156,767,235.86	7,124,125,996.49
Less: Treasury Share	564,654,524.63	746,699,863.45
Other Comprehensive Incomes	104,358,460.57	65,993,020.83
Special Reserves		
Surplus Reserves	1,647,814,866.50	1,647,234,495.00
General Risk Reserves		
Undistributed Profits	24,388,130,399.78	23,334,051,186.55
Total Shareholders' Equity Attributable to the Parent Company	36,028,046,171.08	34,719,173,825.42
Minority Shareholders' Equity	1,146,162,659.53	1,164,920,573.58
Total Shareholders' Equity	37,174,208,830.61	35,884,094,399.00
Total Liabilities and Shareholders' Equity	52,735,912,081.82	52,881,927,214.00

Legal representative: Fu Liquan   Person in charge of the accounting work: 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	5,897,243,923.06	9,624,679,601.93
Trading Financial Assets	229,927,529.28	
Derivative Financial Assets		
Notes receivable	46,362,406.21	368,774,122.18
Accounts receivable	4,139,497,263.56	6,640,946,970.53
Receivables Financing	719,599,879.51	698,297,307.69
Prepayments	16,906,692.15	31,587,070.13
Other Receivables	13,384,626,871.41	11,736,609,900.41
Including: interest receivable		
Dividends Receivable		
Inventory	284,771,384.52	447,927,880.25
Among them: Data resources		
Contract Assets	11,494,282.17	12,985,980.46
Holding for-sale assets		
Non-current Assets Due within 1 Year	3,807,555.80	10,032,002.75
Other Current Assets	538,541,006.72	348,700,342.87
Subtotal of Current Assets	25,272,778,794.39	29,920,541,179.20
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	1,954,398.82	5,359,168.22
Long-term Equity Investment	8,162,278,853.75	8,191,802,935.85
Investment in Other Equity Instruments		
Other Non-current Financial Assets	1,249,757,490.87	1,513,272,385.71
Investment Property	19,105,162.49	1,817,925.82
Fixed Assets	1,727,649,143.59	1,814,451,576.60
Projects under Construction	3,656,082.30	3,556,445.35
Productive Biological Assets		
Oil and gas assets		
Right-of-use assets	65,543,667.49	94,348,785.64
Intangible Assets	128,466,583.90	140,815,043.41
Among them: Data resources		
Development Expenditure		
Among them: Data resources		
Goodwill		
Long-term Deferred Expenses	51,808,153.67	66,926,895.55
Deferred Income Tax Assets	193,183,542.15	1,008,929.69
Other Non-Current assets	3,122,186,359.68	18,782,264.32
Subtotal of Non-current Assets	14,725,589,438.71	11,852,142,356.16
Total assets	39,998,368,233.10	41,772,683,535.36

Current Liabilities:		
Short-term loan		600,266,666.67
Transactional financial liabilities	776,841.98	
Derivative Financial Liabilities		
Notes Payable	654,898,101.96	221,026,659.43
Accounts Payable	998,713,006.78	884,748,949.13
Received Prepayments		
Contract liabilities	127,382,878.88	125,050,543.58
Payroll payable	1,115,800,008.44	1,354,637,328.45
Tax Payable	170,444,725.36	1,008,009,000.74
Other Payables	1,350,481,637.98	1,193,481,602.34
Including: interest payable		
Dividends Payable	22,951,560.23	23,667,047.02
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	35,716,560.18	787,284,456.59
Other Current Liabilities	25,720,588.07	22,753,109.13
Subtotal of Current Liabilities	4,479,934,349.63	6,197,258,316.06
Non-current Liabilities:		
Long-term loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease liabilities	23,992,169.41	48,328,489.38
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	39,764,161.76	1,550,020.50
Deferred Income	30,091,476.57	
Deferred Income Tax Liabilities		
Other Non-current Liabilities	44,307.49	144,070.84
Subtotal of Non-current Liabilities	93,892,115.23	50,022,580.72
Total Liabilities	4,573,826,464.86	6,247,280,896.78
Shareholders' Equity:		
Share Capital	3,295,629,733.00	3,294,468,990.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	6,888,762,462.22	6,881,563,679.88
Less: Treasury Share	564,654,524.63	746,699,863.45
Other Comprehensive Incomes		
Special Reserves		
Surplus Reserves	1,647,814,866.50	1,647,234,495.00
Undistributed Profits	24,156,989,231.15	24,448,835,337.15
Total Shareholders' Equity	35,424,541,768.24	35,525,402,638.58
Total Liabilities and Shareholders' Equity	39,998,368,233.10	41,772,683,535.36

3. Consolidated Income Statement

Unit: RMB

Item	2024	2023
I. Total Operating Revenue	32,180,931,827.17	32,218,317,636.77
Including: Operating Revenue	32,180,931,827.17	32,218,317,636.77
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	30,034,509,485.68	29,058,697,666.07
Including: Operating Cost	19,681,686,604.51	18,804,021,731.30
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
Net Amount of Withdrawn Reserve for Insurance Liability Contract		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	221,316,771.47	275,786,197.05
Sales Expenses	5,166,733,337.95	5,163,519,417.85
Administration expenses	1,141,408,186.63	1,257,429,514.27
Research and development expense	4,213,255,565.73	3,967,248,795.22
Financial expenses	-389,890,980.61	-409,307,989.62
Including: interest expenses	45,574,086.20	95,985,194.10
Interest Income	420,512,502.16	345,537,378.77
Add: Other income	1,007,110,693.00	942,767,172.83
Investment Income (Mark "-" for Loss)	464,818,698.59	4,495,973,812.03
Including: Investment Income from Affiliates and Joint Ventures	14,958,434.46	-242,631,295.52
Profits from recognition Termination of Financial Assets at Amortized Cost	-1,428,980.24	-16,573,899.23
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	-43,415,404.28	127,628,374.87

Credit Impairment Losses (Mark "-" for Loss)	-487,985,185.36	-412,457,117.43
Asset Impairment Losses (Mark "-" for Loss)	-107,759,438.82	-174,514,315.74
Asset Disposal Income (Mark "-" for Loss)	805,684.66	2,007,798.39
III. Operating Profit (Mark "-" for Loss)	2,979,997,389.28	8,141,025,695.65
Add: Non-operating Revenues	19,028,847.26	13,528,994.25
Less: Non-operating Expenses	9,556,681.90	32,849,032.26
IV. Total Profit (Mark "-" for Total Loss)	2,989,469,554.64	8,121,705,657.64
Less: Income Tax Expense	70,297,282.61	646,438,172.09
V. Net Profit (Mark "-" for Net Loss)	2,919,172,272.03	7,475,267,485.55
(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	2,919,172,272.03	7,475,267,485.55
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	2,905,728,684.03	7,361,892,404.52
2. Minority Shareholders' Profit and Loss	13,443,588.00	113,375,081.03
VI. Net Amount of Other Comprehensive Incomes after Tax	37,679,325.95	29,150,995.25
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	38,365,439.74	29,050,681.06
(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	38,365,439.74	29,050,681.06
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	38,365,439.74	29,050,681.06
7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	-686,113.79	100,314.19
VII. Total Comprehensive Income	2,956,851,597.98	7,504,418,480.80
Total Comprehensive Income Attributable to the Parent Company's Owner	2,944,094,123.77	7,390,943,085.58
Total Comprehensive Income Attributable to Minority Shareholders	12,757,474.21	113,475,395.22
VIII. Earnings Per Share		
(I) Basic Earnings per Share	0.90	2.31
(II) Diluted Earnings per Share	0.90	2.31

Legal representative: Fu Liquan   Person in charge of accounting work: Xu Qiaofen   Person in charge of the accounting institution: Zhu Zhuling

4. Income Statement of the Parent Company

Unit: RMB

Item	2024	2023
I. Operating Revenue	7,518,191,042.08	10,675,914,320.02
Less: Operating Cost	1,465,137,970.11	1,691,509,093.51
Taxes and Surcharges	111,825,883.38	146,495,115.07
Sales Expenses	2,431,702,053.58	2,462,085,420.10
Administration expenses	635,934,038.09	680,831,535.05
Research and development expense	3,065,795,148.03	2,864,986,091.20
Financial expenses	-287,777,462.98	-91,154,399.90
Including: interest expenses	31,357,085.45	81,261,266.60
Interest Income	260,649,260.35	213,951,362.84
Add: Other income	811,362,856.47	679,492,419.86
Investment Income (Mark "-" for Loss)	302,148,808.75	4,314,965,696.38
Including: Investment Income from Affiliates and Joint Ventures	-34,908,353.35	-309,247,666.73
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)	-2,965,408.15	-4,044,983.67
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	-42,997,536.67	101,037,455.74
Credit Impairment Losses	-41,819,656.19	-43,204,243.79

(Mark "-" for Loss)		
Asset Impairment Losses (Mark "-" for Loss)	-912,196.39	-449,430.51
Asset Disposal Income (Mark "-" for Loss)	-173,915.70	539,633,345.30
II. Operating Profit (Mark "-" for Loss)	1,123,181,772.14	8,512,636,707.97
Add: Non-operating Revenues	4,086,587.52	1,578,964.62
Less: Non-operating Expenses	2,141,311.75	1,596,176.55
III. Total Profit (Mark "-" for Total Loss)	1,125,127,047.91	8,512,619,496.04
Less: Income Tax Expense	-434,676,316.89	725,580,252.78
IV. Net Profit (Mark "-" for Net Loss)	1,559,803,364.80	7,787,039,243.26
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	1,559,803,364.80	7,787,039,243.26
(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	1,559,803,364.80	7,787,039,243.26
VII. Earnings per share		
(I) Basic Earnings per Share	0.48	2.45
(II) Diluted Earnings per Share	0.48	2.44

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2024	2023
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	34,669,187,205.38	34,442,145,403.42
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	1,155,885,839.76	1,297,555,479.60
Other Received Cash Related to Operational Activities	1,493,775,604.08	1,458,933,374.74
Subtotal of cash inflow from operational activities	37,318,848,649.22	37,198,634,257.76
Cash Paid for Merchandise and Services	21,837,355,751.06	21,282,073,936.41
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	7,891,665,626.88	7,048,918,522.07
Cash Paid for Taxes and Surcharges	2,369,366,594.70	1,924,186,453.49
Other Paid Cash Related to	2,510,223,067.28	2,344,676,691.32

Operational Activities		
Subtotal of cash outflow from operational activities	34,608,611,039.92	32,599,855,603.29
Net cash flow generated by operating activities	2,710,237,609.30	4,598,778,654.47
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	15,446,431,122.05	4,741,623,320.96
Cash Arising from Investment Incomes	24,092,429.23	28,682,909.98
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	1,760,730.93	4,137,565.27
Net Cash Arising from Disposal of Subsidiaries and Other Business Units	90,212,801.88	
Other Received Cash Related to Investment Activities	45,191,811.49	49,811,896.09
Subtotal of cash inflow from investment activities	15,607,688,895.58	4,824,255,692.30
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	907,507,733.38	1,445,917,821.13
Cash Paid for Investments	19,513,379,638.01	1,566,078,364.60
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units	12,269,004.98	
Other Paid Cash Related to Investment Activities	6,618,141.94	86,037,580.10
Subtotal of cash outflows from investment activities	20,439,774,518.31	3,098,033,765.83
Net amount of cash flow generated by investment activities	-4,832,085,622.73	1,726,221,926.47
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	50,992,358.19	5,835,668,662.56
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders		739,669,502.56
Cash Arising from Borrowings	2,314,437,200.00	2,629,490,853.55
Other Received Cash Related to Financing Activities		
Subtotal of cash inflow from financing activities	2,365,429,558.19	8,465,159,516.11
Cash Paid for Debts Repayment	3,061,814,753.64	4,075,180,609.51
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,891,030,117.80	1,868,381,166.79
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries	7,978,707.94	1,104,770.95
Other Paid Cash Related to	216,004,106.63	868,734,705.55

Financing Activities		
Subtotal of cash outflow from financing activities	5,168,848,978.07	6,812,296,481.85
Net cash flow generated by financing activities	-2,803,419,419.88	1,652,863,034.26
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	106,138,654.64	24,330,927.12
V. Net Increase in Cash and Cash Equivalents	-4,819,128,778.67	8,002,194,542.32
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	11,061,530,816.28	15,880,659,594.95

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2024	2023
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	10,850,756,525.93	9,580,658,235.54
Tax Refund		
Other Received Cash Related to Operational Activities	1,125,632,790.31	995,036,096.41
Subtotal of cash inflow from operational activities	11,976,389,316.24	10,575,694,331.95
Cash Paid for Merchandise and Services	968,711,350.46	894,299,605.11
Cash Paid to and for Employees	4,402,936,109.00	4,148,209,445.47
Cash Paid for Taxes and Surcharges	1,449,599,709.32	980,532,790.15
Other Paid Cash Related to Operational Activities	1,358,974,968.97	1,218,042,054.87
Subtotal of cash outflow from operational activities	8,180,222,137.75	7,241,083,895.60
Net cash flow generated by operating activities	3,796,167,178.49	3,334,610,436.35
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	15,426,645,123.37	4,438,176,060.20
Cash Arising from Investment Incomes	10,967,181.79	5,321,510.33
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	13,649,372.37	6,507,850.94
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cash Related to Investment Activities	12,992,141.32	
Subtotal of cash inflow from investment activities	15,464,253,818.85	4,450,005,421.47
Cash Paid for Purchase and Construction of Fixed Assets,	205,035,322.18	306,866,259.04

Intangible Assets and Other Long-term Assets		
Cash Paid for Investments	18,381,974,779.81	4,253,829,235.00
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	18,587,010,101.99	4,560,695,494.04
Net amount of cash flow generated by investment activities	-3,122,756,283.14	-110,690,072.57
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	50,992,358.19	5,095,999,160.00
Cash Arising from Borrowings		1,200,000,000.00
Other Received Cash Related to Financing Activities	1,290,399,680.88	1,931,048,415.78
Subtotal of cash inflow from financing activities	1,341,392,039.07	8,227,047,575.78
Cash Paid for Debts Repayment	1,350,000,000.00	2,553,632,141.60
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,862,686,225.19	1,846,648,732.12
Other Paid Cash Related to Financing Activities	2,597,195,502.26	1,363,667,384.09
Subtotal of cash outflow from financing activities	5,809,881,727.45	5,763,948,257.81
Net cash flow generated by financing activities	-4,468,489,688.38	2,463,099,317.97
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	56,956,344.12	-38,899,297.35
V. Net Increase in Cash and Cash Equivalents	-3,738,122,448.91	5,648,120,384.40
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	5,843,167,456.41	9,581,289,905.32

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Item	2024													
	Shareholders' Equity Attributable to the Parent Company's Owner												Minority Shareholders' Equity	Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	3,294,468,990.00				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 Decreases	1,160,743.00				32,641,239.37	-182,045,338.82	38,365,439.74		580,371.50		1,054,079,213.23		1,308,872,345.66	-18,757,914.05	1,290,114,431.61

in This Period (Mark "-" for Decreases)															
(I) Total Comprehensive Income							38,365,439.74				2,905,728,684.03		2,944,094,123.77	12,757,474.21	2,956,851,597.98
(II) Shareholders' Contribution and Reduction in Capital	1,160,743.00				31,133,000.42	-182,045,338.82							214,339,082.24	26,793,587.40	241,132,669.64
1．Common stock invested by the owner	1,160,743.00				32,412,626.39	-182,045,338.82							215,618,708.21		215,618,708.21
2．Capital Invested by Holders of Other Equity Instruments															
3．Amount of Share-based Payments Recorded into Shareholders' Equity					-1,279,625.97								-1,279,625.97	26,793,587.40	25,513,961.43
4．Others															
(III) Profit Distribution									580,371.50		-1,851,64		-1,851,06	-7,978,70	-1,859,047,

											9,470.80		9,099.30	7.94	807.24
1. Appropriation of Surplus Reserves									580,371.50		-580,371.50				
2. Appropriation of General Risk Reserves															
3. Distribution to Owners (or Shareholders)											-1,851,069,099.30		-1,851,069,099.30	-7,978,707.94	-1,859,047,807.24
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					1,508,238.95								1,508,238.95	-50,330,267.72	-48,822,028.77
IV. Balance at the End of This Period	3,295,629,733.00				7,156,767,235.86	564,654,524.63	104,358,460.57		1,647,814,866.50		24,388,130,399.78		36,028,046,171.08	1,146,162,659.53	37,174,208,830.61

Amount of Previous Period

Unit: RMB

Item	2023

	Shareholders' Equity Attributable to the Parent Company's Owner													Minority Shareholders' Equity	Total Shareholders' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	3,033,161,170.00				3,950,209,243.25	609,859,632.00	36,942,339.77		1,553,691,005.92		17,872,654,791.67		25,836,798,918.61	381,572,840.72	26,218,371,759.33
Add: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
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				3,173,916,753.24	136,840,231.45	29,050,681.06		93,543,489.08		5,461,396,394.88		8,882,374,906.81	783,347,732.86	9,665,722,639.67
(I) Total Comprehensive							29,050,681.06				7,361,892,404.52		7,390,943,085.58	113,475,395.22	7,504,418,480.80

Income															
(II) Shareholders' Contribution and Reduction in Capital	261,307,820.00				4,819,307,262.43	136,840,231.45							4,943,774,850.98	797,188,107.34	5,740,962,958.32
1．Common stock invested by the owner	261,307,820.00				4,569,028,534.26	136,840,231.45							4,693,496,122.81	739,669,502.56	5,433,165,625.37
2．Capital Invested by Holders of Other Equity Instruments															
3．Amount of Share-based Payments Recorded into Shareholders' Equity					250,278,728.17								250,278,728.17	57,518,604.78	307,797,332.95
4．Others															
(III) Profit Distribution									93,543,489.08		-1,903,104,710.27		-1,809,561,221.19		-1,809,561,221.19
1．Appropriation of Surplus Reserves									93,543,489.08		-93,543,489.08				
2．Appropriation of General															

Risk Reserves															
3．Distribution to Owners (or Shareholders)											-1,809,561,221.19		-1,809,561,221.19		-1,809,561,221.19
4．Others															
(IV) Internal Carry-forward of Shareholders' Equity											2,608,700.63		2,608,700.63		2,608,700.63
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											2,608,700.63		2,608,700.63		2,608,700.63
6. Others															
(V) Special Reserves															
1．Withdrawal in this period															
2．Used in This Period															
(VI) Others					-1,645,390,509.19								-1,645,390,509.19	-127,315,769.70	-1,772,706,278.89
IV. Balance at the End of This Period	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

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

Amount of this period

Unit: RMB

Item	2024											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Income	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferred Stocks	Perpetual Bonds	Others								

							s					
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)	1,160,743.00				7,198,782.34	-182,045,338.82			580,371.50	-291,846,106.00		-100,860,870.34
(I) Total Comprehensive Income										1,559,803,364.80		1,559,803,364.80
(II) Shareholders' Contribution and Reduction in Capital	1,160,743.00				3,857,141.61	-182,045,338.82						187,063,223.43
1．Common stock invested by	1,160,743.00				32,412,626.39	-182,045,338.82						215,618,708.21

the owner												
2．Capital Invested by Holders of Other Equity Instruments												
3．Amount of Share-based Payments Recorded into Shareholders' Equity					-28,555,484.78							-28,555,484.78
4．Others												
(III) Profit Distribution									580,371.50	-1,851,649,470.80		-1,851,069,099.30
1．Appropriation of Surplus Reserves									580,371.50	-580,371.50		
2．Distribution to Owners (or Shareholders)										-1,851,069,099.30		-1,851,069,099.30
3．Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1．Capital Reserves Transferred												

into Capital (or Share Capital)												
2． Surplus Reserves Transferred into Capital (or Share Capital)												
3． Surplus Reserves Covering Losses												
4． Carry-forward retained earnings of the variation of the defined benefit plan												
5． Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1． Withdrawal in this period												
2． Used in This Period												

(VI) Others					3,341,640.73							3,341,640.73
IV. Balance at the End of This Period	3,295,629,733.00				6,888,762,462.22	564,654,524.63			1,647,814,866.50	24,156,989,231.15		35,424,541,768.24

Amount of Previous Period

Unit: RMB

Item	2023											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	3,033,161,170.00				3,788,412,149.09	609,859,632.00			1,553,691,005.92	18,562,292,103.53		26,327,696,796.54
Add: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,033,161,170.00				3,788,412,149.09	609,859,632.00			1,553,691,005.92	18,562,292,103.53		26,327,696,796.54
III. Increases or Decreases in This Period (Mark	261,307,820.00				3,093,151,530.79	136,840,231.45			93,543,489.08	5,886,543,233.62		9,197,705,842.04

"-" for Decreases)												
(I) Total Comprehensive Income										7,787,039,243.26		7,787,039,243.26
(II) Shareholders' Contribution and Reduction in Capital	261,307,820.00				4,831,835,630.39	136,840,231.45						4,956,303,218.94
1．Common stock invested by the owner	261,307,820.00				4,569,028,534.26	136,840,231.45						4,693,496,122.81
2．Capital Invested by Holders of Other Equity Instruments												
3．Amount of Share-based Payments Recorded into Shareholders' Equity					262,807,096.13							262,807,096.13
4．Others												
(III) Profit Distribution									93,543,489.08	-1,903,104,710.27		-1,809,561,221.19
1．Appropriation of Surplus Reserves									93,543,489.08	-93,543,489.08		
2．Distributi										-1,809,561,221.19		-1,809,561,221.19

on to Owners (or Shareholders)												
3． Others												
(IV) Internal Carry-forward of Shareholders ' Equity										2,608,700.63		2,608,700.63
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										2,608,700.63		2,608,700.63

Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1．Withdrawal in this period												
2．Used in This Period												
(VI) Others					-1,738,684,099.60							-1,738,684,099.60
IV. Balance at the End of This Period	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. Basic Information about the Company

Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as "Company" or "the Company") was incorporated under the official approval document No. 18 [2002] issued by Zhejiang Provincial People's Government Work Leading Group for Enterprise Listing in June 2002, a stock corporation established on the basis of overall change of the former Hangzhou Dahua Information Technology Co., Ltd. It was co-founded by five natural persons, including Fu Liquan, Chen Ailing, Zhu Jiangming, Liu Yunzhen and Chen Jianfeng.

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

As of December 31, 2024, the Company has issued a total of 3,295,629,733 shares, with a registered capital of RMB 3,295,629,733.00 The registered address is No. 1187, Bin'an Road, Binjiang District, Hangzhou, and the headquarters address is No. 1399, Binxing Road, Binjiang District, Hangzhou.

The main business activities of the Company are: research and development, production, and sales of AIoT products, and provision of video-centric AIoT solutions and operational services.

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

This financial statement has been approved by the Company's Board of Directors on March 28, 2025.

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 the 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 the China Securities Regulatory Commission (CSRC).

2. Going concern

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

V. Significant Accounting Polices and Accounting Estimates

The Company follows the principle of materiality when preparing and disclosing this financial statement and determines the importance of the disclosed matters in terms of both nature and amount based on actual circumstances.
Notes to specific accounting policies and accounting estimates:
The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation.

1. Statement on compliance with Accounting Standards for Business Enterprises

This financial statement is in compliance with the requirements in the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and presents truly and completely the financial position of the parent company and the merged companies as of December 31, 2024 and the operating results and cash flows of the parent company and the merged companies for the 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 combinations under the same control: The assets and liabilities acquired by the merging party in a business combination (including goodwill incurred in the acquisition of the merged party by the ultimate controlling party) shall be measured at the book value of the assets and liabilities of the merged party in the consolidated financial statement of the ultimate controlling party on the date of combination. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

Business combinations not involving enterprises 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 acquisition date. 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 Polices 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 Polices and Accounting Estimates - 11. Financial instruments

13. Accounts Receivable

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

14. Receivables Financing

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

15. Other Receivables

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

17. Inventory

(1) Category of inventory

Inventories are classified as raw materials, work-in-progress, commodity stocks, contract performance cost, 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:

<table>
<tr><th>Combination Categories of Inventories</th><th>Determination Basis for Combination</th><th>Basis for the Determination of Net Realizable Value</th></tr>
<tr><td>Raw materials</td><td>Categories of Inventories</td><td rowspan="4">Estimated selling price of inventories - Estimated costs until completion - Estimated selling expenses - Related taxes</td></tr>
<tr><td>Work-in-progress</td><td>Categories of Inventories</td></tr>
<tr><td>Finished goods</td><td>Categories of Inventories</td></tr>
<tr><td>Contract Performance Costs</td><td>Categories of Inventories</td></tr>
</table>

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 Polices 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 asset is recognized when it meets the following conditions: ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; ② Its cost can be reliably measured.

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

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.

The depreciation methods, depreciation periods, residual ratios, and annual depreciation rates of various types of fixed assets are as follows:

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%

(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

For the dismissal welfare provided to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: (1) When the Company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; (2) 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 The principle for revenue recognition of standard product domestic sales: The Company's standard products are sold to contractors, distributors, and other customers through a combination of direct selling and distribution. That is, the Company signs a sales contract with the customer, and according to the delivery method specified in the sales contract, the Company will deliver the goods to the customer, or the customer will pick up the goods. The Company recognizes revenue after the customer receives the goods;
② The principles for confirming revenue from overseas sales of standard products: For domestic companies that export directly, the main terms used are FOB and CIF, and sales revenue is recognized after the products have cleared customs for export. 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 Company will recognize revenue after the customers receive the goods;
③Principle for recognizing system-integrated sales revenue: The sales of the system-integrated products of the Company include providing the supporting services such as plan design, supporting products, installation, debugging and system trial operation. The sales income will be recognized upon acceptance;
④Principle 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 subsidies are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

(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 contact contains both lease and non-lease, the lessee and the lessor will split the lease and non-lease parts.

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

(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 Polices 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 Polices 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 Polices 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 Polices 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 Polices 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 Polices 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 Polices 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 Polices 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.

②The 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 Polices 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	
On August 1, 2023, the Ministry of Finance issued the "Interim Provisions on Accounting Treatment of Enterprise Data Resources" (Cai Kuai [2023] No. 11), which applies to data resources that are recognized as intangible assets or inventory and other assets in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, as well as data resources that are legally owned or controlled by the enterprise and are expected to bring economic benefits to the enterprise but are not recognized because they do not meet the asset recognition conditions. The relevant accounting treatment also puts forward specific requirements for the disclosure of data resources. This provision shall come into effect on January 1, 2024. Enterprises shall implement this provision using the prospective application method, and data resource-related expenditures that have been expensed and included in profit and loss before the implementation of this provision shall no longer be adjusted.	None	
On December 6, 2024, the Ministry of Finance issued "Interpretation No. 18 of Accounting Standards for Business Enterprises" (Cai Kuai [2024] No. 24, hereinafter referred to as "Interpretation No. 18"). The interpretation shall come into effect on the date of issuance, and enterprises are allowed to implement it in advance from the year of issuance. Interpretation No. 18 stipulates that when accounting for the estimated liabilities arising from quality assurance of guarantee types that do not belong to single	See Note	

performance obligations, the relevant provisions of "Accounting Standards for Business Enterprises No. 13 - Contingencies" should be followed. According to the determined amount of estimated liabilities, the "Cost of Main Business" and "Cost of Other Business" accounts should be debited, and the "Estimated Liability" account should be credited. It should also be listed in the "Operating Costs" in the income statement and the "Other Current Liabilities", "Non-current Liabilities Due within One Year", "Estimated Liabilities", and other items in the balance sheet. When an enterprise implements this interpretation for the first time, if it originally included guarantee-type quality assurance in "sales expenses", it should make retroactive adjustments in accordance with the change in accounting policy regarding accruals.		

Since 2024, the Company has implemented the provisions of "Interpretation No. 18 of the Accounting Standards for Business Enterprises on the Accounting Treatment of Guarantee-type Quality Assurances that Do Not Belong to Single Performance Obligations". The main impacts are as follows:

Contents and causes of changes in accounting policies	Affected Statement Items	Consolidated Subsidiaries		Parent company	
		2024	2023	2024	2023
Guarantee-type quality assurance is included in the adjustment of "sales expenses".	Operating Cost	128,232,351.85	129,050,807.84	519,020.99	484,861.08
	Sales Expenses	-128,232,351.85	-129,050,807.84	-519,020.99	-484,861.08

(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. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value added tax	13%, 9%, 6%, simple collection rate of 5%, simple collection rate of 3%, 0% and tax-free
Urban Maintenance and Construction Tax	Actually paid turnover tax	7%, 5%
Enterprise Income Tax	Taxable income	15%、16.5%、20%、25%
Education surcharges	Actually paid turnover tax	3%
Local Education Surcharges	Actually paid turnover tax	2%

If there are multiple taxpayers with different enterprise income tax rates, specify the situation

Name of taxpayer	Income tax rate
Zhejiang Dahua Technology Co., Ltd.	15%
Zhejiang Dahua System Engineering Co., Ltd.	15%
Zhejiang HuaRay Technology Co., Ltd.	15%
Zhejiang Huaxiao Technology Co., Ltd.	15%
Zhejiang Huafei Intelligent Technology CO., LTD.	15%
Zhejiang Huaruijie Technology Co., Ltd.	15%
Zhejiang Huayixin Technology Co., Ltd.	15%
Zhejiang Dahua Intelligent IoT Operation Service 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%
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 Huazhiwei Technology Co., Ltd.	20%
Chengdu Dahua Wisdom Information Technology Co., Ltd.	20%
Nanyang Dahua Intelligent Information 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%
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	20%
Tianjin Huajian Technology Co., Ltd.	20%
Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd.	20%
Shandong Dahua Digital Intelligence Technology 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 High-tech Enterprises Certified and Filed by the Recognized Institutions of Zhejiang Province in 2024 issued by the Office for the Administration of the Certification of National High-tech Enterprises on Thursday, December 26, 2024, our subsidiaries Zhejiang HuaRay Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., Zhejiang Huayixin Technology Co., Ltd., and Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd. were certified as high-tech enterprises, with a validity period of 3 years. The corporate income tax for this year was paid at a reduced tax 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 on Tax and Fee Policies to Further Support the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of the Ministry of Finance and the State Administration of Taxation in 2023) and the Announcement on Preferential Income Tax Policies for Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of the Ministry of Finance and the State Administration of Taxation in 2023) issued by the Ministry of Finance and the State Administration of Taxation, Announcement of the State Administration of Taxation [2023] No. 6), our subsidiaries - 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 Huazhiwei Technology Co., Ltd., Chengdu Dahua Intelligent Information Technology Co., Ltd., Nanyang Dahua Intelligent Information Technology Co., Ltd., Xi'an IMOU Zhilian Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., Guangxi Dahua Yunlian Information Technology Co., Ltd., Zhejiang Huajie New Energy Operation Service Co., Ltd., Shanghai Huashang Chengyue Information Technology Service Co., Ltd., Tianjin Huajian Technology Co., Ltd., Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd., Shandong Dahua Digital Intelligence Technology Co., Ltd. The part of the annual taxable income that does not exceed 1 million yuan shall be reduced by 25% and included in the taxable income, and the corporate income tax shall be paid at a tax rate of 20%; for the part of the annual taxable income that exceeds 1 million yuan but does not exceed 3 million yuan, it shall be reduced by 25% and included in the taxable income, and the corporate income tax shall be paid at a tax rate of 20%.

(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 Corporate 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: 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 tax rate of 15%.

(8) According to the Notice on Value-added Tax Policies for Software Products (Cai Shui [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. (Huafei Intelligent), Jiangsu Huaruipin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd. (Wisualarm Technology), 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 Ministry of Finance 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]), from January 1, 2023, to December 31, 2027, 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. Zhejiang Huajian Technology Co., Ltd., Jiangsu Huaruipin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., Zhejiang PixFra Technology Co., Ltd., and Zhejiang HuaRay Technology Co., Ltd. are entitled to the preferential tax policy for advanced manufacturing industries during the period in compliance with the provisions of the additional VAT credit 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	2,584.78	2,642.58
Digital Currency		160,820.00
Bank Balance	10,946,929,688.16	15,827,819,644.89
Other Cash and Bank Balances	234,871,150.89	143,022,007.00
Total	11,181,803,423.83	15,971,005,114.47
Including: Total Amount Deposited in Overseas Banks	1,423,057,560.40	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 overseas but restricted in repatriation are as follows:

Unit: RMB

Item	Closing Balance	Opening Balance
Bid/performance bond	75,635,853.99	68,981,082.99

Frozen funds	31,940,849.28	6,862,600.24
Total	107,576,703.27	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	229,927,529.28	1,470,000.00
Including:		
Financial products	80,200,959.64	1,470,000.00
Stock	149,726,569.64	
Total	229,927,529.28	1,470,000.00

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Acceptance Notes	636,567,044.09	665,341,998.76
Commercial Acceptance Notes	141,183,216.00	147,697,193.99
Total	777,750,260.09	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	797,002,021.69	100.00%	19,251,761.60	2.42%	777,750,260.09	834,798,129.64	100.00%	21,758,936.89	2.61%	813,039,192.75
Including:										
Bank Acceptance	643,969,978.30	80.80%	7,402,934.21	1.15%	636,567,044.09	672,300,691.46	80.53%	6,958,692.70	1.04%	665,341,998.76

Notes										
Commercial Acceptance Notes	153,032,043.39	19.20%	11,848,827.39	7.74%	141,183,216.00	162,497,438.18	19.47%	14,800,244.19	9.11%	147,697,193.99
Total	797,002,021.69	100.00%	19,251,761.60		777,750,260.09	834,798,129.64	100.00%	21,758,936.89		813,039,192.75

Bad debt accrual by portfolio: RMB 19,251,761.60

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Bank Acceptance Notes	643,969,978.30	7,402,934.21	1.15%
Commercial Acceptance Notes	153,032,043.39	11,848,827.39	7.74%
Total	797,002,021.69	19,251,761.60	

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	444,241.51				7,402,934.21
Commercial Acceptance Notes	14,800,244.19		2,951,416.80			11,848,827.39
Total	21,758,936.89	444,241.51	2,951,416.80			19,251,761.60

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	400,606,519.20
Total	400,606,519.20

(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	Not derecognised amount at the end

	period	of period
Bank Acceptance Notes		41,959,304.16
Total		41,959,304.16

4. Accounts Receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	15,089,860,120.54	14,458,581,851.85
1 to 2 years	1,830,327,585.83	1,675,541,614.13
2 to 3 years	934,561,606.86	914,682,001.04
3 years or above	2,452,808,503.88	2,359,337,149.65
3 to 4 years	646,840,898.86	627,873,130.02
4 to 5 years	507,603,962.50	605,039,214.61
5 years or above	1,298,363,642.52	1,126,424,805.02
Total	20,307,557,817.11	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	180,133,348.24	0.89%	169,137,414.11	93.90%	10,995,934.13	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76
Including:										
Accounts receivable with insignificant	180,133,348.24	0.89%	169,137,414.11	93.90%	10,995,934.13	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76

single amount but accrued for separate provision of bad debt										
Accounts receivables with the bad debt provision accrued based on combinations	20,127,424,468.87	99.11%	3,092,325,884.21	15.36%	17,035,098,584.66	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27
Including:										
Aging Analysis Portfolio	20,127,424,468.87	99.11%	3,092,325,884.21	15.36%	17,035,098,584.66	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27
Total	20,307,557,817.11	100.00%	3,261,463,298.32		17,046,094,518.79	19,408,142,616.67	100.00%	3,131,338,662.64		16,276,803,954.03

Provision for bad debt accrued by single item: RMB 169,137,414.11

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				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	36,676,477.42	36,676,477.42	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				Expected to be unable to recover

Miscellaneous	115,041,460.08	81,525,664.32	73,858,480.77	62,862,546.64	85.11%	Expected to be partially unrecoverable
Total	467,182,946.91	433,667,151.15	180,133,348.24	169,137,414.11		

Provision for bad debt accrued by portfolio: RMB 3,092,325,884.21

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	15,089,019,027.54	754,445,296.92	5.00%
1 to 2 years	1,818,402,686.73	181,840,268.67	10.00%
2 to 3 years	934,536,140.25	280,360,842.08	30.00%
3 to 4 years	629,957,206.67	314,978,603.33	50.00%
4 to 5 years	474,042,672.38	379,234,137.91	80.00%
5 years or above	1,181,466,735.30	1,181,466,735.30	100.00%
Total	20,127,424,468.87	3,092,325,884.21	

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	481,580,998.64	4,768,300.26	335,015,838.48	-11,672,224.22	3,261,463,298.32
Total	3,131,338,662.64	481,580,998.64	4,768,300.26	335,015,838.48	-11,672,224.22	3,261,463,298.32

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	335,015,838.48

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	Ending balance of accounts	Closing balance of contract	Closing balance of accounts	As a percentage of accounts	Closing balance of provision for

	receivable	assets	receivable and contract assets	receivables and total ending balance	bad debts on accounts receivable and impairment of contract assets
Customer 1	753,975,451.78		753,975,451.78	3.68%	37,698,772.59
Customer 2	591,354,065.58		591,354,065.58	2.89%	29,567,703.28
Customer 3	434,897,934.38		434,897,934.38	2.12%	21,769,092.87
Customer 4	378,158,742.23	3,943,041.50	382,101,783.73	1.86%	88,597,379.44
Customer 5	329,193,231.58		329,193,231.58	1.61%	16,459,661.58
Total	2,487,579,425.55	3,943,041.50	2,491,522,467.05	12.16%	194,092,609.76

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	25,290,931.34	361,398.92	24,929,532.42	33,413,988.93	421,118.95	32,992,869.98
O&M service	7,456,278.33	75,407.79	7,380,870.54	6,198,950.93	66,600.03	6,132,350.90
Quality guarantee deposit	66,497,257.70	11,410,143.57	55,087,114.13	62,344,437.16	14,755,441.70	47,588,995.46
Total	99,244,467.37	11,846,950.28	87,397,517.09	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	99,244,467.37	100.00%	11,846,950.28	11.94%	87,397,517.09	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34
Including:										
Combination of nature of the	99,244,467.37	100.00%	11,846,950.28	11.94%	87,397,517.09	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34

funds										
Total	99,244,467.37	100.00%	11,846,950.28	11.94%	87,397,517.09	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34

Provision for bad debt accrued by portfolio: RMB 11,846,950.28

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of nature of the funds	99,244,467.37	11,846,950.28	11.94%
Total	99,244,467.37	11,846,950.28	

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	Foreign Currency Translation Difference	Reasons
Completed but unsettled assets		59,720.03			
O&M service	8,807.76				
Quality guarantee deposit		3,345,293.35		-4.78	
Total	8,807.76	3,405,013.38		-4.78	——

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 Notes	841,815,267.43	810,713,267.86
Total	841,815,267.43	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 Notes	549,669,895.67
Total	549,669,895.67

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

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes	40,556,558.09	
Total	40,556,558.09	

7. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends Receivable		5,784,225.02
Other Receivables	293,728,850.42	331,740,463.34
Total	293,728,850.42	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.		5,784,225.02
Total		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	151,154,514.69	148,419,383.42
Prepaid or advance expense	122,639,225.03	129,465,778.21
Equity Transfer Fund	31,149,666.32	44,693,899.47
Export tax rebate	106,247.36	26,923.43
Employee home loan	78,949,911.00	89,695,884.00
Others	6,034,131.37	402,441.33
Total	390,033,695.77	412,704,309.86

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	191,651,180.73	175,351,662.59
1 to 2 years	41,084,974.35	117,075,815.72
2 to 3 years	72,462,850.86	57,728,030.61

3 years or above	84,834,689.83	62,548,800.94
3 to 4 years	39,666,543.22	31,838,007.64
4 to 5 years	20,632,422.94	17,297,622.38
5 years or above	24,535,723.67	13,413,170.92
Total	390,033,695.77	412,704,309.86

3) Disclosure by bad debt accrual method

☑Applicable □ Not applicable

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	390,033,695.77	100.00%	96,304,845.35	24.69%	293,728,850.42	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34
Including:										
Aging Analysis Portfolio	390,033,695.77	100.00%	96,304,845.35	24.69%	293,728,850.42	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34
Total	390,033,695.77	100.00%	96,304,845.35	24.69%	293,728,850.42	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34

Bad debt accrual by portfolio: RMB 96,304,845.35

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	191,651,180.73	9,582,559.04	5.00%
1 to 2 years	41,084,974.35	4,108,497.44	10.00%
2 to 3 years	72,462,850.86	21,738,855.24	30.00%
3 to 4 years	39,666,543.22	19,833,271.61	50.00%
4 to 5 years	20,632,422.94	16,505,938.35	80.00%
5 years or above	24,535,723.67	24,535,723.67	100.00%
Total	390,033,695.77	96,304,845.35	

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	Expected credit losses for the entire extension (with credit	

		credit impairment)	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	-1,830,768.92	1,830,768.92		
--Transfer to phase three	-221,743.78	-62,368.20	284,111.98	
Provisions of this period	6,497,605.85	4,709,525.40	5,450,501.51	16,657,632.76
Write off in this period	71,478.67	153,186.53	55,642.11	280,307.31
Other variations	-579,633.34	-456,693.28		-1,036,326.62
Balance as of December 31, 2024	44,105,647.95	44,799,045.68	7,400,151.72	96,304,845.35

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	16,657,632.76		280,307.31	-1,036,326.62	96,304,845.35
Total	80,963,846.52	16,657,632.76		280,307.31	-1,036,326.62	96,304,845.35

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	280,307.31

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	Bad debt provision at the

				receivables at the end of the period	end of the period
Company 1	Equity Transfer Fund	26,319,666.32	2-3 years	6.75%	7,895,899.90
Company 2	Deposits	11,832,000.00	3 to 4 years	3.03%	5,916,000.00
Company 3	Prepaid or advance expense	6,047,181.17	Within 1 year	1.55%	302,359.06
Company 4	Prepaid or advance expense	5,500,000.00	4 to 5 years	1.41%	4,400,000.00
Company 5	Equity Transfer Fund	4,830,000.00	Within 1 year	1.24%	241,500.00
Total		54,528,847.49		13.98%	18,755,758.96

8. Prepayments

(1) Aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	276,949,733.43	89.17%	168,576,768.97	89.01%
1 to 2 years	15,277,764.29	4.92%	11,544,945.31	6.10%
2 to 3 years	9,380,618.43	3.02%	5,759,402.22	3.04%
3 years or above	8,966,750.94	2.89%	3,507,600.49	1.85%
Total	310,574,867.09		189,388,716.99	

(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 188,434,438.83, accounting for 60.67% 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	Book value	Book balance	Provision for Impairment of Inventories or Provision for Impairment of Performance	Book value

		Cost			Cost	
Raw materials	1,775,556,159.22	75,056,394.19	1,700,499,765.03	1,817,465,527.90	64,749,700.02	1,752,715,827.88
Work-in-progress	460,827,771.31	11,280,157.80	449,547,613.51	419,964,218.05	8,473,870.92	411,490,347.13
Finished goods	2,309,288,663.59	78,001,025.54	2,231,287,638.05	2,305,873,410.13	86,615,979.53	2,219,257,430.60
Contract Performance Costs	623,434,238.29	19,687,088.95	603,747,149.34	727,101,492.76	22,396,500.68	704,704,992.08
Outsourced work-in-progress	218,478,605.32		218,478,605.32	244,439,946.33		244,439,946.33
Total	5,387,585,437.73	184,024,666.48	5,203,560,771.25	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 Amount in the Current Period		Decreased Amount in the Current Period		Closing Balance
		Accrued	Others	Reversals or write-offs	Others	
Raw materials	64,749,700.02	73,554,690.20		59,032,727.14	4,215,268.89	75,056,394.19
Work-in-progress	8,473,870.92	17,607,514.40		16,518,887.66	-1,717,660.14	11,280,157.80
Finished goods	86,615,979.53	28,882,483.54		36,931,074.43	566,363.10	78,001,025.54
Contract Performance Costs	22,396,500.68	12,534,138.51		15,243,550.24		19,687,088.95
Total	182,236,051.15	132,578,826.65		127,726,239.47	3,063,971.85	184,024,666.48

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term accounts receivables due within 1 year	237,608,641.30	303,454,116.40
Total	237,608,641.30	303,454,116.40

11. Other Current Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Return cost receivable	12,991,543.19	11,228,032.04
Not deducted input tax	404,856,368.72	555,798,264.68

Prepaid enterprise income tax	36,722,593.44	34,017,571.59
National debt reverse repurchase	530,974,219.56	338,331,000.00
Large-denomination certificates of deposit from banks (maturing within one year)	50,257,291.67	
Total	1,035,802,016.58	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 Selling Products	752,811,851.80	8,399,299.80	744,412,552.00	957,523,390.97	10,864,081.27	946,659,309.70	
Including: Unrealized Financing Income	87,118,128.29		87,118,128.29	128,884,735.86		128,884,735.86	3.69%-5.88%
Total	752,811,851.80	8,399,299.80	744,412,552.00	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	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29	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	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56
Total	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56

Provision for bad debt accrued by portfolio: RMB 8,399,299.80

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of nature of the funds	839,929,980.09	8,399,299.80	1.00%
Total	839,929,980.09	8,399,299.80	

(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		2,464,781.47			8,399,299.80
Total	10,864,081.27		2,464,781.47			8,399,299.80

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

None

13. Long-term Equity Investments

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	Investment profit and loss recognized under the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit declared to distribute	Provision for impairment accrued	Others		
Ⅰ. Joint ventures												
II. Affiliate												
Intelbras S.A.	480,079,908.08				51,075,836.31			16,720,071.38		-7,514,266.44	506,921,406.57	
Ruicity Digital Technology Co., Ltd.	78,231,566.10				-25,428,071.72						52,803,494.38	
Hangzhou Juhua		723,496.39										

nyan Information Technology Co., Ltd.												
Guangdong Zhishi Digital Technology Co., Ltd.					-57,713.57					57,713.57		
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	67,432,554.80				747,344.35			553,134.55			67,626,764.60	
Dezhou Shuzhi Information Technology Co., Ltd.	3,444,758.26				154,201.41						3,598,959.67	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	1,121,844.56				-161,589.49						960,255.07	
Guangxi	598,287.37				90,795.44						689,082.81	

FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.												
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	1,163,912.73		1,110,000.00		-1,134,507.94						1,139,404.79	
Zhejiang Huachuang Vision Technology Co., Ltd.	95,380,797.85				-10,220,237.90		3,341,640.73				88,502,200.68	
Shenzhen Aohua Urban Operation and Development Co., Ltd.					-82.18					82.18		
Huahongchang Intelligent Technology (Jiangsu) Co., Ltd.					-107,540.25					107,540.25		
Subtot	727,453,62	723,496.39	1,110,000.0		14,958,434.		3,341,640.7	17,273,205.		-7,348,	722,241,56	

al	9.75		0		46		3	93		930.44	8.57	
Total	727,453,629.75	723,496.39	1,110,000.00		14,958,434.46		3,341,640.73	17,273,205.93		-7,348,930.44	722,241,568.57	

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	42,303,530.71	478,782,601.67
Investment in financial products	1,232,393,960.16	1,056,959,784.04
Total	1,274,697,490.87	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
Ⅰ. Original book value				
1. Opening Balance	174,113,990.28			174,113,990.28
2. Increased in the Current Period	19,049,827.95			19,049,827.95
(1) Purchase				
(2) Transfer of fixed assets\intangible assets	19,049,827.95			19,049,827.95
(3) Acquisition				
3. Decreased in the Current Period				
(1) Disposal				
(2) Transfer of fixed assets/intangible assets				
(3) Other				

Transfer-out				
4. Closing Balance	193,163,818.23			193,163,818.23
II. Accumulated Depreciation and Amortization				
1. Opening Balance	44,476,986.28			44,476,986.28
2. Increased in the Current Period	9,406,245.69			9,406,245.69
(1) Accrual or Amortization	8,781,127.88			8,781,127.88
(2) Transfer of fixed assets\intangible assets	625,117.81			625,117.81
(3) Acquisition				
3. Decreased in the Current Period				
(1) Disposal				
(2) Transfer of fixed assets/intangible assets				
(3) Other Transfer-out				
4. Closing Balance	53,883,231.97			53,883,231.97
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	139,280,586.26			139,280,586.26
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	4,973,953,628.05	4,937,180,876.88
Fixed assets cleanup		
Total	4,973,953,628.05	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
Ⅰ. 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	122,578,398.71	51,118,348.14	4,068,148.28	508,299,227.38	686,064,122.51
(1) Purchase	35,915,848.78	51,118,348.14	4,068,148.28	438,476,218.53	529,578,563.73
(2) Transferred From Construction in Progress	86,662,549.93			69,823,008.85	156,485,558.78
(3) Acquisition					
(4) Transfer of investment properties					
3. Decreased in the Current Period	19,049,827.95	26,228,059.60	2,488,709.51	50,976,856.21	98,743,453.27
(1) Disposal or Scrapping		26,228,059.60	2,274,103.70	47,583,473.45	76,085,636.75
(2) Transfer to investment real estate	19,049,827.95				19,049,827.95
(3) Disposal of subsidiaries			214,605.81	3,393,382.76	3,607,988.57

4. Currency Translation Difference	-132,399.50	-80,812.75	-163,517.29	-2,419,763.60	-2,796,493.14
5. Closing Balance	4,803,607,377.19	642,845,153.13	30,163,801.91	2,363,589,952.65	7,840,206,284.88
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	224,899,388.53	57,081,604.86	2,789,888.87	318,243,974.15	603,014,856.41
(1) Accrual	224,899,388.53	57,081,604.86	2,789,888.87	318,243,974.15	603,014,856.41
(2) Transfer of investment properties					
3. Decreased in the Current Period	625,117.81	11,162,414.30	1,173,673.87	40,313,515.77	53,274,721.75
(1) Disposal or Scrapping		11,162,414.30	969,798.35	38,024,730.86	50,156,943.51
(2) Transfer to investment real estate	625,117.81				625,117.81
(3) Disposal of subsidiaries			203,875.52	2,288,784.91	2,492,660.43
4. Currency Translation Difference	-33,761.87	-78,822.42	-138,494.61	-1,737,630.83	-1,988,709.73
5. Closing Balance	968,032,057.78	262,293,553.77	23,251,818.41	1,612,675,226.87	2,866,252,656.83
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	3,835,575,319.41	380,551,599.36	6,911,983.50	750,914,725.78	4,973,953,628.05
2. Opening	3,956,419,657.00	401,582,491.71	6,973,782.41	572,204,945.76	4,937,180,876.88

Balance on Book Value					

(2) Fixed assets rent out under operating leases

Unit: RMB

Item	Book Value at the End of the Period
Buildings and constructions	736,902,314.48
Electronic and other equipment	50,988,486.84

(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	21,946,289.11	In the process of obtaining the real estate certificates
Wuzhou Building in Guangxi	37,183,163.71	In the process of obtaining the real estate certificates
Shandong Rizhao Commercial Housing	1,644,844.32	The real estate certificates were obtained in January 2025.

(4) Impairment test of fixed assets

□ Applicable ☑Not applicable

17. Construction in Progress

Unit: RMB

Item	Closing Balance	Opening Balance
Projects under Construction	1,254,554,187.36	1,008,612,408.49
Total	1,254,554,187.36	1,008,612,408.49

(1) Construction in progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Phase I, Urban Intelligent Information Industry Construction Project				37,183,163.71		37,183,163.71
New project of Southwest R&D Center of Dahua Co.,	322,402,380.64		322,402,380.64	263,076,398.23		263,076,398.23

Ltd.						
New projects of Southwestern China Operation Center of Dahua	386,439,622.10		386,439,622.10	335,849,207.03		335,849,207.03
Henan Smart IoT base of Dahua	168,946,600.69		168,946,600.69	111,780,241.11		111,780,241.11
Construction project of Dahua intelligent products manufacturing base	341,740,284.37		341,740,284.37	101,525,907.86		101,525,907.86
Others	35,025,299.56		35,025,299.56	159,197,490.55		159,197,490.55
Total	1,254,554,187.36		1,254,554,187.36	1,008,612,408.49		1,008,612,408.49

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Opening Balance	Increased Amount 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 capitalized 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.	RMB 417 million	263,076,398.23	59,325,982.41			322,402,380.64	84.21%	84.21%				Equity funds/ raised funds
New projects of Southwestern China Operation Center of Dahua	RMB 396 million	335,849,207.03	50,590,415.07			386,439,622.10	106.25%	98.00%				Equity Fund

Construction project of Dahua intelligent products manufacturing base	RMB 600 million	101,525,907.86	240,214,376.51			341,740,284.37	62.08%	62.08%				Equity Fund
Total		700,451,513.12	350,130,773.99			1,050,582,287.11						

(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
Ⅰ. Original book value			
1. Opening Balance	518,737,508.83	8,884,640.73	527,622,149.56
2. Increased in the Current Period	98,781,284.58	111,961.08	98,893,245.66
(1) Leased this year	97,300,907.97	111,961.08	97,412,869.05
(2) Acquisition	1,480,376.61		1,480,376.61
3. Decreased in the Current Period	96,091,296.83		96,091,296.83
(1) Expiration or early termination of lease contracts	82,192,135.81		82,192,135.81
(2) Disposal of subsidiaries	13,899,161.02		13,899,161.02
4. Currency Translation Difference	-5,540,242.51		-5,540,242.51
5. Closing Balance	515,887,254.07	8,996,601.81	524,883,855.88
II. Accumulated depreciation			
1. Opening Balance	226,494,557.71	1,925,005.29	228,419,563.00
2. Increased in the Current Period	143,224,851.16	944,444.60	144,169,295.76
(1) Accrual	143,101,486.45	944,444.60	144,045,931.05
(2) Acquisition	123,364.71		123,364.71
3. Decreased in the Current Period	79,595,721.91		79,595,721.91
(1) Expiration or early termination of lease contracts	72,568,417.48		72,568,417.48
(2) Disposal of subsidiaries	7,027,304.43		7,027,304.43

4. Currency Translation Difference	-233,558.83		-233,558.83
5. Closing Balance	289,890,128.13	2,869,449.89	292,759,578.02
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	225,997,125.94	6,127,151.92	232,124,277.86
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
Ⅰ. 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	3,590,276.69		29,716.98	18,939,459.61			22,559,453.28
(1) Purchase	3,590,276.69		29,716.98	6,972,719.16			10,592,712.83
(2) Internal research and development							
(3) Acquisition							
(4) Constructio				11,966,740.45			11,966,740.45

n in progress transferred							
(5) Transfer of investment properties							
3. Decreased in the Current Period				796,156.12	2,077,241.60		2,873,397.72
(1) Disposal				774,640.58	2,077,241.60		2,851,882.18
(2) Transfer to investment real estate							
(3) Disposal of subsidiaries				21,515.54			21,515.54
4. Currency Translation Difference	-16,675.00			-29,836.68			-46,511.68
5. Closing Balance	629,977,655.56		68,560,225.68	191,930,081.04		4,000,000.00	894,467,962.28
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	14,018,944.65		4,208,154.25	20,958,201.56			39,185,300.46
(1) Accrual	14,018,944.65		4,208,154.25	20,958,201.56			39,185,300.46
(2) Transfer of investment properties							
3. Decreased in the Current Period				795,369.92	2,077,241.60		2,872,611.52
(1) Disposal				773,854.38	2,077,241.60		2,851,095.98
(2) Transfer to investment real estate							
(3) Disposal of				21,515.54			21,515.54

subsidiaries							
4. Currency Translation Difference				-29,565.54			-29,565.54
5. Closing Balance	84,725,147.08		62,737,857.37	164,969,519.24		4,000,000.00	316,432,523.69
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	545,252,508.48		5,822,368.31	26,960,561.80			578,035,438.59
2. Opening Balance on Book Value	555,697,851.44		10,000,805.58	28,980,361.09			594,679,018.11

The intangible assets from internal research and development of the Company at the end of this period account for 0.00% of the 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?
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 December 31, 2024.	Recognition is based on whether the main cash inflow generated is independent of other asset groups or their combinations.	Yes

(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	Key parameters of the steady	Determination basis of key parameters in the

					period	period	steady period
Dahua Technology Italy S.R.L.	122,962,624.86	201,508,685.05	0.00	2025-2029	Revenue growth rate of 8%-10% over the forecast period; discount rate of 15.60%	Revenue growth rate of 0% over the steady period; discount rate of 15.60%	Predict cautiously as the income will not increase in the steady period.
Total	122,962,624.86	201,508,685.05	0.00				

(5) Completion of performance commitment and goodwill impairment situation

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 Amount 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	18,884,954.55	42,809,033.90	800,001.33	45,238,803.07
Renovation Cost	65,372,390.20	12,974,310.25	24,175,098.10		54,171,602.35
Total	135,335,273.95	31,859,264.80	66,984,132.00	800,001.33	99,410,405.42

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	3,025,825,450.60	562,296,401.85	2,945,448,093.79	561,492,926.21
Unrealized Profit from Internal Transactions	541,607,785.16	111,639,987.98	1,849,888,966.76	436,702,186.90
Deductible Losses	1,920,226,766.23	291,618,935.89	615,050,031.87	101,761,861.84
Equity incentive expense			291,671,905.31	45,689,152.55
Expected Liabilities	213,777,948.61	36,535,893.26	170,920,678.13	26,157,016.58
Payroll payable	252,223,316.91	41,492,918.94	253,599,826.64	41,664,283.10

Costs from Tax Increase Due to Absence of Invoice	583,649,029.08	112,966,247.86	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	144,796,421.88	27,085,343.71	188,753,783.73	35,399,648.53
Investments in non-monetary assets	466,573,172.48	69,985,975.87	520,408,538.53	78,061,280.78
Others	113,506,566.35	18,209,927.86	111,452,227.57	17,921,647.45
Total	7,265,919,583.03	1,272,391,602.08	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	52,101,542.99	8,882,673.02	58,360,423.87	10,150,707.92
Changes in fair value gains and losses	335,149,352.80	50,272,402.92	378,324,828.79	56,893,999.27
Book-tax difference of right-of-use assets	139,677,335.23	26,194,630.77	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
Others	12,316,682.73	1,847,502.41		
Total	862,361,411.95	135,664,683.85	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 Liabilities at the End of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the End of the Period	Amount of Deferred Income Tax Assets Offset against Liabilities at the Start of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the Start of the Period
Deferred Income Tax Assets	135,645,521.63	1,136,746,080.45	165,281,346.70	1,287,903,482.65
Deferred Income Tax Liabilities	135,645,521.63	19,162.22	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	601,482,814.06	562,186,328.66
Deductible Losses	2,023,883,256.99	1,660,894,695.64
Total	2,625,366,071.05	2,223,081,024.30

(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Closing balance	Opening balance	Notes
2024		123,399,991.24	
2025	213,836,146.31	260,522,250.84	
2026	348,424,975.65	331,413,381.74	
2027	498,989,378.85	476,126,194.63	
2028	449,525,076.81	469,432,877.19	
2029 and later	513,107,679.37		
Total	2,023,883,256.99	1,660,894,695.64	

23. Other Non-current Assets

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract Acquisition Costs	7,585,925.51		7,585,925.51			
Large-denomination certificates of deposit from banks	4,203,178,761.72		4,203,178,761.72			
Contract Assets	83,145,926.80	5,446,542.16	77,699,384.64	80,729,279.52	5,837,202.88	74,892,076.64
Prepayments for purchase of engineering equipments	37,521,356.48		37,521,356.48	129,167,069.19		129,167,069.19
Prepayments for acquisition of real estate	1,791,480.71		1,791,480.71	5,893,664.25		5,893,664.25
Others				856,454.41		856,454.41
Total	4,333,223,451.22	5,446,542.16	4,327,776,909.06	216,646,467.37	5,837,202.88	210,809,264.49

24. Assets whose Ownership or Rights to Use is Restricted

Unit: RMB

	Book Value at the End of the Period	Opening Balance on Book Value	Type of Restriction	Restrictions
Cash and Bank Balances	107,576,703.27	75,843,683.23	Guarantee letter security deposit and other restricted funds	Restricted use
Notes receivable and receivables financing	987,102,426.21	947,438,573.74	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognised	Restricted use
Accounts receivable		6,633,164.97	Financial discount and factoring not derecognised in	Restricted use

			the supply chain	
Fixed Assets	787,890,801.32	443,212,364.35	Fixed assets rented out under operating leases	Restricted use
Total	1,882,569,930.80	1,473,127,786.29		

25. Short-term Loans

(1) Categories of short-term loan

Unit: RMB

Item	Closing Balance	Opening Balance
Pledged loans	995,000,000.00	400,000,000.00
Fiduciary loans		549,800,000.00
Factoring loans in the supply chain finance		7,238,385.64
Interest payable for short-term loan		387,944.54
Total	995,000,000.00	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) Short-term loans that have been overdue and unpaid

At the end of this period, the Group has no short-term loans that are overdue and unpaid.

26. Trading financial liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Transactional financial liabilities	4,268,603.52	61,400.12
Including:		
Derivative Financial Liabilities	1,058,039.73	61,400.12
Contingent consideration	3,210,563.79	
Total	4,268,603.52	61,400.12

27. Notes payable

Unit: RMB

Types	Closing Balance	Opening Balance
Commercial acceptance bill	2,189,843,859.93	2,050,859,385.48
Bank acceptance bill	1,410,130,382.09	1,245,435,560.78
Total	3,599,974,242.02	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	5,514,821,691.83	5,295,784,509.14
Payment for engineering equipments	363,155,169.30	519,338,686.41
Total	5,877,976,861.13	5,815,123,195.55

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

No significant accounts payable aged over 1 year or overdue.

29. Other payables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends Payable	22,951,560.23	23,667,047.02
Other Payables	614,061,999.82	788,757,099.50
Total	637,013,560.05	812,424,146.52

(1) Dividends payable

Unit: RMB

Item	Closing Balance	Opening Balance
Equity Incentive Restricted Stock Dividend	22,951,560.23	23,667,047.02
Total	22,951,560.23	23,667,047.02

(2) Other payables

1) Other payables listed by nature of funds

Unit: RMB

Item	Closing Balance	Opening Balance
Deposits	130,208,683.89	119,727,924.44
Temporarily borrowed and advance payments	316,774,319.18	325,491,021.42
Restricted share repurchase obligations	144,695,313.36	326,740,652.18
Others	22,383,683.39	16,797,501.46
Total	614,061,999.82	788,757,099.50

2) Other significant accounts payable aged over 1 year or overdue

No other significant accounts payable aged over 1 year or overdue.

30. Contract liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Payments for sales of goods	367,888,058.92	248,523,384.39
Pre-payments from construction projects	512,577,027.01	606,995,011.21
Sales of points	29,975,336.23	40,987,601.52
Service expense collected in advance	371,763,926.59	298,028,309.92
Total	1,282,204,348.75	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
Ⅰ. Short-term remuneration	1,927,465,906.51	7,237,991,001.55	7,363,991,836.42	1,801,465,071.64
II. Dimission benefits - defined contribution plan	4,356,958.15	479,337,723.65	476,501,194.17	7,193,487.63
III. Dismissal welfare	2,132,766.46	51,434,479.48	51,172,596.29	2,394,649.65
Total	1,933,955,631.12	7,768,763,204.68	7,891,665,626.88	1,811,053,208.92

(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	6,289,929,754.55	6,416,306,595.30	1,504,317,660.94
2. Staff welfare		125,993,611.43	125,993,611.43	
3. Social insurance contributions	1,774,953.96	271,484,685.24	270,991,144.64	2,268,494.56
Including: medical insurance	1,551,779.16	257,998,699.05	257,405,715.99	2,144,762.22
Work injury insurance premium	222,341.68	12,285,381.78	12,396,260.74	111,462.72
Maternity insurance premium	833.12	1,200,604.41	1,189,167.91	12,269.62
4. Housing funds	121,261.43	437,554,444.53	435,993,897.14	1,681,808.82
5. Labor union and education funds	294,875,189.43	113,028,505.80	114,706,587.91	293,197,107.32
Total	1,927,465,906.51	7,237,991,001.55	7,363,991,836.42	1,801,465,071.64

(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	458,681,143.43	456,120,895.51	6,511,573.90
2. Unemployment insurance	405,632.17	20,656,580.22	20,380,298.66	681,913.73
Total	4,356,958.15	479,337,723.65	476,501,194.17	7,193,487.63

32. Taxes and fees payable

Unit: RMB

Item	Closing Balance	Opening Balance
VAT	196,774,063.10	363,245,736.32
Enterprise Income Tax	108,441,794.06	762,303,704.91
Individual income tax	37,096,806.99	34,441,288.75
Urban Maintenance and Construction Tax	12,215,258.91	21,936,677.77
Education surcharges (including local education surcharges)	8,733,186.86	15,669,021.79
House property tax	30,548,302.26	30,701,891.59
Stamp duty	6,307,924.45	10,066,368.59
Others	5,742,985.00	5,117,671.36
Total	405,860,321.63	1,243,482,361.08

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term debt due within one year		750,000,000.00
Lease liabilities due within 1 year	117,227,812.08	116,027,750.99
Interest payable due within 1 year		694,277.76
Other loans due within 1 year		35,000,000.00
Total	117,227,812.08	901,722,028.75

34. Other current liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	28,016,863.95	34,104,924.61
To-be-transferred sales taxes of contract liabilities	90,175,362.12	81,757,348.46
Notes not derecognised	41,959,304.16	39,320,431.95
Total	160,151,530.23	155,182,705.02

35. Lease liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Lease payments	245,019,254.27	313,410,607.81
Deduct: Unrecognized financing costs	13,477,634.78	20,802,807.25
Lease liabilities due within 1 year	117,227,812.08	116,027,750.99
Total	114,313,807.41	176,580,049.57

36. Estimated Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance	Causes
Pending litigation	64,828,324.97	27,829,629.48	Pending litigation
Others	2,674,923.66	469,642.57	Loss-making contract
Expected after-sales maintenance cost	180,635,396.82	178,727,096.75	After-sales maintenance
Expected return amount after the period	20,056,045.79	17,516,258.10	Expected sales return
Total	268,194,691.24	224,542,626.90	

37. Deferred income

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance	Causes
Government subsidies	151,844,373.02	40,829,317.46	11,448,444.19	181,225,246.29	Received government subsidies related to assets
Government subsidies	14,867,300.02		9,911,533.32	4,955,766.70	Received government subsidies related to income
Total	166,711,673.04	40,829,317.46	21,359,977.51	186,181,012.99	--

38. Other non-current liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	88,891,691.43	119,054,046.66
Others	13,372,397.59	
Total	102,264,089.02	119,054,046.66

39. Share capital

Unit: RMB

	Opening	Increased or decreased amount in this period (+/-)	Closing

	Balance	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Balance
Total shares	3,294,468,990.00	3,295,423.00			-2,134,680.00	1,160,743.00	3,295,629,733.00

Other notes:

1. According to the decision of the 5th Meeting of the 8th Board of Directors of the Company held on April 15, 2024 and the amended Articles of Association and the resolution of the 2023 annual general meeting of shareholders of the Company, the Company applied to repurchase and cancel 2,134,680 Restricted RMB ordinary shares (A Shares) that had been granted but not unlocked to 204 equity incentive objects, reduced the registered capital by RMB 2,134,680.00, and the registered capital after the change was 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.

2. According to the "Proposal on the Company's Stock Option and Restricted Share Incentive Plan (Draft Revised) for 2022" and its Summary approved at the 44th Meeting of the Seventh Board of Directors on June 16, 2023, the exercise conditions for the second exercise period of the Company's Stock Option and Restricted Share Incentive Plan have been met. As of December 31, 2024, employees have exercised a total of 3,295,423 shares through voluntary exercise, increasing the registered capital by RMB 3,295,423.00. The registered capital after the change is RMB 3,295,629,733.00. The above matters have not yet completed the business registration change procedures.

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	259,276,830.92	32,748,322.45	6,929,139,615.49
Other capital reserves	421,514,889.47	34,128,515.98	228,015,785.08	227,627,620.37
Total	7,124,125,996.49	293,405,346.90	260,764,107.53	7,156,767,235.86

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

1. 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.

2. The exercise conditions for the second exercise period of the Company's 2022 Stock Option and Restricted Share Incentive Plan have been met. As of December 31, 2024, employees have exercised a total of 3,295,423 shares through voluntary exercise, increasing capital reserve (stock premium) by RMB 47,696,935.19. Among other capital reserves, the related expenses recognized for restricted shares and stock options unlocked in this period, totaling RMB 209,746,056.13, were transferred to capital reserve (stock premium).

3. The total capital reserve (stock premium) decreased by RMB 1,833,401.78 in this period, due to the purchase and disposal of minority shareholders' equity in subsidiaries.

4. The amount of employee service that the Company received in exchange by share-based payments in this period was RMB 31,919,688.06, increasing capital reserve (other capital reserve) by RMB 30,085,848.46, and (stock premium) by RMB 1,833,839.60; the portion of equity-settled share-based payments entitled to minority shareholders was RMB 26,793,587.40, decreasing capital reserve (other capital reserve) by RMB 11,162,975.53, and decreasing capital reserve (stock premium) by RMB 15,630,611.87. 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-based payments recognized under accounting standards is recognized to decrease other capital reserves.

5. The impact of changes in other owners' equity of the affiliates that the Company should enjoy under the equity method increased capital reserves (other capital reserves) by RMB 3,341,640.73.

6. Some employees of the Company indirectly acquired part of the equity of Zhejiang Huanuokang Technology Co., Ltd. controlled by the actual controller, involving share-based payment, and the related share-based payment expenses were included in the capital reserve (other capital reserve) of RMB 701,026.79 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		182,045,338.82	144,695,313.36
Share buyback	419,959,211.27			419,959,211.27
Total	746,699,863.45		182,045,338.82	564,654,524.63

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 shareholders and the recovery of cash dividends distributed to departing personnel, the treasury shares decreased by an aggregate amount of RMB 715,486.78.

3. The exercise conditions for the second exercise period of the company's 2022 stock option and restricted share incentive plan have been met, and 20,262,480 restricted shares have been unlocked, correspondingly reducing treasury shares and related liabilities by RMB 165,341,836.80.

42. Other Comprehensive Incomes

Unit: RMB

Item	Opening Balance	Amount Occurred in the Current Period						Closing Balance
		Before tax balance in	Less: recorded	Less: Recorded	Less: Income	Attributabl e to the	Attributabl e to the	

		this period	into other comprehensive incomes in previous period and transferred to P/L in current period	into other comprehensive incomes in previous period and transferred to retained income in current period	Tax Expense	Company after tax	minority shareholders after tax	
Other Comprehensive Income That Will Be Reclassified into P/L	65,993,020.83	25,818,671.30	-11,860,654.65			38,365,439.74	-686,113.79	104,358,460.57
Including: Foreign currency financial statement translation difference	65,993,020.83	25,818,671.30	-11,860,654.65			38,365,439.74	-686,113.79	104,358,460.57
Other comprehensive income in total	65,993,020.83	25,818,671.30	-11,860,654.65			38,365,439.74	-686,113.79	104,358,460.57

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	580,371.50		1,647,814,866.50
Total	1,647,234,495.00	580,371.50		1,647,814,866.50

Notes on the surplus reserve, including increases or decreases in this period and their reasons:

According to the Company Law and the Articles of Association, the statutory surplus reserve fund shall be drawn at 10% of the parent company's net profit, limited to 50% of the parent company's share capital.

44. Undistributed profits

Unit: RMB

Item	Current Period	Previous Period

Undistributed Profit before Adjustment at the End of the 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	2,905,728,684.03	7,361,892,404.52
Less: withdrawal for statutory surplus reserve	580,371.50	93,543,489.08
Payable Dividends on Ordinary Shares	1,853,061,050.97	1,817,223,955.97
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	1,991,951.67	7,662,734.78
Others		2,608,700.63
Undistributed Profit at the End of the Period	24,388,130,399.78	23,334,051,186.55

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	31,733,745,338.87	19,369,796,361.49	31,843,580,629.17	18,525,996,369.58
Other businesses	447,186,488.30	311,890,243.02	374,737,007.60	278,025,361.72
Total	32,180,931,827.17	19,681,686,604.51	32,218,317,636.77	18,804,021,731.30

The net profit before and after deducting non-recurring profits and losses, whichever is lower, is negative.

□ Yes ☑No

(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	25,775,422,871.14	15,187,851,740.07
Including: Software Business	1,685,487,112.56	590,089,111.30
Innovative Businesses	5,566,291,857.39	3,765,335,736.52
Others	839,217,098.64	728,499,127.92
Total	32,180,931,827.17	19,681,686,604.51

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

Unit: RMB

Item	Amount Occurred in the Current Period

	Income	Cost
Domestic	15,886,994,088.01	10,584,111,985.06
Overseas	16,293,937,739.16	9,097,574,619.45
Total	32,180,931,827.17	19,681,686,604.51

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	80,739,976.26	106,501,298.77
Education surcharges (including local education surcharges)	57,688,592.35	76,094,343.54
House property tax	48,344,533.53	59,855,960.89
Land usage tax	8,011,191.78	7,903,136.79
Vehicle and vessel use tax	41,456.25	56,476.48
Stamp duty	21,492,876.32	22,285,309.84
Others	4,998,144.98	3,089,670.74
Total	221,316,771.47	275,786,197.05

47. Administrative expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period

Labor cost	695,667,184.18	742,212,609.53
Depreciation cost and asset amortization	143,209,091.42	159,254,353.46
Administrative expenses	92,194,684.99	90,685,611.32
Consumables and service fees	52,025,654.53	39,845,264.04
Knowledge resource fee	82,606,146.49	147,815,551.33
Transportation and vehicle expenses	4,121,637.41	3,451,347.31
Traveling expense	11,840,135.09	11,774,618.38
Business entertainment	15,791,767.91	11,246,490.69
Others	43,951,884.61	51,143,668.21
Total	1,141,408,186.63	1,257,429,514.27

48. Sales expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,201,553,137.07	3,226,863,820.05
After-sales service expense	317,453,694.36	321,017,615.54
Transportation and vehicle expenses	52,881,241.84	49,041,851.21
Marketing expense	527,292,675.53	457,846,542.52
Administrative expenses	172,778,528.19	150,970,949.50
Traveling expense	295,323,610.34	284,949,589.16
Business entertainment	250,886,259.63	250,873,194.98
Taxation and insurance expense	51,716,229.07	112,356,918.50
Communication expense	24,597,267.10	25,008,755.46
Knowledge resource fee	49,818,336.36	55,724,443.18
Depreciation cost and asset amortization	173,793,863.72	175,742,287.43
Others	48,638,494.74	53,123,450.32
Total	5,166,733,337.95	5,163,519,417.85

Other notes:

Since 2024, the Company has implemented the provisions of "Interpretation No. 18 of the Accounting Standards for Business Enterprises" on "Accounting Treatment of Guarantee-Type Quality Assurances that Do Not Belong to Single Performance Obligations", and adjusted the amount of sales expenses in the previous period by RMB 129,050,807.84.

49. R&D expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,679,962,388.01	3,543,375,607.63
Research consumables and service fees	223,156,633.45	172,532,981.67
Depreciation cost and asset amortization	155,396,412.58	117,315,005.47
Traveling expense	57,484,535.70	57,860,404.79
Administrative expenses	42,126,496.50	34,045,660.92
Communication expense	36,042,384.98	28,994,641.13
Others	19,086,714.51	13,124,493.61
Total	4,213,255,565.73	3,967,248,795.22

50. Financial expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest expense	45,574,086.20	95,985,194.10
Including: Interest expenses on lease liability	12,307,800.57	14,312,541.58
Less: interest income	420,512,502.16	345,537,378.77
The profit or loss on foreign exchange	-36,740,087.01	-180,137,872.79
Others	21,787,522.36	20,382,067.84
Total	-389,890,980.61	-409,307,989.62

51. Other incomes

Unit: RMB

Sources of other incomes	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Government subsidies	987,842,683.73	932,636,785.62
Input tax credits	8,314,696.17	134,932.81
Handling fee for withholding tax of personal income	6,894,163.10	9,920,044.98
Others	4,059,150.00	75,409.42
Total	1,007,110,693.00	942,767,172.83

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	-206,254,198.57	
Transactional financial liabilities	-1,194,709.59	26,590,919.13
Other Non-current Financial Assets	164,033,503.88	101,037,455.74
Total	-43,415,404.28	127,628,374.87

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	14,958,434.46	-242,631,295.52
Investment income from disposal of long-term equity investment	106,248,112.69	4,777,818,657.97
Investment income from trading financial assets during the holding period	1,243,275.00	

Investment income from disposal of trading financial assets	335,321,351.24	-44,929,416.02
Gain on debt restructuring	-394,660.00	-16,242,445.24
Investment income of other non-current financial assets during the holding period	6,235,327.82	11,870,549.61
Investment income from disposal of other non-current financial assets		10,370,120.76
Investment income from national debt reverse repurchase	2,275,761.53	1,256,871.91
Profits from recognition termination of financial assets	-1,068,904.15	-1,539,231.44
Total	464,818,698.59	4,495,973,812.03

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	2,507,175.29	17,555,335.92
Bad debt losses of accounts receivable	-476,978,994.38	-415,017,021.55
Bad debt losses of other receivables	-16,657,632.76	-997,713.81
Bad debt losses of long-term receivables	3,144,266.49	-13,997,717.99
Total	-487,985,185.36	-412,457,117.43

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	-111,546,305.16	-176,434,382.90
II. Impairment losses on contract assets	3,786,866.34	1,920,067.16
Total	-107,759,438.82	-174,514,315.74

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	750,706.46	1,679,018.49
Income from the disposal of right-of-use assets	54,978.20	328,779.90
Total	805,684.66	2,007,798.39

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	1,909,799.81	1,229,426.37	1,909,799.81
Others	17,119,047.45	12,299,567.88	17,119,047.45
Total	19,028,847.26	13,528,994.25	19,028,847.26

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	602,799.95	1,103,243.16	602,799.95
Gains and losses of non-current asset retirement	4,615,137.70	2,072,054.17	4,615,137.70
Water conservancy fund	643,752.02	441,570.13	
Others	3,694,992.23	29,232,164.80	3,694,992.23
Total	9,556,681.90	32,849,032.26	8,912,929.88

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	-63,939,616.18	895,325,041.21
Deferred income tax expense	134,236,898.79	-248,886,869.12
Total	70,297,282.61	646,438,172.09

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

Unit: RMB

Item	Amount Occurred in the Current Period
Total Profit	2,989,469,554.64
Income tax expense calculated at statutory/applicable tax rate	448,420,433.20
Impact by applying different tax rates to subsidiaries	190,317,754.16
Impact of income tax before adjustment in this period	-225,786,901.71
Impact of Non-taxable Revenue	4,991,178.82
Impact of the non-deductible costs, expenses and losses	88,362,116.88
Impact of Deductible Losses from Unrecognized Deferred	-1,258,087.22

Income Tax Assets in the Previous Period	
Impact of Deductible Temporary Difference or Deductible Losses from Unrecognized Deferred Income Tax Assets in the Current Period	44,203,547.34
Impact of additional deduction of the research and development expenses	-551,837,631.46
Others	72,884,872.60
Income tax expense	70,297,282.61

60. 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	311,169,510.84	273,381,345.10
Government subsidies	1,007,312,023.68	994,760,820.70
Tender and performance guarantee deposit	38,622,713.36	123,948,827.72
Incomings and outgoings and advances	32,317,680.72	7,613,025.25
House rent	84,103,431.19	35,110,365.69
Others	20,250,244.29	24,118,990.28
Total	1,493,775,604.08	1,458,933,374.74

Other cash payments relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Administrative expenses	387,304,151.79	336,994,816.98
Communication expense	93,408,717.03	79,071,144.89
Business entertainment	254,060,537.50	262,962,826.23
Traveling expense	378,225,110.07	360,761,388.26
Marketing expense	497,681,768.61	446,017,073.08
Transportation and vehicle expenses	65,262,630.58	78,953,292.07
Knowledge resource fee	156,764,703.37	204,781,766.16
Research and development consumption and external inspection fee	123,900,001.82	102,571,135.69
Taxation and insurance expense	45,882,692.80	65,040,612.10
Tender and performance guarantee deposit	83,206,276.39	76,473,405.90
Incomings and outgoings and advanced payments	38,804,513.85	17,324,949.79
Consumables and service fees	341,769,894.49	275,055,483.06
Others	43,952,068.98	38,668,797.11
Total	2,510,223,067.28	2,344,676,691.32

(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	22,337,798.22	40,049,759.39
Recovered frozen funds relating to the investment	10,407,241.34	9,762,136.70
Net cash paid for acquisition of subsidiaries	7,763,130.61	
Receipts of loans from non-financial institutions	4,683,641.32	
Total	45,191,811.49	49,811,896.09

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cash received from the transfer of equity/stock.	509,194,753.99	3,518,796,019.54
Recovery of national debt reverse repurchase investment	14,884,041,418.30	1,221,761,539.51
Total	15,393,236,172.29	4,740,557,559.05

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	1,451,036.60	84,979,175.41
Paid frozen funds relating to the investment	5,167,105.34	1,058,404.69
Total	6,618,141.94	86,037,580.10

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	4,330,850,703.38	
Investment income from national debt reverse repurchase.	15,154,408,876.40	1,038,336,000.00
Total	19,485,259,579.78	1,038,336,000.00

(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	158,146,419.17	171,319,524.76
Listing fees		3,312,739.06
Cash paid for purchasing minority equity	40,436,077.68	14,647,000.00
Equity repurchase cash paid	17,418,988.80	679,455,441.73
Others	2,620.98	
Total	216,004,106.63	868,734,705.55

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	2,314,437,200.00	343,668.00	2,277,202,698.18	4,500.00	995,000,000.00
Long-term loan						
Dividends Payable	23,667,047.02		1,853,061,050.97	1,851,784,586.09	1,991,951.67	22,951,560.23
Lease liabilities	176,580,049.57		89,602,750.25	34,641,180.33	117,227,812.08	114,313,807.41
Non-current Liabilities Due within 1 Year	901,722,028.75		117,227,812.08	901,722,028.75		117,227,812.08
Other payables (restricted share repurchase obligations)	326,740,652.18			17,418,988.80	164,626,350.02	144,695,313.36
Total	2,386,136,107.70	2,314,437,200.00	2,060,235,281.30	5,082,769,482.15	283,850,613.77	1,394,188,493.08

61. Supplementary information about the cash flow statement

(1) Supplementary information about the Cash Flow Statement

Unit: RMB

Supplementary information	Amount of this period	Amount of Previous Period
1． Reconciliation of net profit to cash flows from operational activities		
Net Profit	2,919,172,272.03	7,475,267,485.55
Add: provision for impairment of assets	595,744,624.18	586,971,433.17
Depreciation of fixed assets, oil and gas assets, productive biological assets	611,795,984.29	564,909,376.16
Depreciation of Right-of-use Assets	144,045,931.05	140,445,508.21
Amortization of Intangible Assets	39,185,300.46	44,713,796.99

Amortization of long-term deferred expenses	66,984,132.00	59,882,170.69
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-805,684.66	-2,007,798.39
Losses on scrapping of fixed assets (mark "-" for incomes)	2,705,337.89	842,627.80
Losses on fair value changes (mark "-" for incomes)	43,415,404.28	-127,628,374.87
Financial expenses (mark "-" for incomes)	8,833,999.19	-84,152,678.69
Losses on investment (mark "-" for incomes)	-466,282,262.74	-4,513,755,488.71
Decrease on deferred income tax assets (mark "-" for increases)	166,676,397.92	-188,315,504.30
Increase on deferred income tax liabilities (mark "-" for decreases)	-31,911,987.74	-65,033,545.41
Decrease on inventories (mark "-" for increases)	-24,264,745.21	1,804,686,410.40
Decrease on operational receivables (mark "-" for increases)	-889,965,851.98	-650,869,567.85
Increase on operational payables (mark "-" for decreases)	-507,711,956.51	-747,867,775.81
Others	32,620,714.85	300,690,579.53
Net cash flow generated by operating activities	2,710,237,609.30	4,598,778,654.47
2． Major investing and financing activities that do not involve cash receipts and payment		
Conversion of Debt into Capital		
Convertible corporate bond within 1 year		
Fixed Assets under Finance Lease		
3． Net changes in cash and cash equivalents:		
Closing balance of cash	11,061,530,816.28	15,880,659,594.95
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	-4,819,128,778.67	8,002,194,542.32

(2) Net cash acquired from the acquisition of subsidiaries in this period

Unit: RMB

	Amount
Cash or cash equivalents used for the acquisition that occurred in this period and paid in this period.	12,269,004.98
Including:	
Dahua Technology Italy S.R.L.	12,269,004.98
Net cash paid for acquisition of subsidiaries	12,269,004.98

(3) Net cash from disposal of subsidiaries in this 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
Deduct: 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
Add: Cash or cash equivalents received from disposal of subsidiaries in previous periods in this period	17,034,505.40
Including:	
Lorex corporation, Lorex Technology UK Limited, Lorex Technology Inc.	17,034,505.40
Net cash paid for disposal of subsidiaries	90,212,801.88

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing Balance	Opening Balance
Ⅰ. Cash	11,061,530,816.28	15,880,659,594.95
Including: cash on hand	2,584.78	2,642.58
Bank deposit for payment at any time	10,902,292,934.60	15,806,616,028.36
Other monetary funds for payment at any time	159,235,296.90	74,040,924.01
II. Balance of Cash and Cash Equivalents at the End of the Period	11,061,530,816.28	15,880,659,594.95

(5) 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
Other Cash and Bank Balances	75,635,853.99	68,981,082.99	Guarantee letter security deposit, restricted use
Bank Balance	31,940,849.28	6,862,600.24	Frozen funds, restricted

			use
Bank Balance	12,695,904.28	14,501,836.29	Unexpired bank deposit interest is shown in monetary funds
Total	120,272,607.55	90,345,519.52	

62. 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	302,945,067.52	7.1884	2,177,690,323.36
EUR	72,596,198.90	7.5257	546,337,214.06
HKD	141,601,452.69	0.9260	131,128,240.15
AED	39,432,308.16	1.9711	77,726,599.91
PLN	28,100,554.52	1.7597	49,449,388.81
BRL	39,111,415.22	1.1635	45,507,304.95
Total amount of other currencies			372,494,266.18
Accounts receivable			
Including: USD	567,938,848.26	7.1884	4,082,571,616.81
EUR	122,045,359.28	7.5257	918,476,760.36
HKD	1,498,766.22	0.9260	1,387,913.56
INR	8,227,047,886.96	0.0840	691,376,449.38
AED	146,274,028.26	1.9711	288,326,588.06
AUD	27,890,635.91	4.5070	125,703,096.05
Total amount of other currencies			642,465,111.12
Long-term loan			
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	115,702,072.70	7.1884	831,712,779.40
INR	2,632,777,282.93	0.0840	221,250,712.88
EUR	2,644,940.08	7.5257	19,905,025.56
AED	2,885,997.32	1.9711	5,688,704.76
IDR	12,289,595,439.28	0.0005	5,544,745.38
HUF	248,255,889.11	0.0183	4,542,767.59
Total amount of other currencies			19,210,626.48

(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; for the rest of the overseas business entities, the currencies corresponding to the main economic environment in which they operate shall determine their respective functional currencies.

63. 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

Item	Amount of this period	Amount of Previous Period
Interest expenses on lease liabilities	12,307,800.57	14,312,541.58
Simplified rental expenses for short-term leases or low-value asset leases included in the cost of related assets or current profit or loss	73,151,916.01	59,174,978.85
Total cash outflows relating to leases	231,298,335.18	230,494,503.61

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	Income from the variable lease payments that are not included in the lease receivables.
House leasing	83,688,686.98	
Equipment leasing	66,066,283.15	
Total	149,754,970.13	

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	3,679,962,388.01	3,543,375,607.63
Research consumables and service fees	223,156,633.45	172,532,981.67
Depreciation cost and asset amortization	155,396,412.58	117,315,005.47
Traveling expense	57,484,535.70	57,860,404.79
Administrative expenses	42,126,496.50	34,045,660.92
Communication expense	36,042,384.98	28,994,641.13
Others	19,086,714.51	13,124,493.61
Total	4,213,255,565.73	3,967,248,795.22
Including: Expenses for R&D expenditures	4,213,255,565.73	3,967,248,795.22

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	Proportion of remaining equity on the day of loss of control	The book value of the remaining equity at the consolidated financial statement level	The fair value of remaining equity at the consolidated financial statement level	Gain or loss from re-measurement of residual equity at fair value	Determination method and main assumptions of the fair value of remaining	The amount of other comprehensive income related to equity investments in

						subsidiary enjoyed at the consolidated financial statement level corresponding to the disposal of investment		on the day of loss of control	on the day of loss of control		equity at the consolidated financial statement level on the day of loss of control	subsidiary companies and transferred to investment profit or loss or retained earnings
Dahua Technology USA Inc.	$15,000,000.00	100.00%	Equity transfer	January 12, 2024	Signing of equity transfer agreement and completion of property rights delivery	118,108,767.34						-11,860,654.65

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 a total of 14 domestic and overseas subsidiaries through investment establishment and other means, 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., Jilin Dahua Zhilian Technology Co., Ltd., Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd., Hainan Dahua Huizhi 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 the enterprises it controls. 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	100.00%		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% (Note 1)		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
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
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	Fengtai District, Beijing	Fengtai 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	62.40%		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% (Note 2)		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
Jilin Zhilian	RMB 10 million	Changchun, Jilin Province	Changchun, Jilin Province	Electronics and information		100.00%	Establishment
Zhengzhou Huaao	RMB 10 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information		100.00%	Establishment
Hainan Huizhi	RMB 10 million	Hainan Province	Hainan Province	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	1,000,000 Malaysian Ringgit	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 49,686,361	Argentina	Argentina	Electronics and		100.00%	Establishment

				information			
Dahua Spain	EUR 150,000	Spain	Spain	Electronics and information		100.00%	Establishment
Dahua Kazakhstan	KZT 23 million	Kazakhstan	Kazakhstan	Electronics and information		100.00%	Establishment
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 500,000	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 100 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 Arabia	SAR 500,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
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 750,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Argentina Co.	USD 200,000	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	2,000.00 Malaysian Ringgit	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) 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.

(2) 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 December 31, 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.

3) In December 2024, the Company acquired 3.60% of the equity of Phone World Communications Group Co., Ltd., a shareholder of its subsidiary Zhoushan Operation, for a consideration of RMB 1,039,176.00. After the equity transfer, the Company's shareholding ratio in Zhoushan Operation increased from 58.80% to 62.40%. Zhoushan Operation is still a subsidiary of the Company and is included in 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

	Investment Management Company	Huafei Intelligent	Zhoushan Operation
Purchase cost/Disposal	23,109,000.00	28,015,493.50	1,039,176.00

consideration			
-- Cash	23,109,000.00	28,015,493.50	1,039,176.00
-- Fair value of non-cash assets			
Purchase cost/ Total disposal consideration	23,109,000.00	28,015,493.50	1,039,176.00
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disposed	22,887,421.83	26,396,990.00	1,045,855.89
Difference	221,578.17	1,618,503.50	-6,679.89
Among them: adjust the capital reserve	-221,578.17	-1,618,503.50	6,679.89
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 / current period amount	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	722,241,568.57	727,453,629.75
The total count of the following items based on the shareholding ratios		
--Net profit	14,958,434.46	-242,631,295.52
--Other comprehensive income	-7,514,266.44	9,013,070.41
--Total comprehensive income	7,444,168.02	-233,618,225.11

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	40,829,317.46		11,448,444.19		181,225,246.29	Related to assets
Deferred Income	14,867,300.02			9,911,533.32		4,955,766.70	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	987,842,683.73	932,636,785.62

XII. Risks Relating to Financial Instruments

1. Various risks arising from financial instruments

The company faces various financial risks in its operations: 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:

Item	December 31, 2024		
	Within 1 year	1 years or above	Total
Short-term loan	995,000,000.00		995,000,000.00
Notes Payable	3,599,974,242.02		3,599,974,242.02
Accounts Payable	5,877,976,861.13		5,877,976,861.13
Other Payables	637,013,560.05		637,013,560.05
Non-current Liabilities Due within 1 Year	124,348,757.02		124,348,757.02
Lease liabilities		120,670,497.25	120,670,497.25
Total	11,234,313,420.22	120,670,497.25	11,354,983,917.47

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:

Item	Closing Balance			Opening Balance		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and Bank Balances	2,177,690,323.36	1,222,643,014.06	3,400,333,337.42	1,211,603,667.27	3,821,528,161.46	5,033,131,828.73
Accounts receivable	4,082,571,616.81	2,667,735,918.53	6,750,307,535.34	3,780,152,844.06	2,615,801,053.40	6,395,953,897.46
Accounts Payable	831,712,779.40	276,142,582.65	1,107,855,362.05	734,434,093.99	242,813,777.12	977,247,871.11
Total	7,091,974,719.57	4,166,521,515.24	11,258,496,234.81	5,726,190,605.32	6,680,142,991.98	12,406,333,597.30

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 Assets	149,726,569.64	80,200,959.64		229,927,529.28
1. Financial assets at fair value through	149,726,569.64	80,200,959.64		229,927,529.28

profit or loss in this period				
(1) Investment in equity instruments	149,726,569.64			149,726,569.64
(2) Others		80,200,959.64		80,200,959.64
(II) Receivables Financing		841,815,267.43		841,815,267.43
(III) Other Non-current Financial Assets		1,232,393,960.16	42,303,530.71	1,274,697,490.87
1. Financial assets at fair value through profit or loss in this period		1,232,393,960.16	42,303,530.71	1,274,697,490.87
(1) Investment in debt instrument				
(2) Investment in equity instrument			42,303,530.71	42,303,530.71
(3) Derivative Financial Assets				
(4) Others		1,232,393,960.16		1,232,393,960.16
Total assets constantly measured at fair value	149,726,569.64	2,154,410,187.23	42,303,530.71	2,346,440,287.58
(IV) Transactional Financial Liabilities		1,058,039.73	3,210,563.79	4,268,603.52
Derivative Financial Liabilities		1,058,039.73		1,058,039.73
Others			3,210,563.79	3,210,563.79
Total amount of liabilities constantly measured at their fair values		1,058,039.73	3,210,563.79	4,268,603.52

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.

The valuation of trading financial assets is indirectly measured according to the product description.

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		31.07%	31.26%
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 Institute Co., Ltd.	Affiliate
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	Affiliate

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 Huashi Investment Management Co., Ltd.	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 with significant influence from shareholders holding more than 5% of the Company's shares
Hangzhou Xintu Technology Co., Ltd. (Note 2)	Enterprises controlled by shareholders holding more than 5% of the company's shares.

Other notes:

Note 1: "Zhejiang Leapmotor Technology Co., Ltd. and its affiliates" includes a total of eight companies that have related transactions with the Company, namely Zhejiang Leapmotor Technology Co., Ltd., Leapmotor Automobile Co., Ltd., 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	251,120,672.03		No	220,043,806.51
China Mobile Communications	Material procurement,	69,439,293.57		No	65,645,012.10

Group Co., Ltd. and its affiliates	acceptance of services				
Zhejiang Huachuang Vision Technology Co., Ltd.	Purchase of materials	41,355,588.69		No	86,413,751.62
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Purchase of materials	8,517,077.21		No	8,967,655.86
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Material procurement, acceptance of services	5,890,244.00		No	1,228,401.43
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Material procurement, acceptance of services	1,753,437.75		No	157,371.67
Intelbras S.A.	Purchase of materials	135,122.60		No	
Beijing Haitian Ruisheng Science Technology Ltd.	Acceptance of services	130,230.19		No	
Hangzhou Vision Robot Technology Co., Ltd.	Material procurement, acceptance of services	13,301.89		No	174,659.74
Zhejiang Lancable Technology Co., Ltd.	Purchase of materials	2,548.68		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	1,272,280,696.42	865,178,578.92
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Sales of goods and provision of services	405,417,599.67	311,398,339.87
China Mobile Communications Group Co., Ltd. and its affiliates	Sales of goods and provision of services	189,924,499.42	196,450,005.15
Dezhou Shuzhi Information Technology Co., Ltd.	Sales of goods and provision of services	9,665,438.58	2,199,876.09
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Sales of merchandise	6,370,044.11	12,502,503.49
Guangdong Zhishi Digital Technology Co., Ltd.	Sales of merchandise	5,696,670.05	3,635,895.54
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Sales of goods and provision of services	2,786,571.83	8,905,782.27

Zhejiang Hyxi Technology Co., Ltd.	Sales of goods and provision of services	2,383,310.22	
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Sales of merchandise	1,628,266.86	1,100,912.16
Zhejiang Huachuang Vision Technology Co., Ltd.	Sales of goods and provision of services	996,525.68	4,227,590.71
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Sales of merchandise	414,132.75	145,836.73
Hangzhou Xintu Technology Co., Ltd.	Sales of goods and provision of services	1,362.74	5,424.92
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise	-9,204.38	22,761.06
Company A and other companies under its control	Sales of merchandise		30,913.16
Hangzhou Vision Robot Technology Co., Ltd.	Sales of merchandise		13,761.08

(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 Hyxi Technology Co., Ltd.	Buildings and constructions	2,231,731.00	738,194.50
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Buildings and constructions	1,773,201.45	1,875,248.10
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Buildings and constructions	268,976.15	268,975.94
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Buildings and constructions	93,212.07	93,489.58
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Transport device	14,115.04	
Zhejiang Huachuang Vision Technology Co., Ltd.	Buildings and constructions	20,091.72	20,091.73

The Company being the lessee:

Unit: RMB

Name of the lessor	Type of the leased assets	Simplified rental expenses for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities borne		Increased right-of-use assets	
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount

		Occurred in the Current Period	Occurred in the Previous Period	Occurred in the Current Period	Occurred in the Previous Period	Occurred in the Current Period	Occurred in the Previous Period	Occurred in the Current Period	Occurred in the Previous Period	Occurred in the Current Period	Occurred in the Previous Period
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Machinery and equipment					1,034,915.00	1,034,915.00	214,842.27	241,040.11		

(3) Related guarantee

The Company being the guarantor:

Unit: RMB

Secured parties	Amount guaranteed	Starting date	Maturity date	Guarantee fulfilled completely or not
Zhejiang Dahua Vision Technology Co., Ltd.	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	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.	220,000,000.00	October 13, 2017	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd. (guarantee currency is US dollar)	40,000,000.00	September 21, 2018	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	September 01, 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	Yes
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	Yes

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	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	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 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	Yes
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	No
Zhejiang Dahua Vision Technology Co., Ltd.	495,000,000.00	July 25, 2024	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	August 16, 2024	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua Vision Technology Co., Ltd.	680,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No

Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	December 13, 2024	Three 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 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	Yes
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	September 24, 2020	Two years after the maturity of the debts in the master contract	Yes
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.	165,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	5,000,000.00	December 03, 2021	December 02, 2024	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2022	September 18, 2024	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	12,500,000.00	July 13, 2023	July 12, 2024	Yes
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	Yes
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	Yes
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
Zhejiang Dahua Zhilian Co., Ltd.	600,000,000.00	July 25, 2024	The guarantee period starts from the expiration date of the performance period of each principal debt under the master contract and ends three years after the expiration date of the performance period of the last due principal debt under all master contracts.	No

Zhejiang Dahua Zhilian Co., Ltd.	165,000,000.00	July 25, 2024	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	September 26, 2024	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No
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	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	Yes
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	September 28, 2024	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	Yes
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)	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 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
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	August 16, 2024	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua System Engineering Co., Ltd.	10,000,000.00	September 3, 2024	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No
Dahua Technology	2,000,000.00	April 21, 2023	April 21, 2024	Yes

(HK) Limited (guarantee currency is US dollar)				
Dahua Technology (HK) Limited (guarantee currency is US dollar)	3,000,000.00	April 22, 2024	April 22, 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	Yes
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	1,000,000.00	October 18, 2024	October 17, 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	September 27, 2024	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
Zhejiang Huayixin Technology Co., Ltd. (guarantee currency: 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	September 27, 2024	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Huayixin Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	Yes
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	September 26, 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 creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	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	September 27, 2024	Yes
Zhejiang Fengshi Technology Co., Ltd.	100,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	October 21, 2022	September 18, 2024	Yes
Zhejiang Fengshi Technology Co., Ltd.	30,000,000.00	September 3, 2024	From the effective date of the commitment letter to three years	No

			after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advances date of each advance;	
Zhejiang Fengshi Technology Co., Ltd.	15,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Jiangsu Huaruipin Technology Co. Ltd.	8,000,000.00	August 25, 2022	September 27, 2024	Yes
Jiangsu Huaruipin Technology Co. Ltd.	8,000,000.00	September 28, 2024	August 25, 2025	No
Jiangsu Huaruipin Technology Co. Ltd.	15,000,000.00	October 21, 2022	September 18, 2024	Yes
Jiangsu Huaruipin Technology Co. Ltd.	15,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Huaxiao Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	Yes
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	September 27, 2024	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	25,000,000.00	October 21, 2022	September 18, 2024	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	20,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	September 28, 2024	August 25, 2025	No
Xi'an Dahua Zhilian Technology Co., Ltd.	30,000,000.00	December 06, 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 creditor's rights granted by the Xi'an Branch of China Merchants Bank or the advance date of each advance within the credit extension period;	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 25, 2023	From the start of the guarantee period to three years after the maturity date of each note	Yes

			discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	September 28, 2024	August 25, 2025	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	July 16, 2024	June 09, 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
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	July 16, 2024	June 09, 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	September 27, 2024	Yes
Changsha Dahua Technology Co., Ltd.	50,000,000.00	September 28, 2024	August 25, 2025	No
Changsha Dahua Technology Co., Ltd.	20,000,000.00	October 21, 2022	September 18, 2024	Yes
Changsha Dahua Technology Co., Ltd.	20,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	September 28, 2024	August 25, 2025	No
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	August 25, 2022	September 27, 2024	Yes
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	September 28, 2024	August 25, 2025	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	5,000,000.00	August 25, 2022	September 27, 2024	Yes
Zhejiang Dahua Security Network	5,000,000.00	September 28, 2024	August 25, 2025	No

Operation Service Co., Ltd.				
Dahua Technology France SAS (guarantee currency is EUR)	145,700.00	December 07, 2023	August 31, 2029	No
DAHUA EUROPE B.V. (guaranteed currency is US dollar)	1,500,000.00	March 04, 2024	March 03, 2025	No
Dahua Technology Italy S.R.L. (guaranteed currency is US dollar)	500,000.00	March 04, 2024	March 03, 2025	No

(4) Asset transfer and debt restructuring of related parties

Unit: RMB

Related parties	Content of the related - party transaction	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Zhejiang Huachuang Vision Technology Co., Ltd.	Procurement of fixed assets	33,671.84	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	32,004,911.06	22,009,460.55

(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	Intelbras S.A.	591,354,065.58	29,567,703.28	399,216,383.81	19,960,819.19
Accounts receivable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	264,675,710.56	13,357,368.51	158,504,082.59	7,998,998.48
Accounts receivable	China Mobile Communications Group Co., Ltd. and its affiliates	153,789,928.68	21,308,153.74	140,286,722.77	15,390,276.69
Accounts receivable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	17,669,453.04	1,408,576.57	18,610,308.67	1,161,880.61
Accounts receivable	Guangdong Zhishi Digital Technology Co., Ltd.	7,550,832.13	2,958,999.91	4,757,349.37	267,081.04
Accounts receivable	Dezhou Shuzhi Information Technology Co., Ltd.	6,231,962.01	311,598.10		
Accounts receivable	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	2,642,556.01	132,127.80	4,955,930.01	247,796.50
Accounts receivable	Zhejiang Huachuang Vision Technology Co., Ltd.	2,602,776.37	201,453.69	1,503,214.40	75,211.10
Accounts receivable	Zhejiang Hyxi Technology Co., Ltd.	2,049,201.90	102,460.10		
Accounts receivable	Company A and other companies under its control	315,750.18	252,847.40	2,708,124.52	1,194,095.64
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	291,210.78	14,560.54	5,512,687.07	766,592.10
Accounts receivable	Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	31,170.00	1,558.50	31,200.00	1,560.00
Accounts receivable	Zhejiang Lancable Technology Co., Ltd.			15,000.00	750.00
Accounts	Hangzhou Xintu	N/A (Note 1)	N/A (Note 1)	81.60	4.08

receivable	Technology Co., Ltd.				
Accounts receivable	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.			181.50	9.08
Prepayments	Company A and other companies under its control	747,840.52		685,807.08	
Prepayments	China Mobile Communications Group Co., Ltd. and its affiliates	376,505.05		473,044.59	
Contract Assets	China Mobile Communications Group Co., Ltd. and its affiliates	5,745,492.32	747,625.61	7,708,740.44	1,807,246.75
Contract Assets	Ruicity Digital Technology Co., Ltd. And its subsidiaries	155,050.00	44,122.80	206,733.38	20,141.74
Contract Assets	Zhejiang Hyxi Technology Co., Ltd.	90,160.20	4,508.01		
Other Receivables	China Mobile Communications Group Co., Ltd. and its affiliates	3,199,859.09	573,371.54	1,965,652.24	265,848.14
Other Receivables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	244,850.00	14,485.00	64,850.00	3,242.50

Note 1: The affiliated relationship ended in April 2024.

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable	China Mobile Communications Group Co., Ltd. and its affiliates	36,039,551.28	38,418,336.92
Accounts Payable	Zhejiang Huachuang Vision Technology Co., Ltd.	9,010,272.07	12,132,312.24
Accounts Payable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	2,324,793.29	9,167,655.86
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	1,735,191.79	730,299.40
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	107,500.00	61,513.26
Accounts Payable	Zhejiang Lancable		3,970.00

	Technology Co., Ltd.		
Contract liabilities	China Mobile Communications Group Co., Ltd. and its affiliates	9,457,312.09	12,139,953.98
Contract liabilities	Intelbras S.A.	3,033,496.96	
Contract liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	2,375,139.56	1,648,066.02
Contract liabilities	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	107.09	
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	Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	4,683,641.32	
Other Payables	China Mobile Communications Group Co., Ltd. and its affiliates	10,647,937.20	5,363,787.00
Other Payables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	300,000.00	173,520.00
Other Payables	Zhejiang Huachuang Vision Technology Co., Ltd.	200,816.89	
Other Payables	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	63,070.00	63,070.00
Lease liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	6,550,386.06	7,370,458.79

Note 1: The affiliated relationship ended in April 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 managem			3,295,423.00	6,424,880.91	20,262,480.00	170,392,761.52	2,134,680.00	13,090,480.38

ent, other management, and key business personnel								
Total			3,295,423.00	6,424,880.91	20,262,480.00	170,392,761.52	2,134,680.00	13,090,480.38

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 15.473/share	6 months	RMB 8.16/share	0 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 67,761,179.01.

(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 7,165,137.03.

(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 21,062,879.23.

(4) The amount of employee services paid in equity under the Company's 2022 Stock Option and Restricted Share Incentive Plan was RMB 126,418,531.55. The amount of share-based payments transferred back to equity settlement due to repurchase cancellation and the failure of the third batch to meet the unlocking conditions was RMB 190,488,038.76.

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	366,862,718.17
Amount of equity-settled share-based payment confirmed in current period	31,919,688.06

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	31,919,688.06	
Total	31,919,688.06	

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 December 31, 2024, the pledge information of the Company 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 December 31, 2024, the Company had undue notes receivable of RMB 111,858,771.13 (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 703,589,691.91 (where RMB 196,000,000.00 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 1,017,285.77.

Under the pledge, the Company issued the banker's acceptance in the amount of RMB 2,822,420.81, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 493,227,085.61, and the subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued the banker's acceptance in the amount of RMB 316,800.00.

(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 December 31, 2024, RMB 339,436,060.45 of undue notes receivable (of which RMB 201,288,024.00 was related party notes that should be included in the scope of the consolidated financial statements) of the subsidiary Zhejiang Dahua Zhilian Co., Ltd. were pledged for the issuance of acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued the banker's acceptance in the amount of RMB 194,168,524.09.

(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 December 31, 2024, the Company had undue notes receivable of RMB 309,288,766.63 (where RMB 300,000,000.00 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 264,622,431.02 (where RMB 100,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had undue notes receivable of RMB 5,222,730.00, the subsidiary Zhejiang Huajian Technology Co., Ltd. had undue notes receivable of RMB 4,704,401.62.

Under this pledge, the Company issued the banker's acceptance in the amount of RMB 413,782.35, its subsidiary Hangzhou Huacheng Network Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 146,780,702.18, the subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued the banker's acceptance in the amount of RMB 100,000.01, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued the banker's acceptance in the amount of RMB 43,622,576.39, and the subsidiary Zhejiang Fengshi Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 298,673,883.20. The subsidiary Zhejiang Huajian Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 714,892.09, the subsidiary Zhejiang Huaxiao Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 82,581.53, the subsidiary Zhejiang Huayixin Technology Co., Ltd.

issued the banker's acceptance in the amount of RMB 159,583.12, and the subsidiary Xi'an Dahua Zhilian Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 273,352.30.

(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 December 31, 2024, RMB 42,659,381.96 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 No. PPHJQZCZ 20240726-001 (the contract term is from August 20, 2024 to August 19, 2025) made by and between the Company and Ping An Bank Co., Ltd. Hangzhou Branch on August 20, 2024, a special credit quota 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 December 31, 2024, the Company had undue notes receivable of RMB 200,000,000.00 (where RMB 200,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had undue notes receivable of RMB 114,938,425.25 (where RMB 94,000,000.00 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Jiangsu Huaruipin Technology Co., Ltd. had undue notes receivable of RMB 1,054,366.00, the subsidiary Changsha Dahua Technology Co., Ltd. had undue notes receivable of RMB 3,962,257.09, and the subsidiary Zhejiang PixFra Technology Co., Ltd. had undue notes receivable of RMB 1,066,011.00 pledged for issuing banker's acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 117,525,482.80, the subsidiary Jiangsu Huaruipin Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 9,651,054.45, the subsidiary Zhejiang PixFra Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 646,120.68, and the subsidiary Changsha Dahua Technology Co., Ltd. issued the banker's acceptance in the amount of RMB 7,855,237.13.

(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 asset pool business, as of December 31, 2024, RMB 38,143,859.04 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 banker's acceptance in the amount of RMB 34,917,760.19.

2. Contingencies

(1) Important contingent matters on the balance sheet day

None

(2) If no important contingent matter to be disclosed by the Company, it should also be noted accordingly

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

XVII. Events after the Balance Sheet Date

1. Important non-adjusting items

None

2. Profit distribution

Proposed dividend per 10 shares (RMB)	4.58
Profit distribution plan	Based on 3,279,257,910 shares after deducting the repurchased shares (19,819,601 shares), the Company will distribute a cash dividend of RMB 4.58 (tax inclusive) for every 10 shares to all shareholders, and the total amount of this cash dividend will be RMB 1,501,900,122.78 (tax inclusive). It will not convert capital reserve into share capital or distribute bonus shares, and the remaining undistributed profit will be retained for future distribution.

3. Other events after the balance sheet date

Under the "Proposal on the Sale of Equity in a Controlling Subsidiary" approved at the Tenth Meeting of the Eighth Board of Directors on March 3, 2025, the Company transferred its 32.7321% equity interest in Hangzhou Huacheng Network Technology Co., Ltd. (hereinafter referred to as "Huacheng Network") (corresponding to a capital contribution of RMB 25.5 million) to Shanghai Zhicheng Enterprise Management Partnership (Limited Partnership) at a price of RMB 716.8329 million. After the completion of this transaction, the Company no longer holds shares in its controlling subsidiary Huacheng Network, and Huacheng Network and its subsidiaries are no longer included in the Company's consolidated financial statements.

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 income	Operating Cost
Domestic	15,886,994,088.01	10,584,111,985.06
Overseas	16,293,937,739.16	9,097,574,619.45
Total	32,180,931,827.17	19,681,686,604.51

Product subsection

Unit: RMB

Item	Operating income	Operating Cost
Smart IoT Products and Solutions	25,775,422,871.14	15,187,851,740.07
Including: Software Business	1,685,487,112.56	590,089,111.30
Innovative Businesses	5,566,291,857.39	3,765,335,736.52
Others	839,217,098.64	728,499,127.92
Total	32,180,931,827.17	19,681,686,604.51

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)	3,626,113,282.05	6,181,011,320.94
1 to 2 years	278,227,149.44	220,370,669.05
2 to 3 years	118,907,668.74	205,500,322.81
3 years or above	327,790,735.16	209,345,603.19
3 to 4 years	156,150,890.29	139,992,165.49
4 to 5 years	104,733,137.94	48,597,714.50
5 years or above	66,906,706.93	20,755,723.20
Total	4,351,038,835.39	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	37,472,879.25	0.86%	37,472,879.25	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	37,472,879.25	0.86%	37,472,879.25	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	4,313,565,956.14	99.14%	174,068,692.58	4.04%	4,139,497,263.56	6,776,516,525.94	99.42%	135,569,555.41	2.00%	6,640,946,970.53
Including										

g:										
Portfolio 1: Related Parties Portfolio	3,137,038,601.58	72.10%			3,137,038,601.58	5,668,800,812.35	83.17%			5,668,800,812.35
Portfolio 2: Aging Analysis Portfolio	1,176,527,354.56	27.04%	174,068,692.58	14.80%	1,002,458,661.98	1,107,715,713.59	16.25%	135,569,555.41	12.24%	972,146,158.18
Total	4,351,038,835.39	100.00%	211,541,571.83		4,139,497,263.56	6,816,227,915.99	100.00%	175,280,945.46		6,640,946,970.53

Provision for bad debt accrued by single item: RMB 37,472,879.25

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	36,675,477.42	36,675,477.42	100.00%	Expected to be unable to recover
Other sporadic customers	1,099,191.63	1,099,191.63	797,401.83	797,401.83	100.00%	Expected to be unable to recover
Total	39,711,390.05	39,711,390.05	37,472,879.25	37,472,879.25		

Bad debt accrual by portfolio: RMB 174,068,692.58

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year	741,593,923.13	37,079,696.14	5.00%
1 to 2 years	194,550,469.95	19,455,047.00	10.00%
2 to 3 years	106,858,536.64	32,057,560.99	30.00%
3 to 4 years	83,391,550.19	41,695,775.10	50.00%
4 to 5 years	31,761,306.50	25,409,045.20	80.00%
5 years or above	18,371,568.15	18,371,568.15	100.00%
Total	1,176,527,354.56	174,068,692.58	

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	175,280,945.4	43,519,705.19		7,259,078.82		211,541,571.8

provision	6					3
Total	175,280,945.46	43,519,705.19		7,259,078.82		211,541,571.83

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	7,259,078.82

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	Ending 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	2,620,757,789.77		2,620,757,789.77	59.67%	
Customer 2	167,012,007.88	3,943,041.50	170,955,049.38	3.89%	33,871,554.22
Customer 3	95,296,222.66		95,296,222.66	2.17%	
Customer 4	93,316,133.94		93,316,133.94	2.13%	
Customer 5	69,567,760.14		69,567,760.14	1.58%	
Total	3,045,949,914.39	3,943,041.50	3,049,892,955.89	69.44%	33,871,554.22

2. Other Accounts Receivable

Unit: RMB

Item	Closing Balance	Opening Balance
Other Receivables	13,384,626,871.41	11,736,609,900.41
Total	13,384,626,871.41	11,736,609,900.41

(1). Other Accounts Receivable

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	45,415,624.12	42,885,100.54
Prepaid or advance expense	47,488,662.92	55,413,467.31

Employee home loan	50,462,191.00	70,683,455.00
Incomings and outgoings	13,273,651,357.52	11,602,342,723.04
Others	5,892,194.26	401,773.49
Total	13,422,910,029.82	11,771,726,519.38

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	12,984,563,624.75	11,151,113,722.07
1 to 2 years	97,135,520.98	152,050,338.67
2 to 3 years	57,731,188.49	103,271,253.97
3 years or above	283,479,695.60	365,291,204.67
3 to 4 years	40,037,678.96	156,024,115.87
4 to 5 years	63,092,431.82	38,468,597.33
5 years or above	180,349,584.82	170,798,491.47
Total	13,422,910,029.82	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	13,422,910,029.82	100.00%	38,283,158.41	0.29%	13,384,626,871.41	11,771,726,519.38	100.00%	35,116,618.97	0.30%	11,736,609,900.41
Including:										
Portfolio 1: Related Parties Portfolio	13,273,651,357.52	98.89%			13,273,651,357.52	11,602,342,723.04	98.56%			11,602,342,723.04
Portfolio 2: Aging Analysis Portfolio	149,258,672.30	1.11%	38,283,158.41	25.65%	110,975,513.89	169,383,796.34	1.44%	35,116,618.97	20.73%	134,267,177.37
Total	13,422,910,029.82	100.00%	38,283,158.41		13,384,626,871.41	11,771,726,519.38	100.00%	35,116,618.97		11,736,609,900.41

Bad debt accrual by portfolio: RMB 38,283,158.41

Unit: RMB

Name	Closing Balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	71,540,357.59	3,577,017.88	5.00%
1 to 2 years	20,965,616.88	2,096,561.69	10.00%
2 to 3 years	21,935,101.15	6,580,530.34	30.00%
3 to 4 years	11,939,763.56	5,969,881.78	50.00%
4 to 5 years	14,093,331.99	11,274,665.59	80.00%
5 years or above	8,784,501.13	8,784,501.13	100.00%
Total	149,258,672.30	38,283,158.41	

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	-630,851.57	630,851.57		
--Transfer to phase three	-106,833.00	-45,300.00	152,133.00	
Provisions of this period	-1,160,971.02	2,746,481.76	1,696,459.70	3,281,970.44
Write off in this period	10,631.00	100,000.00	4,800.00	115,431.00
Balance as of December 31, 2024	20,520,608.03	14,459,717.89	3,302,832.49	38,283,158.41

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	3,281,970.44		115,431.00		38,283,158.41
Total	35,116,618.97	3,281,970.44		115,431.00		38,283,158.41

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	115,431.00

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	9,146,100,418.61	RMB 9,145,703,015.13 within 1 year, RMB 8,240.86 for 1-2 years, RMB 387,990.83 for 2-3 years, and RMB 1,171.79 for more than 5 years.	68.14%	
Company 2	Incomings and outgoings	2,099,557,154.81	Within 1 year	15.64%	
Company 3	Incomings and outgoings	852,103,334.62	804,014,726.91 yuan within 1 year, 1,293,307.72 yuan in 1-2 years, 4,400,100.00 yuan in 2-3 years, 5,100,400.00 yuan in 3-4 years, 37,294,799.99 yuan in 4-5 years.	6.35%	
Company 4	Incomings and outgoings	300,973,666.25	Within 1 year	2.24%	
Company 5	Incomings and outgoings	247,386,630.06	Within 1 year	1.84%	
Total		12,646,121,204.35		94.21%	

3. Long-term Equity Investment

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	8,006,238,280.28		8,006,238,280.28	8,003,642,515.21		8,003,642,515.21
Investment in affiliates and	156,040,573.47		156,040,573.47	188,883,917.03	723,496.39	188,160,420.64

joint ventures						
Total	8,162,278,853.75		8,162,278,853.75	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			4,055,934.30			540,661,946.58	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	102,235,996.18			31,048.61			102,204,947.57	
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			19,497.97			6,202,355.68	
Dahua Technology (HK) Limited	669,687,347.00						669,687,347.00	
Zhejiang Dahua Vision Technology Co., Ltd.	1,301,496,174.07			752,285.44			1,300,743,888.63	
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20,002,580.76						20,002,580.76	
Hangzhou Xiaohua Technolog	9,463,819.79			145,069.66			9,318,750.13	

y CO., LTD.								
Zhejiang Dahua Zhilian Co., Ltd.	1,853,882,587.98		35,000,000.00	486,878.77			1,888,395,709.21	
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			26,315.99			71,316,248.90	
Hangzhou Huacheng Network Technology Co., Ltd.	33,452,823.33			1,091,662.80			32,361,160.53	
Zhejiang HuaRay Technology Co., Ltd.	43,042,525.36			2,193,308.97			40,849,216.39	
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,131,561.91			6,892.13			5,124,669.78	
Zhejiang Huafei Intelligent Technology CO., LTD.	39,020,809.23			36,289,685.29			2,731,123.94	
Guizhou Huayi Shixin Technology Co., Ltd.	1,800,000.00						1,800,000.00	
Zhejiang Fengshi Technology Co., Ltd.	9,076,201.62			15,477.69			9,060,723.93	
Dahua Technology Holdings Limited	8,102,000.00			7,696,900.00			405,100.00	
Zhejiang Huaxiao Technology Co., Ltd.	39,503,195.53			394,243.27			39,108,952.26	
Xi'an Dahua	991,403,693.10			356,137.55			991,047,555.55	

Zhilian Technology Co., Ltd.								
Jiangsu Huaruipin Technology Co. Ltd.	18,066,240.73			45,566.60			18,020,674.13	
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	10,986,257.22			111,354.20			10,874,903.02	
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			243,599.30			2,381,088.27	
Zhejiang Zhoushan Digital Development Operation Co. Ltd.	17,640,000.00		1,039,176.00				18,679,176.00	
Guangxi Dahua Technology Co., Ltd.	30,000,000.00						30,000,000.00	
Zhejiang Huayixin Technology Co., Ltd.	41,057,905.45			5,623.56			41,052,281.89	
Zhejiang Huaruijie Technology Co., Ltd.	54,759,369.02			932,746.64			53,826,622.38	
Chengdu Dahua Zhilian Information Technology Co., Ltd.	600,967,711.17			277,148.66			600,690,562.51	
Chengdu Dahua	554,700,000.00						554,700,000.00	

Zhian Information Technology Service Co., Ltd.								
Chengdu Huishan Smart Network Technology Co., Ltd.	5,800,000.00						5,800,000.00	
Zhejiang Huajian Technology Co., Ltd.	25,438,594.24			720,280.42			24,718,313.82	
Guangxi Huacheng Technology Co., Ltd.	181,131.07			18,817.34			162,313.73	
Hangzhou Huacheng Software Co., Ltd.	4,537,212.61			894,066.82			3,643,145.79	
Dahua Technology Canada Inc.	72,864.00						72,864.00	
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	10,000,000.00						10,000,000.00	
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00						30,000,000.00	
Dahua Technology International Pte. Ltd.	1,000,000.00						1,000,000.00	
Changsha Dahua Technology Co., Ltd.	100,029,574.72			6,458.92			100,023,115.80	
Zhejiang Pixfra Technolog	592,510,765.20		394,142.22				592,904,907.42	

y Co., Ltd.								
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	16,050,203.52			181,084.99			15,869,118.53	
Henan Dahua Zhilian Information Technology Co., Ltd.	163,701.90			35,768.02			127,933.88	
Yibin Huahui Information Technology Co., Ltd.	26,184.84			3,166.03			23,018.81	
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			5,227.02			38,024.70	
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	126,189.87		95,693.81				221,883.68	
Total amount of other companies	2,055.08						2,055.08	
Total	8,003,642,515.21		59,638,012.03	57,042,246.96			8,006,238,280.28	

(2) Investment in affiliates and joint ventures

Unit: RMB

The invested entity	Opening balance (book value)	Opening balance of provision for	Decrease/Increase in the current period								Closing balance (book value)	Closing balance of provision for
			Investments increased	Investment decreased	Investment profit and loss	Adjustment on other compr	Other changes in equity	Cash dividends or profit declar	Provision for impairment accru	Others		

		impairment			recognized under the equity method	ehensive income		ed to distribute	ed			decline in value
Ⅰ. Joint ventures												
II. Affiliate												
Ruicity Digital Technology Co., Ltd.	78,231,566.10				-25,428,071.72						52,803,494.38	
Hangzhou Juhuanyan Information Technology Co., Ltd.		723,496.39										
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	67,432,554.80				747,344.35			553,134.55			67,626,764.60	
Dezhou Shuzhi Information Technology Co., Ltd.	3,444,758.26				154,201.41						3,598,959.67	
Sichuan	1,121,844.5				-161,5						960,255.07	

Hengji Anhua Internet of Things Technology Co., Ltd.	6				89.49							
Zhejiang Huachuang Vision Technology Co., Ltd.	37,929,696.92				-10,220,237.90		3,341,640.73				31,051,099.75	
Subtotal	188,160,420.64	723,496.39			-34,908,353.35		3,341,640.73	553,134.55			156,040,573.47	
Total	188,160,420.64	723,496.39			-34,908,353.35		3,341,640.73	553,134.55			156,040,573.47	

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	7,449,795,751.08	1,430,946,858.40	10,606,267,041.51	1,654,449,450.35
Other businesses	68,395,291.00	34,191,111.71	69,647,278.51	37,059,643.16
Total	7,518,191,042.08	1,465,137,970.11	10,675,914,320.02	1,691,509,093.51

5. Investment income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income calculated by cost method	8,304,369.49	1,149,863.64
Long-term equity investment income measured by equity method	-34,908,353.35	-309,247,666.73
Investment income from disposal of	6,812,806.50	4,603,860,940.85

long-term equity investment		
Investment income from trading financial assets during the holding period	1,243,275.00	
Investment income from disposal of trading financial assets	322,743,089.62	
Investment income of other non-current financial assets during the holding period	6,235,327.82	11,870,549.61
Investment income from disposal of other non-current financial assets		10,370,120.76
Investment income from national debt reverse repurchase	2,275,761.53	1,256,871.91
Profits from recognition termination of financial assets	-10,557,467.86	-4,294,983.66
Total	302,148,808.75	4,314,965,696.38

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	104,348,459.46	
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)	249,665,678.30	
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	124,956,271.40	
Gains or losses from investment or asset management entrusted to others	175,635,135.76	
Reversal of the receivables depreciation reserves for separate impairment test	4,602,004.26	
Profits and losses on debt restructuring	-394,660.00	

Non-Operating Revenue and expenses other than the above	12,821,255.27	
Other gains and losses items that fit the definition of non-recurring gains and losses	-1,833,839.60	
Less: Impact of income tax	85,954,207.29	
Impact of minority equity (after tax)	25,516,480.20	
Total	558,329,617.36	--

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

□ Applicable ☑Not applicable

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

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

□ Applicable ☑Not applicable

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted Average ROE	Earnings per share	
		Basic Earnings per Share (RMB/Share)	Diluted Earnings per Share (RMB/Share)
Net profit attributable to common shareholders of the Company	8.19%	0.90	0.90
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	6.62%	0.72	0.72

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.
Legal representative: Fu Liquan
March 29, 2025