

Zhejiang Dahua Technology Co., Ltd.

2023 Annual Report



Stock Code: 002236

Stock Abbreviation: DAHUA

Date of Disclosure: April 2024

This document is a translated version of the Chinese version 2023 Annual Report (“2023 年年度报告全文”), and the published annual report in the Chinese version shall prevail.

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

Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management hereby guarantee that the information presented in this report are true, accurate, and complete without any false records, misleading statements or material omissions, and they will bear joint and several liability for such information.

Fu Liquan, the Company's legal representative, Xu Qiaofen, chief accountant, and Zhu Zhuling, person in charge of accounting institution (Accounting Officer) hereby declare and warrant that the financial statements in the annual report are 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 counter-measures to avoid and reduce the risks.

(1) Risk of technology upgrading: The smart IoT industry is a typical technology-intensive industry, featuring extremely fast upgrading. If the Company is unable to keep up with development trends of industrial technologies, to pay full attention to customers' diversified needs, and to devote sufficient R&D investments, it may still face the risk of losing market competitiveness due to discontinuous innovation. By increasing R&D investment, the Company continues to strengthen research on such core technologies as multidimensional awareness, AI large model, video cloud, big data, network communication, cyber security, machine vision, and reserves product, technology, management 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, artificial intelligence, big data, cloud computing, network communications, among other technologies, as well as the upgrades of smart device applications, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise fails to grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market pattern becomes broken. The Company continues to focus on and study the major changes in global economy, industry and technology, analyze the industry development logic, and predict the evolution of smart IoT industry, the continuous integration of video, information communication and digital technologies, and the diversification and uncertainty of customer demands. While consolidating its current advantageous market, the Company is also actively exploring and piloting new businesses and new commercial modes, with business and technical layout.

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

(4) Exchange rate risk: The Company's export transactions have been mostly settled in U.S. dollars. As our overseas business is in continuous growth, the

fluctuation of exchange rate may affect our profitability. The Company hedges and avoids exchange rate risks by centralized management of foreign exchange funds and hedging of purchase payments in line with its main use of U.S. dollars as the settlement currency.

(5) Risk of product safety: The Company attaches great importance to and continuously strengthens resource investment to ensure safe and reliable system operations so as to respond to product security risks on the Internet. However, hackers attacks, computer viruses, physical security vulnerabilities, natural disasters, accidents, power interruptions, telecommunications failures, terrorism, and warfare events may still occur from time to time, resulting in security vulnerabilities, system failures, or service interruptions. The Company has founded a cyber security committee, and set up a professional security team to develop company-level product safety plans, ensuring product safety in the whole process from demands, design, to coding and testing. At the same time, the Company actively carries out technical exchanges and cooperation with mainstream safety enterprises, safety evaluation agencies and corresponding industry associations to provide customers with safe products and solutions.

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

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

(7) Risks of international operations: The Company's products and solutions are available in over 100 countries and regions worldwide. As a result, the Company's international operations may face risks such as trade protectionism, local political conflicts, increasingly complex legal compliance requirements, and a sustained slowdown in global economic growth. The Company actively guards against and responds to risks of international operations by establishing an overseas compliance risk control system. It continuously strengthens the understanding and adaptability of the laws and regulations as well as the political and economic environment of the regions where its business is involved, and formulates differentiated business strategies in accordance with the changes in politics and economy of different regions to reduce operational risks.

(8) Supply chain security risks: The Company pays attention to the operating risks of suppliers. By establishing an operating risk data management platform, it monitors the operating conditions of suppliers in real time to avoid potential risks; it promotes diversified supply sources to ensure supply delivery.

The profit distribution proposal approved by the board of directors is: Based on the share capital of 3,274,649,389 shares after deducting the Company's repurchased shares (19,819,601 shares) as of December 31, 2023, RMB 3.82 (tax included) of cash dividend and 0 bonus share (tax included) for every 10 shares will be distributed to all shareholders, instead of common reserve capitalizing.

Table of Contents

Section I Important Notes, Contents and Definitions	2
Section II Company Profile and Key Financial Indicators	12
Section III Management Discussion and Analysis	17
Section IV Corporate Governance	143
Section V Environmental and Social Responsibilities	170
Section VI Significant Events	171
Section VII Changes in Shares and Information about Shareholders	197
Section VIII Information of Preferred Shares	210
Section IX Situation on Corporate Bonds	211
Section X Financial Report	212

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 said documents are prepared and placed at the Company's Securities Investment Department for reference by investors.

Definitions

Item of definition	Refers To	Definitions
Reporting Period	Refers To	From January 1, 2023 to December 31, 2023
Dahua, company, the company	Refers To	Zhejiang Dahua Technology Co., Ltd.
Dahua System Engineering, System Engineering Company	Refers To	Zhejiang Dahua System Engineering Co., Ltd.
Dahua Vision Technology	Refers To	Zhejiang Dahua Vision Technology Co., Ltd.
Dahua Security Network, Operation Company	Refers To	Zhejiang Dahua Security Network Operation Service Co., Ltd.
Dahua Ju'an	Refers To	Zhejiang Dahua Ju'an Technology Co., Ltd.
Guangxi Dahua Information	Refers To	Guangxi Dahua Information Technology Co., Ltd.
Guangxi Yunlian	Refers To	Guangxi Dahua Yunlian Information Technology Co., Ltd.
Xiaohua Technology, Hangzhou Xiaohua	Refers To	Hangzhou Xiaohua Technology CO., LTD.
Dahua Zhilian	Refers To	Zhejiang Dahua Zhilian Co., Ltd.
Dahua Investment, Dahua Investment Management	Refers To	Zhejiang Dahua Investment Management Co., Ltd.
Guangxi Zhicheng, Dahua Zhicheng	Refers To	Guangxi Dahua Zhicheng Co., Ltd.
Hangzhou Huacheng, Huacheng Network	Refers To	Hangzhou Huacheng Network Technology Co., Ltd.
Xinjiang Information	Refers To	Xinjiang Dahua Zhixin Information Technology Co., Ltd.
HuaRay Technology	Refers To	Zhejiang HuaRay Technology Co., Ltd.
Fuyang Hua'ao	Refers To	Hangzhou Fuyang Hua'ao Technology Co., Ltd.
Huafei Intelligent	Refers To	Zhejiang Huafei Intelligent Technology CO., LTD.
Huachuang Vision	Refers To	Zhejiang Huachuang Vision Technology Co., Ltd.
Guizhou Huayi	Refers To	Guizhou Huayi Shixin Technology Co., Ltd.
Xinjiang Zhihe	Refers To	Xinjiang Dahua Zhihe Information Technology Co., Ltd.
Guangxi Huacheng	Refers To	Guangxi Huacheng Technology Co., Ltd.
Meitan Dahua Technology	Refers To	Guizhou Meitan Dahua Information Technology Co., Ltd.
Inner Mongolia Zhimeng	Refers To	Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.
Xinjiang Zhitian	Refers To	Xinjiang Dahua Zhitian Information Technology Co., Ltd.
Xinjiang Xinzhi	Refers To	Xinjiang Dahua Xinzhi Information Technology Co., Ltd.
Xinjiang Huayue	Refers To	Xinjiang Dahua Huayue Information Technology Co., Ltd.
Leapmotor Technology	Refers To	Zhejiang Leapmotor Technology Co., Ltd.
Leapmotor	Refers To	Leapmotor Automobile Co., Ltd.
Tianjin Dahua Information, Tianjin Dahua	Refers To	Tianjin Dahua Information Technology Co., Ltd.
Hunan Dahua Zhilong, Dahua Zhilong	Refers To	Hunan Dahua Zhilong Information Technology Co., Ltd.
Huaxiao Technology	Refers To	Zhejiang Huaxiao Technology Co., Ltd.
Vision Technology	Refers To	Zhejiang Fengshi Technology Co., Ltd.
Xi'an Dahua Zhilian, Xi'an Dahua	Refers To	Xi'an Dahua Zhilian Technology Co., Ltd.
Huaruipin	Refers To	Jiangsu Huaruipin Technology Co. Ltd.

Beijing Huayue	Refers To	Beijing Huayue Shangcheng Information Technology Service Co., Ltd.
Shanghai Huashang	Refers To	Shanghai Huashang Chengyue Information Technology Service Co., Ltd.
Dahua Jinzhi	Refers To	Zhejiang Dahua Jinzhi Technology Co., Ltd.
Dahua Hong Kong, Dahua (HK) Limited	Refers To	Dahua Technology (HK) Limited
Zhoushan Operation	Refers To	Zhejiang Zhoushan Digital Development Operation Co. Ltd.
Yunnan Zhili	Refers To	Yunnan Zhili Technology Co., Ltd
Guangxi Dahua Technology	Refers To	Guangxi Dahua Technology Co., Ltd.
Huayixin	Refers To	Zhejiang Huayixin Technology Co., Ltd.
Huaruijie	Refers To	Zhejiang Huaruijie Technology Co., Ltd.
Chengdu Zhilian	Refers To	Chengdu Dahua Zhilian Information Technology Co., Ltd.
Chengdu Zhian	Refers To	Chengdu Dahua Zhian Information Technology Service Co., Ltd.
Chengdu Zhishu	Refers To	Chengdu Dahua Zhishu Information Technology Service Co., Ltd.
Chengdu Zhichuang	Refers To	Chengdu Zhichuang Yunshu Technology Co., Ltd.
Chengdu Smart Network	Refers To	Chengdu Huishan Smart Network Technology Co., Ltd.
Huakong Software	Refers To	Zhejiang Huakong Software Co., Ltd.
Huacheng Software	Refers To	Hangzhou Huacheng Software Co., Ltd.
Guizhou Dahua	Refers To	Guizhou Dahua Information Technology Co., Ltd.
Henan Dahua	Refers To	Henan Dahua Zhilian Information Technology Co., Ltd.
Huajian	Refers To	Zhejiang Huajian Technology Co., Ltd.
Zhengzhou Dahua Zhian	Refers To	Zhengzhou Dahua Zhian Information Technology Co., Ltd.
Dahua International	Refers To	Dahua Technology International Co., Ltd.
Anhui Zhilian	Refers To	Anhui Dahua Zhilian Information Technology Co., Ltd.
Anhui Zhishu	Refers To	Anhui Dahua Zhishu Information Technology Co., Ltd.
Changsha Dahua	Refers To	Changsha Dahua Technology Co., Ltd.
Tianjin Huajian	Refers To	Tianjin Huajian Technology Co., Ltd.
Wuhu Huajian	Refers To	Wuhu Huajian Technology Co., Ltd.
Zhejiang Pixfra	Refers To	Zhejiang Pixfra Technology Co., Ltd.
Yiwu Huaxi	Refers To	Yiwu Huaxi Technology Co., Ltd.
Dahua Operation	Refers To	Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.
Nanyang Intelligent	Refers To	Nanyang Dahua Intelligent Information Technology Co., Ltd.
Yibin Huahui	Refers To	Yibin Huahui Information Technology Co., Ltd.
Chengdu Huazhiwei	Refers To	Chengdu Huazhiwei Technology Co., Ltd.
IMOU Xi'an	Refers To	Xi'an IMOU Zhilian Technology Co., Ltd.
Luoyang Zhiyu	Refers To	Luoyang Dahua Zhiyu Information Technology Co., Ltd.
Huaqi Intelligence	Refers To	Zhejiang Huaqi Intelligent Technology Co., Ltd.
Chengdu Information	Refers To	Chengdu Dahua Wisdom Information Technology Co., Ltd.
Huajian Technology	Refers To	Zhejiang Huajian Technology Co., Ltd.

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.
Dahua USA	Refers To	Dahua Technology USA Inc.
Dahua Europe	Refers To	Dahua Europe B.V.
Dahua Middle East	Refers To	Dahua Technology Middle East FZE
Dahua Mexico	Refers To	Dahua Technology Mexico S.A. DE C.V
Dahua Chile	Refers To	Dahua Technology Chile SpA
Dahua Malaysia	Refers To	Dahua Security Malaysia SDN. BHD.
Dahua Korea	Refers To	Dahua Technology Korea Company Limited
Dahua Indonesia	Refers To	PT. Dahua Vision Technology Indonesia
Dahua Colombia	Refers To	Dahua Technology Colombia S.A.S
Dahua Australia	Refers To	Dahua Technology Australia PTY LTD
Dahua Singapore	Refers To	Dahua Technology Singapore Pte. Ltd.
Dahua South Africa	Refers To	Dahua Technology South Africa Proprietary Limited
Dahua Peru	Refers To	Dahua Technology Perú S.A.C
Dahua Russia	Refers To	Dahua Technology Rus Limited Liability Company
Dahua Brazil	Refers To	DAHUA TECHNOLOGY BRASIL COMÉRCIO 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 To	Dahua Technology Japan LLC
Huacheng Hong Kong	Refers To	Huacheng Network (HK) Technology Limited
Dahua Qatar	Refers To	Dahua Technology QFZ LLC
Dahua Pacific	Refers To	Dahua Technology Pacific S.A
INTELBRAS S.A.	Refers To	INTELBRAS S.A. INDÚSTRIA DE TELECOMUNICAÇÃO ELETRÔNICA BRASILEIRA
Dahua Saudi Arabia	Refers To	Dahua Technology Middle East for Maintenance Single Person Company
Dahua Bengal	Refers To	Dahua Technology Bangladesh Private Limited
IMOU Australia	Refers To	IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD
IMOU Vietnam	Refers To	CÔNG TY TNHH CÔNG NGHỆ IMOU NETWORK VIỆT NAM
HuaRay Singapore	Refers To	HUARAY TECHNOLOGY SINGAPORE PTE. LTD.
Dahua Belgium	Refers To	Dahua Technology Belgium BV
Dahua Saudi Arabia	Refers To	Dahua Technology Regional Headquarters
Dahua Azerbaijan	Refers To	Dahua Technology Azerbaijan LLC
Dahua Vietnam	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 Technology Angola S.U. Ida

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	浙江大华技术股份有限公司		
Company Abbreviation in Chinese	大华股份		
Company Name in Foreign Language (If any)	ZHEJIANG DAHUA TECHNOLOGY CO.,LTD.		
Legal Representative	Fu Liquan		
Registered Address	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
Tel.	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	<i>Securities Times</i> 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 Signing 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(s) of Sponsor Representative(s)	Continuous Supervision Period
Guosen Securities co., Ltd.	5th Floor, Kaisiya Building, No. 105 Tiyuchang Road, Hangzhou City, Zhejiang Province	Lou Yu, Sun Yu	April 14, 2023 to December 31, 2024

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

	2023	2022	Increase/Decrease Compared with the Same Period of the Previous Year	2021
Operating revenue (RMB)	32,218,317,636.77	30,565,370,012.64	5.41%	32,835,479,336.85
Net profit attributable to shareholders of the listed Company (RMB)	7,361,892,404.52	2,324,356,092.20	216.73%	3,378,410,889.60
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,961,742,139.01	1,580,552,515.57	87.39%	3,103,383,711.14
Net cash flow generated by operational activities	4,598,778,654.47	1,053,587,649.46	336.49%	1,727,560,748.01

(RMB)				
Basic Earnings per Share (RMB/Share)	2.31	0.79	192.41%	1.15
Diluted Earnings per Share (RMB/Share)	2.31	0.79	192.41%	1.15
Weighted Average ROE	22.43%	9.49%	12.94%	15.58%
	End of 2023	End of 2022	Increase/Decrease at the End of the Current Year Compared with the End of the Previous Year	End of 2021
Total assets (RMB)	52,881,927,214.00	46,252,893,804.54	14.33%	44,055,872,021.97
Net assets attributable to shareholders of the listed company (RMB)	34,719,173,825.42	25,836,798,918.61	34.38%	23,617,602,513.55

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 revenue	6,015,629,882.58	8,617,917,398.06	7,644,936,763.40	9,939,833,592.73
Net Profit Attributable to Shareholders of the Listed Company	495,351,177.84	1,480,667,195.29	614,113,966.50	4,771,760,064.89
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	398,105,107.61	1,356,664,722.35	647,597,255.16	559,375,053.89
Net cash flow generated by operating activities	-1,339,410,329.62	1,602,107,075.33	1,062,555,492.77	3,273,526,415.99

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 2023	Amount in 2022	Amount in 2021	Note
Gains or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	4,778,983,828.56	694,299,856.79	47,555,142.92	
Government subsidies included in the current profits and losses (except for those that are closely related to the normal business operations of the Company, comply with national policy regulations, are enjoyed according to established standards, and have a continuous impact on the Company's profits and losses)	199,003,183.46	245,885,438.60	217,227,114.97	
Gains or losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the normal operating business of the Company.	103,119,981.50	-14,286,907.57	81,148,682.33	
Gains or losses from investment or asset management entrusted to	1,819,647.72	-40,735,247.48	104,368,534.48	

others				
Reversal of the receivables depreciation reserves for separate impairment test	4,513.91	2,151,340.72		
Gains or losses from debt restructuring	-16,242,445.24	-414,996.80	-56,076.90	
Non-Operating Revenue and expenses other than the above	-18,035,840.08	5,535,034.55	-1,402,020.22	
Other gains and losses items that fit the definition of non-recurring gains and losses	-57,989,909.93	-134,254,380.85	-40,319,290.13	
Less: Impact of income tax	555,973,378.97	49,067,502.67	78,172,720.73	
Impact of minority equity (after tax)	34,539,315.42	-34,690,941.34	55,322,188.26	
Total	4,400,150,265.51	743,803,576.63	275,027,178.46	--

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

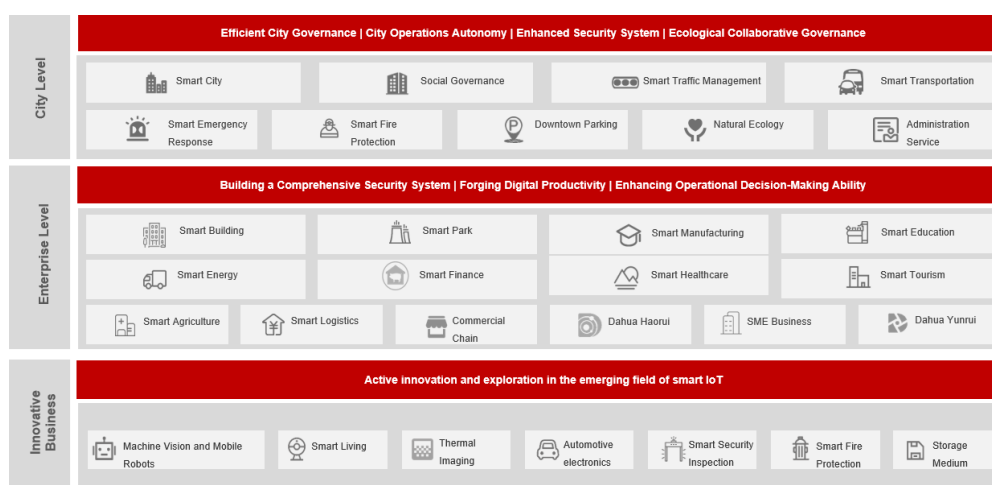
In 2023, China's economy and society embarked on a path of comprehensive recovery and normalization. Under the guidance of enhanced macroeconomic regulation, the economy demonstrated positive momentum, with a growing number of bright spots emerging. Overall, the economic trend was one of steady upward growth. However, the external environment became increasingly complex and challenging, with frequent regional hotspots and growing uncertainties surrounding global economic growth. These developments posed new challenges for the Company. The Company forged ahead despite the fluctuations in the macro environment and intensified market competition, and completed the goal of "transitioning from stability to growth while upholding high-quality development" at the beginning of the year.

The world is witnessing an accelerated phase of technological revolution and industrial transformation, while China's economy is undergoing a critical period of transition towards high-quality development, economic structure optimization, and growth driver transformation. Against this backdrop, China is vigorously promoting the digital economy, actively advancing digital industrialization and industrial digitalization, fostering the deep integration of digital technologies with the real economy, and deepening research and application in big data, artificial intelligence, and other fields. Simultaneously, the sound development of data infrastructure, vigorous promotion of data openness and sharing, and utilization are all becoming driving forces for the sustained development of the smart IoT industry. With the continuous advancement of AI large model technologies, the smart IoT industry, driven by business needs across a wide range of industries, is leveraging its accumulated experience in algorithm development and scenario applications to effectively implement visual large models in various application domains. This is leading to synchronized improvements in generalization, accuracy, and expressiveness, and accelerating the development of digitalization and intelligentization in the industry, further solidifying the industry's overall competitiveness. Additionally, the smart IoT industry is continuously advancing business enablement by collecting data through multidimensional awareness and multi-source connectivity, fully leveraging the "multiplier effect" of data elements, and empowering efficient urban governance and enterprise digitalization upgrades.

Digitalization and intelligentization have become crucial trends in societal development and significant drivers of economic growth. The pervasiveness of new technologies like big data and artificial intelligence in the smart IoT industry is fueling the demand for digital upgrades in traditional sectors. This will inject fresh impetus into China's economic development and open up new avenues for the growth of the smart IoT industry.

II. Main Businesses of the Company during the Reporting Period

1. Business overview



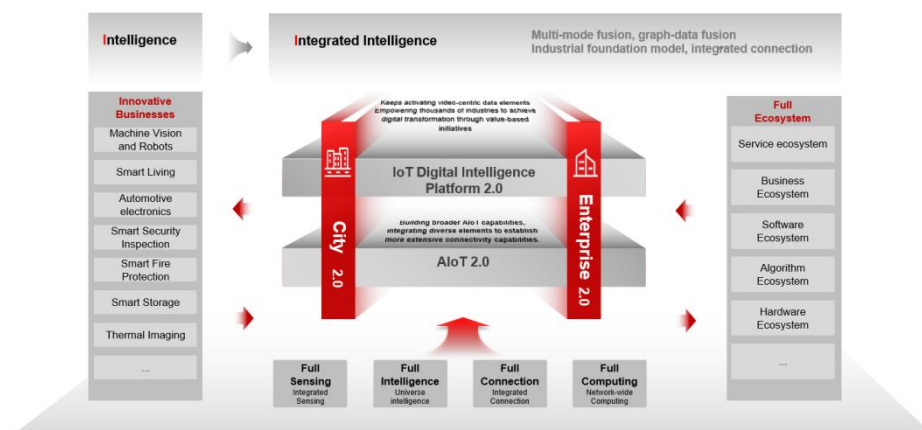
Dahua is a world-leading video-centric smart IoT solutions and service provider. Supported by two major technological strategies, AIoT and the IoT digital intelligence platforms, the Company effectively integrates technologies such as artificial intelligence, big data and IoT into its products and solutions to serve the digital innovation of cities and the digital intelligence transformation of enterprises.

In the field of city businesses, we are committed to establishing a new smart city ecosystem that promotes "efficient urban governance, autonomous city operations, enhanced security systems, and collaborative ecological management". This ecosystem is built on the principles of "unified architecture, backward compatibility, shared capabilities, and commercial availability". We are deeply engaged in city business scenarios across various industries, including transportation, traffic management, ports, public services, and ecological environment. Our cutting-edge smart IoT solutions empower urban sectors to embrace digital innovation and achieve a harmonious coexistence between humans, nature, and society.

In the field of enterprise business, by leveraging AI, big data, and other cutting-edge technologies, we seamlessly integrate them with industry-specific scenarios to gain deep insights into industry transformation trends. We delve into a wide range of industries, uncovering the digital and intelligent needs of enterprises, and providing each customer with high-quality digital upgrade solutions. We are actively engaged in innovative practices across various industries, including construction, education, manufacturing, petrochemicals, coal, power, steel, agriculture, logistics, cultural tourism, healthcare, finance, and commercial chains. Our focus is on delivering customer value by ensuring production safety, enhancing production capacity, promoting operational efficiency, and optimizing service quality. We strive to be a trusted partner for enterprises seeking digital transformation.

In the field of innovative business, by leveraging our deep understanding of diverse customer needs and years of experience in smart IoT, we are continuously exploring emerging

businesses. These include machine vision and mobile robotics, smart living, thermal imaging, automotive electronics, smart security inspection, smart firefighting, and storage media.

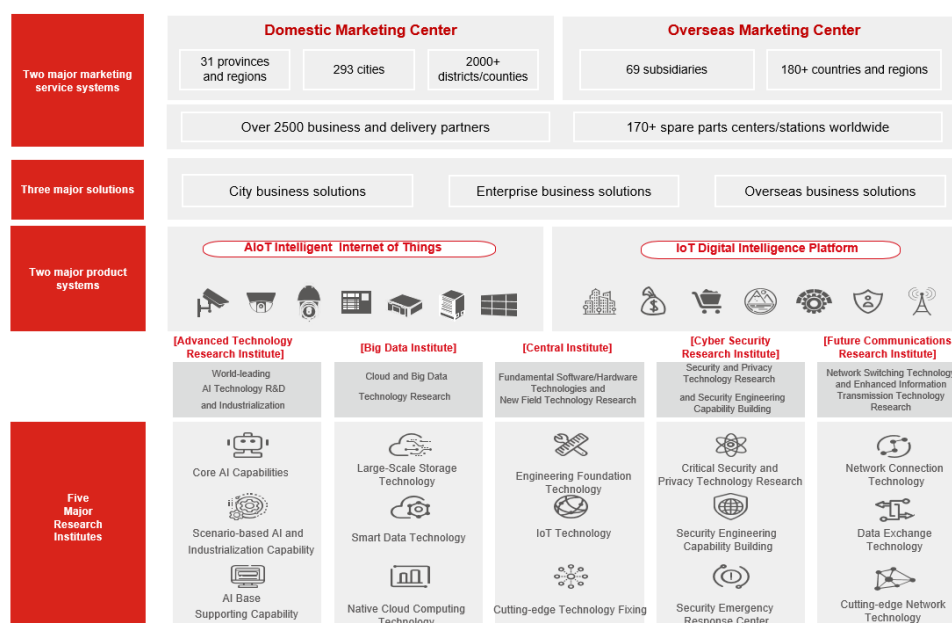


In a relentless pursuit of industry competitiveness, the Company embarked on a comprehensive strategic overhaul in 2023, transitioning from Think#1.0 to Think#2.0. This evolution seamlessly integrates multimodal, industry-specific large models, graph-based computing, and multi-source connectivity, propelling us from Intelligence to Integrated Intelligence. By establishing a broader AloT framework, we have strengthened our intelligent intents-based integration and connection capabilities, unlocking the value of video-centric data elements.

In the technology field, the Company has continuously strengthened its technological capabilities and entered stage 2.0 for its AloT and IoT digital intelligence platforms. In the field of AloT, we are leveraging large models to build broader AloT capabilities and integrating diverse technologies to establish a wider range of connectivity options. By fusing multimodal technologies such as image, speech, and text with the Company's industry expertise, we are constructing industry-specific large models that further enhance video analysis capabilities. Tailored to industry-specific business scenarios, we are developing and continuously refining industry-specific AI systems, accumulating knowledge from generic large models to enable rapid replication across industries. To drive the convergence of computing and networking for intelligent visual applications, we are building integrated connectivity capabilities that cater to intelligent intent. In the field of IoT digital intelligence platform, we are committed to unlocking the value of data elements centered on video. We will continuously enhance our capabilities in visual data analysis and content description, further elevating the value of sensor data and promoting data resource transformation. We will establish a visual-centric integration of computing and network, enabling efficient collaboration across cloud, network, edge, and device layers. Leveraging large visual models and integrating multimodal capabilities, we will comprehensively enhance data asset's accuracy, effectiveness, and usability, facilitating data asset transformation. We will foster a thriving data element ecosystem by focusing on enhancing urban governance efficiency and enterprise digitalization. We will continuously explore the value of multi-dimensional data integration, empowering partners to unleash the potential of data and promoting data commoditization.

In the field of business, our urban and enterprise solutions have been revamped and upgraded, empowering industry clients to unleash their business potential. In the City Business 2.0 stage, we will build a more efficient urban governance system and actively fulfill our social responsibility for sustainable development. Our initiatives span a wide range, from improving urban management to efficient urban governance, from ensuring orderly operations to autonomous city operations, from enhancing public safety to upgrading safety systems, and from ecological environment monitoring to collaborative ecological governance. We are promoting a shift from collaborative response to proactive governance and driving the reengineering of digital processes in cities. In the Enterprise Business 2.0 stage, we will continue to assist businesses in all industries with their digital transformation and upgrading, enabling the realization of value across all scenarios. Our efforts encompass optimizing security systems, building a comprehensive security system, improving production efficiency, establishing intelligent manufacturing capabilities, supporting business management, and enhancing business decision-making. Our enterprise business is gradually transitioning from peripheral support to the core of production. By deeply interacting with core production systems, we can learn about the value of production and management data, reduce management costs, and enhance business management capabilities and decision-making levels.

2. Organizational structure

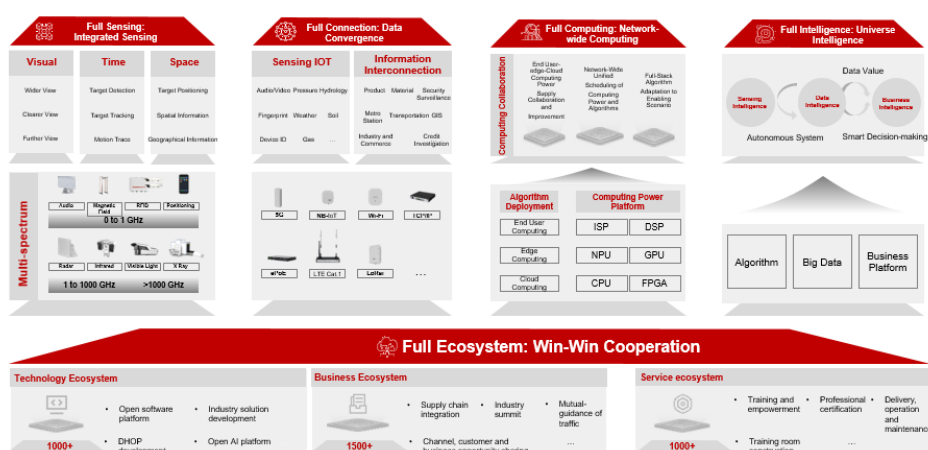


The Company has established five world-class research institutes: the Advanced Technology Institute, the Big Data Institute, the Central Research Institute, the Cybersecurity Institute, and the Future Communications Institute. These institutes provide the foundation for two major product lines: the AIoT and IoT digital intelligence platforms. These platforms, in turn, empower three comprehensive solutions: City Business Solutions, Enterprise Business Solutions, and Overseas Business Solutions. With our headquarters in Hangzhou, we have also established research

centers in Xi'an, Chengdu, Europe, and Latin America. This global network of research centers allows us to meet the ever-evolving needs of our businesses and explore the boundless possibilities of technology. With years of dedication, our company has established a national-level post-doctoral scientific research workstation, earning recognition as a national enterprise technology center, national-level industrial design center, and national innovative pilot enterprise. Driven by an unwavering commitment to innovation, we consistently make groundbreaking contributions and lead the industry forward.

Embracing globalization, the Company has systematically expanded its domestic and international marketing and service networks to provide customers with comprehensive lifecycle services, including product and solution consulting, design, sales, delivery, and after-sales support. As of today, our domestic marketing centers span 100% of provinces, municipalities, and autonomous regions, 100% of prefecture-level cities, and over 70% of districts and counties. Additionally, we have established 69 overseas branches in 180+ countries and regions, with a global network of over 1,000 service partners and 170+ spare parts centers and stations.

3. Main products and capabilities



The Company continues to increase investment and construction in the foundation of its "5 Full" capabilities that include "full sensing, full intelligence, full connection, full computing, and full ecosystem", to establish an industry-leading video-centric IoT infrastructure R&D and solution closed-loop service, which includes "multimodal sensing of video and non-video, full coverage of sensing cognitive intelligence, diversified connectivity, and synchronization of device, edge, and cloud", based on an integrated technical support system from "basic IoT sensing, intelligent synchronization, and integration of devices and edge, data intelligent processing, to full link information security protection", thus continuously maintaining the leadership of its technologies and products in the industry. At the same time, the Company actively creates an open, cooperative, and win-win digital technology ecosystem to make digital infrastructure, industry paradigm applications, algorithm capabilities and data intelligence available to partners and industry developers.

Full sensing: To establish an industry-leading all-round sensing system through visual, multi-spectrum, time, space and other dimensions to maintain precise adaptation of products and technology to scenarios, so as to faithfully present the physical world in the digital way.

Full connection: To construct a data connectivity system that meets the needs of diverse scenarios, consolidate the foundation of data value connectivity that integrates IoT sensing and information interconnection, and continuously improve the ability of IoT sensing access and integration;

Full computing: To accumulate resources in image computing power, AI computing power, general computing power, etc., and build a full-network computing architecture featuring unified scheduling and collaborative computing power and algorithms of end-user, edge, and cloud.

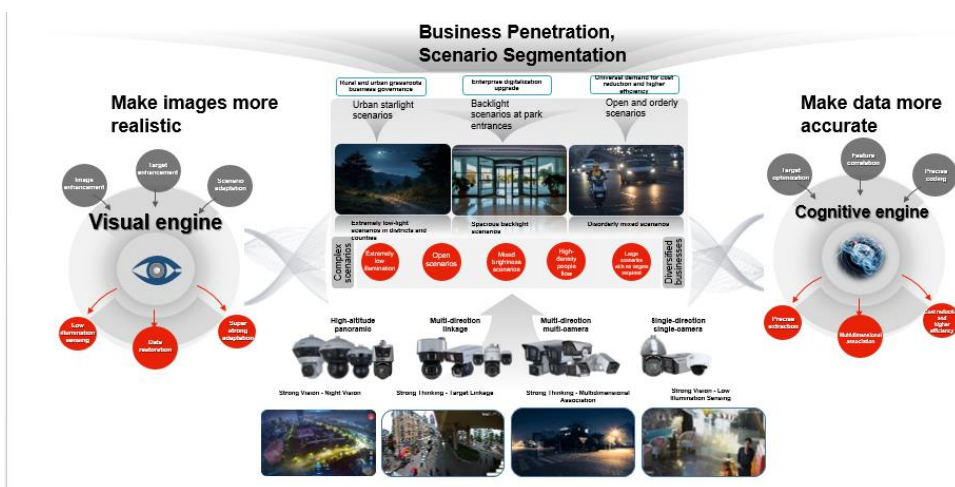
Full intelligence: To meet industry needs and realize the closed loop from sensing intelligence to data intelligence and to business Intelligence, the Company has built an autonomous system based on algorithms, big data, and business platforms to facilitate value identification in client data and intelligent decision-making, namely full intelligence.

Full ecosystem: To open up the ecology of business, software, algorithms, hardware, etc. for cooperation, build an ecosystem featuring co-construction, win-win outcome and symbiosis, and create a smart IoT community.

3.1 Full Sensing

The Company is continuously expanding its multi-dimensional sensing capabilities with video as its core, applying sensing technologies to a wider range of product forms to adapt to the specific scenarios of various industries. It is also continuously researching visual enhancement, scene recognition, and multi-dimensional data integration algorithms to improve the adaptability of sensing products to business goals and scenarios.

3.1.1 Video sensory products



Committed to delivering more realistic images and precise data in the visible spectrum, the Company has unveiled its second-generation Dahua Zhiqiang depth sensing technology

architecture. This innovative architecture, built upon the Visual Engine and Thinking Engine, significantly enhances the image self-adaptation capabilities of sensing devices in extreme environments such as night and backlight conditions. It also improves the target recognition and analysis capabilities in complex scenarios like mixed pedestrian and vehicle traffic. Furthermore, the deep integration of AI technology into all aspects of the video sensing system accelerates the comprehensive intelligentization and enhancement of cameras. This ongoing commitment to innovation has resulted in a rich portfolio of products with sustained market competitiveness, including the full-color ultra-sensitivity, panoramic multi-details, coaxial HD, and universe intelligence series.

(1) Full color ultra sensitivity



The 4K ultra high-definition aurora product can achieve more realistic colors and accurate restoration of target objects. The Skyscanner PRO Series has better environmental adaptability against adverse scenarios such as rain, snow, and ultra-low illumination. In 2023, the Company unveiled its "Glow" series of traffic cameras, ushering in a new era of true-color night vision for the traffic management industry and paving the way for safer and more enjoyable journeys. The Company also introduced its Mini Skyscanner series, offering customers a more cost-effective night vision solution. Additionally, the Company enhanced its Aura products with improved lighting and optical systems, ensuring clear, high-aperture imaging throughout the entire zoom range, even in low-light conditions, providing unwavering safety around the clock.

(2) Panoramic multi details



Driven by evolving application needs and technological advancements, panoramic multi-camera systems have emerged as the prevailing trend in intelligent video products. These systems enable seamless integration of panoramic views, detailed close-ups, and pan-tilt-zoom functionality within a single device, offering users a broader, clearer, and more comprehensive field of view. Intelligent high-end product forms have evolved from single-direction single-camera to single-

direction multi-camera and multi-direction multi-camera, adapting to various application scenarios, providing a wider and clearer view. Dahua Starship Skyline can expand the functions of radar, multi-code and laser light filling, so as to meet the needs of customers in more dimensions. The Mini Star series has been upgraded with 4K high-definition resolution and a longer focal length lens to meet the needs of wider deployment in urban areas. Aura PRO is designed with full-structure intelligence and high optical zoom to achieve the application of omnidirectional panoramic view, panoramic details, and the linkage of gun camera and ball camera. Enhanced resolution for Unverser Hubble's dual-spectrum camera movement enables sharper close-up images, while the panoramic upgrade supports 360° single-channel output and arbitrary target stitching, expanding application flexibility. Mini Hubble breaks through the technical problems in the industry such as obvious seams and large blind areas of medium-and-low altitude multi-view stitching. It's more suitable for B end scenario. Universe MAX supports both linked and independent capture modes, achieving both breadth and depth.

(3) Coaxial HD



The Company's HDCVI technology and products are driven by customer business scenarios and are based on years of business understanding and continuous innovation capabilities. Dahua has launched its full-color products, achieving 7*24 hour color image output. The time-division light compensation technology is adopted to effectively alleviate the light pollution problem. Leveraging Smart Dual Light technology, we introduce our dual-light products, providing around-the-clock surveillance illumination for any environment. Our versatile solutions offer multiple functionalities in one device, reducing customer costs. Our cutting-edge active defense products are continuously evolving, incorporating a suite of proprietary technologies such as intelligent dual-light, time-division multiplexing, intelligent voice recognition, two-way intercom, and interference-free alert lights. These innovations address the potential discomfort caused by alert screens and significantly enhance the user experience.

(4) Universe intelligence



As industry applications continue to evolve, intelligent products need to delve deeper into business processes, providing more specialized and precise intelligent services. For example, we have continuously iterated on our roadside parking series products, upgrading the vehicle 3D chassis projection and multi-dimensional target tracking model, significantly improving the accuracy of parking space status recognition. Our 4G solar-powered wireless high-position parking camera further advances the intelligent development of urban parking facilities. Our vehicle-road collaboration camera propels traffic management into a new era of collaborative intelligent transportation that is safer and more efficient. Our dual-lens high-rise littering detection cameras employ intelligent dual-channel monitoring to identify objects being thrown from high places. Utilizing technologies such as lens hoods and adaptive heating, these cameras effectively counteract environmental interferences caused by strong light, rain, and snow. Our electric bicycle identification and blocking products provide real-time monitoring of elevator operating status and upgrade elevator door opening and closing, passenger flow, and other algorithms to meet a wider range of business applications. We have also launched a series of products for the energy industry such as mining, explosion-proof, and low-power transmission lines, loaded with 5G, Wi-Fi6, long-distance transmission technology, and various intelligent applications, to meet the application needs of explosion-proof, anti-corrosion, and high-temperature resistance scenarios.

3.1.2 Integrated Sensing Products

The Company is continuously refining its "Panoramic 6D Perception" product technology architecture, with video as the core, integrating physical sensing layers such as tactility, and continuously expanding multidimensional perception data such as vibration, temperature, and gas. By incorporating AI-powered intelligent analysis, we have further enhanced our sensing adaptability, integration, and connectivity. We are continuously launching a series of scenario-defined sensing products to explore the value of the smart IoT industry.

(1) Panoramic 6D Perception



Our Panoramic 6D Perception products go beyond the limitations of visible light, utilizing a groundbreaking combination of spatial, temporal, color, brightness, and multispectral sensing technologies to revolutionize sensing adaptability, integration, and connectivity, bringing the digital world to life. The Panoramic Hubble Series achieves high-definition panoramic view, long-distance target detection and tracking, and can be applied to industries such as forest fire prevention, land and resource protection, river management, and border and coastal defense. The hyperspectral water quality detector uses a large amount of data to stimulate AI neural network training iterations, and multi-camera and multi-sensor modules to detect and ensure the safety of water quality in the water area. The products of Radar Vision Series are widely used in business fields such as traffic flow detection, safety warning, traffic event detection, and holographic display. The newly launched Spotter speed measurement column series solves the speed measurement problems in the scenarios where high-speed vehicles are merging or closely followed in multiple lanes, further empowering traffic safety management.

(2) Multi-frequency domain sensing

As smart IoT applications continue to expand, single-stream video data is no longer sufficient to meet the diverse business and scenario needs of various industries. While solidifying our expertise in video sensing technology, we are continuously expanding our reach into vibration, temperature, and gas sensing technologies. By integrating and applying passive infrared, microwave, radar, vibration, audio, and video technologies, we are introducing more intelligent, accurate, and multidimensional perception products, empowering digital transformation across various industries in multifaceted ways.

Our alarm product line continues to break new ground, integrating passive infrared, microwave, vibration, and audio sensing technologies to introduce a range of key products, including the Airshield 2.0 gateway series, glass break detectors, and outdoor PIRCAMs. We have also released the Converter software product, which has successfully connected multiple alarm operation centers, helping our products enter professional operation channels. In addition, we are continuously improving the interconnection of alarm, building, and CCTV systems, optimizing

cloud-based businesses, and enhancing the overall competitiveness of our solutions. Our wired intrusion alarm solutions are constantly evolving to provide customers with even greater value. In the transportation sector, our dynamic vehicle scales offer high accuracy, strong resistance to deformation, and convenient calibration, enabling precise weighing without stopping vehicles, thus supporting the management of overloaded trucks. Our suite of solutions, including speed detection radars, traffic flow radars, visibility detection systems, Sentinel sonar, ETC, and RFID, is deeply integrated into real-world applications, tailored to meet the specific needs of our industry customers, and empowering them to effectively manage road safety.



3.1.3 Audio sensing products

The Company offers a wide range of audio products and mature audio-visual product solutions. By establishing and implementing enterprise-grade audio development processes, audio system design specifications, and audio technology standards, we have continuously improved our core technology stack for audio acquisition, transmission, and modulation-demodulation processing. This has enhanced our ability to develop, verify, and manufacture a comprehensive range of audio products and software for various acoustic environments. Leveraging a suite of audio solutions, including audio codecs, audio quality processing, audio event detection, and speech recognition, we meticulously ensure the audio quality and intelligence of our products, from ideation to mass production. In the field of intelligent and interactive audio, we are constantly breaking new ground in technology and product development, delivering highly competitive audiovisual product solutions.



For intelligent audio, we have developed a series of products that encompass front-end collection, edge analytics, and central business closed-loop control. Our solutions, which incorporate modules such as video AI, voice recognition AI, and thermal imaging, can be applied to a wide range of business scenarios, including industrial equipment anomaly detection, pipeline leakage monitoring, animal voice recognition, school bullying control, and vehicle horn control.



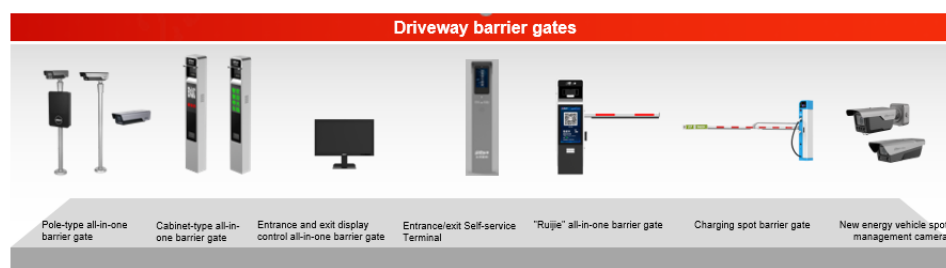
For interactive audio, we offer a full range of products and solutions, including public address systems, professional sound reinforcement, and high-definition sound pickup. The broadcasting system can be integrated with the platform and linked with video monitoring to achieve unified control. The sensing of events through video monitoring, the analyzing and decision making on business platforms, and the controlling executed by the broadcasting systems form the closed-loop of business. The professional sound reinforcement system can be integrated with the large screen display system to be applied in venues such as lecture halls, large, medium and small conference rooms, opera houses, banquet halls, sports venues, etc., creating audio and video interaction and immersive experience to meet customers' needs for high-quality audio scenarios.

3.1.4 Intelligent Interactive 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 a variety of intelligent interactive products in various fields and scenarios, including smart office, vehicle management, personnel access control, door intercom and alarm, industry, and safety supervision, empowering the development of these industries.

(1) Residence sector

① Scenario of vehicle management and guidance



The Company has perfectly combined video with display, and mechanical control. To improve entrance and exit scenario solutions, we have released the "Ruijie" all-in-one barrier gate, snap-display all-in-one machine, and entrance and exit self-service device. We have released an intelligent sound-light police parking space detection camera that supports electric micro PTZ platform debugging for more convenient deployment. Our new-generation parking detector supports functions such as new energy vehicle parking space management, VIP parking space management, and non-standard parking alarm, bringing better parking guidance experience and more standardized parking management. For the quick closed loop of parking business, we released a series of products such as entrance and exit management terminals, guidance managers, and parking management terminals to help reduce costs and increase efficiency. Our stop-and-charge integrated solution effectively improves parking operation efficiency and user experience. By connecting the parking management service to the cloud platform, the pre-payment and non-contact payment can be realized, and finally vehicles can enter and leave the parking lot with a non-contact passthrough, bringing the superlative experience to users.

② Scenario of personnel entrance and exit



The Company is constantly optimizing and expanding our range of pedestrian turnstile products, including full-height turnstiles, tripod turnstiles, wing turnstiles, and swing turnstiles, to meet the personalized needs of various scenarios and provide customers with a new experience and security control. We have recently launched our new intelligent integrated pedestrian turnstile, catering to a wider range of personnel entry and exit applications.

③ Scenario of building access control



This scenario has become deeply integrated into people's daily lives. The Company offers a wide range of intelligent products, including access control systems, video intercoms, and emergency alarms.

Our smart access control products comprehensively enhance the security of access control systems, meeting the fourth-level industry system construction requirements for password application security evaluation. Additionally, they enable one-click cloud deployment, making device mobile configuration management more convenient and user-friendly. The devices support advertising functions and can be used as electronic door signs or park/community announcements and commercial advertisements, empowering the value addition of business. Our visual intercom series products for buildings streamline the business processes among visitors, owners, and property management centers. They effectively improve the access efficiency and security management capabilities of community entrances and exits, bringing more convenience to owners and enhancing property management efficiency. Our emergency assistance devices can automatically register with the management platform or management machine, enabling remote visual intercom assistance. Through intelligent voice recognition, emergency assistance can be triggered, buying time for those seeking assistance, deterring criminals, and safeguarding the safety of public places.

④ Scenario of smart office



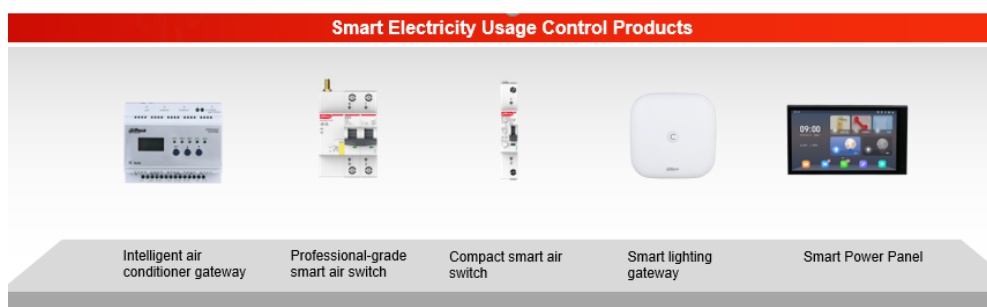
Our "Stargaze" and "Starbright" smart tablets enhance both online and offline education solutions, empowering a new era of educational growth. Our Deephub Board and Meeting software deliver an unparalleled audio and video communication experience, redefining the meeting landscape and expanding the reach of our conferencing solutions.

⑤ Scenario of display control



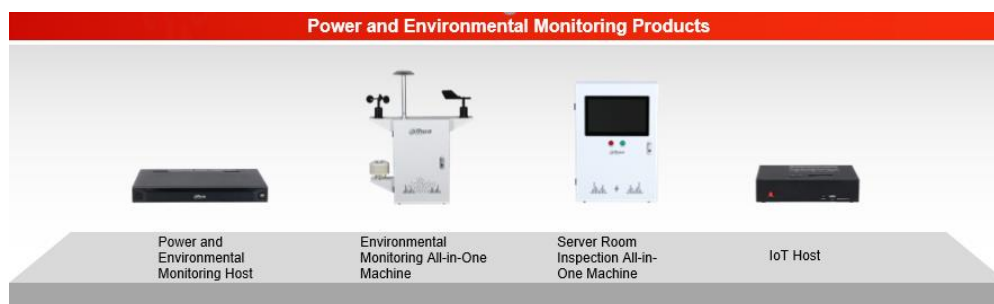
Our distributed splicing controller and KVM seat management system seamlessly integrate large-scale displays and operator workstations, meeting the high-efficiency collaboration demands of command centers in metropolises, core hub dispatch centers, and international sporting events. Our 8K series decoders meet the dual 8K decoding and display needs of control centers. Our all-in-one MLED controller enables a variety of scenarios, including always-on displays and gesture recognition. Our minimalist assembler and disassembler, deployed to the SMB market, enable efficient and rapid business loop control for customers and users in scenarios such as conference rooms and control rooms. Our iSee unified display control software seamlessly integrates various forms of content onto a single display, providing a real-time visual experience and establishing a unified display portal.

(2) Industrial sector



We are revolutionizing smart electricity with our new line of compact, all-in-one AI load identification intelligent circuit breakers, significantly enhancing the efficiency and safety of power systems. Our intelligent energy solution seamlessly integrates with advanced smart lighting systems, smart IoT meters, and smart HVAC control systems. It enables real-time monitoring of energy data across the premises, automatically adjusts energy usage strategies, and achieves fine energy management. This not only helps buildings save energy and reduce costs but also promotes the development of green buildings and contributes to the realization of the "dual carbon" strategy.

(3) Safety supervision sector

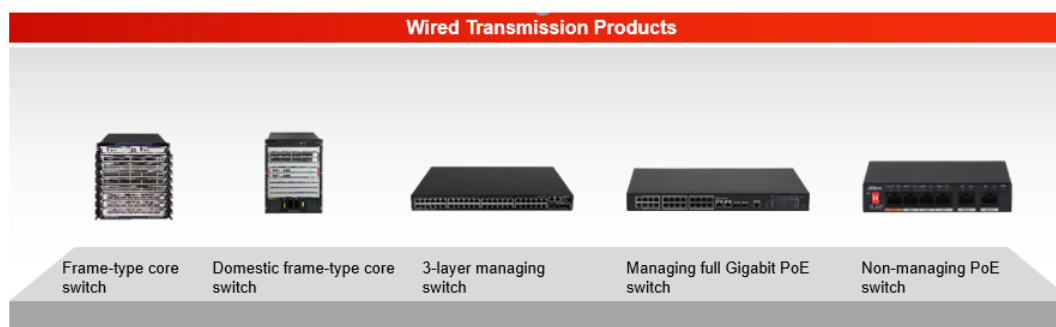


In the fields of emergency response, power, and rail transportation safety supervision, we delve into business scenarios, gain insights into customer needs, and continuously optimize product and business functions. We have created industry-specific products such as integrated environmental monitoring machines, integrated data center patrol machines, IoT hosts, and power and environmental monitoring hosts. These products enable remote monitoring and control of data, helping enterprises achieve energy conservation and emission reduction, automated patrols, production process optimization, and safety supervision. They also greatly improve the operational efficiency and security of data centers and reduce operation and maintenance costs.

3.2 Full Connection

The Company's "full connection" capabilities evolved to "integrated connection" in 2023. In the era of intelligent video, the deep integration of network products and video systems is becoming increasingly essential. To address this need, the Company has established the Future Communications Institute. Focusing on three key areas – network connection technology, data exchange technology, and cutting-edge network technology – we are building a "3+N" integrated connection capability system. This system aims to achieve more reliable, efficient, and intelligent data processing and decision-making, thereby supporting the upgrade of the IOT to the video IoT. The "3" represents three key technology foundations: 1) "End user-to-network integration and unified management" to streamline network management; 2) "A new network operating system" to deeply integrate network systems and business systems; 3) "Open visual network integration protocols" to enable interconnection across the cloud, network, edge, and end users. The "N" stands for a series of innovative features tailored to specific scenarios, such as wide temperature range, lightning protection, long-distance power supply, and port prioritization, making the network more user friendly and ensuring smoother business operations.

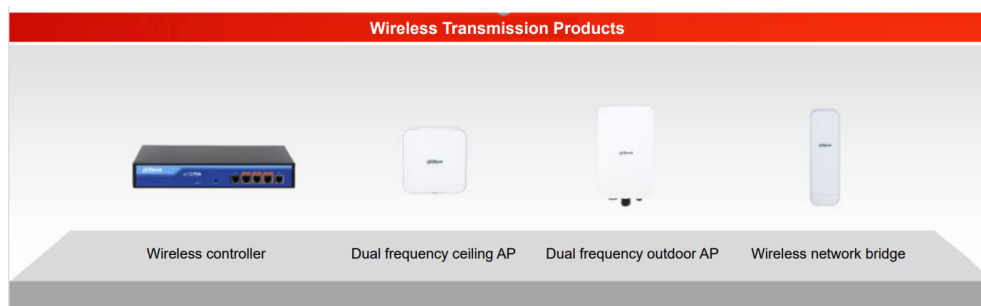
3.2.1 Wired Transmission



Industrial grade switches provided by Dahua feature high-quality industrial design standards, an excellent fast ring network, and multi-level management functions, provide data access capabilities in demanding scenarios, and fulfill the scenario requirements of customers for high-power access and efficient operation and maintenance. At the same time, with the advanced distributed switch matrix architecture, the high-performance multi-core CPUs and switching chips are used to build integrated business control. The ultra-high switching capacity and compact body provide more access channels to meet the demands of different scenarios.

Our new line of intelligent cloud-managed switches, launched in 2023, empowers customers to achieve topology visualization for all connected and sensing devices in their networks, enabling convenient delivery, unified management, and remote operation. This network product portfolio integrates security and data, as well as end user and cloud, accelerating digital transformation across all industries.

3.2.2 Wireless Transmission



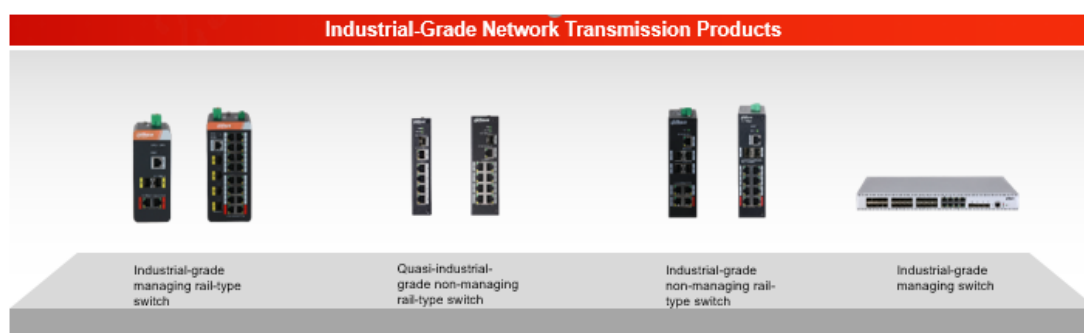
The Company has released UWB, Bluetooth AOA, Bluetooth Beacon, GPS/BD, active/passive RFID, LoRa, and other gateway products to realize long-distance and low-power IoT coverage, and cooperate with video applications to form a variety of integration solutions, so as to meet diversified application needs of customers, and support the intelligent upgrading of apps in energy, building, retail, education and other industries.

Our wireless products, such as wireless AP/AC, Wi-Fi 6 wireless routers, industrial-grade 4G/5G routers, industrial-grade 5G CPE, and wireless bridges, solve the problem of full wireless coverage in the 5G era, and significantly improve the wireless transmission performance under the condition of constantly improving video resolution and increasing access quantity. We have upgraded and optimized point-to-point and point-to-multipoint data feedback for wireless bridge

products, separating data and video services and making the services more stable and reliable. AP/AC enterprise wireless coverage has been integrated with routing control to provide full wireless coverage with low latency, no wiring, and roaming Internet access for enterprise, office, and other scenarios.

Our newly launched cloud-managed wireless products in 2023, including wireless AP/ACs and wireless routers, enable one-click network access for wireless sensing devices, reducing deployment costs and greatly facilitating the installation of video devices. Additionally, we offer specialized 4G/5G router products tailored for professional scenarios such as in-vehicle and industrial applications.

3.2.3 Industrial Scenario Transmission

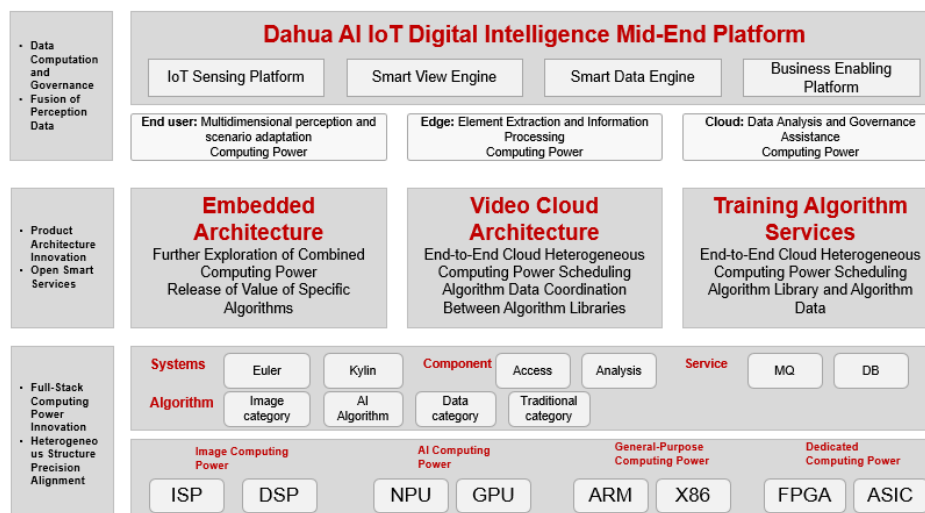


For industrial scenarios, we have newly launched a full range of high-quality cloud-managed industrial switches, which support excellent fast ring network and convenient cloud management functions, provide users with data access capabilities in demanding scenarios, and realize the integration of industrial Internet data and video data.

3.3 Full Computing

As intelligent computing scenarios become increasingly diverse, a single type of computing power is no longer able to efficiently meet the ever-changing demands. Therefore, computational diversity is becoming an inevitable trend. The Company's intelligent computing and cloud computing have made breakthroughs in computing power construction, architectural complementation, and digital intelligence mid-end platforms. Through virtualization, containerization, and other deployment methods, they can quickly achieve full compatibility with high-performance computing resources and adapt to various types of CPUs, GPUs, and NPUs, fully realizing resource pooling. Our Company's "full-computing" architecture delivers enhanced computing power, accelerated speeds, and robust security across diverse fields. This enables the creation of sustainable, full-stack innovations that boost efficient urban governance and enterprise digitalization advancements.

3.3.1 Intelligent Computing



(1) Computing power construction: Server + AI chip is the foundation for building various computing, as well as enabling systems and software. The Company continues to carry out technical work related to computing power construction. As domestic and independent controllable open-source projects become increasingly mature, we have completed the domestic adaptation of the entire chain of end user-edge-cloud computing products based on its solid accumulation of technical capabilities and have realized the pooling of computing resources, such as image computing, AI computing, general computing, and special computing. Leveraging our extensive industry experience, we collaborate with partners to drive technological innovation in areas such as virtualized computing power slicing of chips and specialized comparison computing, providing powerful computing support for full-chain domestication. To meet our customers' high demands for algorithm performance, we are continuously optimizing cross-hardware model quantization and achieving cross-hardware accuracy alignment. This enables the coordinated use of computing power across end user, edge, and cloud layers, maximizing the value of computing resources.

(2) Complementary architecture: To address the diverse needs of long-tail scenarios, we offer two computing architectures: a professional algorithm architecture and an open algorithm architecture. These architectures cater to the unique requirements of different customers.

- **Embedded computing architecture:** By improving single chip performance and combined computing power, the Company attempts to fully unleash the performance and value of specified algorithms, and continuously launch leading and professional AI products;
- **Video cloud computing architecture:** By implementing the intelligent scheduling of pooled computing power, the unified scheduling of algorithm library end-user, edge, and cloud computing power resources across the entire network, and the access of third-party algorithms, the Company has achieved high concurrency, high throughput, and high efficiency computing, so as to continuously empower open and win-win AI services.

- Training algorithm service: Our algorithm training service caters to new algorithm needs arising from business operations and incremental algorithm fine-tuning requirements stemming from scenario differentiation. It seamlessly integrates with end user, edge, and cloud, allowing for the seamless loading of open algorithms and enabling unified training and inference.

(3) Digital intelligence mid-end platform: To fully leverage our computing power and architecture strengths, the digital intelligence mid-end platform will focus on the capability layer, providing intelligent services for the upper-layer application platform. It will connect various capabilities such as professional algorithms, training algorithms, and data computing, enhance open capabilities, facilitate the incubation of emerging intelligent businesses, and provide an intelligent foundation for ecosystem partners.

For the processing of massive data in AIoT, we have comprehensively upgraded products in the field of intelligent computing, including central intelligent products, edge intelligent boxes, storage-intelligence integration machines, and intelligent storage EVS. We continuously enrich industry algorithms and improve product intelligence performance to promote the implementation of various industry businesses.

3.3.1.1 Edge Intelligent Computing



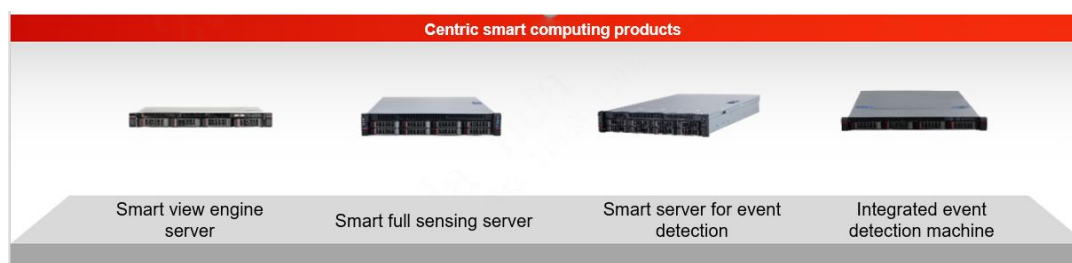
The Company is constantly exploring business norms in various fields and upgrading the performance of deep learning algorithms. It is committed to the in-depth application of edge computing in the industry and the realization of highlight functions such as multi-channel multi-intelligence, intelligent round patrol, tidal intelligence, intelligent clustering, and flexible exchange of storage intelligence. At the same time, it effectively solves the problems of massive data processing, real-time response, and data security faced by AI in industry applications. During the reporting period, the company released a series of industry-specific intelligent integrated machines, expanding intelligent applications to various sub-sectors such as energy security, power, emergency management, financial compliance, natural resources, and behavioral analysis.

Edge intelligent box IVD series integrates a variety of intelligent services, adapts to a variety of application environments at the edge, realizes edge intelligent transformation, computing power supplement and flexible deployment, and achieves the expansion capability of intelligent services. Related products have a built-in high computing power chip, which can load various algorithms to deal with intelligent management in small scenarios, so that AI can better serve as a new driving

force for intelligent transformation.

Our intelligent NVR products continuously deepen the application of artificial intelligence in small and medium-sized scenarios, and combine IoT to continuously enrich industry intelligence. We are committed to creating a video-centric product solution, with intelligence, interconnection, integration, and management as the core, and playing a role in the fields of AI, IoT, and video data intelligence. In the field of AI, leveraging the synergy between front-end and back-end intelligence, we are reusing intelligently processed images and feature values, maximizing device performance, and continuously improving the efficiency and accuracy of intelligent retrieval. In the field of IoT, our NVR products have evolved from mere video access to encompassing the connection, control, and interaction of a full-frequency domain IoT sensing devices. By integrating IoT sensing data, intelligent computing, and visual presentation, we show industrial data in an intuitive and user-friendly way for easy management. Real-time analysis of videos from production work scenarios enables timely warnings of potential anomalies, ensuring the safety and reliability of the entire industrial system. In the field of video data intelligence, by fully utilizing the low computing power deployment for the edge and end users, we can maximize the value of historical data. This collaborative approach between edge and end users enables a novel approach to feature value retrieval, achieving fast and precise retrieval of historical data for business needs. Our innovative Acupick solution significantly enhances retrieval efficiency and reduces TCO costs.

3.3.1.2 Central Intelligent Computing



In order to quickly respond to the current trend of digital intelligence transformation in the market, the Company has built a unified open intelligence architecture for central intelligent computing based on the mature architecture, and improved the layout by building a 2+2+N system, that is, two engines of view intelligence + algorithm training, as well as two directions of awareness and cognition. In 2023, we embarked on a comprehensive upgrade of our smart view engine, establishing an AI middle-platform framework centered on five core components: training center, algorithm center, parsing center, application center, and operation center. This lays the foundation for our intelligent advancement, enhances our intelligent open capacity, incubates emerging intelligent businesses, and constructs an intelligent ecosystem. To address diverse business needs, we are building intelligent capabilities from the following two dimensions:

In the field of specialized intelligence of storage, computing, and inspection, the Company relies on a smart view engine, full-parsing, and full-comparison products to create a

standard solution to optimize the data processing algorithm, provide industry-leading parsing capabilities through heterogeneous computing, provide second-level comparison capabilities for hundreds of billions of data through feature indexing, and provide extremely fast computing capabilities for large-scale data processing services, realizing high-precision and high-performance awareness parsing and retrieval comparison of various elements, and fully serving the big data applications in various industries at the city level.

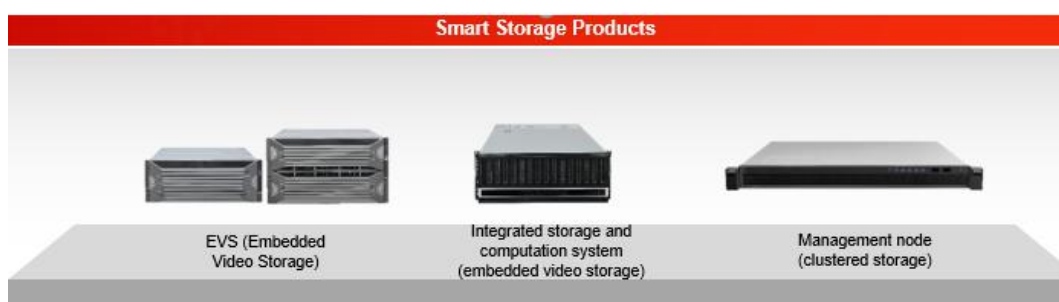
In the emerging field of long-tail intelligence, the Company aims to meet the long-tail needs of various industries and output an intelligent hierarchical grading system from L1 to L5. Through the combination of algorithm training engine + algorithm center + algorithm package + rule engine, N types of algorithm packages are quickly generated based on the algorithm training engine and incorporated into the algorithm center, realizing the unified management, scheduling, and arrangement of smart view engine. With the configuration of rules, we can realize the fast delivery and flexible loading of algorithms and achieve the synergy of tasks, algorithms, and computing power among cloud, end user, and edge, which gives full play to the intelligent value. The standard northbound interface allows us to connect with platform providers. The standard southbound interface allows us to collaborate with algorithm ecosystem partners to create smart ecosystems.

Through in-house R&D and mainstream smart card adaptations, we offer our customers a comprehensive range of smart cards and parsing cards, further enriching and expanding the ecosystem compatibility in the cloud computing field. We offer a variety of product solutions to meet the diverse needs and sales models of our customers, including integrated hardware and software systems, pure hardware devices, and pure algorithms software. Our products fall into two main categories: all-in-one and distributed products. All-in-one products are equipped with industry-specific algorithms to meet the diverse needs of industries such as transportation and surveillance, enabling closed-loop business control. Distributed products, on the other hand, allow for the integration and deployment of various algorithms, including face recognition, vehicle detection, structural analysis, and event detection, and support dynamic expansion to meet the requirements of industries such as social governance.

3.3.1.3 Intelligent Storage

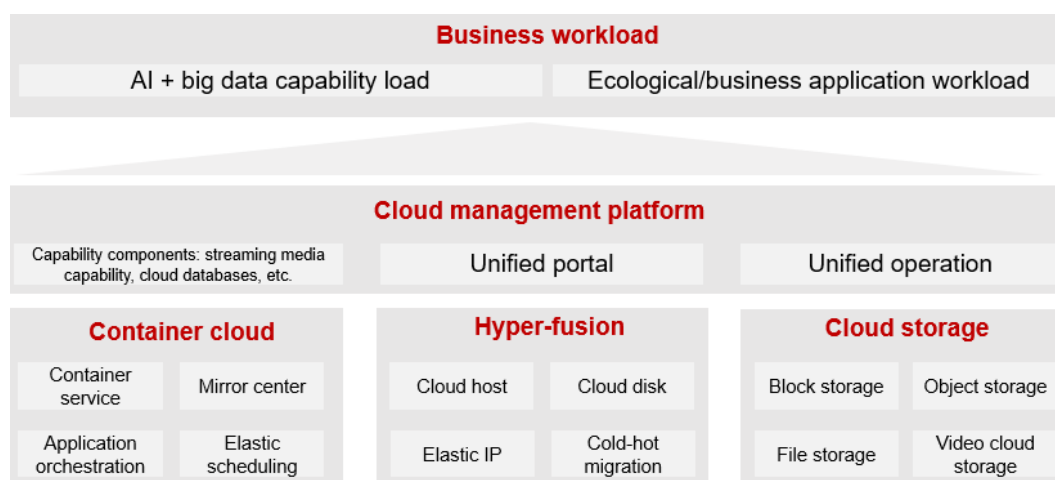
With the advent of the IoT information age, multidimensional perception data such as videos, pictures, audio, and documents are growing explosively, and the diversification and complexity of storage requirements have put forward higher requirements for data storage. Traditional storage solutions are limited by hardware space, storage data access methods, and other factors, making them unable to meet the increasing demand for large-scale data storage and high-performance processing. Our intelligent storage solution is built on single-controller and dual-controller hardware architectures and utilizes streaming storage capabilities. It integrates data redundancy, clustering strategies, and encryption technologies to mitigate single-point-of-failure risks and ensure data security and reliable storage. Combining technologies such as intelligent analysis, rapid data structuring, and integration of storage, intelligence, and management, we can achieve rapid retrieval

of target data, long-term storage of valuable data, and closed-loop edge data services, giving new value to centralized data storage. Our products cover both standalone and cluster solutions, catering to the ever-growing demand for data storage and integrated applications.



Our standalone storage series offers a comprehensive range of solutions, including single-controller, dual-controller, dual-channel, and embedded video storage configurations, to meet the long-term storage needs of diverse users while reducing overall TCO. All these products are now made up of domestically produced components. By using a domestically developed operating system, we have achieved independent control over core technologies. Equipped with integrated encryption chips and utilizing domestically developed algorithms and two-way authentication technology, our products can safeguard the confidentiality and integrity of user data. The unified cloud cluster series, based on multi-machine cluster management technology, uniformly manages front-end resources and storage resources. Related products can provide operation and maintenance management functions, checking cluster recording status, hard disk and other hardware operation information, and report fault alarms in real time, thus reducing user operation and maintenance costs. We are also continuously optimizing our cluster fault tolerance strategies to provide a centralized storage solution with high capacity, high performance, high reliability, and high security for various video recording systems.

3.3.2 Cloud Computing



Traditional data centers face numerous challenges during cloud transformation, such as siloed construction and long construction cycles. To improve resource utilization, simplify management

and operations, and ensure the secure and stable operation of businesses, the Company has launched a cloud computing solution that integrates underlying physical resources and provides a rich suite of cloud services, including computing, storage, networking, and PaaS. We also provide full lifecycle management of cloud infrastructure to help drive customers' digital transformation.

(1) Cloud platform

Our cloud platforms are next-generation, highly efficient, and agile cloud-native computing platforms designed for diverse computing scenarios in the smart Internet of Things (IoT) era. Powered by technologies such as Kubernetes, containers, application orchestration, and elastic scheduling, they provide unified management of pooled infrastructure resources, mixed deployment of big data, intelligent analysis, and application software, and meet the needs of unified management, efficient resource utilization, flexible service deployment, and reliable disaster recovery. Based on our deep understanding of cloud-native technologies and the video industry, we offer a comprehensive suite of cloud products, including cloud management platforms, container cloud platforms, hyper-converged infrastructure, and general-purpose storage. These products cater to a wide range of needs, from standalone solutions to large-scale clusters, providing our government and enterprise customers with cost-effective cloud solutions that empower them to build next-generation digital infrastructure.

(2) Cloud storage

With over a decade of technological expertise, the Company provides large-scale video cloud storage services to city-level and enterprise-level customers. We offer a variety of device access, multi-channel large-scale video access and storage, and streaming media distribution capabilities. Based on native distributed file system technology, field-specific optimization, software and hardware integration, and dynamic fault tolerance, we have built an ultra-large-scale four-level (disk-level, node-level, rack-level, and storage pool-level) reliable data storage capability. Our diverse product portfolio, including multi-bay, single- and dual-controller, and single- and dual-channel configurations, caters to the varied storage needs of industries such as government, transportation, finance, energy, culture, education, health, and premises. We have successfully delivered multiple cloud storage projects, and our petabyte-scale clusters have achieved a long-term stable operation.

(3) Cloud database

Based on a decade of experience in real-time access, storage, and retrieval of massive sensor data, as well as the processing demands of complex scenarios, we continue to make long-term investments in our cloud database system in areas such as hardware and software integration, dynamic fault tolerance, index optimization, reliability, distributed technology, and data security, and have provided industry-specific centralized and distributed database services, enabling automatic access to data from IoT sensing devices, automatic data balancing, and efficient retrieval services, delivering an out-of-the-box experience that significantly reduces the development, operation, and implementation costs of integrating databases into business platforms. Dahua Cloud Database System is widely applicable to government and enterprise customers. We have successfully

delivered numerous cloud database projects. Our large-scale database clusters have been running stably, providing real-time, online data protection for our users.

3.4 Full Intelligence

As artificial intelligence and big data technologies are rapidly transforming industries, the Company is committed to developing scenario-based applications, conducting cutting-edge research, and exploring new technologies such as foundation models and multimodal processing. By strengthening our AI engineering capabilities, we are continuously driving the industrialization and commercial success of AI. We are also delving into the underlying insights of view data to unlock its value and fully support the digital transformation of cities and enterprises. This will enable a closed-loop control from sensing intelligence to data intelligence and finally to business intelligence, creating business value for our customers through our "full-intelligence" capabilities.

3.4.1 Artificial Intelligence

AI is at the heart of the Company's strategy, and we are committed to being a global leader in AI research and innovation. At present, we own national enterprise technology centers, national post-doctoral scientific research workstations, Zhejiang Enterprise Research Institute, Zhejiang Engineering Research Center, and Zhejiang Key Laboratory, as well as AI R&D teams with more than 1,000 members. Dahua has won first place in more than 70 AI algorithm competitions and evaluations at home and abroad, published more than 120 papers in core journals, applied for more than 2,400 AI patents, and undertaken 22 national and provincial AI scientific research projects. During the reporting period, we filed over 300 AI invention patents. Over 270 of them were accepted for processing. We also undertook 6 national and provincial-level AI scientific research projects.

3.4.1.1 Development Trend of AI Technology

As the new wave of technological revolution and industrial transformation deepens, data is becoming a new factor of production, and AI is becoming an important production tool. Digitalization and intelligent transformation has always been required in industry development. AI technology is continuously being integrated into industry business, empowering all walks of life to improve quality and efficiency, and driving rapid growth of the AI industry. The emergence of new technologies such as foundation models and multimodal processing is driving innovation in AI applications, accelerating the commercialization and value creation of new AI technologies, and propelling AI to new heights. In the field of artificial intelligence, the Company insists to make high-intensity investment in R&D to promote the large-scale implementation of the artificial intelligence industry and continue to maintain its leading position in the industry.

(1) Rapid advancements in technologies like Transformer have led to significant improvements in algorithm performance.

Traditional small language model approaches rely heavily on supervised learning, which is limited by the size of the training data, the structure of the network, and other factors. As a result, these models have poor generalization ability and adaptability to new scenarios, and their accuracy faces challenges in complex situations. Foundation models can learn rich cross-field knowledge from vast amounts of diverse data due to their larger network parameters. This enables them to develop general-purpose capabilities that are applicable across a wide range of scenarios and tasks. Current mainstream foundation models are based on the Transformer architecture, which excels at understanding and processing long sequences of text, videos, and other continuous information. In the field of visual parsing, Transformers outperform traditional convolutional neural networks in their ability to capture subtle nuances in data. This results in enhanced accuracy and generalization performance for visual parsing tasks. In the field of image generation, diffusion models solve the instability problem of GAN training and gradually become the mainstream image generation model. Compared with other image generation models, the diffusion model can generate better images.

(2) The learning ability of foundation models has greatly improved, greatly improving productivity and production efficiency.

Traditional small language model approaches are trained and optimized based on individual business scenarios. Due to the significant variations between different business scenarios, the same model exhibits poor adaptability when applied across scenarios. This often necessitates the development of new models tailored to specific scenarios, resulting in a substantial workload. Foundation models have stronger scenario generalization capabilities because they are trained on a massive amount of prior knowledge. Moreover, prompts in various modalities, such as images, voice, and text, can stimulate the emergent intelligence of large models, enabling rapid definition of new functionalities to cater to user needs in a personalized and differentiated manner, thereby enhancing productivity. Fine-tuning large foundation models on small datasets for specific business fields enables rapid capability transfer to new scenarios, effectively addressing diverse and fragmented market demands, and enhancing development efficiency.

(3) Foundation model technology accelerates the diversification of AI applications.

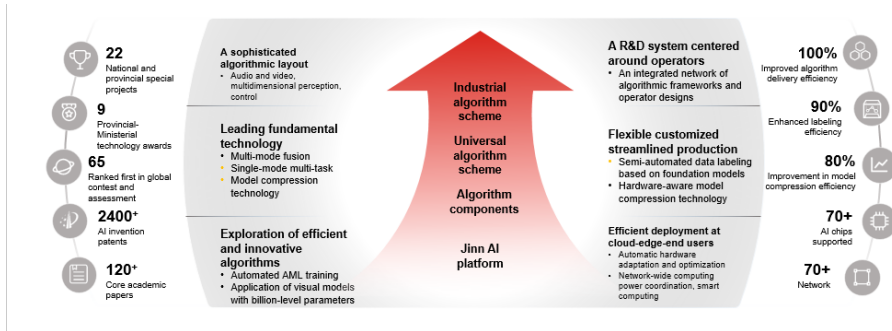
The rapid advancement of foundation model technology like Gemini and Sora has propelled AI to new heights, achieving groundbreaking results in areas such as text generation, image generation, and video generation. This is accelerating the diversification of AI applications. Gemini, a multimodal foundation model, showcases exceptional capabilities in understanding images, audio, videos, and text. It is poised to revolutionize natural language processing and multimodal technologies, paving the way for groundbreaking advancements in text generation, search engines, intelligent question answering, and more. Sora, a text-to-video model, possesses remarkable comprehension and generation capabilities. It not only understands what users request in prompts, but also understands how these things exist in the physical world, providing users with a highly realistic and detailed visual experience.

From sensing to cognition to generation, foundation models will continuously break through capability boundaries, understand and communicate in more modalities, and have stronger parsing and generation capabilities. They will achieve more complex behavior recognition, image and text data retrieval, intelligent decision-making, and human-computer intelligent interaction functions. This will accelerate the transformation of various industries towards intelligentization and automation, bringing higher efficiency, better services, and more innovative products. Finally, they will work together with industry chain partners to collaborate on innovation and embark on the new journey of AGI.

3.4.1.2 Building A "1+2" AI Capability System

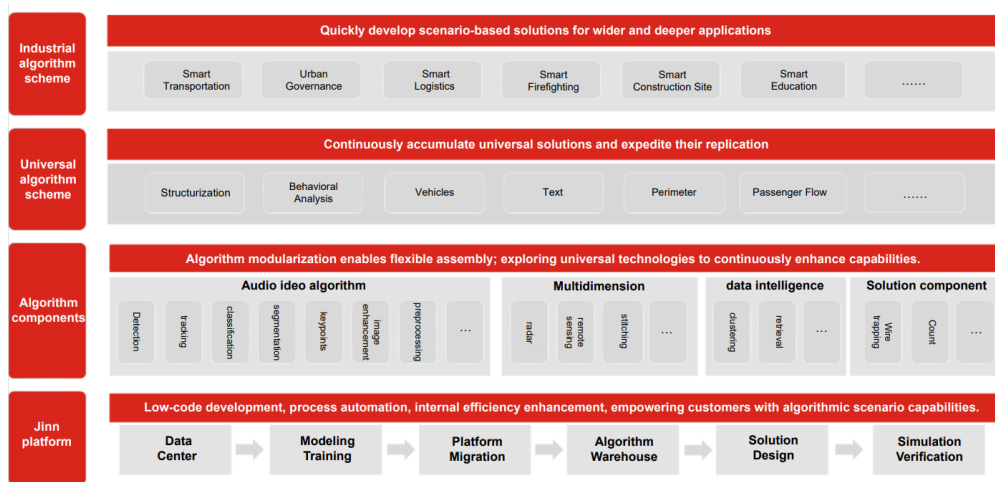
AI has emerged as a crucial productivity tool, and the adoption of visual AI is rapidly gaining momentum across diverse industries. We remain committed to our core focus on visual technology, continuously building comprehensive and leading AI research and engineering capabilities. We are centered on industry-specific needs, aiming to make AI accessible to all. Driven by advanced AI technologies, we are constantly solidifying our AI industrialization capabilities.

Through years of continuous accumulation, we have established a "1+2" AI capability system, which consists of an architectural framework and two supporting aspects: research capabilities and engineering capabilities. Based on this AI capability system, we have enhanced our algorithm delivery capabilities to address the vast array of fragmented demands, enabling more customers to reap the benefits of AI and enjoy a superior user experience. This "1+2" AI capability system, based on a four-layer technical architecture, establishes a framework for AI research and engineering capabilities. At the scientific research level, we are establishing a comprehensive technical framework across various algorithm domains, continuously solidifying our foundational technologies, and actively exploring novel algorithms. At the engineering level, we have established a research and development system centered on algorithm components, enabling flexible customization of pipeline production and supporting efficient deployment of algorithms to the cloud, edge, and end user. The "1+2" AI capability system has been upgraded from version 1.0, which supports small language models, to version 2.0, which supports foundation models.



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

At the same time, a four-layered technical architecture system composed of the Jinn platform, operator components, general algorithm solutions, and industry algorithm solutions decouples from the technical side, providing end-to-end efficient scenario-based customization and development capabilities, and accelerating the implementation of industry intelligence.



① Continue to upgrade the Jinn Platform and improve the algorithm solution production line.

To realize large-scale industrialization of AI, efficient end-to-end solution development and delivery capabilities are needed. The Company continues to focus on building the Jinn Platform, a one-stop AI development platform. Jinn Platform is a one-stop AI development platform for developers, covering the entire AI development workflow from data processing, model training, optimization and porting, algorithm management, and solution development to algorithm verification and testing. In 2017, the Company established a high-performance computing center. In 2019, we launched a full-stack algorithm development platform, enabling closed-loop management of the entire chain from data management to solution delivery. In 2021, we upgraded and released a compositional solution development platform. In 2023, we developed a workflow system for scenario-based algorithm development, which can automatically orchestrate development workflows such as data processing, training, model conversion, and testing. This enables online

and automated development of scenario-based algorithms, protocol-based operators, and a unified algorithm library, providing model-as-a-service capabilities and enabling multimodal fusion analysis and large model language service deployment.

② Standardize algorithm components to enhance algorithm replicability and adaptability to diverse scenarios.

Based on our expertise in scenario-based capabilities, we have streamlined algorithm solutions for different application scenarios and standardized the solutions and their associated algorithm components. By shifting the algorithm development model from "solution-centric" to "algorithm component-centric," we have enhanced algorithm reusability. Additionally, we have upgraded the "algorithm release equals solution release" approach to "model release equals solution release," further shortening the development cycle for intelligent solutions in scenario-based applications and reducing algorithm development costs.

③ Continuously improve algorithm solutions and enhance scenario-based AI capabilities

In 2023, we upgraded our scenario-based AI capabilities by delving into customers' production management processes. We provided a rich array of scenario-based AI applications to help customers enhance quality, improve efficiency, and achieve win-win outcomes. We have enhanced the functionality of our industry-specific algorithm solutions to address industry applications and needs. With the multimodal visual analysis capabilities of our Galaxy foundation model, we have upgraded our visual cognition capabilities, continuously improved visual analysis accuracy, enhanced the ability to meet long-tail demand, and developed industry-specific intelligent solutions based on multimodal visual large models. This has further enhanced the level of intelligence in industry-specific businesses.

(2) Research capabilities in underlying AI technologies

Dahua continues to strengthen its research on underlying AI technologies to ensure the sustained advancement of its algorithms in the industry. By digging deep into the demand and industry pain points, and combining the development trend of AI technologies, especially the foundation model technology, we focus on such fields as single-model multi-tasking, small-sample learning, deep genetic coding technology and trustworthy AI, to build the competitiveness of intelligent products and solutions, and to accelerate the process of commercializing AI.

① Single-model multi-tasking, to maximize the utilization of computing power

In the field of vision, the technical path of unified inference through single-model multi-tasking remains powerful in the face of high computing power costs. During the reporting period, the Company continued to delve into single-model multi-tasking technologies. For example, the original algorithm scheme consisting of 5 models for detection, key point, pose, attribute analysis and

recognition can now be completed by 1 model, with substantially lower complexity of arithmetic scheduling and task scheduling, and 30% increase in the utilization rate of computing power.

② Small sample learning, to increase the efficiency of algorithm development

The size of training samples directly affects the performance of deep learning algorithms. Dahua proposed the RWSC-Fusion technology in 2023, which synthesizes massive samples close to real scenes through a small number of samples to train algorithms, thus reducing the dependence of partial algorithms on data. This technology has been applied to scenarios such as security checks and transmission lines, with 10% improvement in the algorithmic recall rate and 30% reduction in the development cost. Related technologies were published in CVPR 2023, one of the top conferences on computational vision.

③ Deep genetic coding, to enable end-to-end cloud feature synergy

Due to the non-interpretability of deep learning, heterogeneous feature embeddings generated by the encoders of different models are incompatible and unmeasurable, leading to problems such as incomplete synergy between end-edge clouds in the deployment of small and large model products, and high cost of upgrading product models. To address these issues, Dahua has developed deep genetic coding techniques to allow the feature representation capability of foundation models to be inherited to sub-family models, and in the process of genetic learning, the sub-family models can be customized for different application scenarios and different computing power, and feature embeddings generated by models of the same lineage can be metricated among themselves, thus realizing feature synergy in end-edge clouds, and lowering the cost of product upgrading and O&M.

④ Trustworthy AI, to ensure system security and stability

Confronted with risky challenges to AI security, Dahua accelerates the research and implementation of trustworthy AI technologies, such as anti-attack and defense and deep forgery detection, to achieve AI security and trustworthiness. During the reporting period, Dahua continued to research on anti-attack and defense technologies based on diffusion models, moving from the digital domain to the physical domain to enhance the effectiveness of physical attacks. We also developed robust defense methods to significantly improve system security and stability through technologies such as forgery detection and perturbation purification. Relevant technologies have been applied in scenarios such as entrance/exit license plate anti-counterfeiting and door access control anti-counterfeiting detection.

(3) AI engineering capabilities

In terms of AI engineering capabilities, Dahua has continuously deepened its efforts in areas such as model compression and scenario-based algorithm engineering implementation, to enhance product performance and competitiveness, and expedite AI implementation.

① Deeply tap into model compression technologies to enhance product performance and competitiveness.

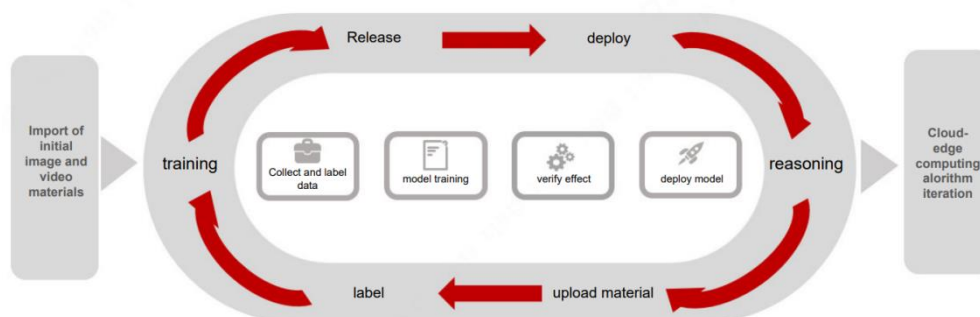
Currently, there are many chips with wide differences in capabilities; employing different model compilers individually causes tremendous engineering investment in algorithm development. Against this background, Dahua has developed its own adaptive model compression and tuning tool. The self-developed hardware-aware adaptive quantization engine technology optimizes the quantization method on the basis of hardware resources and network characteristics, assists in achieving precision tuning with small samples, and optimizes the scale of quantization parameters with less human involvement. Through hardware-aware adaptive model compilation, it is compatible with different training frameworks and various chips, thus addressing the problems of multiple platforms, multiple frameworks, and high threshold of performance tuning. Meanwhile, the QAT quantization technology is employed to overcome the problem of traditional offline quantization accuracy degradation, thus guaranteeing the accuracy of the model on low-bit hardware to achieve training-as-you-get, i.e., consistent accuracy of the model deployed from training to inference. Moreover, the enabled low-bit quantization compression significantly improves the computing power utilization while guaranteeing the accuracy of the commercialized application.

② Enhance the efficiency of scenario-based algorithm implementation by relying on standardized algorithm application paradigms and technical upgrades.

Continuously improve the delivery capability of three algorithmic application paradigms, namely "rapid customization by the Company", "convenient development by users" and "general algorithmic paradigm". In order to improve scenario-based AI response capability, we have extracted over 10 general algorithm paradigms from fragmented demand development to improve reproducibility and delivery efficiency. For example, based on such paradigms as "Workwear Compliance", "Changing Event Detection", and "Action Customization", we have undertaken more than 200 algorithm customization requirements, and realized training-free delivery of algorithms, with the delivery efficiency increased by more than 80%.

Facing the problem of unstable algorithmic effect in complex scenes due to low accuracy of traditional algorithms for extreme targets (extremely small targets, severely occluded targets, high similarity targets, etc.) encountered in the process of intelligent industry transformation, we investigate the visual cognition ability based on the Galaxy Foundation Model to enhance the perception in complex scenarios, and deepen the level of intelligent industry transformation.

3.4.1.3 Constructing a 1+1+N Algorithm Training System

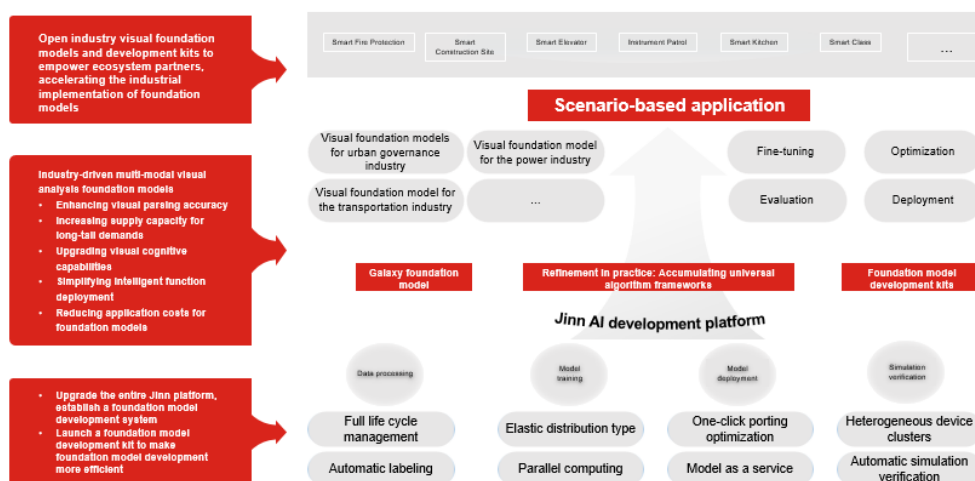


Construct a 1+1+N algorithm training system, i.e., algorithm model training + algorithm incremental training + algorithm orchestration. The 1+1+N algorithm training system enriches the algorithm application scenarios, comes closer to clients' business processes, and greatly shortens the algorithm delivery cycle. By providing clients with professional, timely and personalized training, we can quickly build up algorithm capabilities for them, support a wide range of government business needs, assist in corporate intelligent upgrading, renovation and transformation, and establish good customer relations and trust.

Two core platforms, i.e. the offline training all-in-one machine and the AI training online platform, have been launched to support such capabilities as on-demand application of training resources, dynamic allocation, multi-person collaboration, task assignment, online verification, online deployment and upgrade, and provide round-the-clock expert technical support. With the training platform, customers can conveniently obtain new algorithms and enjoy professional technical support and services, powering a number of industries such as energy and water conservancy.

3.4.1.4 Boosting Corporate AI Capabilities with the Galaxy Foundation Model

Dahua released Galaxy Foundation Model in 2023, a vision-based foundation model that incorporates multimodal capabilities. Foundation models currently released in the industry are mainly generative models, whereby a common model is extended for different industries to handle various downstream tasks. In contrast, the Galaxy Foundation Model is oriented to visual parsing tasks; by building several typical industry visual models, a set of computational framework is extracted, on the basis of which more industry visual models can be built.



(1) Advantages of the Galaxy Foundation Model

① **Achieve accuracy and generalizability leap, enhance business competitiveness, and accelerate intelligent market scale expansion.**

The Galaxy Foundation Model is pre-trained with tons of unlabeled data and fine-tuned on the labeled data, so that the trained model is stable and reliable under extreme targets and extreme scenes. For example, in various situations such as extremely small targets, multi-morphic targets, targets with inconspicuous features, multi-angle targets, blurred images, strong backlight, complex backgrounds, and multi-source images, the results are still stable and reliable, substantially better than those of small models.

② **Define new functions through graphic prompts to directly satisfy fragmented functions and efficiently cover new long-tail markets.**

The Galaxy Foundation Model realizes the upgrading from generalization of algorithm components to that of algorithm solutions. Originally, for small models, the development of an algorithm requires four steps: data annotation, data training, algorithm deployment, and product delivery. Now, the Foundation Model turns the four steps into just one step, with no customization required. Simply with image and text prompts, it can quickly realize new functions, thus greatly shortening the development cycle, and efficiently satisfying the fragmented needs of the long-tailed market. For example, foreign objects such as bird's nests, kites, or plastic bags may cause great potential danger to electric power safety in the power sector. Previously, customized training was required based on specific scenarios and foreign objects, incurring extremely high development costs. Nowadays, such development can be easily achieved by simply giving the foundation model corresponding graphic and textual hints.

③ **Break through visual cognition capabilities to understand the entire process of an**

event and open up new space in the intelligent market.

Due to technical limitations, small models are unable to realize complex behaviors with many objectives and multiple steps that are difficult to dismantle step by step, such as sweeping waste into sewers, violently throwing objects, and regulating hand-washing. In contrast, the Galaxy Foundation Model can not only extract image features, but fuse the features of different moments so that it can better understand the whole process of an event and recognize complex behaviors. It enables visual intelligence tasks to expand from the previous perceptual parsing and simple cognitive needs to complex cognitive needs, which opens up a new space in the intelligence market.

④ Analyze all scenes autonomously, and streamline intelligent configurations for improved intelligence and usability.

Small models are not capable of understanding the whole scene, so rules need to be configured for event analysis, which requires professional support and leads to time-consuming and laborious deployment of algorithms. The Galaxy Foundation Model is capable of understanding the whole scene, and can realize event analysis without rule configuration. Take the power sector as an example, for climbing operation compliance business, the Galaxy Foundation Model automatically understands the climbing scenario, without the need of configuration, which makes it more convenient to use. The foundation model makes intelligent configuration no longer cumbersome and improves the ease of use of intelligence.

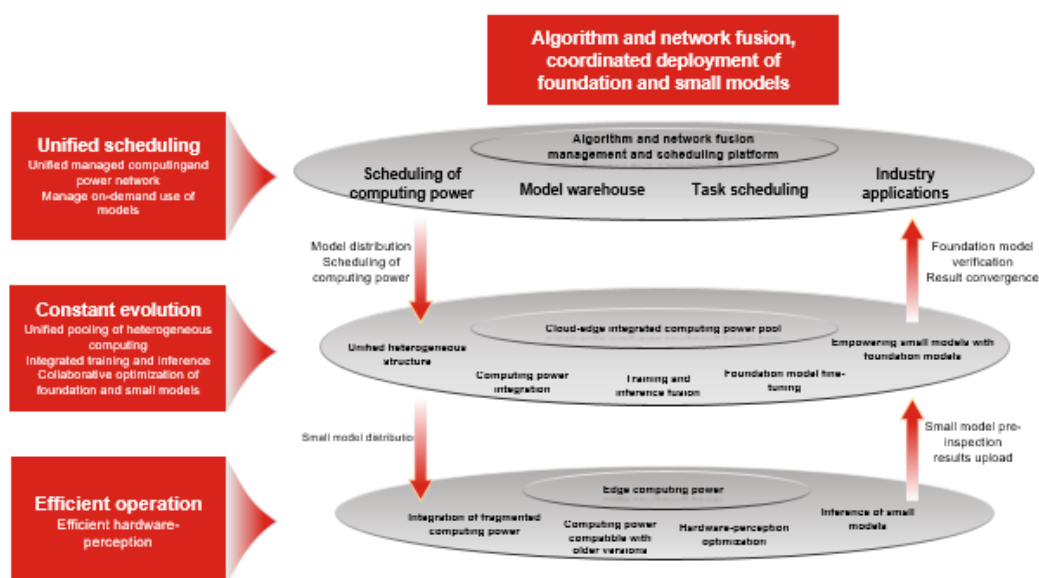
(2) Coordinated small and foundation models to build affordable scenario-based foundation models

In the field of vision, foundation models have made great progress in effectiveness, but with relatively high computing power costs. The input to the visual parsing tasks is visual images, which involve a large amount of data and need to be analyzed 24/7, resulting in high cost for each exclusive path. The cost of using models with ultra-large-scale parameters is high, so significantly cutting the cost of visual parsing foundation model applications is a prerequisite for successful commercialization. Dahua focuses on the large model downsizing techniques and the synergy between small and foundation models to build affordable scenario-based foundation models.

The large model downsizing techniques are the basis for building affordable scenario-based large models, which can reduce the basic deployment cost of visual parsing foundation models. The technical steps are as follows:

First, control the number of parameters of the basic foundation model, and select the appropriate parameter size based on the task needs, to keep it at the scale of 10 billion through structural design, training and verification, and iterative optimization of a 100 billion foundation model. Second, with the model downsizing technology, the 10 billion parameters are reduced to the scale of one billion through domain distillation and domain quantization, so that the computing

power demand is reduced to about 10% of that of a mainstream foundation model. Last, due to the stronger comprehension and generalization ability of foundation models, one foundation model is able to substitute dozens of original models, making the overall scheduling computing power of the foundation model business controllable.



Co-deployment of small and foundation models is the key to building an affordable foundation model system, which ensures controllable computing power costs and accelerates commercialization. The system consists primarily of end-side cloud computing power for computing network fusion and co-deployment of small and large models, whose architecture mainly encompasses the following: the bottom layer of the system consists of a large number of end-side computing power devices with different computing power sizes on the end-side, mostly for small model inference applications, which can be optimized by combining the hardware characteristics to improve the utilization rate of the computing power. The middle layer is the cloud-side computing power pool, mainly for the unified pooling management of heterogeneous computing power, which supports the integration of training and promotion, the fine-tuning of foundation models, and the collaborative optimization of small and foundation models. The top layer is the computing network integrated management and scheduling platform, which carries out unified modeling of small and foundation computing power, constructs system-level computing power network, manages small and foundation model warehouses, and distributes models according to the computing power capacity to complete system-level optimization and scheduling.

(3) Foundation model application

With visual parsing as the core, we follow up the development of cutting-edge technologies, and make rapid iteration and optimization centering on real-world requirements, to realize value realization from multiple perspectives. We actively promote localized deployment, and realize the

application of foundation model-related technologies in industrial foundation models, development efficiency, and small model technology upgrading.

① Pilot of industry foundation models

➤ Foundation models for urban governance

Foundation models for urban governance help upgrade the AI capabilities of urban governance by making the data more accurate and richer. Compared with small models, foundation models for urban governance are more than 10% more accurate on average, with a 50% increase in the number of functions, enabling the realization of a variety of complex cognitive functions in the industry. With powerful comprehension capability, foundation models can simplify the deployment and significantly reduce the deployment cost. A foundation model can replace dozens of small models. With high accuracy of parsed data, such a foundation model is able to reproduce the real twin of a city, which can be reconstructed in a real way, from the full view of the whole city to the condition of each road and every passing vehicle at each intersection. Moreover, the foundation model enable simulation and evaluation of urban road status, simulation and evaluation of urban environment, simulation and deduction of event process, automatic generation of data report and analysis report, among others, so as to realize efficient decision-making and analysis of urban governance. In addition to these advantages, it also demonstrates its strengths in point management. Daily urban management is often faced with the need to regulate numerous decentralized points, which vary widely and thus require different functions to be configured. To address this issue, the foundation model incorporates advanced point governance algorithms. Based on merely one picture, it can automatically analyze and output detailed scene information, and meanwhile intelligently recommends the appropriate function configuration for each point. The launch of this foundation model product not only greatly enhances the functional performance, but also greatly improves the convenience of user interaction.

➤ Foundation models for power

Foundation models for the power sector can likewise make the data more accurate and richer, thus boosting the upgrading of AI capabilities in the power sector. Compared with small models, the average accuracy of foundation models for the power sector increases by more than 20%, with a 40% increase in the number of functions, which ensures the implementation of a variety of complex cognitive functions in the power sector. Meanwhile, a foundation model not only realizes more than 80 functions of the whole industry, but enables the real twin reproduction of the power scene, from the overall view of the entire substation scene to the operational status of transformers and other instrumentation equipment. The foundation model can also realize functions such as the construction operation drill training, and independent analysis and decision-making of O&M data, so as to realize the efficient decision-making and analysis in the power sector. Moreover, it supports all kinds of foreign object detection functions, such as birds' nests, plastic bags, and balloons. Rather than having to do repetitive tasks such as collecting materials and re-training the model, the corresponding foreign object recognition function can be realized simply through the corresponding

graphic prompts.

➤ **Foundation models for more industries**

In addition to foundation models for urban governance and power, Dahua is also actively deploying algorithms in more industries, such as transportation, and advancing their scenario-based deployments and applications.

② **Automated annotation for higher development efficiency**

The use of foundation models to achieve intelligent pre-annotation, intelligent auxiliary annotation, and annotation process optimization accelerates annotation speed and saves manual input. Currently, intelligent annotation covers various types of materials such as pictures, videos, and audios, and supports a variety of annotation tasks such as target, attribute, segmentation, and tracking. It has achieved satisfactory results on hundreds of annotation categories including motorized vehicles, non-motorized vehicles, various types of animals and objects, with significantly improved annotation efficiency. Meanwhile, intelligent annotation can also substantially improve the annotation quality of difficult cases.

Going forward, the foundation model intelligent annotation technology will be applied to the Genius AI open platform to upgrade the level of data processing intelligence, making data processing more efficient and accurate, which will greatly facilitate the extraction and utilization of information and accelerate the intelligent transformation of business processes.

③ **Technical upgrading using Transformer-related technologies**

While developing foundation models for industries, Dahua is actively applying Transformer's multimodal technologies to improve the effectiveness of its algorithms with comparable computing power. The scene adaptability is dramatically improved for such tasks as scene classification, behavioral analysis, and generic defect detection. In the scene classification task, the multimodal model is capable of processing and understanding images and their related descriptions, providing excellent classification results in a variety of complex settings. This technological breakthrough enhances the accuracy of image retrieval systems. For behavioral analysis, the joint analysis of video frames and audio signals enables more accurate recognition of human and vehicle behaviors. In terms of generic defect detection, the Transformer technology shows greater advantages in fault identification by extracting data such as voice, text and images, significantly improving production quality and efficiency. Dahua will continue to innovate based on Transformer technologies and explore more business value from them.

④ **Deployment with domestic manufacturing**

Dahua actively explores technologies related to the deployment of foundation models in domestically manufactured chips. We have introduced chips from major domestic chip companies, migrated and verified visual and multimodal foundation models, and optimized their performance. On this basis, we have successfully accomplished the localization of foundation models for urban

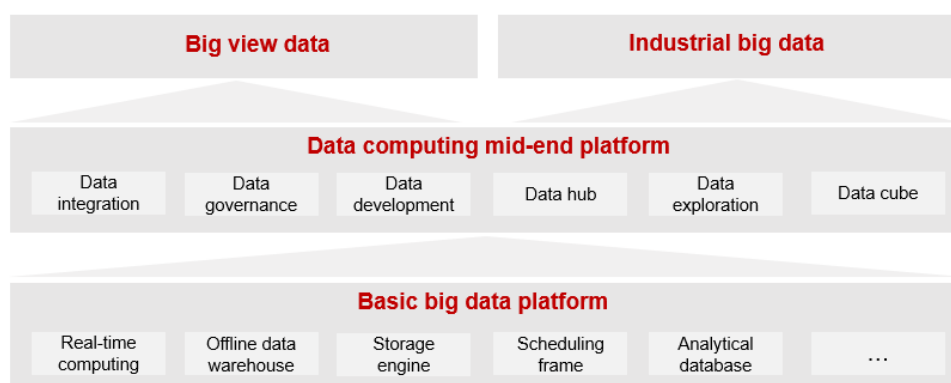
governance and power.

⑤ Human-computer interaction

While actively promoting the R&D of foundation models for industries with vision as the core, Dahua is also actively exploring the application of these models in human-computer interaction and big data retrieval. Currently, large language models are not only equipped with generative capabilities, but also with semantic understanding and reasoning capabilities, which enable them to act as the hub of an intelligent body, and realize task planning, external tool calling, and relevant memory querying based on external knowledge by understanding voice or text prompting information. Based on these capabilities, foundation models can automatically understand and execute a variety of functions in products, such as knowledge quiz, task scheduling, database retrieval, map relationship retrieval, report generation, and tool calling, thus lowering the threshold of user use and interaction costs, and transforming the product interaction paradigm.

3.4.2 Data Intelligence

Focusing on video IoT scenarios, Dahua is oriented to the digital intelligent transformation of cities and enterprises, and looks into platform technologies and algorithmic capabilities that enhance governance efficiency, mine data content, and enable data value. Relying on such technologies as cloud native, big data framework, heterogeneous fusion computing, and data center, Dahua provides a one-stop data intelligence base for vision and information fusion, integration, governance, development, and services. Based on technologies such as artificial intelligence, figure-digital fusion, data mining, and knowledge mapping, it digs deeply into the connotation of view data, and builds figure-digital fusion high-value data warehouses, to unleash the value of data, facilitate the digital transformation and development of cities and enterprises, and jointly pioneer the new development of the digital society and economy.



In 2023, Dahua continued to dig deep into the value of view data. By integrating production and business data, it comprehensively stimulated view application innovation. Taking data value calculation as an impetus, it consolidated the basic capability of big data platforms, and built up industry-specific capabilities such as AI+big data fusion calculation frameworks and heterogeneous calculation of diverse data, thus empowering data application innovation and boosting the digital

and intellectual transformation of government and enterprises.

(1) Continuously build industry-specific capabilities of big data platforms with data value calculation as the impetus.

Focusing on data value calculation, Dahua released Big Data Platform 3.0 in 2023, covering such products as Data Calculation Platform, Data Hub, Data Exploration Platform, Data Low-Code Platform, and Big Data Infrastructure Platform. It provides one-stop data integration, data governance, data development, and data service capabilities to support governments' digital intelligent governance and businesses' digital intelligent transformation. Driven by the strategy of focusing on the value calculation of video data and unleashing the value of view data, the self-access capability of a variety of IoT devices is embedded in data integration, leading to a number of industrial data standards. In terms of data governance, the algorithmic capability loaded with intelligent governance automatically achieves data mapping, standardization, and quality detection to significantly improve governance efficiency. In data development, real-time unified development and scheduling of offline tasks, as well as data-oriented applications relying on the self-developed low-code engine technology enables the rapid configuration of business applications, greatly improving the efficiency of delivery in fragmented scenarios. In heterogeneous computing of diversified data, Dahua has built the AI + big data fusion computing framework and figure-number fusion computing framework, which breaks the limitations of traditional big data computing boundaries, making computing more efficient and business innovation more convenient. Dahua's big data platform activates data potential with value computing, and drives digital transformation with technological innovation to continuously serve numerous industries.

(2) Stimulate the potential of view data to drive digital transformation through technological innovation.

Dahua has accumulated extensive hands-on experience during the long-term in-depth informatization construction process for the digital and intellectual transformation of government and enterprise clients. Based on the video IoT data and industry insights, Dahua has thoroughly excavated the value of data and constructed data-to-information and to-knowledge systems. As of 2023, Dahua has cumulatively developed a variety of data algorithms and industry-specific models, and accumulated extensive data element standards and specifications. Through full-process intelligent tools and technologies, we ensure the high quality and efficiency of technical services such as data governance and development, and achieve high-value refining and summarization of view data, as well as assetization and asset servicing of view data, thus contributing to the intelligent transformation of government and enterprise clients and driving the vertical development of businesses.

Dahua continuously launches series of products and services with technological competitiveness and product differentiation advantages, and achieves impressive business practices and results in the global market by leveraging the digital transformation opportunities of

cities and enterprises.

3.5 Full Ecosystem

Ecological development is one of the most important strategic initiatives of Dahua, as we are committed to building a win-win ecosystem and jointly creating value with our partners. Our mission is to enable clients to fulfill their dreams. Adhering to the concept of "Full Ecosystem", we focus on realizing clients' value, and build comprehensive open capacities from technology, business to services. Through hardware, software, algorithms to services, business ecosystem to industrial clients, and full openness to developers, we join hands with eco-partners to open up new fields, shape new momentum, and create unlimited possibilities for industrial development, empowering industries to realize digital intelligence and achieve co-creation, symbiosis, and win-win cooperation.

3.5.1 Business Opening-up and Ecological Cooperation

3.5.1.1 Integrator Client Business Ecosystem

Dahua continues to advance the construction of and resource investment into the integrator cooperation system. Adhering to a service-oriented approach, Dahua is always committed to providing partners with better quality industry-wide products and solution services, with greater emphasis on ecological cooperation with partners to achieve win-win results.

A special insight project has been launched to monitor client needs, delve into market development trends, and focus on high-quality business, so as to upgrade the fine management of clients and business opportunities, and enhance frontline operational capabilities. Meanwhile, a special group has been set up to analyze and guide the business development of integrator cooperation. Through the fine management of the Company, the focus is placed on value customers, so that resources can be put into use more effectively and the investment-to-output ratio can be strengthened.

Empower and train clients through client eco-conferences, industry eco-salons, special circle activities, overseas exhibitions, and Partner Day, and enhance the service awareness of Dahua's business and technical staff, to strengthen all-around eco-cooperation with integrator partners in terms of technology, business, and services, thus further enhancing the depth and breadth of cooperation with clients, and forming stronger client adhesion.

3.5.1.2 SMB Business Ecosystem

Valuing new opportunities in the channel market, Dahua has officially released the channel ecological cooperation concept of "Employee+Partner", which serves as the standard and baseline for cooperation, and establishes a new market order and framework rules with partners to create a healthy and sustainable ecosystem with win-win results for all parties. Meanwhile, Dahua focuses on innovation in cooperation and management modes, and continues to explore and delegate

distribution business, intensify the layout of special business, innovate e-commerce business, further enhance non-video business, and empower cloud business in both directions. Going forward, Dahua and its partners will adhere to the concept of "Employee+Partner", and continuously pursue the integration and development of "New Opportunity, New Idea, New Order, New Mode, New Management, New Goal, New Responsibility" so as to achieve mutual growth and create a prosperous ecosystem featuring co-construction, symbiosis and win-win results.

3.5.1.3 Industry Client Business Ecosystem

Facing the digital transformation of governments, Dahua focuses on industrial scenarios and integrates the ecological advantages of niche fields, to create "end-to-end closed-loop" solutions, and to enhance their competitiveness and perfection. In intelligent water conservancy, Dahua carries out product solution innovation and integration in collaboration with the industry ecosystem to enhance the scientific and precise decision-making and management; in urban traffic management, Dahua works with the industry ecosystem to carry out product solution innovation and integration, to enhance the comprehensive management capability under the business scenarios of urban traffic congestion mitigation, high-speed safety control, and rural safety management, and to further expand the industry's business boundaries.

To upgrade the digital intelligence of enterprises, Dahua centers on the goal of "Building a big security system, constructing digitally-intelligent productivity, and boosting operational decision-making power", and integrates the advantageous resources of each segment to create full-scene, high-value solutions. In the energy business segment, we have launched product co-creation and solution integration to enhance our digital intelligence solution capability in energy production safety and efficiency improvement. In the industrial and commercial enterprise business segment, we jointly craft specialized solutions for enterprise parks, logistics and warehousing, digital workshops, digital stores, and digital marketing to empower corporate governance and enhance operational efficiency. In the culture, education and healthcare business segment, we work to strengthen our digital intelligence in this segment, so as to contribute more digital intelligence to the culture and tourism, education and healthcare industries. In the construction business segment, we aim to realize the closed loop of intelligent construction and operation management. In the financial business segment, we dig deep into applications in financial scenarios, with comprehensively improved services in outlets and enhanced user experience.

3.5.2 Technical Opening-up and Ecological Cooperation

3.5.2.1 Software Open Platform and Ecological Cooperation

As for the technical open system, the Company continues to build up core capabilities based on the three key domains of IOT awareness, smart view and data intelligence, while expanding the scope of open capabilities for various partners in response to their needs. Meanwhile, we continue to improve the cooperation friendliness for cooperation scenarios and reduce the cost of technical

integration of partners. Based on the technical requirements of partners, we keep optimizing the form of open functions, and continuously enriching the content of eco-products and eco-solutions, to build a flexible multi-level open system of "interface-component-module-product-solution". Through the dual drive of "content+form", we make constant optimization to shape an integrated open system of view functions for various cooperation scenarios.

In terms of market cooperation, we classify and differentiate cooperation for customers' demands by factors such as region, industry and customer nature, and continuously output value for partners through various means including business opportunity sharing, product certification for release, marketing channel merging and brand cooperation.

Regarding the management system, we have set up a two-tier customer management organization consisting of the headquarters and provincial districts, mobilizing all kinds of resources and optimizing the process system internally, while extracting the value of existing partners and analyzing and identifying new partners externally, with differentiated resources allocated to partners of different levels. Moreover, we have made the software ecosystem management a priority for our Company, with independent operations.

As for empowerment and support, we have launched all kinds of technical services, empowerment support and training and certification programs for our partners to continuously reduce their learning costs and ensure that they can efficiently access and digest the various competency values provided by our software open system and continue to profit from them. Through these value co-creation and sharing actions, we aim to continuously enhance the breadth and depth of technical cooperation and ultimately form a highly trustworthy and stable technical ecosystem.

In 2023, Dahua held the Eco-Partner Conference "Building an Integrated Ecosystem and Creating a Digitally Intelligent Internet of Things", exploring the development direction and future opportunities of digital intelligence for industries around the roles and values of such technologies as AIoT, big data, and AI in urban governance and corporate management, and seeking to deepen the concept of and cooperation on the concepts of co-construction, win-win results, and symbiosis for the intelligent IoT. Eco-salon technical exchanges and circle activities were carried out in various provinces and districts across China to provide partners with a shared ecological stage. We have built a mechanism of eco-partners' rights and interests, and work closely with them to innovate their businesses.

3.5.2.2 Hardware Open Platform and Ecological Cooperation

It mainly includes the open access to device hardware capabilities (DHOP) and third-party platforms (device network SDK, playback SDK, HTTP API).

The Dahua Hardware Open Platform (DHOP) supports the decoupling of hardware and software, and provides hardware resource services such as storage and computing power, multimedia function services, AI acceleration engine services, and various basic information

services to meet the diverse business needs of third-party developers, and offers a rich set of tools for model conversion, compilation, packaging, debugging, and O&M, thus simplifying third-party development.

Based on the DHOP, Dahua has self-developed dozens of industrial intelligence APPs, such as pyrotechnic detection, helmet detection, and fire escape occupancy, to support the flexibility of edge-side devices for dynamic intelligence loading. As of 2023, we signed cooperation with multiple algorithmic vendors around the world to develop APPs in a variety of industrial scenarios in a mutually beneficial way, thus quickly and effectively meeting the business needs of end-customers and revitalizing the ecological application market of intelligent IoT.

With the opening of third-party platform access capabilities, we have established mutually beneficial partnerships with a number of industry platforms and actively integrated into the ecosystem of various partners.

The DHOP supports access to hardware functions of edge-side device matrices such as IPC, PTZ, ITC, NVR, and IVSS. For exploring new intelligent scenarios, the supporting training servers and view intelligences are also made open to realize the full-link closed-loop rapid implementation of intelligent new scenarios.

3.5.2.3 Algorithm Opening-up and Ecological Cooperation

Empower partners with the ability to industrialize AI at scale to achieve business success and mutual growth. In the trend of digital transformation, many clients from different industries use AI to improve production efficiency. As AI industrialization represents a field with considerable opportunities, the Company works together with its partners and clients to build an AI ecosystem. The Company provides targeted empowerment tools for partners with different levels of demand, thus accelerating the process of AI industrialization.

(1) Mature algorithms, ready to use

Through application and practices in industrial businesses, our AI algorithms have accumulated plenty of mature algorithm solutions that are ready to use. With the following advantages, we can help our partners expand their businesses:

More choices: For different needs of various industries, we have developed specialized algorithmic solutions that cover specific industries.

Good results: After application and polishing in actual businesses, they not only fit the businesses, but have strong scene generalization capabilities; these algorithms have won multiple championships in international competitions in such fields as target detection and target recognition.

Easy to use: Simply select the corresponding algorithm solution in the algorithm library as per the business requirements, and then make some basic configurations. That's all you need to do to realize corresponding functions.

Economical to deploy: By means of single-model multi-tasking, end-to-end low-bit, and

synchronization of end-user, edge and cloud, the algorithms have minimized the hardware requirements for memory and computing power to the optimal level, greatly reducing the cost of use for users.

(2) AI Open Platform to build up partners' AI capabilities for independent development

It targets users with no algorithmic ability with low threshold, who can quickly realize algorithms through open platform development and implement them into products for commercial realization. The AI Open Platform provides a one-stop graphical AI algorithm development platform for partners, featuring the following five major capabilities: flexible platform deployment, zero-code development, high-efficiency training, online validation, and one-click deployment. Users can efficiently complete the development of desired algorithmic functions with low threshold by inputting relevant data on the AI Open Platform, thus effectively enhancing their algorithmic development capabilities for independent development.

(3) AI open tool chain to accelerate the productization of partners' algorithms

It mainly targets clients with algorithm self-development capabilities but without product hardware capabilities. Users can realize algorithm development through self-development, and then deploy their completed algorithms into our hardware products by adopting the "Genius AI Algorithm Deployment Tool"; besides, they can also use the DHOP to realize the development and implementation of business software productization, so as to rapidly productize their algorithms.

3.5.3 Service Opening-up and Ecological Cooperation

Upholding the service concept of "Empowering Clients", Dahua has gradually built up four service systems for the whole market and business, namely, integrated delivery system, technical support system, O&M management system, and training and certification system. We are committed to building the world's leading and efficient professional delivery platform, and becoming an outstanding service value creator.

Currently, the Company has formed a three-tier service network to provide technical services to global customers, with 69 branches worldwide covering more than 180 countries. Meanwhile, it integrates its resources and brings together the power of ecosystems to provide the market with full life-cycle services of products and solutions. In 2023, it debuted the regional authorized service centers to enable its partners, speed up customer response, improve service quality, and provide customers and markets with highly efficient service support, with continued excellent service experience for its customers.

3.6 Software Products and Business

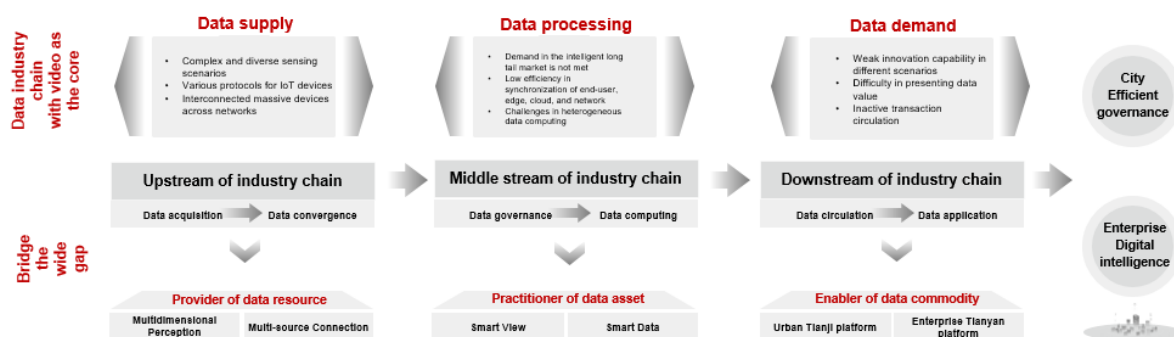
Data, as the fifth major factor of production after land, labor, capital and technology, will certainly give rise to new industries, new markets and new models. It will also revolutionize the original productivity and production relations.

With the continuous implementation of technologies such as the IoT, big data and foundation

models, and the successive introduction of data industry norms in major countries around the world, the technical system of data elements is gradually maturing and the circulation system gradually taking shape. Among these data, unstructured data, mainly video images, are characterized by diversity, mobility, scale and privacy. Facing these problems and challenges, Dahua centers on the process of adding value to data elements, and from the aspects of multi-dimensional awareness, multi-connectivity, view intelligence, and open platform, we upgraded the IoT Digital Intelligence Platform 2.0 in 2023, integrating Galaxy Foundation Model and figure-digital fusion capabilities. On this basis, we developed highly efficient software engineering capabilities and released industrial product series for cities and enterprises, boosting efficient urban governance and corporate digital intelligence upgrading.

Dahua continuously strengthens its "winning" ability by focusing on software products and services, targeting at business success. In terms of products, the product team actively integrates technical capabilities such as foundation model, digital twins, low-code, and figure-digital fusion, so as to continuously innovate and improve product competitiveness. As for services, the development centers in each province and region are fully integrated with front-line businesses, serving customers closely and bolstering the development of software businesses. To quickly combine with the industry's emerging technologies for business innovation, Dahua possesses efficient software engineering capabilities, and provides powerful tool support in the design field such as the map developer platform and micro-services architecture platform, based on the Hua Design design system. It has accumulated multiple Firefly component malls throughout its operations, and by organically combining these components, formed a low-code business engine for various scenarios such as enterprise campus workstations and digital twins, thus making technology reuse and business assembly a breeze. Based on the IoT Digital Intelligence Platform, we have formed three modes of cooperation: program co-construction, product co-creation, and capability sharing around our ecological clients, to jointly propel the upgrading of digital intelligence in industries, strengthen our clients, and realize "co-construction, win-win results, and symbiosis".

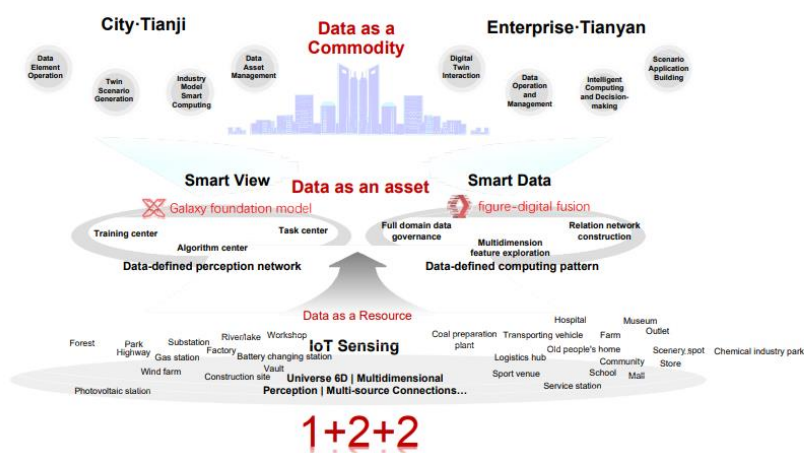
3.6.1 Deeply Explore the Data Industry Chain to Boom the Data Market



The upstream, midstream and downstream of the video-based data element industry chain encounters multiple challenges. Firstly, upstream data providers, responsible for data collection and aggregation, are facing the challenges of complex and diverse sensing scenarios, complicated and

heterogeneous protocols of IoT devices, and cross-network interconnection of massive devices. Midstream data processing service providers, offering data governance and data computing services, are troubled by unsatisfied smart long-tail markets, inefficient synchronization of end-user, edge, cloud, and network, and difficulties in heterogeneous data computation. Downstream players, mainly from governments, finance, and manufacturing industries, whose demand is mainly for data circulation and application, have been seriously affected by weak scenario-based innovation capabilities, difficult presentation of data value, and inactive transaction circulation. In view of these problems and challenges, focusing on the value realization process of data elements, the Company actively plays the roles of data resource provider, data asset practitioner, and data commodification enabler, starting from aspects such as multidimensional perception, multi-source connectivity, view intelligence, and open platforms. Collaborating with partners and bridging gaps, it leverages the "multiplier effect" of data elements to empower efficient urban governance and enterprise digitalization upgrades.

3.6.2 Upgrade the IoT Digital Intelligence Platform to Enable Efficient Urban Governance and Corporate Digital Intelligence



Under the Think# strategic framework, Dahua released the IoT Digital Intelligence Platform in 2021, comprising an online data network and two intelligent engines of vision and data, so as to empower the digital innovation of cities and the digital transformation of enterprises. With the rapid development of IoT, foundation model and big data technologies, combined with our profound thinking and accumulation in urban and enterprise business, we upgraded the IoT Digital Intelligence Platform in 2023.

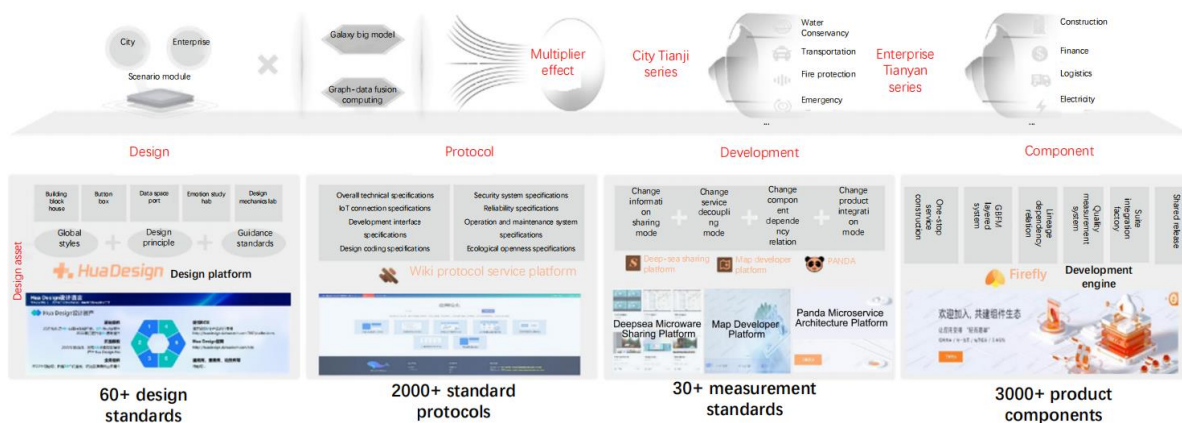
Dahua digs into data application with its capability, and runs through the whole process of data

as an asset, a resource and a commodity, boosting the release of new power for development. During the data as a resource stage, we rely on the Panoramic 6D multidimensional perception and multi-source connections for aggregating full-network data; the addition of AI will further enhance the data collection and content description capabilities. During the data as an asset stage, the Smart View Engine integrates the Galaxy Foundation Model capability, which breaks through the boundary of visual cognition capability and realizes independent analysis of full scenarios with stronger generalization capability and higher accuracy, opening up a new space for industry expansion and scenario implementation. The Smart Data Engine, a one-stop engine for data intelligence that consolidates the figure-digital fusion computing system breaks down computational barriers between view data and business data, enabling multi-dimensional feature exploration and multi-modal relationship establishment. Centering on the stage of data as a commodity, we have improved the software engineering capability, so that industrial scenario modules can be quickly combined with technologies such as foundation models and graph-data fusion, to realize free scheduling, and build up the product systems for cities (Tianji) and enterprises (Tianyan). Being an enabler, we work together with our partners to diversify the industrial applications.

In terms of urban governance, Dahua is actively involved in urban governance from the four dimensions of "secure society", "orderly city", "green city for the benefit of people", and "enhanced governance efficiency". Coupled with the CV foundation model, computing network self-intelligence and graph-data fusion technologies, Dahua has launched the Tianji series of products, comprising four core products: industry model intelligent computing engine, twin scenario generation engine, data asset management service, and data element operation center. These products enable urban governance to realize self-optimization, self-learning and self-evolution, and gradually move towards a new stage of cognitive intelligence and decision-making intelligence.

In terms of enterprise business, Dahua has been expanding its capability boundaries for enterprise customer service, from integrated security, intelligent IoT to business innovation in digital intelligence. We have launched the Tianyan series of products, designed to provide enterprises with four engines: data operation and management, intelligent computing and decision-making, scenario application building, and digital twin interaction. Based on over ten thousand industry projects every year, the Tianyan series carries massive business paradigms of business operation activities and efficiency enhancement, and combined with the Galaxy Foundation Model during business innovation, it allows enterprises to release manpower for high-risk and high-intensity tasks, guards safe production, and supports decision-making for managers.

3.6.3 Software Engineering Capability, a Multiplier for Data Commoditization



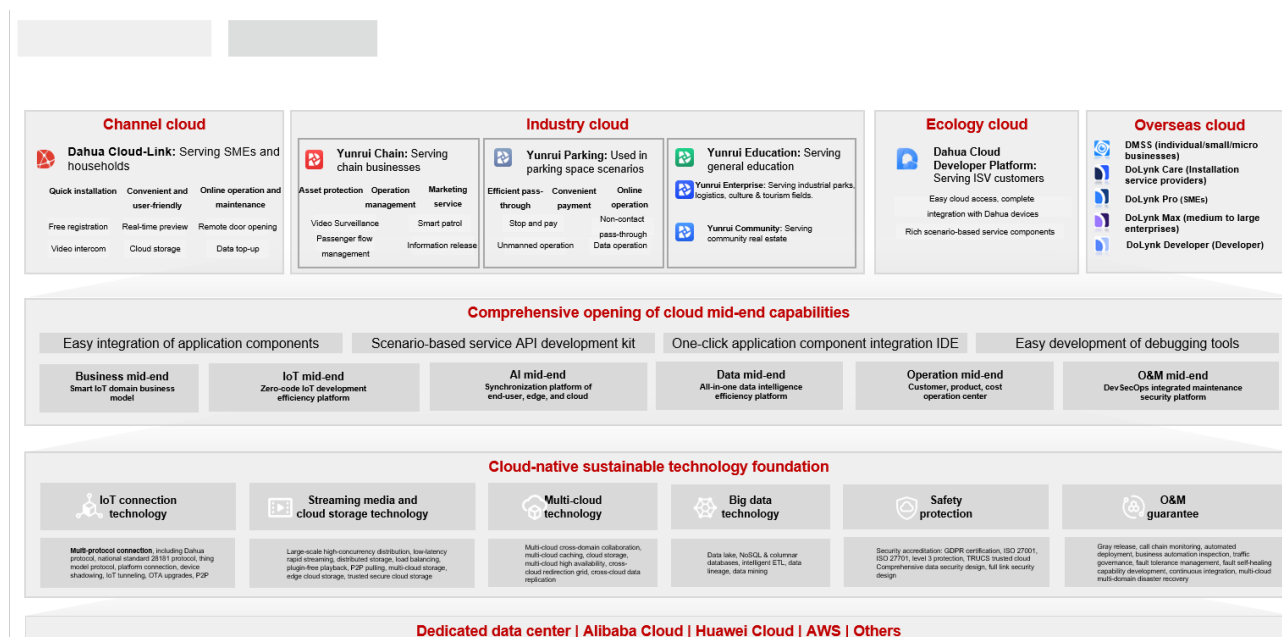
In terms of data commercialization, since the launch of the very first industry software platform product in 2010, Dahua has persisted in customer value guidance, business orientation, and technology driving over the past 10 years, building up its understanding in industry paradigms. To quickly integrate emerging technologies in industries to realize business innovation and build efficient software engineering capabilities: In terms of design, we provide guidance and resources for all design aspects based on the Hua Design design platform, which can effectively improve the collaboration efficiency between designers and developers and reduce production costs. As for development, we equip developers with powerful tools such as the Deepsea Microware Sharing Platform, Map Developer Platform, and Microservice Architecture Platform, so as to build up agile product development capabilities.

To accumulate services, Dahua has built a four-layer componentized system of "G, B, F, M", which has accumulated multiple components layer by layer. Through the organic combination of these components, a core value engine based on perceptual, numerical and intellectual capabilities, a highly resilient distributed operation architecture adaptable to a variety of heterogeneous computing requirements, an end-to-end highly available and highly secure digital immune system, an integrated and highly sensitive R&D service performance platform, and a scenario-based business enablement engine for sustainable empowerment have been shaped, making technology reuse and business assembly a breeze. In the process of empowering thousands of industries, it is found that the accumulation of business modules and development efficiency is a "Musashi curve". At the initial stage, with the increase of modules, business reuse becomes simple with rapid improvement in efficiency; when components reach a certain scale, the marginal benefit decreases, as no developer can master several thousand technical components and business modules. Therefore, Dahua has developed a development suite oriented to data, capabilities and scenarios, which forms a low-code platform with AI-assisted development capabilities and business knowledge association. This can greatly reduce the mental burden of developers, and support the further enhancement of the efficiency of business software

development and the sustained and healthy business growth.

Relying on the above software engineering capabilities, industry scenario modules can be quickly loaded with emerging technologies, including the CV foundation model and graph-data fusion; combined with knowledge of industry experts, these modules can be freely orchestrated to build richer scenarios for industry applications, forming a "multiplier effect" and amplifying the value of innovative business in the value chain of cities and enterprises in various industries. Based on this, Dahua has released the Tianji series for cities and Tianyan series for enterprises, boosting the efficient urban governance and digital intelligence upgrade of enterprises.

3.6.4 Dahua Public Cloud, Making Management More Efficient and Operations More Intelligent



Based on the capabilities of the cloud mid-end platform, our public cloud business provides rich SaaS services for various industries, forging a comprehensive and open system of cloud mid-end platform capabilities. The cloud mid-end platform integrates six core capabilities, namely, business, IoT, AI, data, O&M, and operation, which makes it simpler for cloud access and more efficient for business development. Based on the cloud mid-end platform, Dahua offers public cloud SaaS products such as Yunrui, Cloud-Link, and DoLynk. Leveraging the advantages of low-cost, highly flexible, scalable, and configurable SaaS services, Dahua delivers a new operating model for enterprises, upgrading and transforming from manual to "data + intelligence", and empowering the transformation of enterprises' digital and intelligent management.

For domestic clients, Yunrui assists enterprises in optimizing management efficiency, boosting business efficiency and avoiding operational risks through leading cloud-based intelligent applications and open AI algorithm ecosystem. Focusing on the rapid development of various industries, Yunrui is continuously deepening its SaaS business in chain, parking, education, and

community scenarios to provide holistic intelligent IoT solutions. In view of the fragmentation of intelligent IoT scenarios and demands, Yunrui further optimizes its open platform, strengthens its low-code development capability, optimizes its cloud intelligence, and makes every effort to develop its partners to jointly expand businesses for win-win results.

For overseas clients, Dahua offers the DoLink overseas cloud service, dedicated to providing an accurate, intelligent and convenient platform. From the perspective of connecting devices, solutions and business partners, we provide clients with scenario-based application solutions such as cloud-based video management, equipment O&M, digital networks, wireless alarms, visual intercom, access control and attendance, and chaining, to establish connections with partners, build marketing links directly to terminals, and enable digital transformation so as to help enterprises cut costs and increase efficiency. Meanwhile, we offer streamlined IoT integration capabilities to help developers quickly build their own IoT cloud platforms and realize an ecological platform for business co-construction. Our goal is to create a world of AIoT applications for residential operations, business management, and consumers.

3.7 Security and Privacy Protection

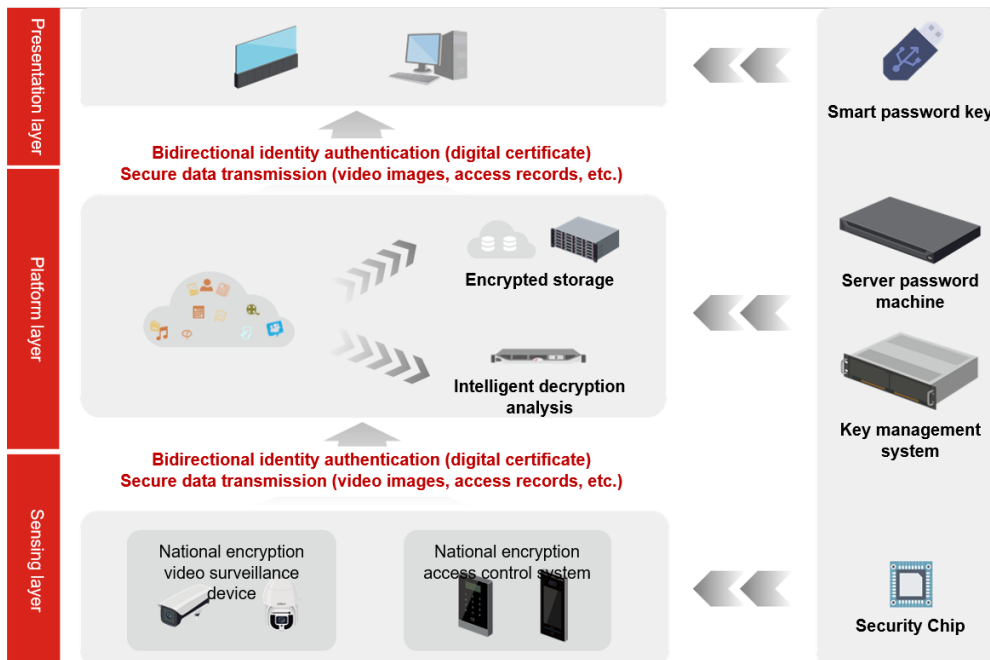
Dahua attaches great importance to cyber security and privacy protection. As the highest decision-making organization, the Cyber Security Committee has been established to comprehensively plan, coordinate, guide, supervise and review the development and implementation of cyber security efforts from the Company's strategic level. As one of our five major research institutes, the Cyber Security Research Institute is an independent internal organ for cyber security supervision and capacity enhancement. With a focus on areas such as security engineering capacity building, research and application of key security and privacy technologies, and security incident response services, the Institute ensures the safety and reliability of its full range of products, platforms and services through the combination of technological innovation and engineering capabilities.

3.7.1 Security Products and Solutions



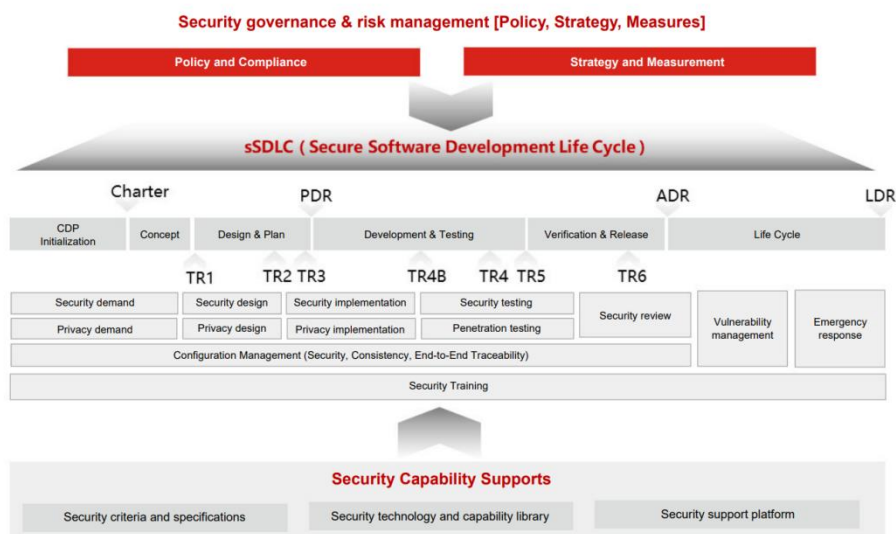
The company has launched products such as security database, video security convergence gateway, security data border, video protection system, video encryption server and video security

certificate, integrating such security protection service capabilities as terminal security access, video stream integrity verification, video stream encryption, user and data security key management, digital certificates and security authentication.



Dahua provides and implements security solutions such as level protection, confidentiality assessment, video watermarking, and 35114. Based on the principle of "whoever collects encrypts and whoever uses decrypts", we design and realize the end-to-end protection of user data throughout the life cycle of data collection, transmission, storage, sharing and use, and meanwhile achieve the security requirements for information systems in accordance with the confidentiality evaluation standard.

3.7.2 Security Technologies and Engineering



Dahua continuously steps up its research investment in key technologies such as trustworthy

computing, end-to-end encryption and privacy protection, with related technological achievements already integrated into its products to further enhance their security capabilities and enable users to enjoy better security protection.

During the product development stage, Dahua keeps improving the life cycle of security software development, strengthening the security control requirements and capabilities during software development, and improving and optimizing the security software development process suitable for Dahua by carrying out in-depth maturity assessment of security activities. Meanwhile, it optimizes and improves the correspondence between various security activities and further deepens the automation capability of the security tool chain to ensure that security control activities are implemented in a more refined manner.

Within the product life cycle, PSIRT, the company's product security incident response team, provides users with 24/7 security emergency response services to optimally safeguard users' security rights and interests. In the meantime, PSIRT is actively involved in industry and public activities, and has joined multiple authoritative vulnerability management and technical organizations, including the China National Vulnerability Database (CNVD), China National Vulnerability Database of Information Security (CNNVD), and China National Industrial Cyber Security Vulnerability Database (CICSVD). By fully leveraging the role as a member within the organizations, Dahua has established a collaborative mechanism for sharing information on cyber security threats.

3.7.3 Data Security and Privacy Protection

With the promulgation of 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 General Data Protection Regulation of the European Union, the regulatory and compliance requirements for cyber security, data security, and privacy protection are becoming increasingly stringent globally. In response to these requirements, Dahua takes a pragmatic attitude and strategy, and upholds a "positive, open, cooperative and responsible" philosophy, to develop comprehensive security and privacy management systems. Relying on its mature security engineering capabilities, Dahua strictly implements these systems during product planning, design, development, and delivery stages, to ensure product security and privacy compliance.

In addition, Dahua actively cooperates with third-party authorities, with external assessments and certifications introduced. We have passed the ISO27001 Information Security Management System Certification, ISO27701 Privacy Information Management System Certification, ISO27017 Security Management System Certification for Cloud Services, ISO27018 Security Management System Certification for Personal Privacy Information in Public Clouds, ETSI EN 303645 Certification, CC EAL3+ Certification, and Commercial Cryptography Certification.

4、 Main businesses

4.1 Domestic Businesses

4.1.1 City-level Businesses

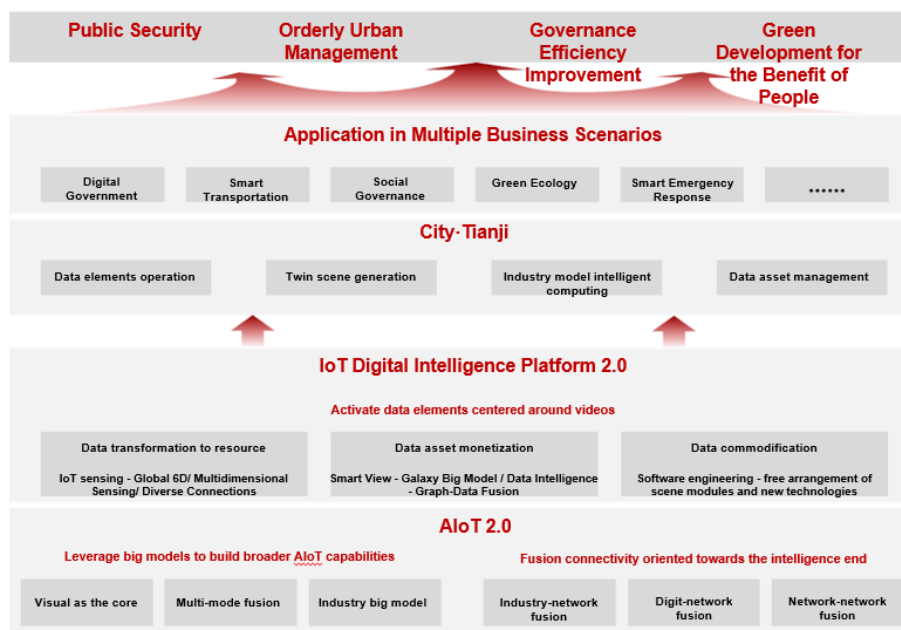
4.1.1.1 Business Overview

With the official operation of the National Data Administration and the successive establishment of local data administrations, the construction of Digital China has entered a phase of rapid development. As a vital component of Digital China, Digital Government provides strong support for digital economy and digital society in terms of institutional rule innovation and digital capacity building. Following a period of intensive development, the digital transformation of governments has shown such trends as "scientific and unified management mechanisms, intelligent and integrated digital platforms, upgrading government governance capacity driven by the value of data elements, and demand-driven innovations in business and operation modes".

Under the major trend of digital transformation of governments for quality and efficiency enhancement, Dahua closely follows the pace of industrial development in digital infrastructure construction, data as resources, and digital application implementation, and focuses on the four urban business sectors of secure society, orderly city, enhanced governance efficiency, and environmental protection for the benefit of people with video IoT sensing technology as the core. Through digital intelligence integration and application innovation, Dahua safeguards the deployment of urban businesses, and contributes to the realization of the beautiful vision of "harmonious coexistence of man and city, man and society, and man and nature".

4.1.1.2 Core Strategy

Dedicated to implementing digital intelligence capabilities into various urban scenarios, Dahua focuses on the main course of the IoT business, and continues to explore the scenarios of digital intelligence-enabled digital innovation in cities. With the focus on new opportunities in such industries as comprehensive transportation, natural resources, intelligent water conservancy, urban parking, and emergency management, we have deep insight into the needs of industry scenarios, and concentrated on implementing numerical intelligence capabilities to continuously build industry-leading products and solutions, and empower city development and governance model innovation with digital intelligence. Besides, the Company continues to deepen its ecological cooperation strategy, and continuously strengthens technical co-creation and business sharing with its core customers, industry experts, and outstanding vendors in urban governance, so as to jointly empower the efficient urban governance, and create an intelligent IoT eco-community featuring co-construction, win-win results, and symbiosis.



(1) Building an urban digital intelligence base

Based on the AloT 2.0 and the IoT Digital Intelligence Platform 2.0, the city platform has been upgraded to a unified City Tianji base that focuses on the four core capabilities of the Smart Computing Engine for Industry Models, the Twin Scenario Generation Engine, the Data Asset Management Service, and the Data Element Operation Center to help users build urban data assets and chain-wide assessment of data elements around a number of urban scenarios and to rapidly build digital twin application scenarios with comprehensive management decision-making capabilities coupled with the best business practice paradigms of various industry domains. In this way, we aim to contribute to the realization of self-optimization, self-learning and self-evolution of urban governance, and gradually move towards a new stage of cognitive intelligence and decision-making intelligence.

(2) Deepening Scenario-based Implementation

Based on the unified City Tianji base, combined with years of in-depth experience in digital government, intelligent transportation, social governance, intelligent emergency response, intelligent water conservancy, and natural resources, among other business areas, we have developed scenario-based solutions for different fields in various industries, to continuously advance the urban digital intelligence process, and empower the efficient urban governance, thus endeavoring to realize a new picture of urban governance for secure society, orderly city, enhanced governance efficiency, and environmental protection for the benefit of people.

4.1.1.3 Practice of Values in All Industries

Dahua adheres to the social mission of "making the society safer, cities more orderly, governance more efficient, and life better", It has been deepening its digital intelligence practices in business areas such as social security, urban order, governance efficiency, and green benefits to the people, and activating the value of urban IoT data elements based on the AloT 2.0 and IoT Digital

Intelligence Platform 2.0, so as to empower the urban digital transformation with digital intelligence innovations.

(1) Making the Society Safer

Focusing on the goal of ensuring a stable and orderly society, safe travel for the people, secure life for the masses and safeguarded production for enterprises, Dahua actively fulfills its social mission and is committed to strengthen security in China. Centering on the four business areas of public safety, traffic safety, life safety and production safety, it connects the "urban lifelines" of water, electricity, gas, heat and transportation, and creates a safety "immunization" system for cities. Empowered by digital intelligence, it enables the upgrading of the overall urban security system.

In the field of public security: In the year of the national 14th Five-Year Plan for high-quality development, Dahua put its focus on deepening the vision system and actively embraced emerging technologies. By continuously deepening the combination of intelligent IoT technologies with public safety scenarios, the Company provides customers with more convenient urban IoT capabilities, smarter integration and connectivity, and more efficient social governance capabilities, delivering security protection from cities to villages, highways to railroads, and forests to river basins, and contributing to the modernization of the urban public security system and capabilities. In 2023, the Company focused on the mining of view data elements, particularly with the launch of visual computing solutions. Investing in the innovation of view data applications to activate the potential of view data elements, the Company aims to help customers improve the depth and efficiency of data utilization, provide strong protection for the people and social security, and contribute to strengthening security in China.

In the field of traffic safety: Guided by the 14th Five-Year Plan for National Road Traffic Safety, the Company further deepens the "reduction of traffic accidents and control of major ones" by focusing on the three major scenarios of fine management of urban traffic safety, high-speed safety prevention and control, and primary management of rural safety, so as to create a model of traffic safety management that covers all scenarios and incorporates multiple means. Relying on **foundation models**, the smart view engine is upgraded, to explore the applications of big data and AI technologies in traffic control. Targeted at light pollution control scenarios, the "Fluorescent" series of cameras was released in 2023 to address the problem of flashing light pollution at night. We explored comprehensive management scenarios of electric vehicles to enhance the safety and law-abiding awareness of electric vehicle drivers. For road hazard management scenarios, we investigated hidden traffic hazards to achieve precise and targeted management. For high-speed safety prevention and control scenarios, innovative products and programs for multi-scenario monitoring were launched. Through these efforts, we have enabled traffic safety management to transition to ex-ante prevention, and focused on solving the deep-rooted problems in traffic safety to enhance its intrinsic safety.

In the field of life safety: Surrounding on monitoring scenarios for urban lifeline safety such as water, electricity, gas, heat and transportation, the Company aims at enhancing intrinsic safety with

"efficient monitoring, early warning and quick handling". By building front-end IoT sensing of urban infrastructures, intelligent video analysis and urban safety index modeling, Dahua realizes online monitoring of safety operation data of lifeline projects as well as intelligent analysis and judgment of various risk elements. This can meet the integrated business closed-loop of risk classification and warning, intelligent research and judgment of trends, and linked handling of events, thus promoting the transformation of safety supervision from "passive response" to "active supervision", and creating a safety "immunization" system for city life.

In the field of production safety: Taking "source management, process supervision and graded handling" as the core principle, Dahua focuses on key supervisory fields such as hazardous chemicals, mines, industry and trade, fireworks and explosives, as well as hazardous chemical parks. Support is offered to front-line employees, business leaders, and supervisory authorities in the areas of supervising major sources of danger, early warning of risks in operation processes, and emergency rescue, so as to effectively safeguard the safety of corporate production and people's lives and properties.

(2) Making Cities More Orderly

Oriented around urban traffic management and urban infrastructure management, the Company integrates various digital capabilities such as holographic sensing, intelligent computing, graph-data fusion, and visual foundation models, to provide advanced digital solutions for the business areas of urban traffic and urban infrastructure management, thus building a standardized and orderly urban management system with convenient travel and efficient management.

In the field of urban traffic: Together with partners, we jointly create an autonomous service system for urban traffic, bridging the full business chain of holographic perception, graph-data computing, simulation and deduction, intelligent decision-making, and precise services. For intersection scenarios, we collect all traffic data from vehicles, non-vehicles, people, and infrastructure, to actively study and analyze intersection traffic risk/congestion levels, intelligently adjust traffic light timing, objectively and quantitatively evaluate the effect of optimized autonomy, and improve the efficiency and safety level of intersection traffic operation. Relying on the city-level holographic perception network, we can actively predict traffic status of urban road networks, and realize intelligent and autonomous decision-making of city-level traffic, so as to promote the autonomy of traffic management and intelligence of services, and ultimately drive the transformation of urban traffic management from "manual management" to "operation autonomy".

In the field of urban infrastructure management: Taking the airport scenario as an example, automated energy management for green airports has become the focus of airport construction. Focusing on the four major categories of business scenarios, namely, monitoring, controlling, analyzing, and decision-making of energy in airport energy centers, Dahua offers intelligent energy automation management system solutions for airport energy centers by integrating intelligent inspection robots and back-end intelligent analysis capabilities. In a 4F-class airport, the intelligent transformation of its six 35KV substations, boiler rooms, and chiller rooms has enabled

online collection, unmanned inspection, and automatic control of its energy management, which has significantly improved management efficiency and reduced management costs.

(3) Making Governance More Efficient

The company has always been practicing "business-guided, scenario-based deployment", empowering efficient urban governance with digital intelligence. Holding on to the opportunities arising from the modernization of urban governance systems and capabilities, the Company provides unified solutions for management, urban governance, grassroots governance, and community governance, solving various complex problems in urban governance with intelligent means and real-time online data to improve urban governance efficiency and enhance public satisfaction.

In terms of "Unified Solution for Urban Management": Dahua has built a "Unified Solution for Urban Management" system with "comprehensive situational awareness, intelligent research and judgment of trends, integrated scheduling of resources, and multi-sector synergy of operations", to empower the modernization of urban governance with sensing data. The unified video IoT hub realizes one-screen overview of the whole area, the unified algorithm supermarket for rapid detection of urban events, the unified fusion command and scheduling system for integrated scheduling of resources for event disposal, and the unified event center for multi-departmental business cooperation. The "Unified Solutions for Urban Management" sensing system enables timely detection and handling of urban governance events, effectively upgrading the intelligence level of urban governance.

In the field of urban management: With urban governance, operation safety and serving the people as the goal, Dahua has built the operation management system of "Intelligent, Fine and Mass Management of Big Cities". Focusing on street management, urban sanitation, and comprehensive governance, intelligent detection and early warning of events such as street violations, illegal waste dumping, urban flooding, dump trucks leaking, illegal urban construction, and missing manhole covers have been realized. Moreover, innovative scenarios such as mobile AI inspection and mobile vendor management have been introduced to build an urban governance model that integrates "real-time monitoring, dynamic analysis, coordination, command and supervision", aiming to make urban governance "smarter", urban operation "safer" and public services "more targeted".

(4) Making People's Life Better

"Powered by AI, we adhere to the protection of lucid waters and lush mountains and the enhancement of people's welfare". Focusing on two major fields of natural ecology and administrative services, Dahua provides integrated applications of IoT sensing in industry-specific business scenarios including biodiversity monitoring, ecological protection, arable land red line guarding, digital twins of water conservancy, intelligent elderly care, and food safety, to boost ecological development and make people's life better.

In the field of biodiversity protection: To realize intelligent monitoring of rare and protected animals, Dahua's relevant industry solutions focus on business scenarios and needs, to efficiently and accurately identify treasured species, analyze their activity patterns, manage human activities, monitor forest and grass fires, and record data on such ecological factors as meteorology, hydrology

and water quality, and soil, so as to give full play to and strengthen the application of ecological perception and monitoring data fusion and analysis, and boost the construction of China's natural protected area system. The Company has deployed biodiversity monitoring and protection solutions in numerous national parks and nature reserves in China, loaded with hundreds of bird and mammal identification algorithms to detect, identify and categorize wildlife protection animals, and realize real-time accurate observation of animal habitats. Meanwhile, in response to the boundary management requirements of various types of protected areas, we are strengthening the management and guidance of human activities, reducing human interference with wildlife, and fully supporting managers in carrying out more refined ecological protection efforts on the basis of abundant monitoring data records and statistical analysis results.

In the field of forest and grassland fire prevention: To improve the efficiency of forest and grassland fire prevention and reduce the work intensity of administrative personnel, our corresponding industry solutions, powered by digital intelligence, can realize the real-time early warning of fire in multi-dimensional space, the precise positioning of multiple fire points, the secondary analysis, filtering and comprehensive judgment of fire, and the closed loop of handling. These solutions boost the accuracy of forest and grassland fire monitoring and alerting, and enhance the emergency response capability for fire prevention and extinguishing, with more "golden time" secured for early and quickly suppression of any fires. Meanwhile, the wildlife is also protected with wider free green space, thus facilitating the harmony between human and nature.

4.1.2 Enterprise-level Businesses

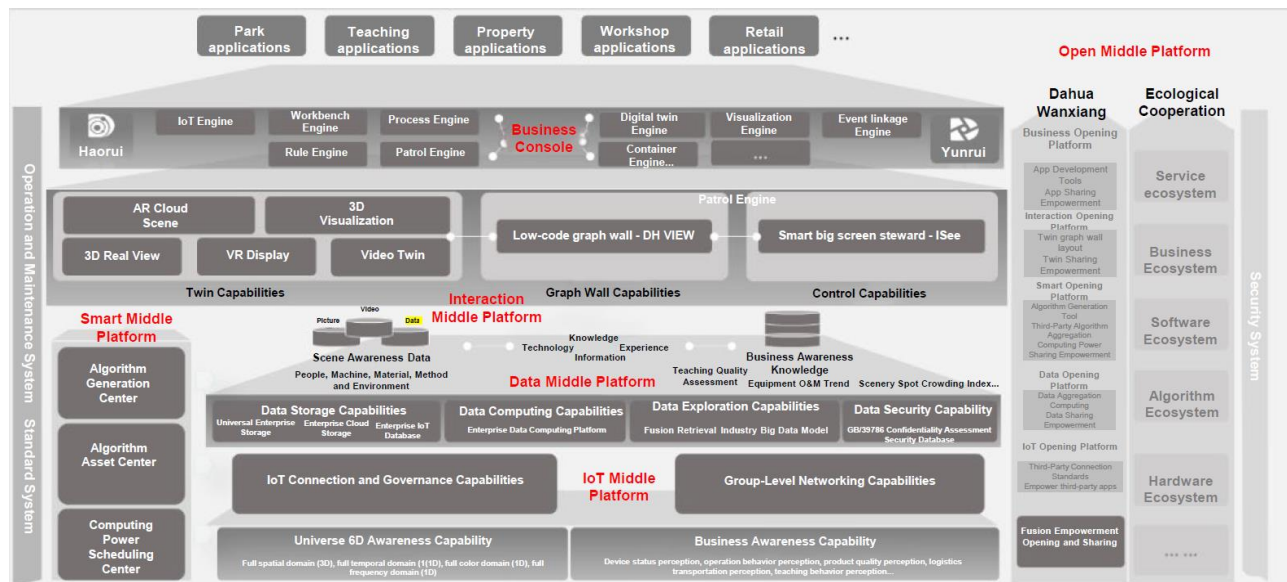
4.1.2.1 Business Overview

In enterprise businesses, Dahua aims to become a preferred supplier of IoT infrastructure, a professional service provider of scenario-based digital intelligence applications, and a key builder of the IoT ecosystem. During the enterprise business 2.0 stage, Dahua is actively engaged in innovation and practice, and continuously facilitates the digital intelligence upgrading of enterprises in thousands of industries, including manufacturing, construction, electric power, petrochemicals, coal, iron and steel, finance, education, healthcare, culture and tourism, agriculture, logistics, and retail. By empowering the value realization of all scenarios, Dahua builds a big security system for its users, forges their digital productivity, and enhances their operational decisiveness, dedicated to becoming a trustworthy partner for customers' digital intelligence upgrading. In this process, through technical co-creation and commercial sharing with partners, we aim to build an intelligent IoT ecological community of co-construction, win-win results and symbiosis, so as to jointly empower the upgrading of corporate digital intelligence.

4.1.2.2 Core Strategy

Dahua has rapidly built extensive basic business and industrial business applications on the

unified framework through common mid-end platform capabilities while serving the digital intelligence upgrading of enterprises. To more efficiently serve the digital transformation of customers in various industries, the solution framework has been upgraded to a unified "1+6+2+N" framework, with one set of unified framework to serve the digital transformation business, 6 major mid-end platforms to build internal engines, and 2 major platforms to support N types of applications, thus truly accelerating the roll-out of industrial applications and the coverage of industrial customers' scenarios and businesses.



(1) Strengthening mid-end platform capabilities of enterprises to build their digital intelligence bases

- **IoT Mid-end Platform:** A set of intelligent IoT architecture is used to access evolving IoT devices in corporate business with low code, to solve the problem of unified elemental access to multi-manufacturers, multi-systems, and multi-kinds of IOT devices, while responding to the demand of group networking scales at the campus, provincial, regional and national levels.
- **Data Mid-end Platform:** It provides the ability to store, compute, explore, and secure a wide range of data including videos, images, and structured data. It solves the problem of continuously growing data scales and types in enterprise businesses, and mutual integration required. Meanwhile, it transforms the scenario awareness data into more valuable industrial business big data through comprehensive means such as big data, expert knowledge and experience accumulation.
- **Smart Mid-end Platform:** It provides an algorithm generation center to address the intelligent implementation of generic and personalized scenarios for enterprise businesses. Core algorithmic assets are managed and distributed through the algorithm asset center, while the computing power resources of intelligent devices are given full play through the computing power scheduling center.

- **Interaction Mid-end Platform:** It perfects the twin capability by means of AR display, VR display, 3D display, real-world 3D, and video twins, improves the data expression capability by means of low-code walls, and refines the control capability by means of large-screen managers, so that the value of enterprise digital transformation can be materialized.
- **Business Mid-end Platform:** A variety of engines are accumulated to build a business mid-end platform, which improves the reusability of software, shortens the development cycle of various types of fragmented industrial applications, and meets the personalized business needs of customers.
- **Open Mid-end Platform:** On the one hand, it attracts professional manufacturers in the industry into a company's business system to jointly enhance the capability foundations; on the other, it opens the company's capability system to empower its eco-partners and provide services that are more convenient to its corporate customers.

(2) Promoting the application of public cloud SaaS to facilitate the upgrading of corporate services

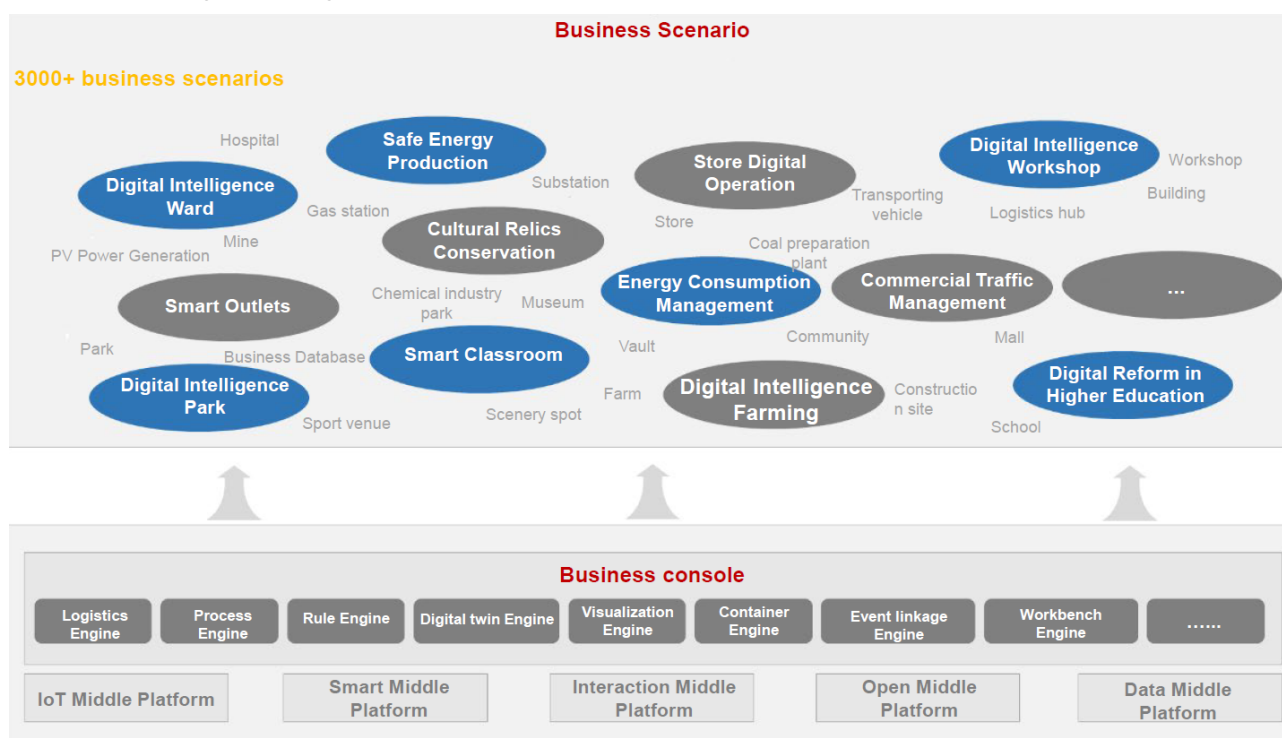
Targeting corporate customers, Dahua Yunrui facilitates the optimization of their management efficiency, boosts their business efficiency, explores data value, and avoids operational risks through leading cloud-based intelligent applications and an open AI algorithm ecosystem. Dahua Yunrui comprises the public cloud SaaS application, the developer open platform and the AI capability module, featuring low-cost, high-availability, easy deployment and flexible expansion, which is instrumental to the building of the corporate software system. Focusing on the rapid development of various industries, Yunrui is continuously deepening its SaaS business in chain, parking, education, and community scenarios to provide holistic intelligent IoT solutions. In view of the fragmentation of intelligent IoT scenarios and demands, Yunrui further optimizes its open platform, strengthens its low-code development capability, optimizes its cloud intelligence, and makes every effort to develop its partners to jointly expand businesses for win-win results.

Yunrui's product applications cover various scenarios including chain operation, community property, logistics, construction sites, farming, cultural tourism, general education, parking and parks. The basic capabilities of Yunrui have been comprehensively decentralized, with six mid-end platforms established covering IoT, business, intelligence, data, O&M and operations, providing basic SaaS services for cloud products in various industries, and enhancing business reusability and product stability.

(3) Building a business engine pool to accelerate N types of applications

Facing the different industrial and business needs of enterprises, the Company has built a pool of business engines to shape business mid-end platform capabilities, accelerate the N types of corporate digital intelligence applications, and develop solutions that fit customers' business and scenario applications. While continuing to consolidate conventional businesses, Dahua rapidly adapts to customers' businesses, thus constantly accumulating replicable and scalable business

scenarios for digital intelligence.



Based on the evolution of the corporate digital intelligence framework, the continuous consolidation of corporate mid-end platform capabilities and business expansion, Dahua has penetrated into various niche industrial scenarios such as factories, hospitals, schools, campuses, and chemical parks, to continuously refine scenario-based solutions, and deeply extract industrial business values, thus delivering scenario-based digital intelligence solutions that are implementable, quantifiable, and of calculable value to customers.

4.1.2.3 Practice of Values in All Industries

With the constant mining of business scenarios, algorithms are no longer applied in business as a generalized demand, but are deeply penetrated into production and operation scenarios and various settings, infiltrating into daily business operations and management. Their value is gradually recognized by customers and more widely applied, and corporate businesses are also upgraded to 2.0. Around building a large security system, casting digital intelligence productivity, and improving operational decisiveness, we can effectively facilitate the digital intelligence transformation and upgrading of thousands of industries, and empower the value realization in all scenarios.

(1) Building a comprehensive security system: From safety warning to security system building

Safety production is a long-term national basic policy as well as the cornerstone of corporate production and operation. The Company continues to delve into the actual production and operation scenarios of customers, and combines the capabilities of video IoT with scenarios to achieve visualization, digitalization and intelligentization based on actual scenarios with the five capabilities of "Full Sensing, Full Connection, Full Intelligence, Full Computing and Full Ecosystem". From safety prevention to safe production, with machines replacing manual work, we

can realize unmanned or less-manned operations in dangerous scenarios. Besides, we also build a safety knowledge system library to optimize the safety management and production process, so as to ensure the safety of personnel, equipment and facilities, production conditions, and public order during business operations.

(2) Casting digital intelligence productivity: From edge assistance to core production

With the continuous development of digital economy, enterprises have an ever more clear demand for digital transformation. Based on exceptional video technologies and intelligent IOT capabilities, the Company applies such leading technologies as visual perception, AI intelligence, big data, IoT, and blockchain to help enterprises realize efficient operation and management of parks and digital upgrading of factories with digital intelligence. With deep interaction with the core production and management systems, we empower IT+OT integration with digital intelligence, optimize production and management business processes, and improve quality management and production efficiency, so as to help enterprises transform and upgrade with digital intelligence.

(3) Enhancing operational decisiveness: From data aggregation to data-based decision-making

Leveraging on its capabilities in sensing, connectivity, computing, intelligence and ecology, Dahua aims to achieve online resources, business intelligence and data-based decision-making on the basis of data aggregation. It deeply explores the value of production and management data to reduce the management cost, and builds the operational and decision-making value of data for enterprises based on multi-modal and foundation models, to facilitate business management while enhancing decision-making.

Focusing on enterprise business scenarios, the Company has been working intensively in manufacturing, construction, education, electric power, petrochemical, coal, steel, finance, healthcare, logistics, culture and tourism, agriculture, and retail. Particularly in the "5+X" core scenarios (factory manufacturing, energy production, school education, healthcare and park management), the Company provides customers with high-value digital intelligence solutions, empowering enterprises to realize the value in all scenarios and enabling business innovation.

➤ **Factory manufacturing: Multidimensional perception integrated with digital twin, empowering intelligent manufacturing with integrated intelligence**

In industries, new-generation IT such as IoT, big data and cloud computing are employed to digitally express, control and optimize workshop production processes, realizing production automation, unmanned sites, data interconnection and intelligent management decision-making.

Giving full play to its advantage of multi-dimensional intelligence integration, Dahua applies leading technologies including machine vision, automation, digitization, and AIoT, to build a human-computer interaction platform for industrial scenarios with digital twin as the top-level presentation. Via the digital twin platform, our factory scenario solution has expanded its coverage from single scenario to multi-services, moving from factory security and workshop energy consumption to production operations, thus comprehensively improving the depth and breadth of interconnection among people, machines and systems. Through the digital integration of the product data flow,

manufacturing control flow, and order delivery flow, we can more efficiently visualize the whole production process from orders to finished products.

Meanwhile, based on the comprehensive management platform for business enterprises, Dahua has established intelligent management systems for energy consumption, vehicles, perimeters, and security-fire protection integration, to enable all-weather dynamic sensing of intelligent manufacturing operations, accurate control of abnormalities in personnel and vehicles, as well as effective real-time control of fire protection and security IoT facilities in factories. More importantly, the development of video systems in tandem with business data, coupled with completed data collection, transmission, processing and analysis, provides scientific basis for corporate management decisions, and data support for factory business decision-making, so as to better guide corporate strategic planning, and facilitate the building of future-oriented factories.

For a prominent photovoltaic component corporation, the Company has implemented digital twin technology to establish a workshop information management platform. This platform showcases a 1:1 three-dimensional reproduction of the battery cell production process and equipment operation, enabling real-time monitoring and intelligent analysis on personnel status, production lines, product quality, equipment and facilities. This facilitates effective online remote management, leading to improved efficiency in workshop control and ensuring adherence to production standards.

➤ **Energy production: Integrating video AI with smart IoT to establish a new model for risk and hazard supervision**

Production scenarios within energy companies often encounter various risks and hazards, characterized by monotonous traditional regulatory methods, limited operational staff, and complex environments. The Company has long been dedicated to leveraging video AI and smart IoT technology, combining technological advancements and human intervention to achieve automated online monitoring of production scenario risks and intelligently provide early warnings. This reduces production risks, enhances operational efficiency, and greatly supports safe production practices for energy companies.

Using comprehensive perception capabilities including observation, listening, inquiry, and tactile feedback, the Company has developed a new model of machine-assisted online supervision. Enhancing the AI capabilities of video processing, industrial television is revitalized, incorporating infrared, laser, gas cloud imaging, voiceprint, and other smart IoT technologies for multidimensional perception. This enables remote intelligent visualization monitoring of equipment operation status, facilitating online compliance management of onsite operations and ensuring stable production environments. In this way, it offers energy companies a novel approach to intelligent risks monitoring and control.

The Company has already implemented this approach in various energy sub-industries. For example, in the petrochemical sector, online visual intelligent monitoring and early warning systems have been established based on the new supervision model. This has significantly improved safety production supervision, reduced accident rates, and minimized labor costs. The Company will

continue to explore deep integration of smart IoT technology with productivity to promote the digitization and intelligence of safety production within energy companies.

➤ **School education: Providing a comprehensive solution for campus digitization focused on being "balanced, precise, efficient, and safe"**

The Company empowers digital reform in colleges and universities through digitization. Leveraging video capabilities as a foundation, it has introduced a digital reform solution for universities with campus **multidimensional** big data at its core, aiming to establish a smart campus Internet of Things (IoT) mid-end platform. Focusing on innovative integration of university business processes, it enables data value to support digital reform in universities. By integrating AI and big data technology into video scenarios, the Company has developed various data analysis models such as companion analysis, solitary individuals, absence for N days, and nocturnal activities. These models help identify student issues such as student missing, high-frequency strangers, mental health concerns, and abnormal returns to dormitory. With timely warnings about personal and psychological safety issues, the Company's solution shifts from reactive responses to proactive prevention, enabling data-driven decision-making for a safer campus environment. Simultaneously, the Company prioritizes the development of campus-authority integrated and smart classroom-related businesses and products. Traditional classrooms are transformed into smart classrooms to enhance teaching efficiency, improve the learning environment, and assist in teaching evaluations, thereby enhancing a more rewarding teaching process.

For example, at a mining university, the Company has assisted in establishing smart dormitory management, and implemented solutions for campus vehicle overspeeding, significantly improving logistical satisfaction. At a university of finance and economics and political science, the Company has addressed student missing issues through campus safety big data technology. At an aviation university, the Company's construction of smart classrooms has facilitated interactive teaching systems, online classroom platforms, and IoT central control, promoting efficient teaching and enhancing the overall digitization capability of the university.

➤ **Healthcare: Supporting the high-quality development of the medical industry under the guidance of "trinity" smart hospital construction**

Guided by the national standards for "integrated smart hospital" construction, the Company supports the foundational development of smart hospitals, driving the high-quality development of public hospitals. Comprehensively enhancing the intelligent management level of hospitals, automating and digitizing nursing work, improving service efficiency, enhancing nursing precision, and enhancing the patient experience are at the core in current smart hospital construction efforts. While continuing to strengthen the construction of smart and safe hospitals, the Company actively expands its presence in outpatient and inpatient ward scenarios, leveraging its own strengths to support the high-quality development of the medical industry and complete its own business upgrade and transformation.

In 2023, by focusing on its key business area of smart hospital wards, the Company, in line with

a series of documents released by the National Health Commission and with the goal of "promoting the improvement of hospital nursing services and continuously enhancing patients' medical experience," leveraged its accumulated core capabilities in audiovisual technology and AI to develop smart ward solutions. Targeting medical, nursing, patient, and administrative entities, it delved into system data, conducted information cleansing and governance, and presented data in a more intuitive and convenient manner across various smart terminals in different scenarios. Simultaneously, the Company developed a smart triage solution tailored for outpatient waiting scenarios. By reducing patient wait times, in-hospital travel time, and intermediary process steps, the Company tapped into its expertise in algorithms and big data models to cover scenarios from patient admission to discharge, appointment scheduling to treatment, and from waiting areas to examination rooms. Optimal treatment paths were matched using algorithms, and guidance for patient consultations was provided through navigation screens and smart terminals in various scenarios, further enhancing the service quality of hospitals.

For instance, through collaboration with a 3A hospital in Hunan province, the Company constructed an intelligent medical and nursing intercom system. It ensured data security in a large-scale network environment during construction and usage, customized and upgraded isolation between various wards as per requirements, facilitated effective information exchange among medical staff, patients, and management personnel, and achieved refinement in the hospital's general and surgical wards. This initiative served as a model for digital ward construction in the hospital.

➤ **Park management: Harnessing AI as the core to build digital headquarters and smart parks, giving strong support to enterprises**

As the physical foundation and space for digital operations and smart city development, the intelligence level of park management directly impacts corporate operations and management. With the continuous advancement of technologies such as AI and smart IoT, the Company has been expanding the scope of its smart park business from traditional security surveillance to comprehensive digitized park solutions. This expansion has achieved the transition from single-scenario coverage to collaborative coverage across multiple scenarios and businesses, and made the improvement from peripheral operations to the core park management operations. The overall park solution covers a comprehensive range of smart applications, including intelligent access control, smart office, intelligent meetings, digital energy consumption, and smart park management services. This approach facilitates multidimensional connections between architecture and the city, environment and office, culture and leisure, creating a cohesive and warm intelligent architectural ecosystem. Additionally, leveraging the park's intelligent brain, the integration of digital infrastructure and park management is deepened, establishing a benchmark park that is "smart, efficient, safe, and green."

Taking the five-dimensional integrated smart headquarters building in Zhangzhou, Fujian Province as an example, the Company has provided the following significant value propositions for

customers:

Low Energy Consumption: Centering around "source, grid, load, storage, charging, and monitoring," the Company actively promotes energy saving and emission reduction, aligning with the dual carbon goals and effectively reducing energy consumption in the buildings.

Smart Office Solutions: Leveraging intelligent connectivity throughout the park, the Company optimizes the working and meeting experiences for employees, unlocking the value of physical space.

Efficient Access Control: The Company manages complex permissions and pedestrian-vehicle access with a comprehensive management architecture, thereby reducing administrative costs.

Intelligent Security Systems: Integrating intelligent scheduling, the Company establishes a proactive three-dimensional security and control system, efficiently addressing potential risks and enhancing security efficiency.

Efficient Operations: Using digital twin to build the park's "brain", the Company creates a holistic closed-loop business system characterized by online resources, intelligent business, and data-driven decision-making, thereby enhancing park management efficiency.

- **More industries: The Company is committed to engaging with various industries under policy guidance and driven by the inherent needs of customers, actively participating in the development of emerging opportunities across different sectors.**

In the cultural and tourism industry, the Company responds proactively to the requirements of emphasizing the digitalization of cultural relic protection efforts as outlined in the Cultural Relics Protection Law. The Company's offerings include smart museums, intelligent cultural relics management (including preventive protection, digital preservation, warehouse management, and intelligent conservation), and cultural heritage protection (covering immovable cultural relic protection, preventive protection of cultural relics and historical sites, and AI-assisted cultural relic protection), thereby making significant contributions to the digitization of cultural heritage protection efforts.

In the financial sector, the construction of smart branches goes beyond traditional security services, focusing on empowering branch services through digitalization. The Company incorporates solutions such as screen display systems, intelligent electricity usage, and video twinning, covering six major scenarios: comprehensive reception, product release, interactive marketing, non-cash services, wealth management, and convenience services. This comprehensive approach aims to elevate service standards and enhance user experience across all branches.

Construction industry: The Company actively engages in affordable housing construction, focusing on the operational management of affordable housing. Through the implementation of "water meter, electricity meter, and door lock", the Company achieves effective management of housing resources, beneficiary management, allocation management, and post-management (including occupancy, lease, lease renewal, interviews, coordination, subsidies, etc.). Additionally, leveraging general park capabilities, the Company facilitates on-site and property management,

assisting customers in enhancing operational efficiency and increasing regulatory transparency.

4.1.3 SME Businesses

For small and medium-sized enterprises (SMEs), amidst the ongoing economic recovery in 2023 and gradual market revitalization, the Company proactively adjusts its channel strategies. With a core focus on boosting channel confidence, the Company actively engages in market order management, expands services to lower-tier markets, and establishes a presence in e-commerce. Faced with the business characteristics of a "broad but fragmented" channel market, the Company relies on "video + IoT" multidimensional intelligent applications to develop intelligent commercial products and solutions for SMB customers. This approach aligns with the Company's philosophy of "making society smarter and life better."

(1) Broadening channels for comprehensive business outreach

With the continuous growth in demand for intelligent applications within the IoT industry, the Company leveraged its profound expertise in video-centric IoT technology, coupled with outstanding capabilities in hardware integration, AI technology, and scenario solution integration, and successfully launched solutions of multiple intelligent scenarios tailored for SMEs. These solutions aim to delve deep into segmented markets across various industries, catering to specific product demands while significantly enhancing the competitive advantage of terminal service providers. Given the highly fragmented nature of the market, the key to success lies in improving market both in width and depth. Therefore, the Company's SMB business not only focuses on expanding market coverage and deepening market penetration but also prioritizes the expansion of online channel operations and the establishment of a robust service provider system.

(2) Market layout and leading product strategy

In the smart hardware industry, the Company meticulously plans the market distribution of three core sectors: security, telecommunications, and IoT applications. In the security sector, the Company has launched three flagship series: Dahua Classic, Dahua Superpower, and Dahua Special. These series, by refreshing the brand image, comprehensively showcase the value and market competitiveness of the Company's security products to partners. In the digital communication sector, the Company has strategically positioned itself with offerings in switches and wireless network products, particularly its PoE switches which, boasting extended power supply distances and intelligent power supply technology, demonstrates Dahua's extensive research and technological expertise in this field accumulated over years. In the IoT applications, the Company's product line covers access control systems, pedestrian passage gates, vehicle barriers, conference tablets, public broadcasting systems, fire equipment, and smart charging stations. All these showcase the Company's steadfast commitment to delivering high-quality solutions and pursuing market growth in the realm of smart IoT.

Regarding the application of cloud computing and AI technologies, the Company has introduced intelligent networking solutions tailored for SMBs on the basis of the cloud

interconnection technology. This includes the highly acclaimed super MAX series of precision search products, which have garnered widespread recognition and praise from customers.

(3) Strengthening the digital marketing system for channels and advancing the digital transformation of partners

The Company's SMB business not only focuses on horizontally expanding market coverage and vertically deepening market penetration but also prioritizes the expansion of online channel operations and the establishment of a robust service provider system. By activating channels and establishing a digital marketing system centered around "Dahua Cloud-Ecommerce," the Company is dedicated to propelling the digital transformation of its partners. Simultaneously, it provides support for "smart business" initiatives to partners, thus continuously expanding the network of professional domain partners. This strategic approach not only further taps into the potential of the SMB market but also ensures a significant enhancement in business efficiency and market influence.

4.1.4 Operator Business

4.1.4.1 Business Overview

With the innovation of new-generation information technology, the release of the top-level planning for Digital China, and the surge in demand for digital intelligence in the market, a wave of digital economy is sweeping through. As a capability provider and service provider of smart IoT infrastructure and scenario-based solutions, the Company leverages the operators' advantages in customer scale, 5G, AI, computational power network, big data, capability mid-end platform, security, etc. Through resource sharing and complementary advantages, the Company and its partners jointly expand the market with an open mindset, co-create products, and load operational services, forming a new growth curve for mutual benefit and win-win cooperation.

4.1.4.2 Core Strategy

(1) Capability complementarity to forge new information infrastructure The Company possesses leading technologies and intelligent manufacturing capabilities in fields such as visual IoT and connectivity, collaborating with operators' computational power network capabilities. Together, they create deeply customized industry products such as AI terminals and integrated industry applications.

(2) Technological complementarity to build core technical capabilities The Company and its partners jointly build core capabilities such as foundation models and big data, promoting the transformation of traditional communication services into digital and intelligent services and creating new business models and growth points. Leveraging its own video capabilities, the Company assists in the construction of operators' video IoT platforms by facilitating video convergence access, capability platform construction, AI scenario implementation, and application development expansion.

(3) Resource complementarity to accelerate industrial digital development With the construction of Digital China and the development of the digital economy, the extraction of data value, and the digital intelligence transformation and upgrade of government and enterprise, the Company possesses a strong R&D team and business innovation capabilities, while operators have vast user resources and channel advantages. Both sides engage in deep cooperation in industries such as social governance, smart transportation, education and tourism, natural resources, industrial manufacturing, mining, and energy, jointly expanding and exploring new opportunities.

4.2 Oversea Business

4.2.1 Business Overview

Since 2003, the Company has implemented the "Go Global" strategy to enter international markets. Starting from 2008, it intensified efforts to strengthen its independent brand by comprehensively deploying channel construction, technical support, and after-sales service to ensure the healthy development of overseas business. In recent years, leveraging accumulated experience in the domestic market, coupled with increased investment in research and development and technological innovation, the Company has continuously improved its overseas business in product competitiveness, solution capabilities, and localization service levels. It has showcased professional quality and excellent service to global customers, resulting in the continuous enhancement of brand value and laying a solid foundation for the accelerated expansion of the Company's overseas business. At present, the Company has established 69 overseas subsidiaries in major countries across all continents, with its products and services covering over 180 countries and regions globally. With the continuously growing demand in the global smart IoT industry, the Company will continue to accelerate its pace, actively improve global marketing and service construction, and further explore international markets.

4.2.2 Core Strategy

(1) Establishing professional localized operational organizations

The Company maintains a prudent business strategy, continuously strengthening its understanding and adaptability to the regulatory, political, and economic environments of regions where it operates. Tailored country-specific business strategies are formulated under the principle of "one country, one strategy". By actively recruiting local talents through continuous investment in channel penetration, expansion of business with integrators, breakthroughs and replication in various industries, and exploration of new business lines to build professional and diversified organizational teams, the Company endeavors to adapt products and solutions to local needs, thereby consistently providing efficient, professional, and nearby services to frontline customers.

(2) Establishing an efficient supply and service system

To establish an efficient supply service system, the Company has set up six regional-level supply centers in Europe, Southeast Asia, the Middle East, Latin America, and other regions. Additionally, it has established national warehouses in key countries globally, creating a three-tiered supply system of headquarters, regional supply centers, and national warehouses to enhance global supply delivery capabilities. In terms of service systems, the Company has established such globally integrated systems as delivery system, technical support system, operation and maintenance management system, customer service system, and training and certification system. It has established over 100 overseas service sites, with more than half of the countries directly providing overseas hotline services, significantly improving global service and delivery capabilities.

(3) Broadening and enriching innovative business categories

Leveraging its years of technical expertise and exploration in the smart IoT field, and in collaboration with upstream and downstream partners, the Company is bringing the latest digitalization products, solutions, and technological concepts from China to various regions worldwide, catering to differentiated scenarios and demands overseas. As a prominent representative of digitalization enterprises venturing into international markets, the Company has continuously invested in technological innovation and product research and development, consistently improved its service system, and gradually enhanced its localized operational capabilities, all of which contribute to maintaining the Company's leading position in overseas markets for products and solutions. While traditional video businesses maintain steady growth, innovative businesses such as commercial displays, access control, alarms, and intercoms are also experiencing rapid development, meeting the diverse business and scenario needs of different countries and regions overseas.

(4) Providing complete scenario-based solutions

In recent years, the Company has actively expanded vertical industry markets worldwide in collaboration with partners, providing comprehensive scenario-based solutions for industries such as safe cities, intelligent transportation, retail, education, energy, and manufacturing. Particularly noteworthy are the numerous successful implementations in digital urban governance, intelligent traffic management, ecological environment protection, and digitalization of education. For instance, at the southernmost tip of the Earth, the Company's smart IoT solutions silently safeguard the Antarctic penguins in extreme cold environments. In many regions including the Middle East, Latin America, and the Asia-Pacific, the deployment of the Company's intelligent traffic management systems has led to a gradual decrease in traffic accident rates and improved road efficiency, ensuring smoother traffic flow and enhanced travel efficiency. Simultaneously, the Company's digitalized education solutions have contributed to the digitalization upgrade of education in some overseas regions, enabling excellent educational resources to reach remote areas and promoting the remote sharing of teaching resources and educational equity.

4.2.3 Social Value Practice

(1) Providing a multicultural integrated platform for international talent development

The Company's localization rate of overseas employees has exceeded sixty percent, with over half of the workforce sourced from talent pools in the respective countries of operation. On one hand, they contribute significantly to the localized operations of the Company. On the other hand, by employing them, the Company continually contributes to the local employment condition in the form of nurturing high-tech professional talent. The Company prioritizes the growth and development of its global workforce, continuously enhancing employee skills through knowledge training, enriching welfare systems, and providing promotion opportunities. It is committed to offering a fair, just, and high-quality growth system and platform for all employees worldwide.

(2) Implementing the "dual carbon" strategy to support green development

Adhering to sustainable development is a reflection of the Company's social responsibility and commitment. The Company actively carries out innovative green design for products, reduces product energy consumption and promotes green expansion and business upgrading in the global market through clean technologies. All smart IoT solutions are designed to be intelligently energy-saving and emission-reducing to promote global green solution applications, thus reducing global carbon emissions. For instance, the Company provides solutions in various fields such as smart supervision of natural reserves, water conservancy monitoring, and forest fire prevention, actively participating in and promoting sustainable development. Leveraging digital intelligence to empower environmental protection and green development, the Company contributes to building a better and greener world. In 2022, being recognized as a national-level green supply chain and green factory, the Company was honored with the title of "Leading Green Enterprise." In 2023, the Company became a member of the United Nations Global Compact organization, making its own contribution to the realization of United Nations sustainability goals. In the same year, the Company achieved a silver rating in the global sustainability assessment conducted by the authoritative sustainability rating agency EcoVadis, ranking among the top 15% of global enterprises.

4.3 Innovative Business

In recent years, the boundaries of the smart IoT industry have been continuously expanding. Based on a deep understanding of diverse customer demands and years of accumulated expertise in the field of smart IoT, the Company remains committed to expanding innovative business ventures in the industrial IoT sector, aiming to provide customers with more comprehensive and enriched solutions. The Company has been looking for fields with great growth potential and enormous market size, and has developed innovated business through talent selection and corresponding incentive mechanism. The rapid development of innovated business has greatly broadened the channel of the Company's smart IoT, which is an important driving force for the Company to keep moving forward at a high speed. The Company's current innovative businesses include machine vision and mobile robots, smart living, thermal imaging, automotive electronics,

smart security inspection, smart fire protection, and storage media.

4.3.1 Machine Vision/Mobile Robot

The Company's subsidiary, Zhejiang HuaRay Technology Co., Ltd. (hereinafter referred to as "HuaRay Technology"), primarily engages in the research, development, production, and sales of core components for machine vision and mobile robots. Additionally, HuaRay Technology provides customized industry solutions to downstream customers. Driven by technological innovation, HuaRay Technology assists customers in constructing digitalized workshops, fostering smart factories, and enhancing manufacturing intelligence. HuaRay Technology remains steadfast in addressing customer needs, aiming to reduce costs and create more value, thereby making production more intelligent and operations more efficient.

As a national high-tech enterprise, HuaRay Technology consistently upholds a commitment to technological innovation, particularly in embedded software, image optimization, recognition algorithms, network transmission, navigational positioning, scheduling, and motion control. HuaRay products and solutions have been widely applied across industries such as lithium batteries, photovoltaics, logistics, and 3C. HuaRay machine vision products primarily comprise 2D industrial cameras, 3D industrial cameras, smart cameras, intelligent code readers, and acquisition cards. Coupled with the Company's independently developed MVP (Machine Vision Platform), these products can be used in various scenarios such as code reading and recognition, defect detection, measurement, and positioning, providing customers with a one-stop service from product to visual solution. The mobile robot lineup primarily includes various types of industrial mobile robots, such as lurking lifting, fork-type, and transfer-type robots. Leveraging its independently developed RCS (Robots Control System) and iWMS (Intelligent Warehouse Management System), HuaRay offers applications in transportation, stacking, and towing. With technological expertise in machine vision and mobile robots, HuaRay Technology is capable of providing solutions to multiple key industries.

Also, HuaRay Technology continues to explore new terminal application scenarios, assisting customers in improving quality and efficiency, reducing costs and inventory, ultimately achieving "interconnection, human-machine collaboration, data-driving, intelligent transformation," empowering various industries and driving the development of a new form of global intelligent manufacturing.



4.3.1.1 Machine Vision

In 2023, HuaRay Technology launched a series of new machine vision products, including 150 MP large plane array cameras, 8K line-scan cameras, dual Full Cameralink acquisition cards, and intelligent code readers. The resolution of these products ranges from 0.3 MP to 600 MP, and they support interfaces such as GigE, USB, CameraLink, 10GigE, and CoaXPress. In the aspect of machine vision hardware products, HuaRay Technology has transitioned from providing industrial cameras alone to supplying core components and solutions of machine vision. The product series cover plane array cameras, line array cameras, 3D cameras, smart cameras, code readers, acquisition cards, lenses, and lighting sources, offering comprehensive solutions for vision integration.

During the reporting period, HuaRay Technology released the MVP (Machine Vision Algorithm Platform) V4.0 and the MVT (Machine Vision Training) Platform V3.0.

Developed independently by HuaRay Technology, the MVP aims to provide customers with algorithmic tools for rapidly building vision applications. The platform integrates over a thousand proprietary basic image algorithms and serves as the "brain" of machine vision. It connects cameras with programmable logic controllers, robotic arms, and other devices to help form a technological closed loop for perception, cognition, and decision-making. Simultaneously, the platform combines deep learning algorithms for industrial component visual image perception, cognition, and decision-making training. It establishes big data detection models capable of achieving high-precision, high-efficiency functions such as visual positioning, image recognition, and defect detection. With a GUI visualized interface, users can freely build vision processes through drag-and-drop, swiftly configuring vision solutions. It supports multi-task synchronization and multi-process asynchrony, offering a rich set of communication interfaces to meet the efficient use of multiple products. The MVP algorithm platform provides an open deep learning interface, supporting the inference application of AI models.

HuaRay Technology's MVT is an industrial AI vision platform based on deep learning, providing

customers with end-to-end full-process services to efficiently and cost-effectively construct an "industry brain." The platform integrates sample annotation, sample augmentation, and model training, with built-in neural network models including classification, detection, semantic segmentation, character recognition, and more. Each type of task supports large, medium, and small models to meet the diverse feature detection requirements in complex industrial environments. Through MVT training models, it can be easily loaded into the MVP Machine Vision Algorithm Platform and flexibly combined with other arithmetic operators. Simultaneously, MVT offers various application scenarios including traditional learning, deep learning, and the combination of traditional solutions and AI, significantly enhancing the generalization and versatility of the algorithm platform products to meet the practical usage demands of various industries.

4.3.1.2 Mobile Robot

In 2023, HuaRay Technology launched a new generation of lurking robot series products, offering faster deployment and maintenance, higher operating accuracy, and a load range covering 60Kg, 600Kg, 1000Kg, 1500Kg, 2000Kg, and 3000Kg. These include 5G communication-enabled forklifts, reducing control latency and expanding operations from indoor to outdoor environments. It achieved laser SLAM navigation, visual navigation, inertial navigation, and multi-sensor fusion navigation, compatible with visual obstacle avoidance and TOF stereo obstacle avoidance. Accompanied by a rich variety of network systems and intelligent charging systems, the products have been successfully applied in multiple industries such as 3C, lithium batteries, and photovoltaics.

HuaRay Technology's independently developed RCS mobile robot dispatching system integrates intelligent dispatching algorithms. Based on the algorithms of autonomous navigation, high-performance cluster scheduling, trajectory planning, perception and recognition, motion control, intelligent electronic control, high-precision intelligent electronic drive, and intelligent electronic control, it achieves ultra-large-scale map construction and millisecond-level path planning, supporting optimal allocation of thousands of concurrent tasks and multi-server cluster scheduling. This enables functions such as multiple robot cluster path planning, collision avoidance control, robot traffic management, intelligent task allocation, multi-vehicle avoidance, traffic balance control, system load balancing, intelligent charging management, safety monitoring, warehouse management, intelligent operation and maintenance management, and report statistics. Additionally, HuaRay Technology has introduced the iWMS intelligent warehouse management system, based on the RCS mobile robot dispatching system. It realizes various operational scenarios such as goods-to-person sorting, point-to-point transportation, full-in full-out, and automatic sorting, thereby reducing labor costs and improving operational efficiency. Various configurable strategies, including putaway strategies, allocation strategies, wave picking strategies, mixed placement strategies, etc., are employed to meet the business needs of different industries and customers. Combined with algorithmic analysis such as material correlation analysis, shelf usage rate analysis, popularity analysis, document clustering analysis, hit rate analysis, and dense

storage reorganization analysis, they have enhanced inventory management and business processes.

Leveraging its years of accumulated AI technology expertise in the industrial sector and its established ecosystem of industrial IoT, HuaRay Technology steadfastly upholds a commitment to technological innovation and accumulation, continually delivering higher-quality products and more specialized services to global customers. This dedication aids in industrial digitization, positioning itself as an expert in improving industrial intelligence efficiency.

4.3.2 Smart Living

Huacheng Network focuses on the intelligent home sector with visual technology as its core. Leveraging AI capabilities and digital platform prowess, Huacheng Network has established four major product systems: "IMOU Security, IMOU Interconnection, IMOU Robots, and IMOU Lighting." These systems offer top-tier intelligent home products and services, including smart cameras, smart door locks, home service robots, and routers, to millions of households and businesses worldwide. Huacheng Network is dedicated to ensuring that every household enjoys a more convenient and secure smart lifestyle.

As of 2023, IMOU Cloud had experienced rapid growth in both global AIoT device connections and user numbers. Overall, AIoT device connections had increased by over 25%, while global user registrations had grown by more than 35%. The monthly active user count on the IMOU Cloud platform worldwide had exceeded 17 million.

4.3.2.1 Core Technologies

Huacheng Network has always adhered to a user-centric approach, responding to user needs and fostering independent technological innovation. By integrating resources and capabilities such as cloud computing, big data, cloud storage, and AI, Huacheng Network has built a video-centric IoT cloud platform known as the IMOU Cloud platform. Significant research achievements have been made in AI algorithm technology, audio-video processing technology, cloud platform technology, and low-power consumption technology. As of December 2023, Huacheng Network had been granted over 50 invention patents.

In the field of smart home products, Huacheng Network focuses on the intelligent upgrade and transformation of various household devices, integrating smart technology into its products. This includes a focus on general capabilities of devices such as visual analysis, visual interaction, and multimodal correlation, continually iterating on technologies such as visual-text correlation, inter-frame object correlation, action recognition, multidimensional perception, multi-camera vision, comprehensive low-power consumption, and image adaptation. Specialized smart technology revolves around Huacheng Network's four key smart home product categories, including camera adaptation to home environment, smart lock structure and applications, sensor control device capability expansion, and robot control and applications.

In the IoT cloud platform business domain, IMOU Cloud constructed a digital framework

targeting products and users in 2023. Huacheng Network uses physical models to define smart hardware digitally, continuously accumulating and precipitating data around the entire product lifecycle, refining digital capabilities to achieve a seamless connection and feedback loop between products and users, thus establishing continuous, feedback-driven digital operational capabilities.

4.3.2.2 Major Products and Services



Based on its own technological advantages in AI algorithms and digital intelligence, Huacheng Network focuses on user-centricity, continuously iterating to meet the diverse product needs of consumers in home scenarios, and has fully deployed IMOU smart home products.

IMOU Security: This contains categories such as home surveillance cameras, smart door locks, smart doorbells, and smart peepholes. Through continuously upgrading its vision-centered smart home security system, IMOU provides comprehensive protection for household safety. In 2023, Huacheng Network launched the dual-lens series home surveillance cameras and indoor cameras with interactive screens. Additionally, outdoor battery-powered PTZs were launched, enriching the range of home surveillance camera products. Across the board, wireless technology has transitioned to Wi-Fi 6, with mid-to-high-end series supporting Bluetooth networking. While meeting the rigid demands of home security, innovative enhancements have been made to improve the user experience and richness of smart home usage.

Smart door locks: In 2023, a brand-new Spark series video lock product was developed, with continuous upgrades in visual basic capabilities and multidimensional perception capabilities. Core functions such as door opening and recognition have been significantly improved. Continuous investment in visual AI has led to the introduction of functions such as child departure detection, package detection, and package guarding. The accuracy of alarm security systems for loitering, coercion, high temperature, and illegal users has been enhanced. Additionally, services such as 24-hour video monitoring, call services, and intelligent weather services are provided.

IMOU interconnection: This category comprises network transmission products such as

wireless routers, wireless relays, and wireless network cards. In 2023, targeting both domestic and international sales channels, IMOU formed a product system featuring various specifications of routers including Wi-Fi 4, Wi-Fi 5, and Wi-Fi 6. Simultaneously, IMOU routers, in conjunction with IMOU IPC (Internet Protocol Camera), facilitated seamless and rapid networking, and accelerated monitoring data transmission. While providing consumers with a stable wireless network experience, IMOU routers also enable unique functionalities when paired with other IMOU smart home products.

IMOU robots: In 2023, further enhancements were made to the product lineup, achieving comprehensive coverage with editions including charging dock edition, dust collection edition, and all-in-one self-cleaning edition. Through optimizations in core algorithms such as navigation, recharging, and repositioning, along with product design enhancements, IMOU has significantly improved key performance indicators of robotic vacuum cleaners including mapping efficiency, recharging efficiency, repositioning efficiency, cleaning and dust removal rate, and coverage.

IMOU cloud platform: Tailored for ordinary consumers, IMOU Cloud offers personalized, scenario-based paid value-added services including intelligent cloud storage, cloud space, hybrid cloud recording, online monitoring, elderly care, telephone reminders, and device sharing. These services are primarily focused on optimizing user experience around core functions such as device preview, video playback, device addition, voice intercom, and smart scenarios. In 2023, based on the usage and consumption habits of overseas users, and considering the differentiated scenarios in different overseas regions, IMOU further consolidated its value-added service system for IMOU Protect membership. Overseas value-added services were expanded and extended, currently covering most major countries where cloud services are provided.

For enterprise developers, IMOU Cloud provides an open software and hardware platform. The open software platform offers third-party partners video-centric PaaS capabilities, providing IoT basic access capabilities, video AI capabilities, and big data analysis capabilities. The open hardware platform facilitates the rapid integration of third-party ecological products through SDKs, IoT modules, video modules, Zigbee gateways, and other means, making it easier for more customer products to connect to IMOU Cloud. At present, IMOU Cloud has more than 10,000 third-party partners all over the world, and has established an open, sharing and cooperative IoT ecosystem.

Huacheng Network will continue to deepen its focus on users, with video technology as the core, emphasizing home security. The aim is to ensure clear, inclusive, and accurate visibility for safety. Additionally, efforts will be made to further enhance AI algorithm capabilities and digital platform capabilities, providing global consumers with richer and higher-quality products and services.

4.3.3 Thermal Imaging

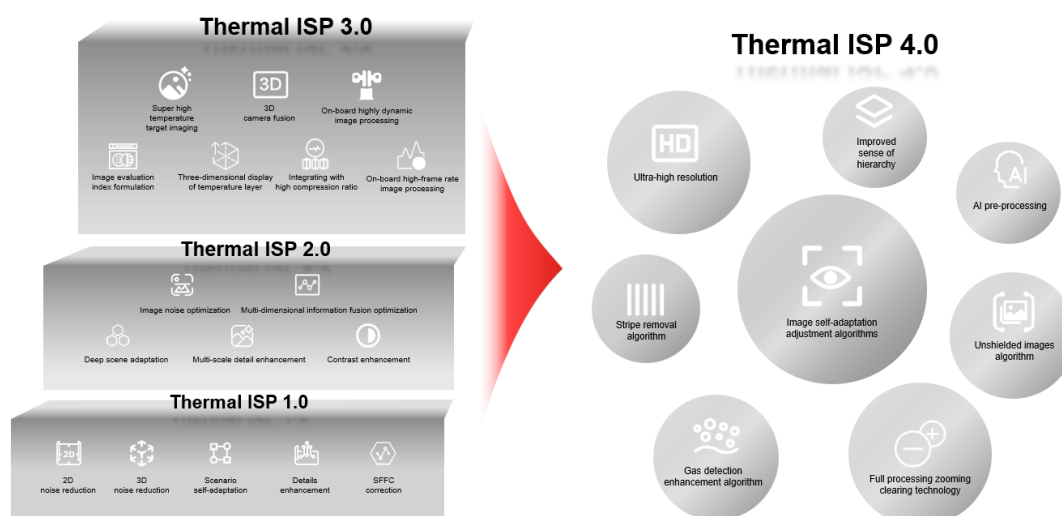
Our subsidiary Pixfra Technology takes thermal imaging as its core technology and provides

movements, modules, complete products, vision products and complete solutions worldwide. The Company focuses on the design, R&D, production, sales and technical services of thermal imaging pan-security equipment, industrial temperature measurement and business vision products. Its products and solutions are widely used in numerous fields such as industrial temperature measurement, biological temperature measurement, natural ecology, new energy, carbon neutrality, perimeter security, outdoor sports, smart elderly care, and consumer electronics. The Company is dedicated to sensing the world with temperature, by developing cutting-edge thermal imaging products and solutions to serve customers worldwide.

In 2023, Pixfra Technology completed the integration of its parent company's existing thermal imaging business, continuing to solidify its technological foundation. The Therm ISP and Smart Thermal, two major technological pillars, were upgraded to version 4.0, further enhancing technological competitiveness. Additionally, a series of new products were released, accompanied by continuous penetration into segmented industries and markets and the introduction of novel solutions.

4.3.3.1 Technological Innovations

Huagan Technology | Continuously improved image quality, solid technological foundation



Pixfra Technology continued to reinforce its technological foundation in 2023, maintaining its leading position in core technology within the industry. The core imaging technologies, Thermal ISP and the Smart Thermal algorithm family, were upgraded to the 4.0 era. In ISP 4.0, breakthroughs were achieved in algorithms such as continuous clarity throughout zooming, super-resolution, gas image enhancement, and image adaptive adjustment, ensuring sustained leadership in the field of imaging. Smart Thermal 4.0 incorporates intelligent algorithms for tracking vehicles, ships, human targets, aircraft, radar-linked tracking, and fire prevention against false alarms, thereby enhancing the intelligence level of thermal imaging product applications.

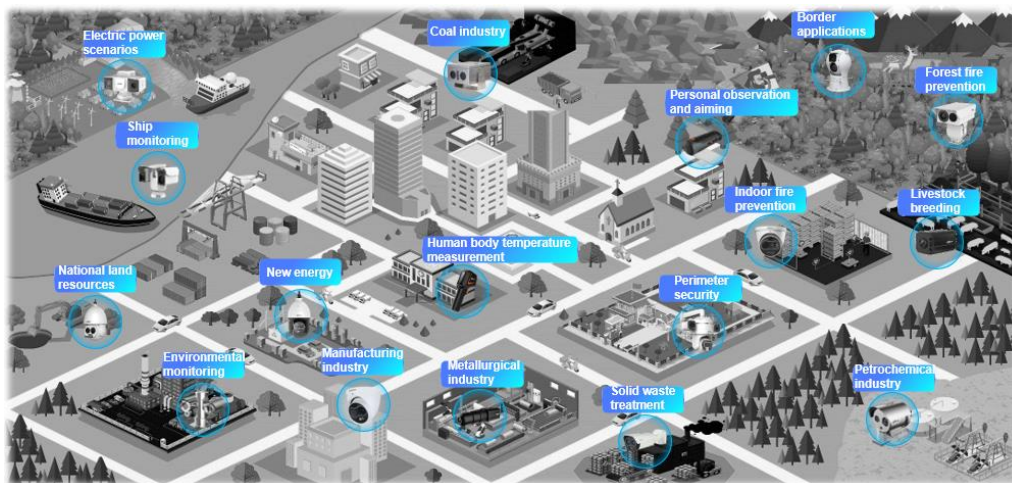
4.3.3.2 Product Breakthroughs



In terms of products, Pixfra Technology continues to maintain its leadership in the security field by continuously developing new products. In 2023, it released a newly designed multidimensional perception spherical PTZ camera, which features a spherical, low-drag exterior and a comprehensive corrosion-resistant design, demonstrating strong adaptability to various environments. Particularly suitable for large-scale perimeter scenarios, this product ensures normal operation under conditions of ultra-low temperatures, strong corrosion, high altitudes, and high wind speeds, thereby enhancing the Company's competitiveness in the field of long-range large perimeters.

Building upon its foundation in the security sector, Pixfra Technology also continues to expand into new product forms and application areas. In the outdoor sports sector, it has introduced a variety of telescopes, short-range sights, and tube sights, achieving a comprehensive layout of mainstream products and laying a solid foundation for continuous breakthroughs in business. In the third-party integration field, a series of module products such as network cores and miniaturized digital cores have been launched to continuously explore integrated customers, expand business scope, and contribute proactive efforts to the thermal imaging ecosystem. Targeting areas such as industry, energy, electronic maintenance, and scientific research, Pixfra Technology has released a series of handheld thermal imaging thermometers, further enriching its product portfolio.

4.3.3.3 Penetration into Segmented Industries



In 2023, Pixfra Technology focused on segmented scenarios, explored customer needs,

enhanced application effectiveness, and actively expanded the boundaries of thermal imaging application industries and scenarios. Pixfra Technology focused on high-potential thermal imaging application industries and segmented scenarios, conducting in-depth research into the characteristics of industries such as petrochemicals, steel smelting, industrial manufacturing, and new energy. It analyzed the specific production processes of each industry, summarized the segments in which thermal imaging products could be applied, and developed standardized professional solution promotion materials, aiming to provide better products and solutions for the expansion and promotion of the thermal imaging market.

4.3.4 Automotive Electronics

The Company's subsidiary, Hirige, specializes in intelligent automotive electronic products and solutions. Fully leveraging its core technologies and product advantages in areas such as video perception, AI, and digital IoT, Hirige is committed to providing comprehensive intelligent driving products and services to both domestic and international customers in the passenger and commercial vehicle sectors. Its main products include in-vehicle full-range cameras, in-vehicle millimeter-wave radar, intelligent driving domain controllers, and systems, with comprehensive capabilities in hardware, software, algorithm, and system research and development testing, as well as lean manufacturing capabilities.

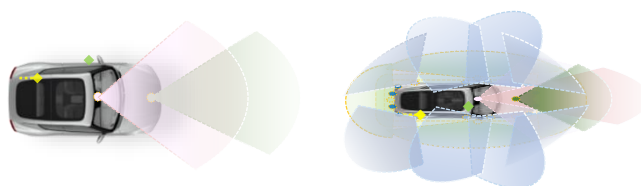
4.3.4.1 Passenger Vehicle Market

The passenger vehicle product lineup includes in-vehicle cameras, millimeter-wave radar, intelligent driving domain controllers, and the Hi-Pilot intelligent driving system. Hirige possesses comprehensive capabilities in hardware, software, algorithm, and system research and development testing, as well as manufacturing capabilities. Hirige has established deep collaborations with multiple major OEMs, enabling the mass production of L2+ driver assistance systems and intelligent parking systems.

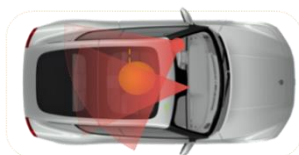
Hirige has been consistently dedicated to cultivating partnerships with leading domestic passenger vehicle brands. It has officially mass-produced fully automated parking products, driver assistance systems, and 1R1V products based on the fusion of visual and ultrasonic radar technologies. These achievements have led to project appointments and mass production deliveries to numerous automotive manufacturers. Hirige will continue to increase its investment in intelligent driving sensors, algorithms and system products, give full play to the technical advantages of automotive electronics based on vision, ultrasonic and millimeter-wave radar integrated with perception, and release more competitive solutions on intelligent driving and intelligent cockpit.

Hirige incorporates cutting-edge intelligent driving technology into the factory-installed market, introducing a forward-looking assisted driving solution. Among these offerings are the entry-level, cost-effective L2 driving solution 1V, which includes active safety features such as AEB and L2

ADAS functionality, while also supporting adaptation to overseas market regulations. Additionally, the mid-range, high-cost performance driving solution 1R1V provides stable and reliable single-lane assisted driving capabilities. For flagship configurations, the ultimate cost-effective L2+ driving solution 5R1V supports advanced features like highway driving without visual cues (NOA), blind spot detection, and front/rear cross-traffic detection, meeting the 2024 five-star rating criteria set by C-NCAP. In addition, Hirige has launched a lightweight driving-parking integrated solution, thus providing a more adaptive version of intelligent driving products for the intelligent system of automobile enterprises. The solution realizes more complex and reliable driving-parking integrated function, supports active safety, HWA highway assisted driving, and intelligent parking assisted APA, and gets ready to upgrade to a higher level intelligent driving system in the future.



In the field of intelligent cockpit, Hirige determines the shifting of development orientation from cockpit safety system to cockpit interactive system and cockpit health system. The mass production of all kinds of vision sensors in the cockpit has been achieved, and intelligent algorithms in the cockpit have been released to realize driver fatigue detection, dangerous driving behavior recognition, gesture and emotion recognition, heart rate detection and other functions. Meanwhile, 360 circumnavigation algorithm has also been released in view of the performance improvement of vehicle and engine. Hirige supports algorithm migration and adaptation for various platforms, including Qualcomm's 8155 and 8295, assisting customers in creating intelligent cabins with distinctive features to enhance the driving and riding experience within the vehicle.



With the accelerated improvement of intelligent driving function, products of Hirige have made advance in development by leaps and bounds. In the field of visual sensors, Hirige has achieved the release and application of products with different resolutions for panoramic, front-view, and surround-view capabilities. These products have been integrated into many leading domestic OEM manufacturers with mass production, effectively increasing market share and laying a foundation for further market expansion. In the field of millimeter-wave radar, in line with the trend of domestic production of automotive radar, Hirige increased investment to introduce fourth-generation forward and blind spot radars with superior performance. Additionally, Hirige has expanded product coverage with newly developed in-cabin radars and door collision prevention radars. Simultaneously, Hirige has initiated research and development into imaging radar, laying the groundwork for rapid growth in the future.



4.3.4.2 Commercial Vehicle Market

At present, the stock of commercial vehicles in China exceeds 20 million. A large number of commercial vehicle resources carry a large number of passenger and freight besides aviation, railway and water transportation, making commercial vehicles closely related to people's production and life. However, safety problems such as traffic accidents, casualties and cargo damage have become increasingly prominent, and major traffic accidents have been reported frequently. After speeding and fatigue driving, traffic accidents caused by blind areas of vision have significantly increased. Front-vehicle collision alarm, lane departure alarm, fatigue driving alarm and driving behavior analysis have gradually become the standard configurations of active safety advanced auxiliary driving construction projects of commercial vehicle all over the country. Hirige has deeply studied vehicle operation scenarios, combined with the actual vehicle operation environment, and conducted in-depth exploration in the effect and efficiency of the algorithm, so as to further improve the performance of the product system and realize the factory-installed and after-market-installed intelligent vehicle solutions through active safety products, auxiliary driving products, 360-degree panoramic view system and other product systems, and intelligently empower commercial vehicles. At present, the solution has been widely applied in the freight logistics, waste residue, "tourist bus, Class C or above passenger car, and special vehicle for the transport of hazardous chemicals, fireworks and crackers and civil explosives", public transportation, school buses, sanitation vehicles and other fields, providing advanced automotive electronic products and solutions to the world.

In 2023, Hirige made comprehensive efforts across various fronts in the commercial vehicle market. Domestically, apart from enhancing traditional solutions for public transportation, taxi-hailing services, and freight transport, Hirige expanded into emerging sectors such as sanitation and school buses. Hirige established benchmark projects like the Guangdong Sanitation, Hangzhou Public Transport, and Xiamen Heavy Cargo initiatives. Overseas, Hirige focused on pivotal sectors such as public transportation, law enforcement vehicles, school buses, and freight transport, achieving sustained high growth in 2023 and anticipating continued opportunities for rapid expansion overseas in the next 2-3 years.



In 2023, Hirige's strategy in the commercial vehicle market involved deploying resources strategically to target key industries. It introduced new national standards, 1R1V systems, Euro R151 regulations, and 360-degree surround-view systems in the factory-installed market, further enhancing its comprehensive services. In the categories of tourist bus, Class C or above passenger car, and special vehicle for the transport of hazardous chemicals, fireworks and crackers and civil explosives, heavy truck transportation, and freight transport, Hirige accelerated the coverage and implementation of the new/old national standards trilogy (Ministerial Standard Machinery/ADAS/DSM) in accordance with local policy implementations. In the public transportation sector, Hirige aimed for complete coverage from provincial to municipal levels nationwide and advanced the comprehensive implementation of second-generation integrated public transportation solutions. This included dispatch management, active safety features, blind spot monitoring, 360-degree surround view, passenger flow statistics, illegal bus lane occupation detection, pedestrian crossing monitoring, and electronic rear-view mirrors. In the taxi-hailing market, Hirige launched a full suite of products and capitalized on opportunities presented by national regulations to capture a larger share of provincial capital markets.

Hirige remains committed to investing in research and development for the commercial vehicle market, continuously aligning its investments with customer business needs. By refining products and solutions to deliver high-quality, high-value solutions, Hirige assists customers in overcoming operational challenges and enhances their satisfaction, contributing to the advancement of the transportation industry.

4.3.5 Smart Security Inspection

Zhejiang Huajian Technology Co., Ltd., a subsidiary of the Company, centers on core video technology, AI, big data, and IoT. It is dedicated to becoming a leading provider of comprehensive digital security solutions in China. Huajian Technology upholds a mission of "contributing to global tranquility and enhancing peace of mind in daily life," focusing on innovative research and development in the areas of security checks, retail theft prevention, and airspace security. With the rapid development of technologies such as artificial intelligence, big data and IoT, 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, Huajian Technology promotes the reform and development of the security check industry, bringing new business opportunities and new vitality to the industry.



4.3.5.1 Security Inspection Machines

In terms of products of security-check machine, Huajian Technology takes its own research and development capability as the industry foothold, and continues to explore and innovate in the fields including intelligent view, substance identification, civil aviation standards and other security products and technical standards representing the top level of the industry. Huajian Technology independently developed a new generation of image algorithm engine "Qingkong", which greatly improves the precision and hierarchy of the imaging picture of the security-check machine, and optimizes the working environment of manual and machine judgment under the premise of ensuring the localization of components. Leveraging the advantages of AI deep learning training, Huajian Technology's security inspection machines not only accurately identify organic, inorganic, and mixed substances but also effectively recognize certain types of highly hazardous prohibited items.

4.3.5.2 Security Inspection Doors

With profound technical expertise and project experience in the field of security inspection doors, Huajian Technology discovers during its independent research and development process that high-precision magnetic field technology combined with AI deep learning can precisely identify prohibited items such as mobile phones and cutting tools. This technology aligns perfectly with the market trend of "strict management of examination room order and recommendation of intelligent security doors." In 2023, Huajian Technology pioneered the introduction of a matrix imaging millimeter-wave security door domestically, enhancing precision in human body imaging detection in China's sophisticated security landscape. In addition, in the field of fine metal identification,

Huajian Technology was the first to introduce the acceptance standard of half a paper clip to the market, which has been widely recognized by customers.

Huajian Technology places great emphasis on the value and innovation of its product solutions in practical application scenarios. Tailored for industries such as rail transit, large-scale events, judiciary, hospitals, education, and logistics, it has launched products and solutions with strong industry attributes, ensuring sustained high standards and multi-level competitiveness. In the future, Huajian Technology 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 check market. The core components of security check, quick imaging millimeter wave, CT security check equipment and civil aviation security check equipment will be the main R&D investment directions in the future. Huajian Technology will make full use of its own technical advantages and characteristics to create a new generation of high-value security check equipment with unique characteristics.

4.3.6 Smart Fire Protection

Wisualarm Technology is an advanced provider of fire protection products, solutions, and operational services, with a focus on IoT, big data, cloud computing, video AI, and other technologies. It is dedicated to continuously enhancing fire safety for individuals, businesses, and governmental customers worldwide. By offering advanced fire protection products, comprehensive solutions, and operational services across all domains, Wisualarm Technology aims to achieve early warning, prevention, and control of fires and other disasters, thereby elevating the overall level of social fire safety.

4.3.6.1 Fire Protection Products

Wisualarm Technology focuses on the development of the fire protection industry and consistently adheres to the development philosophy of driving market expansion through technological innovation. In 2023, building upon the continuous iteration and enrichment of product lines such as smart fire protection, safe power consumption, special equipment, industrial fire protection, and traditional firefighting, Wisualarm Technology further enhanced the integration of video, AI, and big data capabilities in products such as integrated fire and security solutions, enterprise software platforms, and fire protection platforms. Wisualarm Technology continues to pay attention to the development of overseas business, gradually releasing a variety of internationally certified products. These offerings aim to provide overseas customers with more intelligent and secure integrated fire and security products and solutions. Consequently, the brand has gained increasing recognition in various national markets and among customers globally.

4.3.6.2 Solutions

Wisualarm Technology addresses the pain points and practical needs of fire management

across various industries, continually deepening its application scenario design. With integrated fire and security capabilities at its core, it has developed three major categories of smart fire solutions: networked supervision of fire safety, integrated management of fire and security for enterprises, and operational management of fire safety for small-, medium-, and micro-sized enterprise venues.

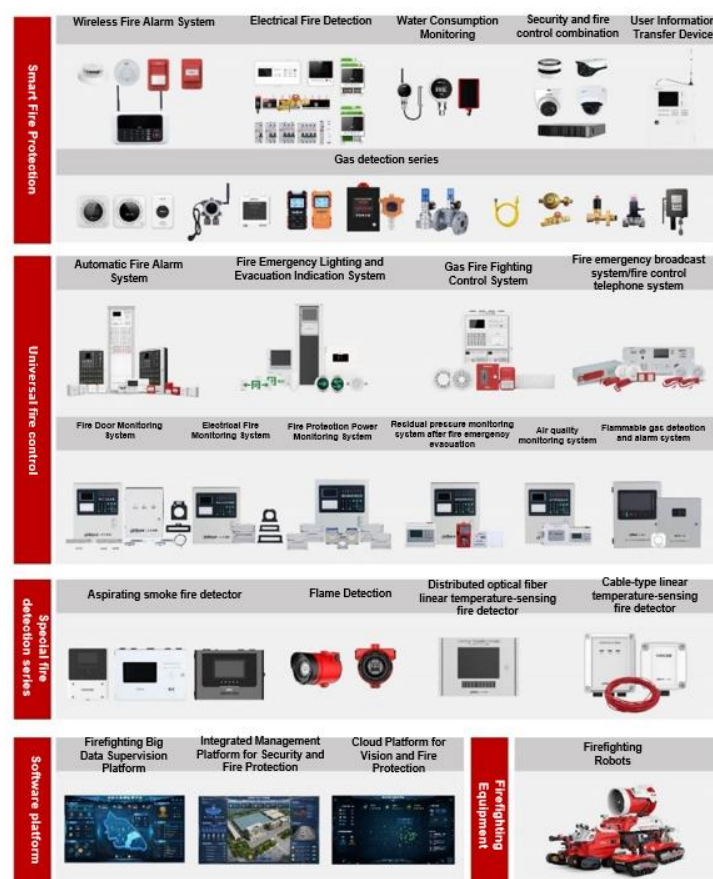
In the government sector, Wisualarm Technology focuses on the social governance of fire safety at the district and township levels. It implements smart fire perception infrastructure construction in industrial enterprises, street-front shops, vulnerable groups, rental properties, warehouses, and high-rise buildings. This effort aims to establish a smart fire IoT supervision platform for government regulatory departments, enabling intelligent enhancement and visualization of fire prevention and control capabilities across the jurisdiction.

Within the corporate domain, Wisualarm Technology primarily offers integrated management solutions for smart fire protection and security. It progressively expands application scenarios and integrates traditional firefighting, smart firefighting, industrial firefighting, and smart security into a single platform. The management platform gradually incorporates application modules such as shift handover in control rooms, a comprehensive map of electrical safety, management of hot work operations, mobile control rooms, and inspection of hidden dangers. For large enterprises, Wisualarm Technology develops comprehensive networked supervision solutions, implementing a two-tier management architecture to facilitate the digital transformation of fire safety during production, thus assisting customers in achieving intelligent upgrades.

In the domain of small-, medium-, and micro-sized enterprises, Wisualarm Technology offers cloud-based intelligent fire operational management solutions, containing functions such as operational monitoring, fire maintenance, and hazard inspections. By leveraging third-party operational service units, Wisualarm Technology minimizes end-user investments, centralizing the scattered fire business of its customers for streamlined management. Additionally, tailored control modules are developed to address specific business scenarios such as gas safety and smart aging, enabling rapid and flexible responses to market demands.

PRODUCTS

Core Products



4.3.7 Storage Medium

Zhejiang Huayixin Technology Co. Ltd. (Huayixin), a subsidiary of the Company, is an innovative technology firm dedicated to the research, development, production, and sales of storage media products. With product lines including solid-state drives (SSDs), storage cards, USB drives, portable SSDs, and memory modules, Huayixin's business focuses on various application scenarios such as end-consumer electronics, industrial control, in-vehicle monitoring, and video surveillance.

Against the backdrop of industrial development and upgrading, as well as a focus on industry-driven research strategies, Huayixin achieved significant breakthroughs in storage product research and technological innovation in 2023. Major strides were made in the development of SSDs, storage cards, memory modules, USB drives, and portable solid-state drives (PSSDs). Particularly noteworthy were the launches of flagship products in the core SSD product line, including SSDs optimized for video surveillance and vehicle applications.

(1) SSDs

Huayixin focuses on the research and development of innovative SSDs, introducing the next-generation V800 series video surveillance disks tailored for the monitoring sector. These products use domestically produced controllers and storage chips, supporting the D.L.B.A intelligent

algorithm. They boast stable video writing performance, ensuring seamless recording without dropped frames for 24/7 surveillance, and seamless coordination with the underlying file system of storage products. Addressing the demands of the vehicle-mounted products market, Huayixin launches the domestically produced S820 series vehicle-mounted video surveillance SSDs, specifically designed for vehicle-mounted video surveillance scenarios. These products are suitable for frequent vibration environments within the automotive industry.

(2) Memory products

The X4000 series DDR5 RGB products tailored for the gaming market support speeds of up to 6800MHz and are compatible with XMP 3.0, enhancing the high-end product lineup. Additionally, catering to the general consumer market, the C600 DDR5 RGB memory module is introduced, boasting capacities of up to 32GB.

(3) U-disk products

Continuously rolling out a variety of mainstream USB 2.0/3.0 direct-insertion flash drives and high-speed dual-interface protocol solid-state USB drives, supporting capacities of up to 1TB, Huayixin meets consumers' diverse demands for high-speed and high-capacity storage solutions.

(4) Storage cards

Upgrading the existing surveillance series SD/Micro SD storage card solutions to support wide temperature operating environments, the S100/H100 series is highly durable across the board, catering to mainstream security surveillance and vehicle-mounted industry usage scenarios.

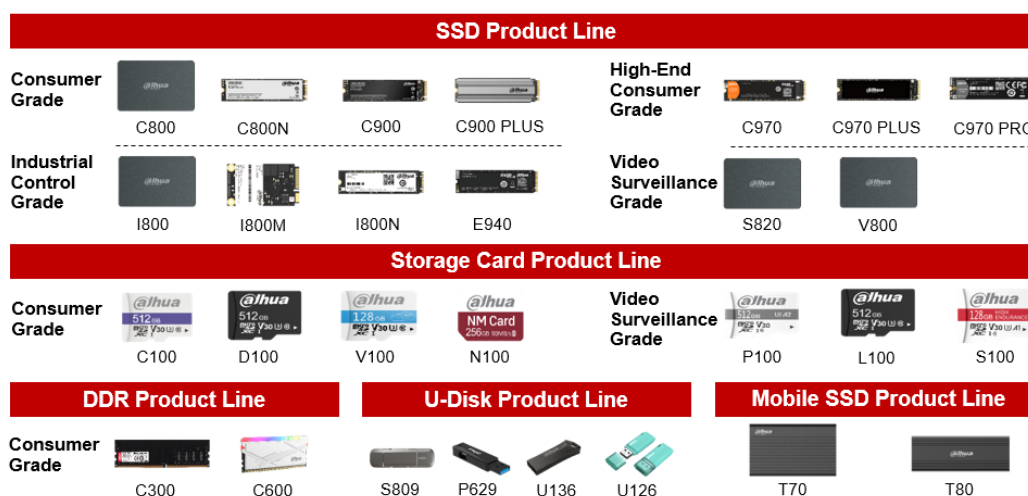
(5) PSSDs

Introducing the T70 and T80 series of mobile PSSDs based on the SATA and PCIe protocols respectively, with a maximum capacity of up to 2TB, Huayixin meets the diverse mobile storage needs of different users.

Huayixin has vigorously strengthened its market promotion and marketing network construction. While steadily developing channel markets, it actively expands industry markets, demonstrating remarkable performance in industries such as PCs, rail transit, vehicle-mounted products, industrial automation, security surveillance, cloud storage, cloud computing, and healthcare. Simultaneously, a marketing network centered in Hangzhou has been established, extending its reach to various countries and regions worldwide, covering all provinces in China and exporting to over a hundred countries and regions globally.

With the vision of being a "pioneer in secure storage", Huayixin is committed to providing storage solutions with high quality, serving as the storage base of AIoT development. With its global partners, Huayixin is building an industrial ecosystem and embracing the smart upgrade of solutions Made in China, to grow together with technologies, industries and users.

Smart Storage - Product Line



4.4 Develop Environmental Protection and Low-carbon Business

To achieve the dual carbon goals, the Company steadfastly supports sustainable development and environmental protection, actively implements environmental, social, and governance (ESG) initiatives, and bases its overall strategy on "digital empowerment, low-carbon future, shared ecology, and compliant operations." By integrating sustainable development with digital empowerment, the Company empowers various sectors including biodiversity conservation, environmental protection, intelligent traffic management, smart energy, smart buildings, smart education, and safe production, thereby promoting sustainable, green, and high-quality development across various industries.

(1) The Company's intelligent industrial park adopts the national green building three-star standard and applies the Company's smart IoT solutions. It focuses on the aspects of source, grid, load, storage, charging, and inspection to achieve real-time monitoring of energy data in the park. Energy strategies can be automatically adjusted, making the entire microgrid of the park self-adaptive. Additionally, the flow of each energy source and the carbon footprint are tracked, achieving fine energy management and assisting enterprises in energy saving and emission reduction to implement the "dual carbon" strategy.

- With rooftop photovoltaic systems, buildings generate electricity for their own use. An intelligent detection system for operational electricity production assists in ensuring safe and stable equipment operation.
- To establish an intelligent microgrid within the park, energy usage is flexibly scheduled based on peak and off-peak electricity rates, transformer capacity, and predictive demand forecasts.
- An intelligent air conditioning gateway covers the entire park, automatically monitoring the operational status of all air conditioning units. It can remotely turn them on/off or set unified temperature levels. Using big data analysis of energy usage patterns of each space, it enables

adaptive environmental control, effectively reducing energy consumption by the air conditioning system and computers.

- The application of intelligent dimmable lighting fixtures allows for gradual brightness adjustment and smart management. Integrated with attendance, access control, and parking systems, each light can illuminate as needed, providing companion-style lighting.
- By combining peak and off-peak loads, platform strategies are employed to facilitate orderly charging for new energy vehicles, avoiding centralized fast charging and alleviating pressure on the power grid.
- An intelligent circuit breaker system provides round-the-clock coverage for detection, automatically warning and swiftly responding to safety hazards such as leakage, overload, and overvoltage, with timely traceability. Real-time tracking of energy trends further avoids energy wastage, achieving refined energy savings in buildings.

(2) The water conservancy industry progresses towards digital transformation by enhancing operational efficiency and bolstering water security capabilities. The Company actively participates in formulating the "Technical Guidelines for the Construction of Digital Twin Water Networks (Trial)" led by the Ministry of Water Resources. This initiative aims to aid in constructing digital twin platforms, information infrastructure, operational scheduling, cyber security systems, and support systems. By providing comprehensive technical guidance for the planning, design, construction, and operation of water networks, it effectively promotes the digitization, networking, and intelligence of water resources management. Drawing upon a profound understanding of water conservancy business scenarios and long-term technological expertise, the Company has developed sophisticated and comprehensive solutions for intelligent water resource visualization and supervision. These solutions cater to various business scenarios such as hydrological forecasting, river and lake patrols, sand mining regulation, and water source protection. They offer systematic capabilities in intelligent perception, recognition, and early warning, empowering users' business applications comprehensively.

- In terms of rivers and lakes, the Company has implemented an intelligent system for comprehensive river and lake management, aiming to streamline operations and contribute to the protection of the Yangtze River through practical actions, thereby enhancing the efficiency of water area management.
- Regarding reservoirs, the Company has collaborated on ecological initiatives to develop application solutions for safety and operation supervision of water conservancy projects, including dam safety monitoring. These efforts aim to elevate the level of fine management in water conservancy engineering.
- In the realm of water environment protection, the Company has introduced a hyperspectral water quality analyzer to enable rapid, automated monitoring and early warning of various water quality parameters such as turbidity and pH. This facilitates timely detection of changes in water quality, enhancing the efficiency of water quality monitoring efforts.

The Company continues to explore new avenues in "digital and smart water governance," accelerating the integration of digital technology with diverse water conservancy scenarios. This integration empowers applications in disaster prevention (flood and drought) and mitigation, efficient and sustainable use of water resources, optimization of water resource allocation, and ecological conservation and governance of major rivers, lakes, and water bodies.

(3) Relying on technologies, the Company continuously explores digital ecological conservation models to actively protect biodiversity. In Antarctica, the Company has overcome the challenges of extreme cold and donated intelligent equipment systems to multiple scientific bases, facilitating research on animal populations and meteorology, and contributing to the protection of Antarctic penguins. In high-altitude regions of China, the Company has developed specialized product solutions to achieve long-term and stable observation of black-necked cranes. In Hainan, the Company continuously trains algorithms through the Genius platform to assist in remote detection of gibbons, providing scientific basis for understanding their population status. In Yunnan, the Company has assisted the Yunnan Forestry and Grassland Department in implementing dual monitoring and protection of green peacocks through video surveillance and voice recognition, providing strong support for the research and protection of green peacocks. These initiatives not only contribute to the protection of biodiversity but also make significant contributions to ecological conservation and sustainable development.

III. Core Competitiveness Analysis

During expanding its services to digital transformation of cities and enterprises, the Company is facing increasingly prominent diversity and fragmentation in the smart IoT industry. Dahua is enhancing its capabilities in diverse applications to tackle these challenges, and upgrading its Dahua Think# strategy of "connecting all things with cloud and creating a future with digital intelligence". The Company will continue to broaden its product range, strengthen its marketing models, and focus on business penetration, employing a comprehensive approach to business development. This entails iterative and optimized processes across multiple dimensions such as research and development, marketing, supply chain, and delivery services, thus building competitive advantages tailored to the diverse and fragmented smart IoT market. Through collaborative efforts with partners, sustainable and high-quality development will be pursued.

1. Invest in R&D and Innovation by Adhering to "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem" as the Core Concept to Deepen Client-Demand Orientation

As digitization and intelligence advance, continuous changes are occurring in technology evolution, industry demands, and business models. The Company has a deep understanding of these development trends, firmly embracing two major technological strategies: AIoT and IoT digital intelligence platform. It constructs a comprehensive "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem" capability foundation, achieving three

enhancements in comprehensive 6D perception technology. This upgrade enhances video perception capabilities across multiple dimensions and expands full-frequency domain perception capabilities comprehensively. With visual analysis as the core, the Company constructs a "1+2" AI capability system, ensuring rapid adaptation of products to specific scenarios. For visual analysis tasks, the Company has released the integrated multi-modal Galaxy foundation model. Based on several typical industries such as urban governance and power, it has developed a set of industry visual foundation model computing frameworks. This framework can help continuously create more industry visual foundation models, accelerating the expansion of the intelligent market. The Company is building a "full-process control + full-product coverage" security assurance framework to provide more secure and reliable products for customers. The Company provides full-domain cloud-native, fully open, and fully-scenario-covered cloud products, fostering sharing, co-creation, and mutual benefits with partners. Based on continuous investment in technology research and development, the Company continuously develops competitive products such as Super Power, Fluorescence, Cloud-Link and Yunrui. In the future, the Company will continue to strengthen business model innovation, establish itself as the preferred brand in smart IoT, and collaborate with partners to create new formats for the digital era.

2. Continuously Optimizing the Global Marketing and Service System Layout to Expand Customer Coverage

The Company has a global marketing and service network. By the end of 2023, the Company had set 32 provincial offices in China. Dahua steps up its effort at the marketing end to increase client coverage and continues to provide service for small and medium-sized enterprises in low-level administrative divisions, to build a win-win ecosystem. It continuously covers more industry clients, and customers previously left behind have been reached. At the same time, the Company focuses on building multidimensional eco-partners and comprehensive altruistic service platforms to boost the sustainable innovation and development of our partners.

The Company possesses an extensive and in-depth distribution network overseas, laying a solid foundation for stable growth in core business, continuously expanding the influence of the Dahua brand. Leveraging the Company's robust technical prowess, localized sales networks, global logistics and after-sales service system, it consistently delves into business opportunities and strengthens solution offerings and local market adaptation, gradually increasing the proportion of solution-based revenue in overseas markets. By nurturing an international business development and management team and continuously enhancing local business expansion and organizational operational capabilities, the Company further penetrates into international markets.

3. Deepen Intelligent Manufacturing and Construct a Digital Supply System Tailored to Customer Needs

Faced with increasing complexity and diversity of customer demands, and uncertainty in supply chain, the Company has established manufacturing centers, HUB warehouses, and national warehouses both domestically and internationally. This has formed a global multi-level supply network, constructing an efficient, intelligent, and reliable supply chain system tailored to global

markets. It possesses capabilities for managing rapid market demands, mitigating order delivery risks, and ensuring timely delivery worldwide. In the construction of supply chain ecosystems, a stable and healthy supply chain is crucial for product and service quality assurance. Adhering to the principles of "cooperation, win-win, transparency, and compliance", the Company continuously optimizes its supplier management system, collaborating with suppliers to foster mutual growth.

To enhance digital delivery capabilities tailored to customer needs, the Company is committed to realizing customer value by establishing a customer-oriented digital delivery platform. This facilitates the transparency and visualization of business opportunities from prediction to delivery, ultimately enhancing the delivery experience. Using a real-time visualized supply chain system, the Company monitors the status, processes, and key data of various supply chain segments to promptly identify and address potential delivery issues. Rational delivery plans and strategies are formulated based on market demands and capacity planning, ensuring sufficient capacity and resources to meet customer needs. Internal departmental and external partner collaboration is reinforced, including real-time communication and cooperation among production, logistics, and sales segments, ensuring the efficiency and accuracy of deliveries. Appropriate logistics channels and service providers are selected, optimizing the logistics network to reduce transportation costs and delivery lead times, thereby enhancing delivery speed and reliability.

Through the construction of digital supply chain capabilities, including visualizing the manufacturing process, optimizing logistics, effectively managing suppliers, planning delivery capacities, and fostering efficient internal collaboration, the Company achieves timely and reliable delivery commitments to meet customer demands.

4. Improve Delivery and Service Capabilities to Shape Great Client Experience

With the customer-oriented core concepts, the Company is progressively establishing four major service systems catering to the entire market and all business sectors. These include the integrated delivery system, technical support system, operations and maintenance management system, and training and certification system. Moreover, by integrating company resources and harnessing the collective strength of the ecosystem, the Company offers full lifecycle services for products and solutions to the market. This commitment aims to accelerate customer responsiveness, enhance delivery efficiency, and strive towards building a globally leading, efficient, and professional delivery platform. The ultimate goal is to provide customers with unparalleled service and establish a distinguished brand in smart IoT services.

Under the guidance of its global business strategy, the Company makes use of the layout and ability of its global delivery and service centers, loads digitalized and smart service tools to provide customers with accurate and intelligent services and solutions. The Company's three-tiered service network, comprising headquarters, branch offices, and authorized service centers, delivers high-quality services to global customers. With a service network spanning over 180 countries, bolstered by nine spare parts distribution centers and 173 spare parts stations (including 46 domestic stations), as well as over 2,000 delivery and service personnel and more than 1,000 service partners, the Company provides efficient service support worldwide, enhancing service experience

and user perception.

As the smart IoT industry continues to evolve, leading to increasing delivery complexities, the Company has established software capability centers in key provinces across China. These centers provide software development support for the provinces and surrounding regions, enabling flexible and swift responses to customers' personalized customization needs. Through efficient delivery, Dahua aims to build its service competitiveness and enhance customer satisfaction amidst the rising demand for software customization.

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

Ecological development is one of the most important strategic initiatives of Dahua, as we are committed to building a win-win ecosystem and jointly creating value with our partners. Our mission is to enable clients to fulfill their dreams. Adhering to the concept of "Full Ecosystem", we focus on realizing clients' value, and build comprehensive open capacities from technology, business to services. Through hardware, software, algorithms to services, business ecosystem to industrial clients, and full openness to developers, we join hands with eco-partners to open up new fields, shape new momentum, and create unlimited possibilities for industrial development, empowering industries to realize digital intelligence and achieve co-creation, symbiosis, and win-win cooperation.

Through DHOP, the Company facilitates device integration capability openness. Leveraging the IoT smart platform foundation, it builds a rich array of components, transitioning from PaaS to SaaS capability openness. The Genius AI open platform offers a one-stop solution for algorithm training services. For service and business partners, the Company adheres to the principle of "leaving convenience to partners and complexity to itself" in its business operations. It tailors corresponding marketing policies, resource support, and organizational optimizations around this principle, fostering a virtuous shared and mutually beneficial ecosystem to realize the industry vision of "connecting all things with cloud and creating a future with digital intelligence".

6. Continuously Advance the Construction of the Company's Compliance System and Effectively Safeguard the Compliant Operation and Steady Development of Businesses

Adhering to the principles of integrity in business operations, upholding commercial ethics, and complying with the laws and regulations of the countries where the business operates have been core tenets advocated and practiced by the Company. Against the backdrop of globalized business operations, the Company places great emphasis on compliance during business development and operation processes. It continuously enhances the construction of its governance system and the level of risk management, further promoting mature organizational mechanisms and capabilities of risk prevention in compliance areas such as cyber security and data protection, export control and economic sanctions, technology ethics, antitrust, anti-money laundering, anti-bribery, and anti-corruption. As business globalization deepens, the Company maintains a prudent business strategy, continuously solidifying region-tailored compliance risk management mechanisms, and consistently increasing labor and financial investment to establish and enhance risk control

capabilities in various compliance areas, as well as risk control organizational mechanisms for domestic and overseas branches. Through solid operations and implementation focused on "starting compliance from the top, embedding compliance in processes, covering compliance for all, and digitizing compliance management", the Company effectively prevents major compliance risks, safeguarding the interests and reputable image of the Company. Simultaneously, the Company has been committed to adhering to high standards of conduct and ethical norms, embodying the principle of "be a clean company seeking success in the right way". It continuously optimizes corporate governance and internal management, creating and maintaining a transparent, fair, clean, and trustworthy business environment for employees, customers, suppliers, and partners.

7. Adhering to the Principle of "Achieving Success for Customers and Stakeholders" to Build a Platform for Mutual Development

The Company consistently upholds "achieving success for customers and stakeholders" as its core values. Placing customer success at the forefront, the Company is guided by customer needs, aiming to create customer value continuously, supporting customers in achieving long-term success, and realizing co-creation, symbiosis, and win-win results with customers. Simultaneously, the Company serves as a platform for realizing dreams and fostering collective development. It ensures that individuals who are committed to continuous efforts and contributions within the platform receive deserved opportunities for development and rewards, leading to both material and spiritual fulfillment. This fosters a collaborative environment where all stakeholders contribute to and benefit from shared growth and development.

IV. Main Business Analysis

1. Overview

The digital economy represents a transformative shift in economics, embodying a disruptive, comprehensive, and fundamental new form of macroeconomic structure. Led by AI, the digital economy is rapidly altering the landscape of the global economy, industries, and societies. According to data from the China Academy of Information and Communications Technology, China's digital economy has grown from 16.2 trillion yuan in 2014 to 50.2 trillion yuan in 2022, with its share of GDP increasing from 25.1% to 41.5%. The digital economy is poised to become a driving force behind China's economic growth, serving as the primary arena for accelerating the cultivation of new productive forces. AI stands as a critical engine for developing new productive forces, with accelerating the advancement of the new generation of AI holding significant importance in seizing opportunities in the digital economy era and expediting the formation of new productive forces.

The emergence of higher value around AI-driven video applications, AI foundation models, and IoT data underscores the continued expansion of market opportunities in the smart IoT field centered around video applications. At present, the overall intelligent transformation and upgrading

of industries is still at an early stage, featuring both opportunities and challenges in the face of digital intelligence development demands from thousands of industries. It has become a general consensus for governments and enterprises to achieve high-quality development through digital intelligence transformation, and there are also strong demands from industries for digital intelligence transformation. However, such demands are fragmented and differentiated among different industries or even within industries. The current challenge is how to reduce costs, quickly meet the fragmented and differentiated market demands in a controlled way, and enhance the economies of scale.

With the expansion of the market room, the continuous emergence of new demands and the acceleration of new technology upgrading and iteration, the economies of scale for the transformation and upgrading of digital intelligence are bound to be achieved through a continuously penetrating process. We will maintain sufficient strategic concentration and investment, with great emphasis on the accumulation and investment in R&D innovation and the exploration of cutting-edge technologies. On one hand, the Company persistently deepens its focus on industry-specific solutions, maintaining a leading edge in key capabilities such as AIoT perception, IoT digital intelligence platforms, scenario-based AI, AI foundation models, and data elements. This expansion serves to fortify the Company's competitive advantages. On the other hand, the Company continuously enhances its marketing and delivery service organizations, expanding the scope of its ecosystem collaborations and closely engaging with customers to ensure they benefit from comprehensive service experiences. In addition, we will continuously deepen and broaden the transformation and upgrading business of industrial digital intelligence, to satisfy and cultivate customers' business scenario habits, enhance their business adhesion, strengthen our overall competitiveness, and consolidate our stronghold in the industry to maintain our leading position.

During the reporting period, despite various domestic and international factors, the Company adhered to the principles of fine management and high-quality development, achieving an operating revenue of RMB 32.218 billion yuan, representing a year-on-year growth of 5.41%. The Company also achieved a net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses, of RMB 2.962 billion yuan, marking a year-on-year growth of 87.39%.

1. Achieving Growth Based on Stability While Upholding High-Quality Development

The Company adheres to the principle of high-quality development, aiming to stimulate growth, strengthen ecosystems, enhance personnel efficiency, prioritize customer-centricity, and pursue both commercial success and customer advancement. Emphasizing ecological development, the Company seeks to build a new ecosystem of co-construction, symbiosis, and mutual benefit, striving to create unique and differentiated value for partners and achieve mutual growth. Through an emphasis on efficiency in management, the Company drives improvements in personnel efficiency and organizational effectiveness. It maintains balanced business development to lay a solid foundation for sustainable high-quality growth, thereby better serving its customers. Moreover,

the Company shoulders greater social responsibility by actively engaging in ESG (Environmental, Social, and Governance), low-carbon initiatives, rural revitalization, poverty alleviation, and technological equity, striving to complete its mission of "making society smarter and life better".

2. Upgrading the Dahua Think# Strategy to Empower Urban and Corporate Digital Transformation

As a world-leading video-centric smart IoT solutions and service provider, the Company upgraded its Dahua Think# 2.0 strategy in 2023. This strategic shift from intelligence to integrated intelligence continues to focus on two core businesses: urban and corporate sectors. Firmly committed to the AIoT and IoT digital intelligence platform strategies, the Company fully activates the value of data elements centered around video, empowering the construction of efficient urban governance systems and the digital transformation and upgrading of enterprises.

3. Continuously Investing Precisely in R&D and Further Improving the Capabilities of "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem"

The Company takes technological innovation as the core and invests heavily in R&D to further advance the capabilities of "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem". In 2023, the Company invested RMB 3.967 billion in R&D, registering a year-on-year increase of 2.17%, and accounting for 12.31% of the operating revenue. In addition to maintaining investment in traditional video technology, the Company continues to strengthen its research, development, and commercialization efforts in various technological fields, including multidimensional perception, AI foundation models, data intelligence, intelligent computing, cloud computing, software platforms, network communication, cyber security, and innovative businesses. Deepening its capabilities of "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem" and focusing on value business scenarios, the Company constructs industry-leading solutions, products, and technological systems. In 2023, the Company launched the Galaxy foundation model, which significantly enhances visual resolution capabilities by integrating multi-modal data such as images, point clouds, text, and voice. Additionally, the Company established the Future Communication Research Institute to focus on three aspects: network connection technology, data exchange technology, and cutting-edge network technology. It aims to build a "3+N" integrated connectivity system to support the upgrade from the IoT to the video IoT, enabling more reliable, efficient, and intelligent data processing and decision-making.

4. Enhancing Software Management Capabilities and Deepening Involvement in Data Industry Chain

Focusing on the value realization process of data elements, the Company actively plays the roles of data resource provider, data asset practitioner, and data commodification enabler, starting from aspects such as multidimensional perception, multi-source connectivity, view intelligence, and open platforms. Collaborating with partners and bridging gaps, it leverages the "multiplier effect" of data elements to empower efficient urban governance and enterprise digitalization upgrades. The IoT digital intelligence platform undergoes a renewed upgrade, consolidating the graph-data fusion computing system and establishing a one-stop data intelligence engine. It breaks down

computational barriers between view data and business data, enabling multi-dimensional feature exploration and multi-modal relationship establishment, thereby empowering efficient urban governance and enterprise digitalization. Leveraging software engineering capabilities, the Company's industry scenario modules can quickly integrate CV foundation models and graph-data fusion technology, enabling the flexible construction of diverse industry applications. This amplifies the value of innovative businesses in various urban and enterprise value chain circulation. Based on the developer platform, Dahua's public cloud provides various industries with rich SaaS services, including Dahua Yunrui, Dahua Cloud-Link, DoLynk, and other public cloud products. It offers enterprises a new operational model, transitioning from manual to "data + intelligence" driven, thereby empowering enterprise with digital management transformation.

5. Driving the Development of Innovative Businesses and Exploring New High-Growth Points

In the field of innovative businesses, leveraging in-depth understanding of diverse customer needs and years of accumulation in the field of intelligent IoT, the Company continues to explore emerging business areas, including: machine vision and mobile robots, smart living, thermal imaging, automotive electronics, smart security inspection, smart fire protection, storage media, and other innovative businesses, aiming to continuously expand new high-growth points for the Company.

6. Joining Hands with Partners to Grow Together, Aiming to Build a Thriving Ecosystem of Co-Creation, Symbiosis, and Mutual Benefit

Facing unprecedented opportunities in the digital economy, the Company will continue to make exploration and practice with its ecosystem partners, striving to build a comprehensive altruistic service platform integrating technology, products, solutions, operations, services, and business management consulting services. This will empower partners to innovate and develop continuously. In China, we have accelerated front-line business response through city-based business deployment, capacity deployment in forms of training empowerment and special support, hierarchical management, business authority delegation, and management decision delegation. Overseas distribution deployment has focused on customer grading, precise investment and marketing, and brand coverage strengthening. Integrators deployment has focused on key markets and customers, while reinforcing the deployment support system. The Company and its partners will adhere to the "Employee + Partner" concept, continuously implementing the integrated development of "new opportunities, new ideas, new order, new models, new management, new goals, and new responsibilities". Upholding the altruistic mindset and strengthening the ecosystem, the Company will comprehensively support the development of high-quality businesses.

2. Revenue and Costs

(1) Operating revenue structure

Unit: RMB

	2023		2022		Year-on-year increase or decrease
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	32,218,317,636.77	100.00%	30,565,370,012.64	100.00%	5.41%
By Industry					
Smart IoT Industry	32,218,317,636.77	100.00%	30,565,370,012.64	100.00%	5.41%
By Product					
Smart IoT Products and Solutions	26,644,648,182.18	82.70%	25,187,418,289.20	82.40%	5.79%
Including: Software Business	1,797,226,644.00	5.58%	1,478,048,030.19	4.84%	21.59%
Innovative Business (Note)	4,906,653,657.98	15.23%	4,116,225,405.96	13.47%	19.20%
Others	667,015,796.61	2.07%	1,261,726,317.48	4.13%	-47.13%
By Region					
Domestic	16,891,274,970.99	52.43%	15,799,558,052.51	51.69%	6.91%
Overseas	15,327,042,665.78	47.57%	14,765,811,960.13	48.31%	3.80%

Domestic Sub-business Segment

Unit: RMB

	2023		2022		Year-on-year increase or decrease
	Amount	Proportion in Domestic Operating Revenue	Amount	Proportion in Domestic Operating Revenue	
To G	4,333,197,296.68	25.65%	4,325,525,354.94	27.38%	0.18%
To B	9,087,212,028.79	53.80%	8,267,364,222.98	52.32%	9.92%
Others	3,470,865,645.52	20.55%	3,206,668,474.59	20.30%	8.24%
Total	16,891,274,970.99	100.00%	15,799,558,052.51	100.00%	6.91%

Note: Innovative businesses mainly include corresponding businesses such as machine vision and mobile robots, smart living, thermal imaging, automotive electronics, smart security inspection, smart fire protection, and storage media.

(2) Industry, product, region, or sales mode accounting for more than 10% of the Company's operating revenue or profit Applicable Not applicable

Unit: RMB

	Operating revenue	Operating Cost	Gross margin	Increase or decrease of operating revenue compared with the same period of last year	Increase and decrease of operating cost over the same period of last year	Increase or decrease of gross profit compared with the same period of last year
By Industry						
Smart IoT Industry	32,218,317,636.77	18,674,970,923.46	42.04%	5.41%	-1.66%	4.17%

By Product							
Smart IoT Products and Solutions	26,644,648,182.18	14,925,853,403.30	43.98%	5.79%	-1.20%	3.96%	
Including: Software Business	1,797,226,644.00	591,429,713.59	67.09%	21.59%	29.40%	-1.99%	
Innovative Businesses	4,906,653,657.98	3,169,076,284.13	35.41%	19.20%	14.84%	2.45%	
By Region							
Domestic	16,891,274,970.99	10,462,264,668.17	38.06%	6.91%	-0.89%	4.87%	
Overseas	15,327,042,665.78	8,212,706,255.29	46.42%	3.80%	-2.62%	3.54%	
Domestic Sub-business Segment							
To G	4,333,197,296.68	2,360,838,585.93	45.52%	0.18%	-10.25%	6.33%	
To B	9,087,212,028.79	5,429,359,031.43	40.25%	9.92%	3.35%	3.80%	
Others	3,470,865,645.52	2,672,067,050.81	23.01%	8.24%	0.01%	6.33%	

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	2023	2022	Year-on-year increase or decrease
Smart IoT Industry	Sales volume	Unit/set	82,494,035	78,831,492	4.65%
	Production output	Unit/set	79,919,254	78,017,213	2.44%
	Stock	Unit/set	10,493,991	13,068,772	-19.70%

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 Classification

Unit: RMB

Industry Classification	Item	2023		2022		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	

Smart Industry	IoT	Operating Cost	18,674,970,923.46	100.00%	18,989,797,670.92	100.00%	-1.66%
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Product Classification

Unit: RMB

Product Classification	Item	2023		2022		Year-on-year increase or decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Smart IoT Products and Solutions	Operating Cost	14,925,853,403.30	79.92%	15,106,909,590.16	79.55%	-1.20%
Including: Software Business	Operating Cost	591,429,713.59	3.17%	457,050,171.52	2.41%	29.40%
Innovative Businesses	Operating Cost	3,169,076,284.13	16.97%	2,759,497,499.20	14.53%	14.84%
Others	Operating Cost	580,041,236.03	3.11%	1,123,390,581.56	5.92%	-48.37%

(6) Has the scope of consolidation changed during the reporting period? Yes No

(1) The Company has established three domestic subsidiaries in this period: Zhejiang Shuhang Intelligent Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., and Zhejiang Huajie New Energy Operation Service Co., Ltd. Additionally, it has established seven overseas subsidiaries: Dahua Technology Belgium BV, Dahua Technology Regional Headquarters, Dahua Technology Azerbaijan LLC, Dahua Technology Vietnam Company Limited, Huaray Technology Korea Company Limited, HuaRay Technology GmbH, and Dahua Technology Angola S.U. Ida. All the aforementioned subsidiaries have been consolidated into the financial reports of the Company from their respective establishment dates.

(2) The Company's holding subsidiary, Huajian Technology, acquired 100% equity of Zhejiang Huajian Technology Co., Ltd. in February 2023, thereby obtaining substantial control over it. Consequently, it has been consolidated into the financial reports of the Company.

(3) The Company's subsidiary, Guizhou Dahua Information Technology Co., Ltd., was deregistered during this period and is no longer included in the financial report of the Company from the date of deregistration.

(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	3,524,879,758.55
Proportion of the total sales amount of the top five	10.94%

customers to the total annual sales	
Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	4.35%

Profiles of the Company's top five customers

No.	Name of customer	Sales amount (RMB)	Proportion to the annual sales
1	Company 1	922,720,270.18	2.86%
2	Company 2 (related party)	865,178,578.92	2.69%
3	Company 3	755,011,698.83	2.34%
4	Company 4 (Note 1)	540,807,462.10	1.68%
5	Company 5	441,161,748.52	1.37%
Total	--	3,524,879,758.55	10.94%

Note 1: Certain entities under the same control as Company 4 are related parties of the Company. The sales to related parties amounted to RMB 535,229,822.82 yuan.

Other Information Notes for Major Clients

Applicable Not applicable

Major suppliers

Total Purchase Amount of Top Five Suppliers (yuan)	2,804,668,334.92
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	16.00%
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 (RMB)	Proportion to the total annual purchase amount
1	Company 1	1,014,239,959.03	5.79%
2	Company 2	681,353,779.99	3.89%
3	Company 3	380,171,785.65	2.17%
4	Company 4	374,291,935.60	2.13%
5	Company 5	354,610,874.65	2.02%
Total	--	2,804,668,334.92	16.00%

Other Information Notes for Major Suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2023	2022	Year-on-year increase or decrease	Statement on Significant Changes
Sales Expenses	5,292,570,225.69	5,115,163,159.61	3.47%	
Administration expenses	1,257,429,514.27	1,143,968,823.89	9.92%	
Financial Expenses	-409,307,989.62	-510,976,797.98	19.90%	Due to fluctuations in the exchange rate,

				gains from foreign exchange decreased.
Research and development expense	3,967,248,795.22	3,883,005,582.82	2.17%	

4. R&D Investment

R&D personnel of the Company

	2023	2022	Change Ratio
Number of R&D personnel	12,372	12,219	1.25%
Percentage of R&D personnel	52.80%	51.80%	1.00%
Education background of R&D personnel			
Bachelor	8,214	7,900	3.97%
Master and above	3,056	3,242	-5.74%
Age of R&D personnel			
Under 30	6,537	7,140	-8.45%
30-40	5,253	4,652	12.92%

Company's R&D investment

	2023	2022	Change Ratio
R&D investment (yuan)	3,967,248,795.22	3,883,005,582.82	2.17%
The proportion of R&D investment to operating revenue	12.31%	12.70%	-0.39%
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 revenue 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	2023	2022	Year-on-year increase or decrease
Subtotal of cash inflow from operational activities	37,198,634,257.76	36,530,473,767.40	1.83%
Subtotal of cash outflow from operational activities	32,599,855,603.29	35,476,886,117.94	-8.11%
Net cash flow generated by operating activities	4,598,778,654.47	1,053,587,649.46	336.49%
Subtotal of cash inflow from investment activities	4,824,255,692.30	2,991,957,633.76	61.24%
Subtotal of cash outflows	3,098,033,765.83	3,591,920,704.41	-13.75%

from investment activities			
Net amount of cash flow generated by investment activities	1,726,221,926.47	-599,963,070.65	387.72%
Subtotal of cash inflow from financing activities	8,465,159,516.11	5,909,237,490.28	43.25%
Subtotal of cash outflow from financing activities	6,812,296,481.85	6,253,025,354.87	8.94%
Net cash flow generated by financing activities	1,652,863,034.26	-343,787,864.59	580.78%
Net Increase in Cash and Cash Equivalents	8,002,194,542.32	260,888,200.31	2,967.29%

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

Applicable Not applicable

1. The net cash flow generated from operating activities increased by 336.49% compared to the same period of the previous year, mainly due to a decrease in purchasing expenses compared to the same period of the previous year.
2. The net cash flow generated from investing activities increased by 387.72% compared to the same period of the previous year, primarily due to a higher cash inflow from equity transfers during this period.
3. The net cash flow generated from financing activities increased by 580.78% compared to the same period of the previous year, mainly due to an increase in funds received from investment absorption during this period.

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

Unit: RMB

	Amount	Percentage of profit contribution	Reasons	Whether it is sustainable
Investment income	4,495,973,812.03	55.36%	Mainly due to the disposal of a 7.88% equity stake in Leapmotor Technology, a company in which the Company holds shares.	No

VI. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of 2023		Start of 2023		Proportion increase	Statement on Significant
	Amount	Proportion	Amount	Proportion		

		To Total Assets		To Total Assets	and decrease	Changes
Cash and Bank Balances	15,971,005,114.47	30.20%	8,029,878,650.77	17.36%	12.84%	The main reason is the receipt of funds raised from private placements and the disposal of equity interests in associated companies.
Accounts receivable	16,276,803,954.03	30.78%	15,411,908,561.50	33.32%	-2.54%	No major changes.
Contract Assets	86,714,216.34	0.16%	106,335,405.35	0.23%	-0.07%	No major changes.
Inventory	5,332,608,544.02	10.08%	7,315,372,440.02	15.82%	-5.74%	This is primarily due to a decrease in inventory during the current period.
Investment Property	129,637,004.00	0.25%	423,035,823.82	0.91%	-0.66%	No major changes.
Long-term Equity Investment	727,453,629.75	1.38%	1,461,099,644.55	3.16%	-1.78%	This is attributed to the disposal of some equity interests in associated companies.
Fixed Assets	4,937,180,876.88	9.34%	4,643,617,574.85	10.04%	-0.70%	No major changes.
Projects under Construction	1,008,612,408.49	1.91%	423,535,552.03	0.92%	0.99%	No major changes.
Right-of-use Assets	299,202,586.56	0.57%	314,700,977.50	0.68%	-0.11%	No major changes.
Short-term loan	957,426,330.18	1.81%	257,943,618.51	0.56%	1.25%	This is primarily due to the increase in bill discounting.
Contract liabilities	1,194,534,307.04	2.26%	1,219,548,011.88	2.64%	-0.38%	No major changes.
Long-term loan		0.00%	453,825,000.00	0.98%	-0.98%	This was mainly caused by repayment for the long-term loans.
Lease Liabilities	176,580,049.57	0.33%	196,340,654.27	0.42%	-0.09%	No major changes.

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. Other Non-current Financial Assets	931,043,130.33	101,037,455.74			500,000,000.00	2,971,341.37	6,633,141.01	1,535,742,385.71
2. Receivables Financing	679,441,917.62						131,271,350.24	810,713,267.86
3. Other events	1,470,000.00							1,470,000.00
Financial assets subtotal	1,611,955,047.95	101,037,455.74			500,000,000.00	2,971,341.37	137,904,491.25	2,347,925,653.57
Total	1,611,955,047.95	101,037,455.74			500,000,000.00	2,971,341.37	137,904,491.25	2,347,925,653.57
Financial liabilities	26,652,319.25	-26,590,919.13						61,400.12

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

Item	Closing balance (RMB)	Cause of restrictions
Cash and Bank Balances	75,843,683.23	Guarantee letter security deposit and other restricted funds
Notes receivable and receivables financing	951,747,362.20	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognized
Accounts receivable	7,238,385.64	Non-derecognition of supply chain finance discounting and factoring
Total	1,034,829,431.07	

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
3,337,590,020.22	512,368,718.70	551.40%

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 Section 5 "Utilization of Raised Funds".

4. Financial assets investment

(1). Securities investment

Applicable Not applicable

No such case as securities investment during the reporting period.

(2). Derivatives investment

Applicable Not applicable

1) Derivative investments made during the reporting period for the purpose of hedging

Applicable Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Opening balance	Changes in fair value gains and losses in the current period	Cumulative fair value changes in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing balance	Proportion of investment amount in the company's net assets at end of the reporting period
Foreign exchange contract		55,141.49	2,659.09		514,817.46	540,120.70	29,838.25	0.86%
Total		55,141.49	2,659.09		514,817.46	540,120.70	29,838.25	0.86%
Explanation of whether the	The Company calculated and presented its foreign exchange derivatives trading							

Company's hedging business accounting policies and specific accounting principles have changed significantly during the reporting period compared with the previous reporting period	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	During this reporting period, the actual profit and loss amounted to RMB -44,929,400 yuan.
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 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 specific details regarding risk analysis and control measures, see the Company's announcement titled "Announcement on Carrying out Foreign Exchange Hedging Transactions" (Announcement No. 2023-030), disclosed on April 28, 2023.
Changes in market prices or product fair value of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of related assumptions and parameters.	The Company recognized and measured its foreign exchange hedging business in accordance with Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments and other relevant provisions. The fair values of foreign exchange forward contracts were basically measured and recognized by referencing the different parameters of the financial institutions based on the then market conditions as well as the remaining term and duration of the transaction. During the reporting period, the fair value change income of foreign exchange contracts was RMB 26,590,900 yuan.
Litigation involved (if applicable)	N/A
Disclosure date of board of directors' announcement on the approval of derivatives investment (if any)	April 28, 2023
Disclosure date of shareholder meeting's announcement on the approval of derivatives investment (if any)	May 27, 2023
Independent directors' special opinions on the Company's derivatives investment and risk control	For details, please refer to the "Independent Opinions of Independent Directors on Related Matters" disclosed by the Company on April 28, 2023.

2) Derivatives investments for speculative purposes during the reporting period

Applicable Not applicable

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

5. Utilization of raised funds

Applicable Not applicable

(1) Overview of utilization of raised funds

Applicable Not applicable

Unit: RMB ten thousand

Year of raising	Method of raising	Total amount of raised funds	Net amount of raised funds	Total amount of raised funds used during this period	Cumulative total amount of raised funds used	Total amount of raised funds whose purpose has been changed during the reporting period	Cumulative total amount of raised funds whose purpose has been changed	Proportion of cumulative total amount of raised funds whose purpose has been changed	Total amount of raised funds not yet used	Purpose and disposition of raised funds not used	Amount of raised funds unused for over two years
2023	Non-public issuance of shares	509,999.92	508,983.26	389,161.55	389,161.55	0	0	0.00%	124,635.81	Bank of deposit	0
Total	--	509,999.92	508,983.26	389,161.55	389,161.55	0	0	0.00%	124,635.81	--	0

Explanation of overall use of raised funds

1. According to the approval issued by the China Securities Regulatory Commission in the document titled "Approval for the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (CSRC Permit [2022] No. 853), the Company issued 293,103,400 shares to specific parties at a price of RMB 17.40 yuan per share. The total amount of funds raised in this issuance was RMB 5,099,999,160.00 yuan. After deducting expenses related to the issuance amounting to RMB 10,166,575.28 yuan (excluding value-added tax), the net amount of funds raised was RMB 5,089,832,584.72 yuan. This amount has been verified by BDO China Shu Lun Pan Certified Public Accountants LLP (special general partnership), who issued the "Verification Report" (XKSBZ [2023] ZF10231).
2. The Company has cumulatively used raised funds totaling RMB 3,891,615,500 yuan (including the upfront investment replacement amount of RMB 2,156,868,200 yuan). The net amount of bank interest received is RMB 48.141 million yuan. As of December 31, 2023, the remaining balance of raised funds unused is RMB 1,246,358,100 yuan (excluding unpaid issuance expenses of RMB 1.2728 million yuan).

(2) Status of projects for which the raised funds are promised to be used

 Applicable Not applicable

Unit: RMB ten thousand

Committed investment projects and allocation of excess raised funds	Whether there has been a change in projects (including partial changes)	Total committed investment amount of raised funds	Total investment amount after adjustment (1)	Amount Invested in the Current Reporting Period	Cumulative amount invested as of the end of the period (2)	Investment progress as of the end of the period (3) = (2) / (1)	Scheduled date for projects to reach intended usability	Benefits achieved during the reporting period	Whether expected benefits have been realized	Whether there are significant changes in project feasibility
Committed investment projects										
Project of Smart IoT Solution R & D and Industrialization	No	92,990.00	92,990.00	92,990.00	92,990.00	100.00%	2023	3,391.55	No	No
The phase II construction project of the smart manufacturing base in Hangzhou	No	77,580.00	77,580.00	74,279.88	74,279.88	95.75%	2024	Not applicable.	Not applicable.	No
Construction Project of Xi'an R & D Center (Note 1)	No	88,960.00	88,960.00	58,444.33	58,444.33	65.70%	2026	Not applicable.	Not applicable.	Please refer to the explanation of significant changes in project feasibility
New project of Southwest R&D Center of Dahua Co., Ltd. (Note 1)	No	100,470.00	100,470.00	13,335.35	13,335.35	13.27%	2026	Not applicable.	Not applicable.	
Supplement to working capital	No	148,983.26	148,983.26	150,111.99	150,111.99	100.76% (Note 2)	Not applicable.	Not applicable.	Not applicable.	No

Sub-total of committed investment projects	--	508,983.26	508,983.26	389,161.55	389,161.55	--	--	3,391.55	--	--
Allocation of excess funds										
N/A										
Total	--	508,983.26	508,983.26	389,161.55	389,161.55	--	--	3,391.55	--	--
Explanation of projects not meeting planned progress or expected returns and reasons (including reasons for selecting "Not Applicable" for "Whether expected benefits have been realized")	<p>1. The Smart IoT Solution Research and Industrialization Project did not achieve the expected benefits mainly due to (1) industry-wide influences resulting in lower-than-expected project revenue; (2) adjustments made to product structure to address market demands and expand into specific scenarios, leading to a decrease in gross profit margin for certain product lines; (3) the Company's continued emphasis on research, development, and commercialization in areas such as software platforms, cloud computing, and big data, resulting in increased R&D expenditure.</p> <p>2. The phase II construction project of the smart manufacturing base in Hangzhou is still in the investment period, and there are no expected benefits corresponding to this reporting period.</p>									
Explanation of significant changes in project feasibility	<p>The Company convened the Fourth Meeting of the Eighth Board of Directors and the Third Meeting of the Eighth Supervisory Board on January 12, 2024, and held the First Extraordinary General Meeting of Shareholders for the year 2024 on January 29, 2024. The meetings deliberated and approved the "Proposal on Adjusting the Investment Amount, Investment Structure, and Increasing the Implementation Entity and Implementation Location of Some Fundraising Projects," agreeing to adjust the investment amount, raised fund investment amount, internal investment structure, implementation methods and entities, implementation locations, and project names of the "Construction Project of Xi'an R & D Center" and the "New project of Southwest R&D Center of Dahua Co., Ltd."</p> <p>As a result of the aforementioned adjustments, the Company simultaneously adjusted the construction area of the project sites and the investment amount of raised fund required for site construction. For the amount of raised fund already invested in and exceeding the amount required for site construction, the Company has exchanged a total of RMB 403.882 million yuan with its own funds on February 1, 2024, to replace the raised funds to be replaced and the interest calculated based on the raised funds invested in each year before this adjustment, calculated at the market loan interest rate for each respective year.</p>									
Usage and progress of excess raised funds	Not applicable.									
Changes in the implementation locations of raised fund investment projects	Not applicable.									
Adjustments to the implementation methods of raised fund investment projects	<p>On May 19, 2023, the Company convened the Forty-third Meeting of the Seventh Board of Directors and the Thirtieth Meeting of the Seventh Supervisory Board, approving the "Proposal on Increasing Some Fundraising Project Implementing Entities," agreeing to add Chengdu Dahua Zhilian Information Technology Co., Ltd., a wholly-owned subsidiary, as one of the implementing entities for the fundraising project "New project of Southwest R&D Center of Dahua Co., Ltd." (now renamed as "5G, IoT, and Multidimensional Perception Product Solution Research and Development Project").</p>									
Advance investment and replacement status of fundraising investment	<p>On May 19, 2023, the Company convened the Forty-third Meeting of the Seventh Board of Directors and the Thirtieth Meeting of the Seventh Supervisory Board, approving the "Proposal on Using Raised Funds to Replace Self-raised Funds</p>									

projects	Previously Invested in Fundraising Projects and Issuance Expenses Already Paid," agreeing to use a total of RMB 2,156.8682 million yuan of raised funds to replace self-raised funds previously invested in fundraising projects and to use RMB 2.2211 million yuan of raised funds to replace self-raised funds previously used to pay issuance expenses, totaling RMB 2,159.0893 million yuan of raised funds to replace the aforementioned previously invested and paid self-raised funds. During the reporting period, the Company has completed the aforementioned capital replacement with raised funds, in accordance with the regulation stipulating the replacement within six months of the receipt of raised funds.
The temporary supplementation of working capital with idle raised funds	Not applicable.
The amount and reasons for the surplus of raised funds during project implementation	Not applicable.
Purpose and disposition of raised funds not used	Unused raised funds (including interest income from the raised funds account) are kept in the Company's special account for raised funds.
Issues or other circumstances regarding the use and disclosure of raised funds	N/A

Note 1: The project names were changed in January 2024. "Construction Project of Xi'an R & D Center" was changed to "AI Technology Research and Application Project," and "New project of Southwest R&D Center of Dahua Co., Ltd." was changed to "5G, IoT, and Multidimensional Perception Product Solution Research and Development Project."

Note 2: The actual investment in relevant supplementary working capital projects exceeds the committed total investment of raised funds, due to bank deposit interest income.

(3) Changes to projects for which raised funds intended to be used

Applicable Not applicable

There were no raised fund project changes during the reporting period.

VIII. Major Assets and Equity Sales

1. Major assets sales

Applicable Not applicable

No major assets sales in the reporting period of the Company

2. Major equity sales

Applicable Not applicable

Counterparty	Equities sold	Date of sale	Transaction price (RMB ten thousand)	The net profits contributed by the	The influence of the sale on the Com	The proportion of the net profits contri	Pricing principle of equity selling	Whether it is a related transaction	The relationship with the counterparty	Whether all the equities involved	Whether the implementation proceeded	Date of Disclosure	Disclosure Index

				equities to the listed Company from the beginning of the current period to the date of sale (RMB ten thousand)	Company	contributed to the listed Company by equity selling in the total net profits				have been transferred	as scheduled		
STEL LANT IS N.V.	7.88 % equity stake in Leap motor Technology	November 20, 2023	320,438.65	- 31,089.78	An increase of RMB 4.137 billion yuan in the Company's net profit attributable to the parent company in 2023	56.20 %	Reference shall be made to the average closing price of Leap motor Technology's stock on the Hong Kong Stock Exchange for 60 trading days, 30 trading days, and	Yes	The actual controllers, Mr. Fu Liquan and Mrs. Chen Ailing, who are spouses, are members of the largest shareholder group of Leap motor Technology and have no	Yes	It was implemented as planned	October 26, 2023	Such information Network http://cninfo.com.cn

							the previous trading day before signing the agreement, as mutually agreed upon after consultation between the parties.		affiliated relationship with the counterparty in the transaction.				
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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 revenue	Operating Profit	Net Profit
Zhejiang Dahua System Engineering Co., Ltd.	Subsidiary Company	Design, construction and installation of construction projects; technology development, services, consultation and transfer; development, manufacturing,	500,000,000.00	3,347,849,044.45	1,269,980,252.01	1,060,066,495.48	4,965,954.88	19,904,357.04

		installation and marketing of electronic products, safety equipment and communication devices; manufacturing and marketing of computer hardware and software; import and export of goods and technologies						
Zhejiang Dahua Vision Technology Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing, marketing and system services of computer hardware and software; design, development, manufacturing and marketing of electronic products and safety equipment; marketing and	1,306,810,000.00	23,252,030,866.78	2,492,881,654.80	21,737,923,298.19	134,019,642.77	123,665,495.71

		technical services of IOT equipment ; warehousing services, bonded warehouse operation						
Zhejiang Dahua Zhilian Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing and marketing of computer hardware and software; development, manufacturing and marketing of electronic products and 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	7,025,248,134.94	1,593,231,586.71	6,732,970,923.10	140,622,928.61	40,503,130.39

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Zhejiang Huajian Technology Co., Ltd.	Purchase of equity	No significant impact on overall production, operation, and performance
Zhejiang Shuhang Intelligent Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Zhejiang Huajie New Energy Operation Service Co., Ltd.	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Belgium BV	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Regional Headquarters	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Azerbaijan LLC	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Vietnam Company Limited	Established with investment	No significant impact on overall production, operation, and performance
HUARAY TECHNOLOGY KOREA COMPANY LIMITED	Established with investment	No significant impact on overall production, operation, and performance
Huaray technology GmbH	Established with investment	No significant impact on overall production, operation, and performance
Dahua Technology Angola S.U. Ida	Established with investment	No significant impact on overall production, operation, and performance
Guizhou Dahua Information Technology Co., Ltd.	Deregistration	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. Deepening High-Quality Development**

Dahua will continue to pay the most attention in the smart IoT industry, adhere to the strategic positioning of a video-centric smart IoT solution and service provider, and focuses on two major business directions of cities and enterprises. It will focus on two main business directions: urban and

enterprise sectors. With insights into industry scenarios and profound understanding of customer needs, the Company will provide good smart IoT solutions, so as to promote high-quality, green and innovative development of economy and society. Simultaneously, adhering to the core values of "achieving success for customers and stakeholders", the Company upholds the mission of "making society smarter and life better". Grounded in the market with exceptional products and services, the Company aims to create greater value for customers, enabling various industries to enjoy the benefits of technology and contributing tirelessly to the construction of a better and harmonious world.

In response to the rapid advancing of AI, the Company will continue to invest heavily in research and development in relevant areas, driving the large-scale implementation of the AI industry. The Company will deepen the research and application of its Galaxy industry model, exploring the value of video-centric data elements, empowering efficient urban governance systems and facilitating the transformation and upgrading of enterprises into intelligent entities. After years of accumulation, the Company has garnered extensive business experience across various industries in government and enterprises settings. Focusing on industry demands and leveraging multi-modal and foundation model technology capabilities, the Company will prioritize the development and industrial implementation of industry visual foundation models for industry-specific applications. This will further accelerate the expansion of government and enterprise intelligence and enhance the penetration rate of AI.

To grasp the vast opportunities in the smart IoT industry, the Company will deepen altruistic thinking and strengthen ecological construction, creating unique and differentiated value for partners to realize a new ecosystem of "co-construction, symbiosis, and mutual benefit." By enhancing the Company's capability to meet the digitalization needs across various industries, increasing investment in innovative business ventures, optimizing the construction of the Company's global marketing network and organizational capabilities, advancing operational decentralization, and strengthening its global compliance system, the Company aims to maintain steady growth in its operational scale while sustaining a healthy gross profit margin, continuously improving cash flow, targeting sustained growth in net profits, and achieving balanced development of businesses. These efforts will lay a solid foundation for sustainable high-quality development.

2. Focus on prioritized tasks

- (1) The Company is committed to continuously increasing investments in innovation and core technologies, establishing barriers with core technological capabilities, and maintaining a focus on AIoT and IoT digital intelligence platforms as its two main technological directions. It aims to construct capabilities of "Full Sensing, Full Connection, Full Intelligence, Full Computing, and Full Ecosystem" to achieve triple enhancements in the comprehensive 6D perception technology, elevating video perception capabilities in multiple dimensions, and broadly expanding full-frequency domain perception capabilities. The Company is also strengthening its research and development in AI, integrating multimodal and foundation model capabilities to advance the development and industrial application of industry-specific vision-based foundation models,

accelerating the AI industry upgrade, and further expanding the scale of digital and intelligent services for cities and enterprises.

- (2) The Company adheres to a full ecosystem strategy, anchoring its focus on realizing customer value through services. By building all-round open capabilities from technology, business to service, and opening up to industry customers and developers with hardware, software, algorithms, services and business ecology, the Company works together with its partners to pioneer new fields and create new dynamics, so as to jointly develop infinite possibilities for industrial development and empower the digital transformation of various industries.
- (3) The Company will optimize its global marketing network, continue to reach more customers in key domestic cities and key overseas countries, explore customers' needs, strengthen the front-line operation, technology and service capacity, accelerate the response in front-line business, find accurate resources and accumulate customers with value.
- (4) In the field of innovative businesses, leveraging in-depth understanding of diverse customer needs and years of accumulation in the field of intelligent IoT, the Company continues to explore emerging business areas, including: machine vision and mobile robots, smart living, thermal imaging, automotive electronics, smart security inspection, smart fire protection, storage media, and other innovative businesses, aiming to continuously expand new high-growth points for the Company.
- (5) Deepen intelligent manufacturing and construct a digital supply system tailored to customer needs. Through the construction of digital supply chain capabilities, including visualizing the manufacturing process, optimizing logistics, effectively managing suppliers, planning delivery capacities, and fostering efficient internal collaboration, the Company achieves timely and reliable delivery commitments to meet customer demands.
- (6) Enhancing operational efficiency within the enterprise, the Company focuses on high-quality business, so as to further upgrade the fine management of clients and business opportunities, and enhance frontline operational capabilities. The supply chain implements flexible sourcing to reduce delivery time and further lower costs. Strengthening quality management, the Company puts in comprehensive effort to enhance product delivery and quality, promoting the practical application of new technologies in intelligent software programming, intelligent pre-sales, and intelligent operations and maintenance.
- (7) The Company will strengthen organizational capabilities, advance the deployment of operational talents into various operational areas; focus on employee development, cultivate a stable workforce structure, and foster a virtuous cycle involving both management personnel and technical professionals; advocate a high-performance culture, enhance organizational and individual efficiency; inspire hard work for reward, and continue to promote the "Employee Development Community Plan".
- (8) The Company will continuously advance the construction of the compliance system and effectively safeguard the compliant operation and steady development of businesses.

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
February 6, 2023	Meeting room	Field Investigation	Institution	A total of 24 institutions including Sinolink Securities and Bosra Funds	The business summary in 2022 and the development outlook for 2023 for the Company	Records of Investor Relations Activities on February 6th and 8th, 2023 (Published on Juchao Information Network)
February 16, 2023	Meeting room	Field Investigation	Institution	A total of 10 institutions including CITIC Securities and Caitong Securities	The Company's Investments and Strategic Positioning in Software, and the Products and Intelligent Advantages of Its Subsidiary IMOU	Records of Investor Relations Activities on February 16th and 17th, 2023 (Published on Juchao Information Network)
March 1, 2023	Meeting room	Field Investigation	Institution	A total of 12 institutions including Xinda Aoyin and Granford Capital	The Company's Business Development Outlook for 2023 and the Development Status of the Dahua Haorui Platform	Records of Investor Relations Activities on March 1, 2023 (Published on Juchao Information Network)
March 9, 2023	Meeting room	Field Investigation	Institution	A total of 15 institutions, including Topsperity Securities Asset Management and Essence Securities.	The Company's High-Reusability Application Scenario Solutions and the Extent of Ecological Collaboration Coverage	Records of Investor Relations Activities on March 9th and 10th, 2023 (Published on Juchao Information Network)
March 13, 2023	Meeting room	Field Investigation	Institution	A total of 9 institutions including China Universal	The Company's Initiatives in Channel Ecological	Records of Investor Relations Activities on March 13th

				Asset Management, AXA SPDB Investment Managers, etc.	Cooperation and Solutions with High Reusability in Application Scenarios	and 14th, 2023 (Published on Juchao Information Network)
March 23, 2023	Meeting room	Field Investigation	Institution	A total of 7 institutions including Harvest Fund and First-Trust Fund	The Company's Omni-Ecological Architecture and the Implementation of the Company's AI Capabilities	Records of Investor Relations Activities on March 23th and 24th, 2023 (Published on Juchao Information Network)
April 28, 2023	Meeting room	Field Investigation	Institution	A total of 282 institutions including CICC and China Merchants Securities	The Overall Operational Status of the Company in 2022 and the Outlook for Cooperation with China Mobile	Records of Investor Relations Activities on April 28th, 2023 (Published on Juchao Information Network)
May 11, 2023	Meeting room	Field Investigation	Institution	A total of 10 institutions including Changjiang Pension and China Life Security	The implementation status of the Company's AI technology and the Company's strategy and execution in the multimodal aspect	Records of Investor Relations Activities on May 11th and 12th, 2023 (Published on Juchao Information Network)
May 16, 2023	Meeting room	Field Investigation	Institution	A total of 8 institutions including Sinolink Securities and Efunds	The co-creation of technology with ecosystem partners by the Company, along with specific industry applications of intelligent manufacturing solutions	Records of Investor Relations Activities on May 16th and 17th, 2023 (Published on Juchao Information Network)
May 26, 2023	Meeting room	Field Investigation	Institutions and individuals	A total of 30 institutions including Harvest Fund and Orient	The recent development of the Company's industrial	Records of Investor Relations Activities on May 26th,

				Securities, and 6 individual investors including Zhen Rongjun	robots and machine vision businesses, and the Company's support for partner business implementation in commercial sharing	2023 (Published on Juchao Information Network)
June 7, 2023	Meeting room	Field Investigation	Institution	A total of 6 institutions including Bosra Funds and Guolian Securities	The development of the Company's intelligent manufacturing business and the collaborative cooperation between the Company and China Mobile	Records of Investor Relations Activities from June 7th to 9th, 2023 (Published on Juchao Information Network)
August 26, 2023	Meeting room	Telephone communication	Institutions and individuals	A total of 213 institutions including Morgan Stanley and Sequoia Capital, and 6 individual investors such as Xie Ziyou	The Company's operational performance in the first half of 2023 and the outlook for business development trends in the second half	Records of Investor Relations Activities on August 26th, 2023 (Published on Juchao Information Network)
September 19, 2023	Meeting room	Field Investigation	Institution	A total of 11 institutions including Zheshang Securities and Essence Securities	The Company's progress in foundation model research and development, and in software field	Records of Investor Relations Activities on September 19, 2023 (Published on Juchao Information Network)
October 21, 2023	Meeting room	Telephone communication	Institutions and individuals	A total of 212 institutions including CICC and Goldman Sachs (Asia), and 6 individual investors such as Yang Yiran.	The Company's operational performance in the first three quarters of 2023 and the outlook for business development trends in the	Records of Investor Relations Activities on October 21, 2023 (Published on Juchao Information Network)

					future	
November 10, 2023	Meeting room	Field Investigation	Institution	A total of 11 institutions including China International Fund Management and China Universal Asset Management	The recent release of the upgraded "Dahua Think #2.0" strategy, the characteristics of industry foundation model, and the progress of cooperation with China Mobile	Records of Investor Relations Activities on November 10th and 13th, 2023 (Published on Juchao Information Network)
December 1, 2023	Meeting room	Field Investigation	Institution	A total of 9 institutions including Changjiang Pension and Founder Securities	The development of the Company in the field of "Full Sensing", the introduction of the Company's lightweight Genius AI open platform, as well as the Galaxy foundation model	Records of Investor Relations Activities on December 1st and 4th, 2023 (Published on Juchao Information Network)

XIII. The Implementation of the "Quality and Returns Enhancement" Action Plan

Has the Company disclosed the "Quality and Returns Enhancement" action plan?

Yes No

To safeguard the interests of all shareholders and based on confidence in the Company's future development prospects and recognition of the stock's value, the Company has formulated the "Quality and Returns Enhancement" action plan. For specific details, see the announcement titled "Announcement on the 'Quality and Returns Enhancement' Action Plan" disclosed on February 7, 2024, on the Juchao Information Network (announcement number: 2024-013).

The Company consistently prioritizes high-quality development, adhering to the core values of "achieving success for customers and stakeholders", and fulfilling the mission of "making society smarter and life better." Leveraging two major technological strategies, AIoT and IoT digital intelligence platform, the Company empowers the construction of efficient urban governance systems and the digital intelligence transformation and upgrading of enterprises. It deeply understands industry scenarios, comprehends customer needs, provides comprehensive smart IoT solutions, and is committed to building the preferred brand for smart IoT, promoting high-quality, green, and innovative economic and social development.

The Company continuously strengthens its corporate governance foundation by establishing internal control systems and promoting the responsible performance of the shareholders meeting,

board of directors, board of supervisors, and the management team. It regulates the rights and obligations of the Company and shareholders, preventing the abuse of shareholder rights and the use of management advantages to harm the interests of small and medium investors. The Company enhances investor relations management, expands channels for institutional investors to participate in corporate governance, guides small and medium investors to actively participate in shareholders' meetings, facilitates the participation of various investor entities in major decision-making, and enhances investors' voice and sense of participation.

While solidifying its own development foundation, the Company has firmly established a sense of rewarding the shareholders. Since its listing in 2008, it has adhered to the practice of annual cash dividends, with the cumulative cash dividend amount exceeding RMB 5.7 billion yuan. In the fiscal year 2023, the Company achieved a cumulative cash dividend of RMB 1.436 billion yuan through methods such as mid-year cash dividends and share repurchases. With the aim of better rewarding shareholders, and considering the capital needs for future business development and production operations, the Company has formulated a plan for the distribution of profits for the fiscal year 2023. It proposes to distribute cash dividends of RMB 3.82 yuan (including tax) per 10 shares to all shareholders, amounting to approximately RMB 1.251 billion yuan (including tax) in cash dividends. Taking into account the mid-term cash dividends already distributed, the amount spent on share repurchases, and the proposed cash dividends for the fiscal year 2023, the total cash dividends for the fiscal year 2023 amounted to RMB 2,686,469,500 yuan, accounting for 36.49% of the net profit attributable to the shareholders of the Company for the fiscal year 2023.

Section IV Corporate Governance

I. Basic Situation on Corporate Governance

Dahua has strictly established a "three meeting and one layer" corporate governance structure for the shareholders' meeting, board of directors, supervisory board, and management by following the Company Law, Securities Law, Code of Corporate Governance for Listed Companies and other relevant laws, regulations, and regulatory documents of regulatory authorities. There are four special committees under the board of directors, including the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, with each having clear responsibilities and coordinated operations.

During the reporting period, the Company constantly improved corporate governance structure, established a sound internal control system, constantly improved the Company's standardized operation level, strictly performed the information disclosure obligations, and focused on protection of the investors' interests. The actual situation of corporate governance is in line with the laws, regulations, regulatory documents, and rules of self-regulation on the governance of listed companies issued by China Securities Regulatory Commission and Shenzhen Stock Exchange.

(I) Shareholders and shareholder meetings

The Company strictly adheres to the provisions and requirements of the Company Law, the Company's Articles of Association, and the Rules of Procedure for Shareholders' Meetings to convene and conduct shareholders' meetings. This ensures equal treatment of all shareholders and guarantees shareholders' rights to information, participation, and voting on significant company matters. During the reporting period, a total of four shareholders' meetings were convened, where resolutions were made on matters including regular reports, board elections, equity sales, and adjustments to equity incentive plans. The Company hires a lawyer to issue legal opinions on the convening of the General Meeting of Shareholders, the qualifications of the attenders, the qualifications of the convener, the voting procedure, and the voting results to ensure that the operation mechanism of the General Meeting of Shareholders complies with relevant provisions, and protects the legitimate rights and interests of the shareholders.

(II) The Company and controlling shareholders

The Company operates independently from its controlling shareholder in terms of business, personnel, assets, finances, and organization. Each operates with independent accounting, assuming individual responsibilities and risks. During the reporting period, the controlling shareholders adhered strictly to regulations, exercising shareholder rights in accordance with relevant laws, regulations, and the Company's articles of association. There were no instances of abusing its controlling position to harm the legitimate rights and interests of the Company and other shareholders, nor were there any cases of non-operational use of the Company's funds.

(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 and 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 of the Company's directors should perform their duties with integrity and diligence in accordance with the principles of maximizing the interests of the company and shareholders. The Board of Directors convened board meetings and implemented the resolutions of the shareholders' meeting in strict accordance with "Articles of Association" and "Rules of Procedure of the Board of Directors"; All the directors were able to perform their due duties and conscientiously attended 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 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. 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 corporate finance, directors, and senior managers in fulfilling their duties, in an integral, diligent and conscientious manner, to safeguard the legitimate rights and interests of the Company and shareholders.

(V) Senior Management Personnel

The responsibilities of senior management personnel within the Company are clearly defined, and they diligently fulfill their duties in strict accordance with various management systems, including the Company's Articles of Association. They demonstrate diligence and responsibility, effectively implementing and executing resolutions made by the board of directors.

(VI) Performance Appraisal and Incentive and Constraint

To further establish and improve the Company's incentive mechanism and strengthen the Company's philosophy of sustainable development of both management and core employees, the Company implements a stock option and restricted stock incentive plan, aiming to reinforce the interest sharing and restraint mechanisms applied to shareholders and core business personnel. It has maintained the stability of management teams and business leaders, guaranteed the realization of the Company's development strategy and business objectives, and ensured the Company's long-term sound development. 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 stakeholders. While striving for steady growth in company performance, it earnestly treats and protects the legitimate rights and interests of all stakeholders. The Company strengthens communication and cooperation with various parties, continuously improves product quality, attaches importance to corporate social responsibility, and achieves a balance of interests among shareholders, employees, and society. This is done to promote the Company's sustained, stable, and healthy development.

(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, the Company's "Information Disclosure Management System" and "Investor Relation Management System", and designates Securities Times and Juchao Information Network (www.cninfo.com.cn) as the media channels for such disclosure; the Company strictly enforces the confidentiality of undisclosed information. According to the Company's "Inside Information Confidentiality System", internal information insiders have been properly registered and filed. 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 engages in communication with investors by setting up a special column of investor relations management on its official website, and answering investors' questions through the investor interaction platform of Shenzhen Stock Exchange and the Company's investor hotline, so as to keep investors' communication channels available, help investors understand and work with 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 laws, administrative regulations and the rules 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 laws, administrative regulations and the rules issued by China Securities Regulatory Commission regarding the governance of listed companies.

II. The Company's Independence from the Controlling Shareholders, Actual Controllers in Asset, 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 are conducted legally and independently; senior management personnel such as the president, executive president, senior vice president, board secretary, 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. Organization independence

The Company's organizations are independent from the controlling shareholders, actual controllers and other companies controlled by them. The Company has established decision-making, implementation, and supervision bodies for general meeting of shareholders, board of directors and board of supervisors. It has also appointed senior managers such as president, executive president, senior 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 is no circumstance in which the controlling shareholder or actual controller interferes with its organizational setup.

5. Finance 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 2023	Extraordinary General Meeting	39.75%	March 6, 2023	March 7, 2023	For details, see the Announcement of Resolutions at the First Extraordinary General Meeting of Shareholders in 2023 published on Juchao Information Network (www.cninfo.com.cn)
2022 Annual General Meeting of Shareholders	Annual General Meeting	52.63%	May 26, 2023	May 27, 2023	For details, see the Announcement of Resolutions at the 2022 Annual General Meeting of Shareholders published on Juchao Information Network (www.cninfo.com.cn)
Second Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting	51.13%	September 11, 2023	September 12, 2023	For details, see the Announcement of Resolutions at the Second Extraordinary General Meeting of Shareholders in 2023 published on Juchao Information Network (www.cninfo.com.cn)
Third Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting	46.15%	November 6, 2023	November 7, 2023	For details, see the Announcement of Resolutions at the Third

						Extraordinary General Meeting of Shareholders in 2023 published on Juchao Information Network (www.cninfo.com.cn)
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2. Convening of the Extraordinary General Meeting of Shareholders upon request of the preferred stockholders whose voting rights are restored

Applicable Not applicable

IV. 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 increase and decrease in shares
Fu Liquan	Male	57	Chairman	Incumbent	April 1, 2005	September 10, 2026	1,023,868,980	0	0	0	1,023,868,980	
Wu Jun	Male	52	Vice Chairman	Incumbent	April 1, 2005	September 10, 2026	69,172,886	0	0	0	69,172,886	
Chen Ailing	Female	57	Director	Incumbent	April 1, 2005	September 10, 2026	71,262,813	0	0	0	71,262,813	
Zhao Yunin g	Male	47	Director	Incumbent	March 6, 2023	September 10, 2026	1,639,000	0	0	-326,400	1,312,600	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.

Yuan Lihua	Male	57	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	
Zhang Xiaoming	Male	53	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	
Liu Hanlin	Male	61	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	
Cao Yanlong	Male	49	Independent Director	Incumbent	December 20, 2021	September 10, 2026	0	0	0	0	0	
Zhang Yuli	Male	59	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	
Song Maoyuan	Female	42	Chairman of the Board of Supervisors	Incumbent	April 3, 2008	September 10, 2026	0	0	0	0	0	
Zheng Jieping	Female	43	Supervisor	Incumbent	August 12, 2020	September 10, 2026	50,200	0	0	0	50,200	
Jia Qi	Male	47	Supervisor	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	
Fu Liquan	Male	57	President	Incumbent	February 27, 2020	September 10, 2026						
Zhao Yuning	Male	47	Executive President	Incumbent	December 19, 2022	September 10, 2026						
Liu Ming	Male	43	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	1,059,900	0	0	-254,400	805,500	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and

												canceled.
Li Zhijie	Male	49	Senior Vice President	Incumbent	February 27, 2020	September 10, 2026	1,195,000	0	0	- 254,400	940,600	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.
Song Ke	Male	46	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	546,000	0	0	- 218,400	327,600	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.
Wu Jian	Male	50	Secretary of the Board and Senior Vice President	Incumbent	December 1, 2005	September 10, 2026	1,879,335	0	0	- 254,400	1,624,935	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.
Xu Qiaofen	Female	52	CFO and Senior Vice President	Incumbent	February 27, 2020	September 10, 2026	1,047,000	0	0	- 218,400	828,600	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.
Xu Zhicheng	Male	58	Senior Vice President	Incumbent	March 22, 2018	September 10, 2026	1,137,000	0	0	- 254,400	882,600	Participation in the Company's equity incentive plan, with a portion of the held shares

												repurchased and canceled.
Zhu Jiantang	Male	42	Senior Vice President	Incumbent	March 22, 2018	September 10, 2026	1,330,225	0	0	- 254,400	1,075,825	Participation in the Company's equity incentive plan, with a portion of the held shares repurchased and canceled.
Zuo Pengfei	Female	46	Supervisor	Resigned	April 3, 2008	September 10, 2023	0	0	0	0	0	
Total	--	--	--	--	--	--	1,174,188,339	0	0	- 2,035,200	1,172,153,139	--

Whether there is any outgoing directors, supervisors, or dismissal of senior management in their term of office during the reporting period.

Yes No

During the reporting period, Ms. Zuo Pengfei, a supervisor of the Company, left her position upon the expiration of her term and ceased to serve as a company supervisor.

Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Name	Title	Type	Date	Causes
Zuo Pengfei	Supervisor	Resigned upon term expiry	September 11, 2023	Resigned upon term expiry and no longer served as a supervisor
Zhao Yuning	Director	Elected	March 6, 2023	Elected
Yuan Lihua	Director	Elected	September 11, 2023	Elected
Zhang Xiaoming	Director	Elected	September 11, 2023	Elected
Jia Qi	Supervisor	Elected	September 11, 2023	Elected

2. Positions

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 master degree in EMBA of Zhejiang University. As one of the main founders of the Company, he served as chairman and president of the Company, and now serves as chairman and president of the Company. He has won the honors of "Top Ten Influential Zhejiang Entrepreneurs", "Model Worker of Zhejiang Province", "Excellent Constructor 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 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, and more.

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, holding a bachelor's degree. As one of the main founders of the Company, she served as director and CFO of the Company, and now serves as director of the Company. Mr. Zhao Yuning, Chinese nationality, was born in 1977 and graduated from National University of Singapore with a master degree in science. 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 in turn. He is currently the director and executive president of the Company.

Mr. Yuan Lihua, Chinese nationality, born in 1968, holds a Master's degree. He previously served as a director and deputy general manager of China Mobile Communications Group Terminal Co., Ltd., and deputy general manager of the Foreign Investment Management Department of China Mobile Communications Group Co., Ltd. He currently serves as a director of the Company, a director, deputy general manager, and the Chief Legal Counsel of China Mobile Capital Holdings Co., Ltd.

Mr. Zhang Xiaoming, Chinese nationality, born in 1972, holds a Master's degree. He previously served as the Deputy General Manager of the Marketing Center at China Mobile Communications Group Beijing Co., Ltd., the Manager of the Key Customer Department at China Mobile Communications Group Co., Ltd., and the Deputy General Manager at China Mobile Aspire Holdings Limited. He currently holds a position as a director in the Company.

Mr. Cao Yanlong, Chinese nationality, born in 1975, is a member of the Communist Party of China and holds a doctoral degree. He has previously served as a lecturer/postdoctoral fellow at the College of Biosystems Engineering and Food Science at Zhejiang University, a visiting scholar at the Center for Precision Measurement at the University of Huddersfield in the United Kingdom, and an assistant director of the Hangzhou Municipal Commission of Economy and Informatization. Currently, he holds the position of professor at the School of Mechanical Engineering at Zhejiang University. He concurrently serves as the director of the Shandong Industrial Technology Research Institute of Zhejiang University and an independent director of the Company.

Mr. Liu Hanlin, Chinese nationality, born in 1963, holds a postgraduate degree. He has held various positions at Hangzhou Dianzi University, starting as an assistant, lecturer, associate professor, and eventually becoming a professor in the field of accounting. Previously, he served as the Vice Dean of the School of Economics and the Party Secretary of the School of Accounting at Hangzhou Dianzi University. Currently, Mr. Liu holds the position of professor at Hangzhou Dianzi University. Additionally, he serves as 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 committee member of the Accounting Society of Zhejiang Province, an executive director of the Zhejiang Institute of Certified Public Accountants, and a deputy director of the Expert Consultation Committee on Management Accounting in Zhejiang Province. Furthermore, he acts as an independent director for Litian Pictures Holdings Ltd., Zhejiang Runyang New Material Technology Co., Ltd., and Zhejiang Great Shengda Packaging Co., Ltd. He is Independent Director of the Company.

Mr. Zhang Yuli, Chinese nationality, born in 1965, holds a doctoral degree. He previously served as the Executive Deputy Director of the MBA Center, Vice Dean of the Graduate School, Vice Dean and Dean of the Business School at Nankai University. Currently, he holds positions as a Professor and PhD Supervisor at the Nankai University Nankai Business School, as well as the Dean of the Nankai University Innovation and Entrepreneurship Institute. Additionally, he serves as a member of the Management Science Department of the Ministry of Education's Science and

Technology Committee, the China High-Quality MBA Education Accreditation Working Committee, the Tianjin Discipline Review Group, and the Professional Degree Education Guidance Committee. Furthermore, he holds positions as an expert reviewer for the National Natural Science Foundation and the National Social Science Foundation, as well as serving as an independent director for Tianjin Port Co., Ltd. and Tianjin Benefo Tejing Electric Co., Ltd. He was awarded the Special Allowance by the State Council in 2004 and was selected as a "Changjiang Scholar" Distinguished Professor by the Ministry of Education in 2013. He is Independent Director of the Company.

Ms. Song Maoyuan, Chinese nationality, was born in 1982, holding a bachelor's degree. She currently serves as the President's Secretary and Chairperson of the Board of Supervisors at the Company.

Ms. Zheng Jieping, Chinese nationality, born in 1979, holds a Bachelor's degree. She currently serves as the President of HR Center and a supervisor of the Company.

Mr. Jia Qi, Chinese nationality, born in 1978, holds a Bachelor's degree. He previously served as the General Manager of the Comprehensive Department and Research and Development Department of China Mobile Communications Group Terminal Co., Ltd., and as the General Manager of its Beijing Branch. He currently serves as a Departmental 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. In the past five years, he has served as the Secretary of the Board of Directors and Vice President of the Company. He currently serves as the Secretary of the Board of Directors and Senior Vice President of the Company.

Ms. Xu Qiaofen, Chinese nationality, born in 1972, holds a college degree. She served as the chief financial officer of the Company's Finance Center from January 2015 to January 2017, the deputy general manager of the Company's Finance Center from January 2017 to December 2017, and the general manager of the Company's Finance Center since December 2017. She now serves as the CFO, Senior Vice President, and President of the Finance Center of the Company.

Mr. Liu Ming, Chinese nationality, born in 1981, holds a Master's degree. He joined the Company in 2006 and has served in various roles over the past 5 years, including Director of Hardware Platform Development Department, General Manager of R&D Center Front-end Product Line, General Manager of R&D Center Product Development Department, and Deputy General Manager of the R&D Center. He has been a standing deputy general manager of the R&D Center since March 2020. He now serves as a 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. He served as technical engineer, director of the Delivery and Service Department of the Representative Office, national delivery representative, and president of Regional Delivery Department of Huawei Technologies Co., Ltd. from March 2005 to August 2017, and has been serving as general manager of the Delivery and Service Center of the Company since September 2017. He now serves as a senior vice president of the Company and President of Delivery and Service Center of the Company, and President of Zhejiang Dahua Smart IoT Services Co., Ltd.

Mr. Song Ke, Chinese nationality, born in 1978, holds a master degree. He previously served as a manager of IT Department of Hangzhou H3C Co., Ltd., the General Manager of IT Center of Zhejiang Dahua Technology Co., Ltd., and a supervisor of the Company. He now serves as a senior vice president of the Company and president of the Process IT Center.

Mr. Xu Zhicheng, Chinese nationality, born in 1966, holds a college degree. He successively served as deputy general manager, general manager and supervisor of the Marketing Department 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 a senior vice president of the Company and general manager of the Company's Quality Management Center.

Mr. Zhu Jiantang, Chinese nationality, born in 1982, 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 a senior vice president of the Company and the president of the Supply Chain Management Center.

Position held in shareholders entities

Applicable Not applicable

Position held in other entities

Applicable Not applicable

Name of office-holder	Name of other entity	Position held in other entities	Remuneration 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	Hangzhou Huaxi Information Technology Co., Ltd.	Executive Director and General Manager	No
Chen Ailing	Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huagu Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huaqi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Chairman	No
Chen Ailing	Hangzhou Huazhen Equity Investment Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang I Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang II Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang III Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikang IV Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Ruipin Enterprise Management Partnership (Limited Partnership)	Executive Partner	No

Chen Ailing	Hangzhou Huaxiao 02 Corporate Management Partnership Enterprise (limited partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huaxiao 01 Corporate Management Partnership Enterprise (limited partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huatan Corporate Management Partnership Enterprise (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 Enterprise Rural Industry Investment Fund Co., Ltd.	Vice Chairman	No
Yuan Lihua	China Mobile Investment Holding Co., Ltd.	Director	No
Yuan Lihua	China Mobile Capital Holdings Co., Ltd.	Director, deputy general manager, chief legal advisor	Yes
Liu Hanlin	Zhejiang Runyang New Material Technology Co., Ltd.	Independent Director	Yes
Liu Hanlin	Litian Pictures Holdings Limited	Independent Director	Yes
Liu Hanlin	Zhejiang Great Shengda Packaging Co., Ltd.	Independent Director	Yes
Liu Hanlin	Hangzhou Crysound Electrical Co., Ltd.	Independent Director	No
Zhang Yuli	Tianjin TEDA Construction Group Co., Ltd.	Director	No
Zhang Yuli	Tianjin Benefo Tejing Electric Co., Ltd.	Independent Director	Yes
Zhang Yuli	Tianjin Port Holdings Co., Ltd.	Independent Director	Yes
Cao Yanlong	Hangzhou Hanmo Industrial Group Co., Ltd.	Supervisor	No
Cao Yanlong	Shandong Chuangzhi Intelligent Technology Co., Ltd.	Executive Director and General Manager	No
Cao Yanlong	Hangzhou Xiaotu Technology Co., Ltd.	Manager	No
Song Maoyuan	Hangzhou Huaxi Information Technology Co., Ltd.	Supervisor	No
Zheng Jieping	Hangzhou Huarong Investment Management Co., Ltd.	General Manager	No
Jia Qi	China Mobile Capital Holdings Co., Ltd.	Departmental General Manager	Yes

Penalties imposed by CSRC on incumbent or outgoing directors, supervisors, and senior management during the reporting period in the last three years

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

The followings are 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 a system of responsibility for business objectives in their term of office, and formulated the assessment

method in which the company-level KPI index commitments are combined with individual performance commitments. They have met these indexes, meaning that they are able to 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 objectives.

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

Unit: RMB ten thousand

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	57	Chairman, President	Incumbent	99.65	No
Wu Jun	Male	52	Vice Chairman	Incumbent	8.99	No
Chen Ailing	Female	57	Director	Incumbent	0	No
Zhao Yuning	Male	47	Director, Executive President	Incumbent	243.78	No
Yuan Lihua	Male	57	Director	Incumbent	0	Yes
Zhang Xiaoming	Male	53	Director	Incumbent	43.07	No
Liu Hanlin	Male	61	Independent Director	Incumbent	25.75	No
Zhang Yuli	Male	59	Independent Director	Incumbent	25.75	No
Cao Yanlong	Male	49	Independent Director	Incumbent	25.75	No
Song Maoyuan	Female	42	Employee Supervisor	Incumbent	66.43	No
Zheng Jieping	Female	45	Employee Supervisor	Incumbent	162.69	No
Jia Qi	Male	47	Supervisor	Incumbent	0	Yes
Liu Ming	Male	43	Senior Vice President	Incumbent	219.54	No
Li Zhijie	Male	49	Senior Vice President	Incumbent	206.16	No
Song Ke	Male	46	Senior Vice President	Incumbent	200.65	No
Wu Jian	Male	50	Senior Vice President and Secretary of the Board	Incumbent	204.13	No
Xu Qiaofen	Female	52	Senior Vice President and Chief Financial Officer	Incumbent	191.18	No
Xu Zhicheng	Male	58	Senior Vice President	Incumbent	216.53	No
Zhu Jiantang	Male	42	Senior Vice President	Incumbent	225.98	No
Zuo Pengfei	Female	46	Employee Supervisor	Resigned	34.92	No
Total	--	--	--	--	2,200.95	--

Other notes

Applicable Not applicable

VI. The Performance of the Duties of Directors During the Reporting Period

1. The Board for this reporting period

Conference Session	Date of Conference	Date of Disclosure	Conference Resolution
The 39th meeting of the 7th board of directors	February 17, 2023	February 18, 2023	For details, see the Announcement of Resolutions at the 39th meeting of the 7th board of

			directors published on Juchao Information Network (www.cninfo.com.cn)
The 40th meeting of the 7th board of directors	March 17, 2023	March 21, 2023	For details, see the Announcement of Resolutions at the 40th meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 41st meeting of the 7th board of directors	April 7, 2023	April 8, 2023	For details, see the Announcement of Resolutions at the 41st meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 42nd meeting of the 7th board of directors	April 27, 2023	April 28, 2023	For details, see the Announcement of Resolutions at the 42nd meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 43rd meeting of the 7th board of directors	May 19, 2023	May 20, 2023	For details, see the Announcement of Resolutions at the 43rd meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 44th meeting of the 7th board of directors	June 16, 2023	June 17, 2023	For details, see the Announcement of Resolutions at the 44th meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 45th meeting of the 7th board of directors	June 25, 2023	June 27, 2023	For details, see the Announcement of Resolutions at the 45th meeting of the 7th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 46th meeting of the 7th board of directors	August 25, 2023	August 26, 2023	For details, see the Announcement of Resolutions at the 46th meeting of the 7th board of directors published on

			Juchao Information Network (www.cninfo.com.cn)
The 1st meeting of the 8th board of directors	September 11, 2023	September 12, 2023	For details, see the Announcement of Resolutions at the 1st meeting of the 8th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 2nd meeting of the 8th board of directors	October 20, 2023	October 21, 2023	For details, see the Announcement of Resolutions at the 2nd meeting of the 8th board of directors published on Juchao Information Network (www.cninfo.com.cn)
The 3rd meeting of the 8th board of directors	October 26, 2023	October 26, 2023	For details, see the Announcement of Resolutions at the 3rd meeting of the 8th board of directors published on Juchao Information Network (www.cninfo.com.cn)

2. Attendance of directors at the BOD meetings and shareholders' general meetings

Attendance of directors at the BOD meetings and shareholders' general meetings							
Name of director	Number of board meetings to attend during the reporting period	Number of attending the board meetings on site	Number of attendances of board meetings by means of telecommunications	Number of attendances of board meetings by trustees	Number of absences at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendance of shareholder s' general meetings
Fu Liquan	11	10	1	0	0	No	4
Wu Jun	11	11	0	0	0	No	4
Chen Ailing	11	11	0	0	0	No	4
Zhao Yuning	10	10	0	0	0	No	4
Yuan Lihua	3	1	2	0	0	No	2
Zhang Xiaoming	3	3	0	0	0	No	2
Liu Hanlin	11	3	8	0	0	No	4
Zhang Yuli	11	1	10	0	0	No	3
Cao Yanlong	11	3	8	0	0	No	1

Explanation for failure to attend the board meeting in person twice in a row

N/A

3. Objections of directors to related issues of the company

Whether the directors challenge the company's related issues?

Yes No

During the reporting period, no director raised objections to the company's related issues.

4. Other information on directors' performance of duties

Whether director's proposals on the company issues are accepted?

Yes No

Note on the acceptance or rejection of director's proposals on company issues.

During the reporting period, the directors of the Company diligently attended the board meetings and shareholder meetings in strict accordance with relevant laws and regulations such as the "Rules Governing the Listing of Shares on Shenzhen Stock Exchange" and the Company's Articles of Association. They conscientiously fulfilled their duties and provided constructive opinions or suggestions on the Company's development decisions. Simultaneously, they proactively monitored the Company's operational and financial status, as well as significant matters, to promote the continuous, stable, and healthy development of the Company's operations.

The independent directors demonstrated diligence and dedication by actively understanding the Company's operational status, internal control system construction, and the implementation of resolutions of the board of directors and shareholder meetings. They particularly scrutinized matters such as related-party transactions and profit distribution plans, offering prudent oversight and expressing professional opinions. Their active and effective performance of directorial duties served to uphold the overall interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders. They played a positive role in promoting the Company's standardized, stable, and healthy development.

VII. Performance of the Special Committee Under the Board of Directors During the Reporting Period

Committee Name	Members	Number of Meetings Held	Date of Conference	Meeting Content	Offered Important Ideas and Suggestions	The Performance of the Others Duties	Details of Objections (if any)
Audit Committee	Liu Hanlin, Chen Ailing, Cao Yanlong, Zhang Yuli, (appointed for this role on September 11, 2023, Yuan Lihua (appointed for this role on September 11, 2023))	6	March 27, 2023	Communicating with the auditing firm regarding the initial audit draft			
			April 20, 2023	Deliberating on matters such as the 2022 annual report, the 2023 first-quarter report, and other related issues			
			August 23, 2023	Deliberating on matters such as the 2023 semi-annual report and other related issues			

			September 11, 2023	Reviewing and verifying the information of the appointed Chief Financial Officer and Head of Internal Audit			
			October 18, 2023	Deliberating on the 2023 third quarter report			
			December 28, 2023	Communicating on the 2023 annual audit plan			
Remuneration and Appraisal Committee	Zhang Yuli, Fu Liqian, Liu Hanlin	3	April 20, 2023	Deliberated and determined the remunerations for the directors, supervisors, and the senior executives, the repurchase and cancellation of restricted shares under equity-based incentives			
			June 9, 2023	Deliberating on and verifying adjustments to the 2022 equity incentive plan			
			August 24, 2023	Reviewing the compensation scheme for independent directors of the 8th board of directors			
Nomination Committee	Cao Yanlong, Liu Hanlin, Fu Liqian	3	February 16, 2023	Deliberating on the proposal for the nomination of candidates for non-independent directors of the 7th board of directors			
			August 24, 2023	Deliberating on the proposal for the nomination of candidates for non-independent directors and independent directors of the 8th board of directors			
			September 11, 2023	Deliberating and verifying the information of the senior management candidates			
Strategy Committee	Fu Liqian, Zhang Yuli, Wu Jun, Zhao Yuning (appointed for this role on March 6, 2023)	2	April 20, 2023	Deliberating on the 2023 development strategy of the Company			
			August 24, 2023	Deliberating on the Company's share repurchase plan			

VIII. Performance of the Supervisory Committee

Has the supervisory board discovered any risk in the company during the supervision in the reporting period

Yes No

The supervisory board had no objection to the supervisory matters in the report period.

IX. Employees 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)	12,205
Number of incumbent employees in major subsidiaries at the end of the reporting period (person)	11,247
Total number of incumbent employees at the end of the reporting period (person)	23,452
Number of employees receiving salaries in current period (person)	23,452
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	7
Profession composition	
Type of profession composition	Number of employees for profession composition (person)
Salesperson	4,859
R&D personnel	12,372
Supply chain	3,988
Management personnel	450
Professional support staff	1,783
Total	23,452
Educational background	
Type of educational background	Number of employees (person)
Master and above	3,963
Bachelor	13,581
College, technical secondary school	3,172
Others	2,736
Total	23,452

2. Remuneration policies

The Company has established complete remuneration management systems and incentive mechanisms in strict accordance with Labor Law, Labor Contract Law and other relevant laws and regulations, departmental rules, and normative documents, providing the employees with competitive remunerations. 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 support for sustainable, fast growth of the Company and achieving joint development of employees and the Company.

4. Labor outsourcing

Applicable Not applicable

X. Profits Distribution of the Company and Capitalization of Capital Reserves

Profits Distribution policies during the reporting period, especially the formulation, implementation, or adjustment of the cash dividend policies

Applicable Not applicable

1. The Company held its annual shareholders' meeting for the year 2022 on May 26, 2023, and approved the profit distribution plan for the year 2022: Based on a total share capital of 3,326,264,570 shares, a cash dividend of RMB 2.41 yuan (including tax) was distributed to all shareholders for every 10 shares held. The total cash dividend amount was RMB 801,629,761.37 yuan. No bonus shares were issued, and no increase in share capital from reserves was carried out. The remaining undistributed profits were carried over to the next financial year. This profit distribution plan was successfully implemented on June 6, 2023.

2. The Company convened its third extraordinary shareholders' meeting for the year 2023 on November 6, 2023, and approved the profit distribution proposal for the first three quarters of 2023: Based on the remaining shares 3,274,649,389 after deducting the repurchased 19,819,601 shares from a total share capital of 3,294,468,990 shares, a cash dividend of RMB 3.101383 yuan per 10 shares (including tax) was distributed to all shareholders. The total cash dividend amount was RMB 1,015,594,194.60 yuan. No bonus shares were issued, and no increase in share capital from reserves was carried out. The remaining undistributed profits were retained for future distribution. This profit distribution plan was successfully implemented on Thursday, November 16, 2023.

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
The Company should disclose specific reasons for not conducting cash dividends (if so planned), and outline the next steps and measures planned to enhance investor	Not applicable.

returns.	
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 a "Shareholder Return Plan for the Next Three Years (2024-2026)", which involves cash dividend planning in compliance with relevant regulations and provisions of the Company's Articles of Association, and has undergone the required review procedures as stipulated.

The Company's profits during the reporting period and the parent company's shareholders' profits distribution are positive but a cash dividend distribution preplan is not 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)	3.82
Equity base in the distribution preplan (shares)	3,274,649,389
The amount of cash dividends (yuan) (including tax)	1,250,916,066.60
The amount of cash dividends (yuan, Note 1) in other ways (such as share repurchase)	1,435,553,405.87
The total amount of cash dividends (including in other ways) (yuan)	2,686,469,472.47
Distributable profits (RMB)	24,448,835,337.15
The ratio of the total amount of cash dividends (including in other ways) to the total amount of profit distribution	100%
Latest cash dividend	
If the Company is in a growth stage with significant capital expenditure arrangements, the proportion of cash dividends in the current profit distribution should be at least 20%.	
Details of the preplans on profit distribution or capitalization of capital reserves	
Based on a total share capital of 3,274,649,389 shares as of December 31, 2023, after deducting the Company's repurchased shares (19,819,601 shares), a cash dividend of RMB 3.82 yuan per 10 shares (including tax) will be distributed to all shareholders. The total amount of this cash dividend distribution is RMB 1,250,916,066.60 yuan (including tax). No bonus shares will be issued, and no increase in share capital from reserves will be carried out. Any remaining undistributed profits will be reserved for future distribution.	
If the Company's share capital entitled to profit distribution rights changes due to convertible bond conversions, share repurchase, exercise of stock options in equity incentives, or additional shares listed through refinancing before the implementation of the distribution plan, the distribution ratios will be adjusted accordingly while maintaining the total distribution amount unchanged.	

Note 1: The "other forms of cash dividends" include cash dividends for the first three quarters of 2023 and the amount spent on share repurchase in 2023.

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 27, 2023, the Company held the 42nd meeting of the 7th board of directors and the 29th meeting of the 7th board of supervisors, approving "the Proposal on the Cancellation of a Portion of Restricted Stock from the 2022 Stock Option and Restricted Stock Incentive Plan" and "the Proposal on the Cancellation of a Portion of Stock Options from the 2022 Stock Option and Restricted Stock Incentive Plan." In accordance with the relevant provisions of the "2022 Stock Option and Restricted Stock Incentive Plan (Draft)," due to the Company's performance for the year 2022 not meeting the first unlocking condition as stipulated, and 208 incentive recipients leaving their positions or experiencing changes in control at subsidiary companies leading to non-compliance with incentive conditions, the Company decided to cancel/repurchase a total of 31,861,466 stock options and 31,795,580 restricted shares held by 4,249 incentive recipients.

2. On June 16, 2023, the Company convened the 44th meeting of the 7th board of directors and the 31st meeting of the 7th board of supervisors., approving "the Proposal Regarding the Company's Revised Draft of the 2022 Stock Option and Restricted Stock Incentive Plan along with its Summary" and "the Proposal Regarding the Company's Revised Draft of the Implementation and Assessment Management Measures of the 2022 Stock Option and Restricted Stock Incentive Plan," aiming to better align the individual interests of incentive recipients with the interests of shareholders and the Company and revising the performance evaluation indicators at the corporate level for the period 2023-2024 in the 2022 incentive plan.

On September 11, 2023, the Company held the second extraordinary general meeting of shareholders in 2023, , approving "the Proposal Regarding the Company's Revised Draft of the 2022 Stock Option and Restricted Stock Incentive Plan along with its Summary" and "the Proposal Regarding the Company's Revised Draft of the Implementation and Assessment Management Measures of the 2022 Stock Option and Restricted Stock Incentive Plan."

Share incentives for the Company's directors, supervisors, and senior executives

Applicable Not applicable

Unit: share

Name	Post	Number of stock options held at the beginning of the year	Number of stock options newly 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 (yuan /share)	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
Zhao Yunin g	Director, Exec	544,000	0	0	0	0	326,400	18.45	816,000	0	0	8.16	489,600

	utive President												
Liu Ming	Senior Vice President	424,000	0	0	0	0	254,400	18.45	636,000	0	0	8.16	381,600
Li Zhijie	Senior Vice President	424,000	0	0	0	0	254,400	18.45	636,000	0	0	8.16	381,600
Song Ke	Senior Vice President	364,000	0	0	0	0	218,400	18.45	546,000	0	0	8.16	327,600
Wu Jian	Secretary of the board of directors, senior vice president	424,000	0	0	0	0	254,400	18.45	636,000	0	0	8.16	381,600
Xu Qiaofen	CFO, Senior Vice President	364,000	0	0	0	0	218,400	18.45	546,000	0	0	8.16	327,600
Zhu Jiantang	Senior Vice President	424,000	0	0	0	0	254,400	18.45	636,000	0	0	8.16	381,600
Xu Zhicheng	Senior Vice President	424,000	0	0	0	0	254,400	18.45	636,000	0	0	8.16	381,600
Total	--	3,392,000	0	0	0	--	2,035,200	--	5,088,000	0	0	--	3,052,800

Evaluation and Incentive Mechanisms 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 a system of responsibility for business objectives in their term of office, and formulated the assessment method in which the company-level KPI index commitments are combined with individual performance commitments. They have met these indexes, meaning that they are able to 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 objectives.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentive measures

Applicable Not applicable

The Company advocates for a "employee-based" philosophy, which emphasizes valuing employees who are dedicated and hardworking. Building upon long-term incentives based on equity in the listed company, the Company has launched an employee co-investment incentive plan centered around specific innovative business subsidiaries. The goal is to organically align the interests of the Company and its employees, ensuring sustainable and healthy development while fostering employees' enthusiasm for innovation and entrepreneurship.

XII. Development and Implementation of Internal Control System During the Reporting Period

1. Development and implementation of internal control system

The Company has established and effectively implemented a sound internal control system in accordance with the "Basic Norms of Enterprise Internal Control" and its supporting guidelines, as well as other internal control regulatory requirements, and in light of the Company's current situation. The internal control system covers all business links related to financial reporting and information disclosure affairs in the company's business activities, including the Rules of Procedure of the Board of Directors, Rules of Procedure of 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.

The Company has set up the Audit Committee under the board of directors, leading internal audit institutions, to inspect and supervise the establishment and implementation of the company's internal control, and to conduct systematic internal audit and supervision of the Company's economic activities. The Company has established a "risk-oriented, system-based, process-bonded, control-enabled, and IT-supported" risk management system framework to provide excellent support for the realization of corporate strategies. Through identifying risks and evaluating their levels in terms of severity, likelihood and effectiveness of existing measures, the Company improves the hierarchical decision-making authorization system according to the acceptable level of risks, establishes or optimizes systems and processes, promotes the IT-supported processes and other control activities, and perfects process systems, to comprehensively address the 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 warning and handling capabilities and develop the risk control awareness among all staff.

According to the identification of material weaknesses in the financial reporting internal control of the Company, as of the base date of the internal control assessment report, there is no material weakness in the internal control over financial reports, and the Company has maintained effective internal control on financial reports in all material aspects in accordance with the requirements of the enterprise internal control system and relevant regulations. According to the identification of material weaknesses in non-financial reporting internal control of the Company, no material weaknesses in non-financial reporting internal control were found as of the base date of the internal control assessment report.

2. Details of material weakness in internal control found during the reporting period□ Yes No**XIII. Company's Management of Subsidiaries During the Reporting Period**

Not applicable.

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	April 16, 2024	
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 revenue of parties included in the assessment to the operating revenue from the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	<p>Signs of material weakness in financial reporting include:</p> <p>(1) Corrupt practices of directors, supervisors, and senior managers of the Company;</p> <p>(2) Material misstatements in the current Financial Report discovered by the Certified Public Accountants but not recognized by the internal control of the Company;</p> <p>(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.</p> <p>Signs of significant deficiencies in financial reporting include:</p> <p>(1) Failure to select and apply the accounting policies in accordance with the accepted accounting standards;</p> <p>(2) Failure to establish anti-fraud procedure and control measures;</p> <p>(3) No appropriate control mechanism established or appropriate compensating control</p>	<p>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.</p> <p>If the defect is less likely to occur, which may reduce the work efficiency or result, or with a greater uncertainty, or make it deviate from the expected goal, then it should be defined as a common defect;</p> <p>If the defect is likely to occur and will significantly lower the work efficiency or effect, significantly increase the uncertainty, or make it deviate from the expected goal, then it is a significant defect. If the defect is likely to occur and will seriously lower the work efficiency or effect, or seriously increase the uncertainty, or make it seriously deviate from the expected goal, then it is a major defect.</p> <p>Signs of material weakness in non-financial reporting internal control include:</p>

	<p>implemented for accounting treatment of irregular or special transactions;</p> <p>(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.</p> <p>General deficiencies refer to the control deficiencies other than the material deficiencies and important deficiencies described above.</p>	<p>1) The decision-making procedures of the Company are not scientific, such as decision-making errors, causing failure to meet the desired objectives after mergers and acquisitions.</p> <p>2) Violation of national laws and regulations, resulting in investigation by relevant departments and regulatory bodies;</p> <p>3) Loss of management personnel or key technical personnel;</p> <p>4) Frequent negative news in the media;</p> <p>5) The results of internal control assessment, especially major or important deficiencies, have not been rectified;</p> <p>6) Institutional controls are lacking or experiencing systemic failures in critical business operations.</p>
Quantitative standards	<p>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 revenue 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 revenue, it is considered as a general defect; If it exceeds 0.5% of the operating revenue but is less than 1%, then it is an significant defect; If it exceeds 1% of the operating revenue, then it is considered as a major defect.</p> <p>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 defect alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general defect; If it exceeds 0.5% of the total asset but less than 1%, it is an important defect; If it exceeds 1% of the total asset, it is considered as a major defect.</p>	<p>The quantitative criteria are based on operating revenue 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 revenue 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 revenue, it is considered as a general defect; If it exceeds 0.5% of the operating revenue but is less than 1%, then it is an significant defect; If it exceeds 1% of the operating revenue, then it is considered as a major defect.</p> <p>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 defect alone or together with other defects, is less than 0.5% of the total asset, it is considered as a common defect; If it exceeds 0.5% of the total asset but is less than 1%, then it is considered as an important defect; If it exceeds 1% of the total asset, it is considered as a major defect.</p>

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	
Dahua is deemed having maintained effective internal control, in all material respects, with respect to the financial statements in accordance with the "Basic Norms of Enterprise Internal Control" and relevant regulations, as of December 31, 2023.	
Disclosure in the internal control audit report	Disclosure
Date of full-text disclosure for the internal control audit report	April 16, 2024
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-inspection Problems of Special Actions for Corporate Governance of Listed Companies

N/A

Section V Environmental and Social Responsibilities

I. Major Environmental Issues

Whether the listed company and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection department

Yes No

Administrative penalties for environmental offences during the reporting period

Not applicable.

See other environmental information disclosed by key pollutant discharge units.

Not applicable.

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

Applicable Not applicable

See the 2023 Environmental, Social and Governance Report released on the same day on Juchao Information Network (www.cninfo.com.cn).

Reasons for not disclosing other environmental information

During the reporting period, the Company and its subsidiaries do not fall under the category of key pollutant discharging units announced by the environmental protection department.

II. Social Responsibilities

See the "2023 Social Responsibility Report" and "2023 Environmental, Social and Governance Report" released on the same day on Juchao Information Network (www.cninfo.com.cn).

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

In the reporting period, there have been no targeted poverty alleviation and rural revitalization activities in the Company.

Section VI Significant Events

I. Performance of Commitments

1. Commitments that have been fulfilled by the Company's actual controller(s), shareholders, related parties, acquirers, the Company and the relevant parties during the reporting period and those that have not been fulfilled by the end of the reporting period

Applicable Not applicable

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.	July 15, 2007	Long-term	Being fulfilled normally
Commitments made during initial public offerings or refinancing	Zhu Jiangming	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.	July 15, 2007	June 17, 2023	Completed
Commitments made during initial public offerings or refinancing	All directors and senior executives	Other commitments	Commitment to practical fulfilment of the measures for return filling involved in non-public offering	March 26, 2021	Long-term	Being fulfilled normally
Commitments made during initial public offerings or refinancing	Fu Liquan, Chen Ailing	Other commitments	Commitment to practical fulfilment of the measures for return filling involved in non-public offering	March 26, 2021	Long-term	Being fulfilled normally

Commitments made during initial public offerings or refinancing	China Mobile Communications Group Co., Ltd.	Commitment on restricted shares	For a period of 36 months from the date of completion of the stock issuance by Dahua to specific investors (i.e., the first day of listing of the newly issued shares), our company will not transfer the Dahua shares subscribed in this issuance in any manner, nor will Dahua repurchase these shares. After this issuance is completed, any additional shares our company acquires from Dahua due to bonus shares, capital stock increases, or similar reasons must also comply with the above agreement.	April 14, 2023	36 months	Being fulfilled normally
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.	June 30, 2007	Long-term	Being fulfilled normally
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	Not applicable.					

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 "Non-Standard Audit Report" of the Last Period

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 and Accounting Estimates or Correction of Significant Accounting Errors Compared with the Previous Year's Financial Report

Applicable Not applicable

For changes in accounting policies and accounting methods during the reporting period, please refer to "Section X: Financial Reports/V: Important Accounting Policies and Accounting Estimates/38: Changes in Important 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) The Company has established three domestic subsidiaries in this period: Zhejiang Shuhang Intelligent Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., and Zhejiang Huajie New Energy Operation Service Co., Ltd. Additionally, it has established seven overseas subsidiaries: Dahua Technology Belgium BV, Dahua Technology Regional Headquarters, Dahua Technology Azerbaijan LLC, Dahua Technology Vietnam Company Limited, Huaray Technology Korea Company Limited, HuaRay Technology GmbH, and Dahua Technology Angola S.U.

Ida. All the aforementioned subsidiaries have been consolidated into the financial reports of the Company from their respective establishment dates.

(2) The Company's holding subsidiary, Huajian Technology, acquired 100% equity of Zhejiang Huajian Technology Co., Ltd. in February 2023, thereby obtaining substantial control over it. Consequently, it has been consolidated into the financial reports of the Company.

(3) The Company's subsidiary, Guizhou Dahua Information Technology Co., Ltd., was deregistered during this period and is no longer included in the financial report of the Company from the date of deregistration.

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: RMB ten thousand)	200
Years of continuous audit service of domestic accounting firms	20
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 1 year and Zhang Junhui has been in service for 4 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

1. During the 2023 reporting period, the Company engaged BDO China Shu Lun Pan Certified Public Accountants LLP (special general partnership) as the internal control audit accounting firm, with a total of internal audit expense of RMB 400,000 yuan paid.

2. During the reporting period, the Company completed the issuance of shares to specific investors and paid underwriting fees totaling RMB 3 million yuan to the sponsor institution Guosen Securities Co., Ltd.

IX. Delisting after Disclosure of the Annual Report

Applicable Not applicable

X. Bankruptcy and Restructuring

Applicable Not applicable

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

XI. Significant Lawsuits and Arbitrations

Applicable Not applicable

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

XII. Penalties and Rectification

Applicable Not applicable

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

For details, see "7. Other significant related-party transactions" in this section.

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

Applicable Not applicable

For details, see "7. Other significant related-party transactions" in this section.

4. Related-party creditor's rights and debts

Applicable Not applicable

No such case as related credits and debts during the reporting period.

5. Transactions with related financial companies

Applicable Not applicable

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

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

Applicable Not applicable

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

7. Other significant related-party transactions

Applicable Not applicable

1. On February 17, 2023, the Company convened the 39th meeting of the 7th board of directors and the 27th meeting of the 7th board of supervisors, during which the "Proposal on Capital Increase by Certain Senior Management and Core Employees of the Company and Related Transactions to the Planned Spin-off Subsidiary" was deliberated and approved. The proposal sanctioned that certain senior management and core employees of the Company would collectively increase their investment in the holding subsidiary, Zhejiang HuaRay Technology Co., Ltd. (hereinafter referred to as "HuaRay Technology"), by a total of RMB 6,049,190 yuan (increasing the registered capital by RMB 1,675,676 yuan, with the remaining portion allocated to capital surplus). Among them, 11 natural persons, including senior management Zhao Yuning and Zhu Jiantang, would collectively invest RMB 4,839,353 yuan directly. Following this capital increase, the Company's equity stake in HuaRay Technology changed from 42.2280% to 41.0878%. HuaRay Technology continues to be a holding subsidiary within the consolidated financial statements of the Company.
2. On March 17, 2023, the Company convened the 40th meeting of the 7th board of directors, deliberating and approving the "Proposal on Increasing Capital and Shares of Holding Subsidiaries and Introducing Investors, as well as Related Transactions." In the meeting, the Company's holding subsidiary, HuaRay Technology, was approved to introduce a total of 8 investors, including Yibin Green Energy Equity Investment Partnership (Limited Partnership), and Zhu Jiangming, among others. The investors planned to inject a total of RMB 260,000,061 yuan in cash into HuaRay Technology (RMB 8,934,710 yuan as additional registered capital, with the remainder credited to capital surplus), thereby collectively obtaining a 12.58% equity in HuaRay Technology after capital increase. Following this capital increase, the Company's equity stake in HuaRay Technology changed from 41.0878% to 35.9171%. HuaRay Technology continues to be a holding subsidiary within the consolidated financial statements of the Company.
3. On April 7, 2023, the Company convened the 41st meeting of the 7th board of directors, deliberating and approving the "Proposal on Waiving the Priority Right of First Refusal of Holding Subsidiary and Related Transactions." This pertained to the transfer of a 20% equity stake in Zhejiang Wisualarm Technology Co., Ltd. (hereinafter referred to as Wisualarm Technology) by its shareholder, Zhejiang Huashi Investment Management Co., Ltd., to the Wisualarm Technology Employee Shareholding Platform and core management. The Company's board of directors agreed to waive the aforementioned equity stake's priority right of first refusal.
4. Additionally, on April 7, 2023, the Company convened both the 41st meeting of the 7th board of directors and the 28th meeting of the 7th board of supervisors. At these meetings, during which the "Proposal on Implementing Equity Incentives for Holding Subsidiaries and Related Transactions" was deliberated and approved. It was agreed to implement equity incentives for certain directors, supervisors, executives, and core employees of Hangzhou Huacheng Network Technology Co., Ltd. (hereinafter referred to as "Huacheng Network") through a capital increase. Among these, director Zhao Yuning, supervisor Zheng Jieping, and senior executives Liu Ming, Zhu Jiantang, Li Zhijie, Xu Zhicheng, Wu Jian, Song Ke, and Xu Qiaofen, collectively increased Huacheng Network's capital by RMB 7,881,049.75 yuan (leading to an additional registered capital of RMB 2,236,316 yuan). Following the completion of this equity incentive implementation, the Company's equity stake in Huacheng Network changed from 51.00% to 44.61%, while Huacheng Network continues to be a holding subsidiary within the consolidated financial statements of the Company.
5. On June 25, 2023, the Company convened the 45th meeting of the 7th board of directors and the 32nd meeting of the 7th board of supervisors. During the meetings, the "Proposal on Capital Increase for Holding Subsidiaries, Implementation of Equity Incentives, and Related Transactions" was deliberated and approved. The Company agreed to increase its investment in Zhejiang Huagan Technology Co., Ltd. (hereinafter referred to as "Huagan Technology") by valuing the assets of the thermal imaging business asset group at RMB 539,864,700 yuan and injecting the

business into Huagan Technology, increasing the registered capital of Huagan Technology by RMB 2,81,091,690 yuan. Simultaneously, Huagan Technology incentivized certain directors, supervisors, executives, core employees, and their core management team through a capital increase, priced at RMB 1 yuan per share.

6. On October 26, 2023, the Company held the 3rd meeting of the 8th board of directors and convened the third extraordinary general meeting of shareholders of 2023 on November 6, 2023. The "Proposal on Transfer of Equity in the Invested Company and Related Transactions" was deliberated and approved. The Company agreed to transfer 90 million shares (of which 45 million shares are "fully tradable" H shares and the other 45 million shares are domestic shares) of Zhejiang Leapmotor Technology Co., Ltd. (hereinafter referred to as "Leapmotor") to STELLANTIS N.V. at a price of HK\$3,492.90 million. In November 2023, the Company completed the delivery of the fully tradable H shares and domestic shares of Leapmotor involved in this transaction to STELLANTIS N.V. as agreed, and the Company no longer holds any shares of Leapmotor.

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

Announcement name	Disclosure date	Website for the disclosure
Announcement on the Capital Increase by Certain Senior Management and Core Employees of the Company and Related Transactions for the Planned Spin-off Subsidiary	February 18, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Increasing Capital and Shares of Holding Subsidiaries and Introducing Investors, as well as Related Transactions	March 21, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Waiving the Priority Right of First Refusal of Holding Subsidiary and Related Transactions	April 8, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Implementing Equity Incentives for Holding Subsidiaries and Related Transactions	April 8, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Capital Increase for Holding Subsidiaries, Implementation of Equity Incentives, and Related Transactions	June 27, 2023	Juchao Information Network http://www.cninfo.com.cn/
Announcement on Transfer of Equity in the Invested Company and Related Transactions	October 26, 2023	Juchao Information Network http://www.cninfo.com.cn/

XV. Significant Contracts and Performance

1. Matters on trusteeship, contracting, and leasehold

(1) Matters on trusteeship

Applicable Not applicable

No such case as custody during the reporting period.

(2) Contracting

Applicable Not applicable

No such case as contracting during the reporting period.

(3) Leasing

Applicable Not applicable

Explanations on leases

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

Cases that brought the profit and loss accounted for more than 10% of the Company's total profit during the reporting period

Applicable Not applicable

No such leases that brought the profit and loss accounted for more than 10% of the Company's total profit during the reporting period.

2. Significant guarantees

Applicable Not applicable

Unit: RMB ten thousand

External guarantees from the Company and its subsidiaries (excluding guarantees to the subsidiaries)								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees approved during the reporting period (A1)				Total amount of guarantees actually occurred during the reporting period (A2)				
Total amount of guarantees approved by the end of the reporting period (A3)				Total balance of guarantees at the end of the reporting period (A4)				
Company's guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Zhejiang Dahua Vision Technology Co., Ltd.	April 28, 2023	840,000.00	August 12, 2020	60,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	No
			August 18, 2020	33,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	Yes	No

			August 1, 2020	3,500.00	Joint liability guarantee	From August 1, 2021 to July 31, 2023	Yes	No
			September 27, 2021	90,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	30,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	20,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			July 25, 2022	35,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 9, 2023	20,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			October 13, 2017	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			September 21, 2018	28,330.80 (US\$ 40 million)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			April 7, 2020	53,000.00	Joint liability guarantee	From April 7, 2020 to March 31, 2024	No	No
			September 1, 2020	30,000.00	Joint liability guarantee	Five years upon expiration of debt period of master contract	No	No
			February 4, 2021	100,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			July 26, 2021	44,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			October 20, 2021	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the	No	No

					master contract			
			July 22, 2022	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			September 19, 2022	60,000.00	Joint liability guarantee	From September 19, 2022 to September 18, 2024	No	No
			June 9, 2023	40,000.00	Joint liability guarantee	From the effective date of the guarantee until three years after the maturity date of each loan or other financing under the "Credit Agreement," or the maturity date of accounts receivable rights acquired by the Hangzhou Branch of China Merchants Bank, or the date of each advance payment. In the event of any specific credit extension, the guarantee period shall extend until three years after the expiration of the extension period.	No	No
			June 25, 2023	20,000.00	Joint liability guarantee	The guarantee period extends to three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	No	No
			July 24, 2023	40,000.00	Joint liability guarantee	From the date of expiration of each individual main debt obligation until three years after the expiration of the performance term of all main debt obligations under the entire main contract	No	No
			July 25, 2023	50,000.00	Joint liability guarantee	From the effective date of the "Maximum Guarantee Contract" until three years after the expiration of	No	No

						the performance term of each debt under the credit business agreement		
			July 26, 2023	90,000.00	Joint liability guarantee	Separately calculated for each individual credit facility arranged by Dahua Technology for the debtor, i.e. from the date of signing the main contract for the individual credit facility until three years after the expiration of the performance term of the debtor under that main contract.	No	No
			July 26, 2023	33,000.00	Joint liability guarantee	Three years starting from the expiration of the performance term of the debtor as stipulated in the main debt contract	No	No
			November 20, 2021	20,000.00	Joint liability guarantee	Three years starting from the day following the promise by the Qingchun Branch of the Industrial and Commercial Bank of China to make external payment	No	No
Zhejiang Dahua Zhilian Co., Ltd.	April 28, 2023	270,000.00	November 10, 2021	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			March 25, 2022	8,000.00	Joint liability guarantee	From March 25, 2022 to December 31, 2023	Yes	No
			April 29, 2022	42,496.20 (US\$ 60 million)	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes	No
			April 29, 2022	1,000.00	Joint liability guarantee	One years upon expiration of debt period of master contract	Yes	No
			May 14, 2022	38,954.85 (US\$ 55 million)	Joint liability guarantee	From May 14, 2022 to May 14, 2023	Yes	No
			June 10, 2022	16,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	16,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the	Yes	No

						maturity date of each note discounted by the China Merchants Bank within the credit extension period		
			November 16, 2022	15,581.94 (US\$ 22 million)	Joint liability guarantee	2022.11.16-2023.05.14	Yes	No
			June 9, 2023	16,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			September 24, 2020	30,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			July 26, 2021	16,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			December 3, 2021	3,541.35 (US\$ 5 million)	Joint liability guarantee	From December 3, 2021 to December 2, 2024	No	No
			August 25, 2022	20,000.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			September 19, 2022	15,000.00	Joint liability guarantee	From September 19, 2022 to September 18, 2024	No	No
			June 9, 2023	16,000.00	Joint liability guarantee	From the effective date of the guarantee until three years after the maturity date of each loan or other financing under the "Credit Agreement," or the maturity date of accounts receivable rights acquired by the Hangzhou Branch of China Merchants Bank, or the date of each advance payment. In the event of any specific credit extension, the guarantee period shall extend until three years after the expiration of	No	No

						the extension period.		
			June 19, 2023	12,000.00	Joint liability guarantee	June 19, 2023 to June 18, 2024	No	No
			June 19, 2023	35,000.00	Joint liability guarantee	June 19, 2023 to June 18, 2024	No	No
			July 13, 2023	8,853.38 (US\$ 12.5 million)	Joint liability guarantee	July 13, 2023 to July 12, 2024	No	No
			July 24, 2023	50,000.00	Joint liability guarantee	From the date of expiration of each individual main debt obligation until three years after the expiration of the performance term of all main debt obligations under the entire main contract	No	No
Zhejiang Dahua System Engineering Co., Ltd.	April 28, 2023	30,000.00	November 10, 2021	6,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	4,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	4,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			July 25,	5,000.00	Joint liability	Three years after the maturity of the	Yes	No

			2022		guarantee	debts in the master contract		
			August 30, 2019	1,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			August 25, 2022	500.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			June 9, 2023	4,000.00	Joint liability guarantee	From the effective date of the guarantee until three years after the maturity date of each loan or other financing under the "Credit Agreement," or the maturity date of accounts receivable rights acquired by the Hangzhou Branch of China Merchants Bank, or the date of each advance payment. In the event of any specific credit extension, the guarantee period shall extend until three years after the expiration of the extension period.	No	No
			July 25, 2023	5,000.00	Joint liability guarantee	From the effective date of the "Maximum Guarantee Contract" until three years after the expiration of the performance term of each debt under the credit business agreement	No	No
			September 11, 2023	160.21	Joint liability guarantee	One year from the date of signing the project contract or upon the stable operation of the system for six months (whichever comes later)	No	No
Dahua Technology (HK) Limited	April 28, 2023	60,000.00	March 25, 2022	1,416.54 (US\$ 2 million)	Joint liability guarantee	March 25, 2022 to March 25, 2023	Yes	No
			April 21, 2023	1,416.54 (US\$ 2 million)	Joint liability guarantee	April 21, 2023 to April 21, 2024	No	No
DAHUA TECHNOLOGY MEXICO S.A. DE	April 28, 2023	8,000.00	September 1,	708.27 (US\$ 1 million)	Joint liability guarantee	September 1, 2021 to December 1, 2023	Yes	No

C.V			2021					
			October 21, 2022	3,541.35 (US\$ 5 million)	Joint liability guarantee	October 21, 2022 to October 20, 2023	Yes	No
			October 18, 2023	708.27 (US\$ 1 million)	Joint liability guarantee	October 18, 2023 to October 20, 2024	No	No
Hangzhou Huacheng Network Technology Co., Ltd.	April 28, 2023	17,000.00	August 30, 2019	5,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			July 26, 2021	5,500.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 25, 2022	6,500.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
Dahua Technology UK Limited	April 28, 2023	2,000.00	August 12, 2020	1,048.77 (GBP 1.16 million)	Joint liability guarantee	August 12, 2020 to the date of signing termination notice	No	No
Zhejiang Huayixin Technology Co., Ltd.	April 28, 2023	4,500.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			April 29, 2022	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			May 16, 2022	1,416.54 (US\$ 2 million)	Joint liability guarantee	Three years after the maturity of the debts in the master contract	No	No
			August 25, 2022	200.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	800.00	Joint liability guarantee	October 21, 2022 to September 18, 2024	No	No
Zhejiang Fengshi Technology Co., Ltd.	April 28, 2023	15,000.00	June 10, 2022	2,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of	Yes	No

						each note discounted by the China Merchants Bank within the credit extension period		
			June 9, 2023	2,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			August 25, 2022	10,000.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	2,000.00	Joint liability guarantee	October 21, 2022 to September 18, 2024	No	No
			June 25, 2023	2,000.00	Joint liability guarantee	The guarantee period extends to three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	No	No
Jiangsu Huaruipin Technology Co. Ltd.	April 28, 2023	4,500.00	October 20, 2021	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			August 25, 2022	800.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No

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

						of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.		
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	April 28, 2023	10,000.00	June 10, 2022	5,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	5,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			August 25, 2022	3,000.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			June 25, 2023	5,000.00	Joint liability guarantee	The guarantee period extends to three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	No	No
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	April 28, 2023	15,000.00	June 10, 2022	10,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	8,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No

			June 25, 2023	8,000.00	Joint liability guarantee	The guarantee period extends to three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	No	No
Changsha Dahua Technology Co., Ltd.	April 28, 2023	8,000.00	June 10, 2022	1,000.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	1,000.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	Yes	No
			August 25, 2022	3,000.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
			October 21, 2022	2,000.00	Joint liability guarantee	October 21, 2022 to September 18, 2024	No	No
			June 25, 2023	1,000.00	Joint liability guarantee	The guarantee period extends to three years after the maturity date of each bill discounted by the Hangzhou Branch of China Merchants Bank in the credit period.	No	No
Zhejiang Pixfra Technology Co., Ltd.	April 28, 2023	1,000.00	June 10, 2022	500.00	Joint liability guarantee	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes	No
			June 9, 2023	500.00	Joint liability guarantee	From the effective date of the letter of commitment until three years after the maturity date of each bill	Yes	No

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

Zhejiang Dahua Security Network Operation Service Co., Ltd.	April 28, 2023	500.00	August 25, 2022	500.00	Joint liability guarantee	August 25, 2022 to August 25, 2025	No	No
Dahua Technology France SAS	April 28, 2023	700.00	December 7, 2023	114.50 (EUR 145,700)	Joint liability guarantee	From December 7, 2023 to August 31, 2029	No	No
Zhejiang Dahua Jinzhi Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Guangxi Dahua Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Guangxi Dahua Technology Co., Ltd.	April 28, 2023	300.00	No such case during the reporting period					
Anhui Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Anhui Dahua Zhishu Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Huishan Smart Network Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Chengdu Zhichuang Yunshu Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Henan Dahua Zhilian Information Technology Co., Ltd.	April 28, 2023	800.00	No such case during the reporting period					
Hunan Dahua Zhilong Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Tianjin Dahua Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Tianjin Huajian Technology Co., Ltd.	April 28, 2023	200.00	No such case during the reporting period					
Yiwu Huaxi Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Zhejiang Dahua Intelligent IoT	April 28, 2023	500.00	No such case during the reporting period					

Operation Service Co., Ltd.			
Zhejiang Huakong Software Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology USA Inc.	April 28, 2023	15,000.00	No such case during the reporting period
Dahua Technology Japan LLC	April 28, 2023	100.00	No such case during the reporting period
DAHUA EUROPE B.V.	April 28, 2023	10,000.00	No such case during the reporting period
Dahua Technology Singapore Pte.Ltd.	April 28, 2023	200.00	No such case during the reporting period
Dahua Technology Poland Sp.Zo.O.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Hungary Kft	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology India Private Limited	April 28, 2023	2,000.00	No such case during the reporting period
DAHUA TECHNOLOGY BRASIL COMÉRCIO E SERVIÇOS EM SEGURANÇA ELETRÔNICA LTDA	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Middle East FZE	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Perú S.A.C	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology Australia PTY LTD	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology South Africa Proprietary Limited	April 28, 2023	500.00	No such case during the reporting period
Dahua Technology Canada INC.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Guvenlik Teknolojileri Sanayi ve Ticaret A.S.	April 28, 2023	1,000.00	No such case during the reporting period
Dahua Technology SRB d.o.o.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	April 28, 2023	100.00	No such case during the reporting period
Dahua Iberia, S.L.	April 28, 2023	100.00	No such case during the reporting period
Dahua Security Malaysia SDN. BHD.	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Kazakhstan LLP	April 28, 2023	100.00	No such case during the reporting period
PT. Dahua Vision Technology Indonesia	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	April 28, 2023	100.00	No such case during the reporting period
Dahua Technology S.R.L.	April 28, 2023	100.00	No such case during the reporting period

Dahua Vision LLc	April 28, 2023	500.00	No such case during the reporting period					
Dahua Technology New Zealand Limited	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology GmbH	April 28, 2023	300.00	No such case during the reporting period					
Dahua Technology Colombia S.A.S.	April 28, 2023	500.00	No such case during the reporting period					
Dahua Technology Panama S.A.	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Chile SpA	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Tunisia Limited Liability Company	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Kenya Limited	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Pakistan (private) Limited	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Morocco SARL	April 28, 2023	100.00	No such case during the reporting period					
Dahua Argentina S.A.	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Czech s.r.o.	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Denmark ApS	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology(Thailand) Co.,LTD.	April 28, 2023	100.00	No such case during the reporting period					
Dahua Technology Italy S.R.L.	April 28, 2023	100.00	No such case during the reporting period					
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	April 28, 2023	500.00	No such case during the reporting period					
Dahua Technology Belgium B.V.	April 28, 2023	100.00	No such case during the reporting period					
VISMEXTECH DHM SERVICIOS, S.A. DE C.V.	April 28, 2023	100.00	No such case during the reporting period					
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		1,360,000.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)		508,252.90			
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)		969,990.35			
Subsidiaries' guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not

Total amount of guarantees to subsidiaries approved during the reporting period (C1)			Total amount of guarantees to subsidiaries actually occurred during the reporting period (C2)					
Total amount of guarantees to subsidiaries approved at the end of the reporting period (C3)			Total of actual guarantee balance for subsidiaries at the end of the reporting period (C4)					
Total amount of company guarantees (namely sum of the previous three major items)								
Total amount of guarantees approved during the reporting period (A1+B1+C1)		1,360,000.00	Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)				508,252.90	
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)		1,360,000.00	Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)				969,990.35	
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets			27.94%					
Including:								
Balance of guarantees to the shareholders, actual controllers and their related parties (D)								
Balance of debt guarantees directly or indirectly offered to guaranteed objects with asset-liability ratio exceeding 70% (E)			924,330.14					
Amount of the guarantees with the total volume exceeding 50% of the net assets (F)								
Total amount of the above three guarantees (D+E+F)			924,330.14					
Notes on unexpired guarantees with guarantee responsibilities occurred or possible joint liabilities within the reporting period (if any)								
Notes on providing external guarantees in violation of specified procedures (if any)								

Explanation of guarantee using a composite method

N/A

3. Entrusting Others to Manage Cash Assets

(1) Entrusted Financing

Applicable Not applicable

Entrusted financing during the reporting period

Unit: RMB ten thousand

Specific type	Funding source	Entrusted amount	Unexpired balance	Overdue outstanding amount	Impairment amount accrued for overdue financial management
Financial	Equity Fund	50,000.00	100,000.00		

products of securities companies				
Total	50,000.00	100,000.00		

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

Applicable Not applicable

Unit: RMB ten thousand

Name of trustee organization (or name of trustee)	Trustee organization (or trustee) type	Product type	Amount	Capital Source	Starting date	Termination date	Investment direction	Payment determination method	Reference for annualized rate of return	Expected earnings (if any)	Actual profit and loss during the reporting period	Actual recovery of profits and losses during the reporting period	Amount of provision for impairment accrued (if any)	Whether it passed the legal procedures	Whether there will be entrusted financial plan in the future	Item overview and related query index (if any)
Guosen Securities Co., Ltd.	Securities	Asset Management Plan	100,000.00	Equity Fund	February 10, 2021	February 9, 2031	Private equity fund products, fixed income assets, equity assets, public equity hybrid funds	Payment of principal and income at maturity			181.96	Unexpired		Yes	No	
Total			100,000.00	--	--	--	--	--	--		181.96	--		--	--	--

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

1. Repurchase of company shares through centralized competitive bidding trading

On August 25, 2023, the Company held its 46th meeting of the 7th board of directors, during which the "Proposal on the Repurchase of Shares" was deliberated and approved. The Company planned to use its own funds to repurchase a portion of its shares through centralized competitive bidding. This repurchase was intended for implementing equity incentives or an employee stock ownership plan. The total amount allocated for the repurchase would be no less than RMB 400 million yuan and no more than RMB 600 million yuan. The repurchase price per share would not exceed RMB 31.71.

As of October 27, 2023, the Company had repurchased 19,819,601 shares through its designated securities account via centralized competitive bidding, accounting for 0.60% of the Company's total share capital. The highest transaction price was RMB 21.70 per share, and the lowest was RMB 19.70 yuan per share. The total transaction amount was RMB 419,959,211.27 yuan (excluding transaction fees). This share repurchase plan has been completed.

2. Equity distribution for the first three quarters

On October 21, 2023 and November 6, 2023, the Company convened the 2nd meeting of the 8th board of directors and the 3rd extraordinary general meeting of shareholders for the year 2023, respectively. Both meetings deliberated and approved the "Profit Distribution Proposal for the First Three Quarters of 2023." Based on a total share capital of 3,294,468,990 shares, excluding the repurchased 19,819,601 shares, resulting in a base of 3,274,649,389 shares, the Company proposed to distribute cash dividends of RMB 3.101383 yuan per 10 shares (including tax) to all shareholders. The total cash dividend amount is RMB 1,015,594,194.60 yuan. No bonus shares were issued, and no increase in share capital from reserves was carried out. The remaining undistributed profits were retained for future distribution. This equity distribution has been fully implemented.

The announcements above have been disclosed through the designated media Securities Times and Juchao Information Network (<http://www.cninfo.com.cn>).

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	Percentage	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Quantity	Percentage
I. Shares with limited sales condition	1,075,053,850	35.44%	293,103,400	0	0	- 32,697,694	260,405,706	1,335,459,556	40.54%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	293,103,400	0	0	0	293,103,400.00	293,103,400	8.90%
3. Other domestic shares	1,075,053,850	35.44%	0	0	0	- 32,697,694	- 32,697,694	1,042,356,156	31.64%
Of which: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	1,075,053,850	35.44%	0	0	0	- 32,697,694	- 32,697,694	1,042,356,156	31.64%
4. Foreign	0	0.00%	0	0	0	0	0	0	0.00%

shares									
Of which: Shares held by foreign 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	1,958,107,320	64.56%	0	0	0	902,114	902,114	1,959,009,434	59.46%
1. RMB ordinary shares	1,958,107,320	64.56%	0	0	0	902,114	902,114	1,959,009,434	59.46%
2. Foreign shares listed in China	0	0.00%	0	0	0	0	0	0	0.00%
3. Foreign shares listed in foreign countries	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total	3,033,161,170	100.00%	293,103,400	0	0	- 31,795,580	261,307,820	3,294,468,990	100.00%

Reasons for changes in shares

Applicable Not applicable

1. During the reporting period, the Company successfully completed the issuance of shares to China Mobile Communications Group Co., Ltd. The 293,103,400 shares issued became listed on April 14, 2023.

2. Throughout the reporting period, the Company repurchased and canceled a portion of the restricted shares granted but not yet unlocked under the 2022 Stock Option and Restricted Stock Incentive Plan. The repurchase involved a total of 31,795,580 shares.

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

Approval for changes in shares

Applicable Not applicable

1. On April 18, 2022, the Company's application for the issuance of shares to China Mobile Communications Group Co., Ltd was approved by the Issuance Examination Committee of the China Securities Regulatory Commission (CSRC). Subsequently, on April 24, 2022, the Company obtained from the CSRC the "Approval for the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (CSRC Permit [2022] No. 853).

2. The Company's repurchase and cancellation of a portion of the restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan have been approved at the 42nd meeting of the 7th Board of Directors and the 29th meeting of the 7th Board of Supervisors, held on April 27, 2023, and subsequently endorsed at the 2022 Annual General Meeting held on May 26, 2023.

Transfer for changes in shares

Applicable Not applicable

1. During the reporting period, the Company successfully completed the issuance of shares to China Mobile Communications Group Co., Ltd. The 293,103,400 shares issued became listed on April 14, 2023.

2. Throughout the reporting period, the Company repurchased and canceled a portion of the restricted shares granted but not yet unlocked under the 2022 Stock Option and Restricted Stock Incentive Plan. The repurchase involved a total of 31,795,580 shares.

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, changes in the Company's share capital occurred due to the issuance of shares to specific parties and the cancellation of some restricted stock repurchases. The impact of these changes on the Company's basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the Company for the most recent year and period can be found in detail in "Section II. VI. Key Accounting Data and Financial Indicators."

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 of Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors,

						and senior management
China Mobile Communications Group Co., Ltd.	0	293,103,400	0	293,103,400	Issue restricted shares to specific parties	April 13, 2026
Zhu Jiangming	120,433,117	0	301,500	120,131,617	Lock-up Shares of Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management
Chen Ailing	53,447,110	0	0	53,447,110	Lock-up Shares of Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management
Wu Jun	51,860,164	19,500	0	51,879,664	Lock-up Shares of Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management
Zhang Xingming	2,710,153	0	1,109,538	1,600,615	Lock-up Shares and Restricted Shares under Equity Incentive Plans for Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management, as well as equity incentive plans
Wu Jian	1,401,251	0	246,150	1,155,101	Lock-up Shares and Restricted Shares under Equity Incentive Plans for	Follow relevant regulations on the management of shares held by directors,

					Directors, Supervisors, and Senior Management	supervisors, and senior management, as well as equity incentive plans
Zhao Yuning	1,132,750	0	25,900	1,106,850	Lock-up Shares and Restricted Shares under Equity Incentive Plans for Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management, as well as equity incentive plans
Chen Yuqing	1,073,963	19,500	0	1,093,463	Lock-up Shares of Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management
Other executives and equity incentive recipients	75,093,607	0	31,053,606	44,040,001	Lock-up Shares and Restricted Shares under Equity Incentive Plans for Directors, Supervisors, and Senior Management	Follow relevant regulations on the management of shares held by directors, supervisors, and senior management, as well as equity incentive plans
Total	1,075,053,850	293,142,400	32,736,694	1,335,459,556	--	--

II. Issuance and listing of securities

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

Applicable Not applicable

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

Description of the issuance of securities (not including preferred stocks) during the reporting period

According to the approval issued by the China Securities Regulatory Commission in the document titled "Approval for the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (CSRC Permit [2022] No. 853), the Company issued 293,103,400 shares to China Mobile Communications Group Co., Ltd. at a price of RMB 17.40 yuan per share. These shares became listed on April 14, 2023 on Shenzhen Stock Exchange.

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. According to the approval issued by the China Securities Regulatory Commission in document "Approval for the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (CSRC Permit [2022] No. 853), during the reporting period, the Company issued 293,103,400 shares to China Mobile Communications Group Co., Ltd., and these shares were listed on April 14, 2023.

2. Upon approval at the 42nd meeting of the 7th Board of Directors, the 29th meeting of the 7th Board of Supervisors, and the 2022 Annual General Meeting of Shareholders, the Company repurchased and canceled a portion of the restricted shares (totaling 31,795,580 shares) held by 4,249 incentive recipients on August 15, 2023.

Following the issuance of the aforementioned shares and the cancellation of restricted shares, the total share capital of the Company changed to 3,294,468,990 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	141,936	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	173,354	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 shareholders (if any) (refer to Note 8) with resumed voting rights at the end of previous month before the disclosure date of the annual report	0
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Shareholding list of shareholders with over 5% shares or top ten shareholders (excluding shares lent through stock pledge repos)

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 Liqian	Domestic Natural Person	31.08%	1,023,868,980	0	767,901,735	255,967,245	Pledge	192,307,693
China Mobile Communications Group Co., Ltd.	State-owned Legal Person	8.90%	293,103,400	293,103,400	293,103,400	0	Not applicable	0
Zhu Jiangming	Domestic Natural Person	4.86%	160,175,490	0	120,131,617	40,043,873	Not applicable	0
Chen Ailing	Domestic Natural Person	2.16%	71,262,813	0	53,447,110	17,815,703	Pledge	31,800,000
Wu Jun	Domestic Natural Person	2.10%	69,172,886	0	51,879,664	17,293,222	Not applicable	0
Hong	Overseas	1.95%	64,339,74	-	0	64,339,74	Not	0

Kong Securities Clearing Co. Ltd.	Legal Person		4	93,794,864		4	applicable	
National Social Security Fund 103	Others	1.64%	54,000,000	54,000,000	0	54,000,000	Not applicable	0
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.20%	39,611,241	0	0	39,611,241	Not applicable	0
New China Life Insurance Company Ltd. – Conventional – Common Insurance Product-018L-CT001 Shenzhen	Others	0.74%	24,321,736	24,321,736	0	24,321,736	Not applicable	0
Agricultural Bank of China Co., Ltd.- China International Fund Management Emerging Power Hybrid Securities Investment Fund	Others	0.60%	19,853,094	19,853,094	0	19,853,094	Not applicable	0
Strategic investors or general legal entities becoming top 10 shareholders as a result of the placement of new shares (if any) (see Note 3)	China Mobile Communications Group Co., Ltd. is a strategic investor in the Company and has committed not to transfer any subscribed shares of the Company in any way during the 36 months following the first day of its listing.							
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	Not applicable.							

rights and abstention from voting rights			
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (see Note 10)	Not applicable.		
Shareholding of the top ten shareholders without limited sales condition			
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
Hong Kong Securities Clearing Co. Ltd.	64,339,744	RMB common stock	64,339,744
National Social Security Fund 103	54,000,000	RMB common stock	54,000,000
Zhu Jiangming	40,043,873	RMB common stock	40,043,873
China Securities Finance Co., Ltd.	39,611,241	RMB common stock	39,611,241
New China Life Insurance Company Ltd. – Conventional – Common Insurance Product – 018LCT001 Shenzhen	24,321,736	RMB common stock	24,321,736
Agricultural Bank of China Co., Ltd.- China International Fund Management Emerging Power Hybrid Securities Investment Fund	19,853,094	RMB common stock	19,853,094
Chen Ailing	17,815,703	RMB common stock	17,815,703
Wu Jun	17,293,222	RMB common stock	17,293,222
National Social Security Fund 101	16,362,587	RMB common stock	16,362,587
Explanation on associated relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without	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		

limited shares and top ten shareholders	
Explanation on Top Ten Common Shareholders' Participation in Securities Margin Trading (If Any) (see Note 4)	N/A
Special Note Regarding Repurchase Accounts Among the Top 10 Unrestricted Shareholders	It is hereby stated that, as of December 31, 2023, the Company's securities repurchase account holds 19,819,601 ordinary A shares of the Company, representing 0.60% of the total shares outstanding. As per the requirement, these shares are not included in the list of the Company's top 10 unrestricted shareholders.

Participation of the Top Ten Shareholders in Lending out Shares under Stock Pledge Repo Transactions

Applicable Not applicable

Changes of the top 10 shareholders compared with the previous period

Applicable Not applicable

Unit: share

Changes of the top 10 shareholders compared with at the end of the previous period					
Name of Shareholder (full name)	Newly added to /removed from the previous Top Ten Shareholders List	The quantity of shares lent through stock pledge repo transactions at the end of the period and not yet returned		The total quantity of shares held in shareholder's ordinary accounts, credit accounts, and shares lent through stock pledge repo transactions at the end of the period and not yet returned	
		Total quantity	Proportion to total shares	Total quantity	Proportion to total shares
China Mobile Communications Group Co., Ltd.	Newly added	0	0.00%	293,103,400	8.90%
National Social Security Fund 103	Newly added	0	0.00%	54,000,000	1.64%
New China Life Insurance Company Ltd. – Conventional – Common Insurance Product-018L-CT001 Shenzhen	Newly added	0	0.00%	24,321,736	0.74%
Agricultural Bank of China Co., Ltd.- China International Fund Management Emerging Power Hybrid Securities Investment Fund	Newly added	0	0.00%	19,853,094	0.60%
China Galaxy Securities Co.,	Removed	0	0.00%	35,914,160	1.18%

Ltd.					
Liu Wenhua	Removed	0	0.00%	13,838,281	0.46%
China Life Insurance Company Ltd. – traditional – general insurance products-005L-CT001 S.	Removed	0	0.00%	10,799,739	0.36%
PICC Life Insurance Company Limited – dividends – dividends of personal insurance	Removed	0	0.00%	8,621,950	0.28%

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 Liqian	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	As of December 31, 2023, Mr. Fu Liqian, the Company's controlling shareholder, directly holds 6.82% of the shares of Leapmotor (HK.09863). In addition to his direct holdings, Mr. Fu Liqian, together with Mr. Zhu Jiangming, Mrs. Liu Yunzhen (Mr. Zhu Jiangming's wife), and Mrs. Chen Ailing (Mr. Fu Liqian's wife), collectively and ultimately hold approximately 23.47% of Leapmotor's shares, maintaining consistent actions.	

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

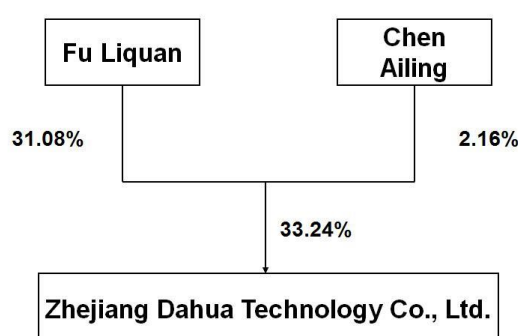
Fu Liquan	Himself	China	No
Chen Ailing	Himself	China	No
Main occupation and title	Mr. Fu Liquan holds the position of the chairman and president of the Company; Ms. Chen Ailing holds the position of the director of the Company		
Information about other listed companies at home and abroad controlled in the last ten years	N/A		

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 Diagram 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 accumulated number of shares pledged by the controlling shareholder or the first majority shareholder of the Company and his/her persons acting in concert accounted for 80% of all the shares held by him/her in the Company

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 Repurchase in the Reporting Period

The progress on share repurchases

Applicable Not applicable

Proposal disclosure	Proposed Repurchase	Proportion to total	Proposed Repurchase	Proposed Repurchase	Purpose of Repurchase	Quantity Already	Percentage of
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Time	Quantity (Shares)	Percentage of Shares	Amount	Period	Purpose	Repurchased (Shares)	Repurchased Quantity Relative to the Stock Options under Equity Incentive Plan (if applicable)
August 26, 2023	12,614,317 shares to 18,921,476 shares (calculated based on the upper limit repurchase price of 31.71 RMB per share)	0.38%-0.57%	RMB 400 million (inclusive) to 600 million (inclusive)	August 25, 2023 to August 24, 2024	For employee stock ownership plans or equity incentives	19,819,601	

The progress in reduction of re-purchase shares by means of centralized competitive bidding transaction

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	April 15, 2024
Name of audit institution	BDO China Shu Lun Pan CPAs (special general partnership)
Audit report ref.	XKSBZ [2024] No.ZF10311
Name of Certified Public Accountant	Du Na, Zhang Junhui

Audit Report Text

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

I. Opinion

We have audited the financial statements of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as Dahua), including the parent company's and the consolidated balance sheet dated December 31, 2023, the parent company's and the consolidated income statement, the parent company's and the consolidated cash flow statement and the parent company's and the consolidated statement of changes in owners' equity in 2023, 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", which fairly reflected the financial position of the merged companies and the parent company as at December 31, 2023 and the operating results and cash flows of the merged companies and the parent company in 2023.

II. Basis for Our 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 Dahua and 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 that we identified in the audit are as follows:

Key Audit Matters	How the matter was addressed in the audit
A. Recognition of revenue	
The operating revenue of Dahua in 2023 was RMB 32,218,317,600 yuan, which is an important part of Dahua's profit statement. Since the revenue is one of Dahua's key performance indicators, there is an inherent risk that the	The main audit procedure we implemented for the above key audit item includes: ① Understand the design and implementation of the internal control system and the financial accounting system in relation to revenue recognition, and test the effectiveness of their operation; ② Check the agreements of relevant contracts

<p>management may alter the time point of revenue recognition in order to meet specific targets or expectations. Therefore, we identify the recognition of revenue as a key audit item. Based on the accounting policy of Dahua, the Company's main products include security standard products, system integration and other labor services. Among them, the security standard products for domestic sales were delivered to customers or picked up by customers based on the contractual terms in the sales contract. The revenue was recognized after customers received and accepted the goods and the Company obtained the evidence proving the customers' receipt of goods; for the security standard products exported by domestic companies, the revenue was recognized after the goods were declared and exported, and for the security standard products sold overseas by overseas subsidiaries, the revenue was recognized after the customer received and accepted the goods; the revenue from the system integration sales was recognized after the acceptance of goods by customers; the revenue from the labor services sales was recognized when relevant labor services were provided. See Notes III (26) for details.</p>	<p>for different sales types in accordance with the actual situation of the specific businesses, and evaluate whether the revenue recognition meets the requirements of Accounting Standards for Business Enterprises; ③ Perform an analytical procedures to judge the reasonableness of the changes in sales revenue and gross profit margin; ④ Perform verification procedures: for the annual sales amount and the outstanding amount at the end of the year, sample and confirm with customers by letter, and the export sales income shall be certified by the customs; ⑤ Sampling inspection for different types of income: For standard products for domestic sales and overseas sales of overseas subsidiaries, sample the out-of-stock records, shipping orders, customer countersign records, received payment records and so on; for standard products exported by domestic companies, check the out-of-stock records, customs declaration, bill of lading, and received payment records; for integrated system sales, check the product delivery records, shipping list and contract list, unpacking acceptance report, acceptance report for the completion of installation and commissioning, received payment records and so on. ⑥ Sample the transactions made before or after the balance sheet date and check their out-of-stock records, customs declaration, and other relevant supportive documents to confirm whether the revenues have been recognized in an appropriate accounting period.</p>
<p>B. Recoverability of accounts receivable</p>	
<p>At the end of 2023, Dahua's net value of receivables was RMB 16,276,804,000 yuan. The management needs to make significant judgments about the identification of accounts receivable impairment accounts, the likelihood of inward cash flows of future customers. The management's estimates and assumptions are uncertain. Since the amount of accounts receivable is significant to the financial statements 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.</p>	<p>We evaluated the recoverability of accounts receivable by the following procedure: ① Understand the management's internal controls of key financial reporting related to credit control, account recovery and assessment of impairment provision for receivables, and evaluate the effectiveness of the design and operation of the internal controls; ② Understand the Company's management procedures for customers' credit and the collection measures for overdue debts; ③ For accounts receivable for which the expected credit loss is calculated based on the combination of credit risk characteristics, review the management's division of the combination, and assess the reasonableness of the expected credit loss rate based on the estimates including historical credit loss rate, current circumstance and prediction of the future economic condition. We assessed the reasonableness of the accrued proportion with reference to the historical audit experience and prospective information, tested the accuracy of the portfolio classification and aging division of the accounts receivable, and recalculated the accuracy of the accrued amount of the expected credit loss; we sampled the accounts receivable subject to separate bad debt provision, and</p>

	<p>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 have obtained during the audit process, including background information, transaction history and payment status of the customer, and forward-looking considerations; ④ Test the payment received after the balance sheet date; ⑤ Perform the correspondence-based confirmation procedure and check whether the confirmation results are consistent; ⑥ Analyze whether there are amounts of accounts receivable that cannot be recovered and need to be written off.</p>
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IV. Other Information

The management of Dahua (hereinafter referred to as the Management) is responsible for the other information. The other information includes the information covered in Dahua's annual report in 2023, 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 Statements

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 design, implement and maintain 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 Dahua's ability to continue operating, disclosing matters related to continuous operation (if applicable) and using the hypothesis of continuous operation unless there is a plan to liquidate, terminate operations or no other realistic options.

The management is responsible for supervising the financial reporting process of Dahua.

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:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address 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.

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

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

(IV) Conclude on the appropriateness of using the going concern assumption by the Management. At the same time, draw a conclusion, based on the audit evidence obtained, on whether there is significant uncertainty in matters or situations that may cause major doubts about Dahua's ability in continuous operation. 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 result in Dahua's inability to continue operating.

(V) 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.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Dahua to express an opinion on the consolidated 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 Certified Public Accountants LLP

(Special general partnership)

Chinese CPA: Du Na

(Project partner)

Chinese CPA: Zhang Junhui

Shanghai, China

April 15, 2024

II. Financial Statements

Units of financial reports in the notes: yuan

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current Assets:		
Cash and Bank Balances	15,971,005,114.47	8,029,878,650.77
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	1,470,000.00	1,470,000.00
Derivative Financial Assets		
Notes receivable	813,039,192.75	872,302,071.18
Accounts receivable	16,276,803,954.03	15,411,908,561.50
Receivables Financing	810,713,267.86	679,441,917.62
Prepayments	189,388,716.99	121,691,239.14
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	337,524,688.36	401,849,246.88
Including: interest receivable		
Dividends Receivable	5,784,225.02	8,519,063.17
Buying Back the Sale of Financial Assets		
Inventory	5,332,608,544.02	7,315,372,440.02
Contract Assets	86,714,216.34	106,335,405.35
Holding for-sale assets		
Non-current Assets Due within 1 Year	303,454,116.40	476,871,949.75
Other Current Assets	939,374,868.31	1,352,406,151.72
Subtotal of Current Assets	41,062,096,679.53	34,769,527,633.93
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	946,659,309.70	1,436,256,651.54
Long-term Equity Investment	727,453,629.75	1,461,099,644.55
Investment in Other Equity Instruments		

Other Non-current Financial Assets	1,535,742,385.71	931,043,130.33
Investment Property	129,637,004.00	423,035,823.82
Fixed Assets	4,937,180,876.88	4,643,617,574.85
Projects under Construction	1,008,612,408.49	423,535,552.03
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	299,202,586.56	314,700,977.50
Intangible Assets	594,679,018.11	557,183,251.12
Development Expenditure		
Goodwill	6,615,294.18	6,615,294.18
Long-term Deferred Expenses	135,335,273.95	130,626,422.97
Deferred Income Tax Assets	1,287,903,482.65	1,014,419,944.15
Other Non-current Assets	210,809,264.49	141,231,903.57
Subtotal of Non-current Assets	11,819,830,534.47	11,483,366,170.61
Total assets	52,881,927,214.00	46,252,893,804.54
Current Liabilities:		
Short-term loan	957,426,330.18	257,943,618.51
Borrowings from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Transactional financial liabilities	61,400.12	26,652,319.25
Derivative Financial Liabilities		
Notes Payable	3,296,294,946.26	4,364,097,761.17
Accounts Payable	5,815,123,195.55	7,340,277,388.29
Received Prepayments		
Contract liabilities	1,194,534,307.04	1,219,548,011.88
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	1,933,955,631.12	1,583,203,165.43
Tax Payable	1,243,482,361.08	326,881,747.78
Other Payables	812,424,146.52	1,004,056,999.91
Including: interest payable		
Dividends Payable	23,667,047.02	
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1	901,722,028.75	2,558,010,785.73

Year		
Other Current Liabilities	155,182,705.02	166,004,612.27
Subtotal of Current Liabilities	16,310,207,051.64	18,846,676,410.22
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term loan		453,825,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	176,580,049.57	196,340,654.27
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	224,542,626.90	227,764,387.93
Deferred Income	166,711,673.04	104,663,047.38
Deferred Income Tax Liabilities	737,367.19	1,168,473.33
Other Non-current Liabilities	119,054,046.66	204,084,072.08
Subtotal of Non-current Liabilities	687,625,763.36	1,187,845,634.99
Total Liabilities	16,997,832,815.00	20,034,522,045.21
Shareholders' Equity:		
Share Capital	3,294,468,990.00	3,033,161,170.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	7,124,125,996.49	3,950,209,243.25
Less: Treasury Share	746,699,863.45	609,859,632.00
Other Comprehensive Incomes	65,993,020.83	36,942,339.77
Special Reserves		
Surplus Reserves	1,647,234,495.00	1,553,691,005.92
General Risk Reserves		
Undistributed Profits	23,334,051,186.55	17,872,654,791.67
Total Shareholders' Equity Attributable to the Parent Company	34,719,173,825.42	25,836,798,918.61
Minority Shareholders' Equity	1,164,920,573.58	381,572,840.72
Total Shareholders' Equity	35,884,094,399.00	26,218,371,759.33
Total Liabilities and Shareholders' Equity	52,881,927,214.00	46,252,893,804.54

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

2. Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current Assets:		
Cash and Bank Balances	9,624,679,601.93	4,022,841,447.49
Trading Financial Assets		
Derivative Financial Assets		
Notes receivable	368,774,122.18	178,821,430.81

Accounts receivable	6,640,946,970.53	4,837,478,515.65
Receivables Financing	698,297,307.69	1,061,433,149.01
Prepayments	31,587,070.13	11,881,594.83
Other Receivables	11,736,609,900.41	13,025,162,686.64
Including: interest receivable		
Dividends Receivable		
Inventory	447,927,880.25	950,125,105.39
Contract Assets	12,985,980.46	27,158,633.27
Holding for-sale assets		
Non-current Assets Due within 1 Year	10,032,002.75	35,911,131.98
Other Current Assets	348,700,342.87	627,219,565.83
Subtotal of Current Assets	29,920,541,179.20	24,778,033,260.90
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables	5,359,168.22	12,287,217.89
Long-term Equity Investment	8,191,802,935.85	5,482,249,288.75
Investment in Other Equity Instruments		
Other Non-current Financial Assets	1,513,272,385.71	908,573,130.33
Investment Property	1,817,925.82	317,849,081.03
Fixed Assets	1,814,451,576.60	1,627,286,403.38
Projects under Construction	3,556,445.35	34,991,576.38
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	94,348,785.64	114,223,037.09
Intangible Assets	140,815,043.41	132,109,501.05
Development Expenditure		
Goodwill		
Long-term Deferred Expenses	66,926,895.55	69,447,374.46
Deferred Income Tax Assets	1,008,929.69	39,347,253.53
Other Non-current Assets	18,782,264.32	25,825,038.50
Subtotal of Non-current Assets	11,852,142,356.16	8,764,188,902.39
Total assets	41,772,683,535.36	33,542,222,163.29
Current Liabilities:		
Short-term loan	600,266,666.67	3,632,141.60
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	221,026,659.43	485,319,623.33
Accounts Payable	884,748,949.13	1,074,133,501.08
Received Prepayments		

Contract liabilities	125,050,543.58	169,956,348.75
Payroll payable	1,354,637,328.45	1,116,235,627.09
Tax Payable	1,008,009,000.74	140,279,695.45
Other Payables	1,193,481,602.34	1,328,875,885.44
Including: interest payable		
Dividends Payable	23,667,047.02	
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	787,284,456.59	2,393,499,176.95
Other Current Liabilities	22,753,109.13	85,397,527.74
Subtotal of Current Liabilities	6,197,258,316.06	6,797,329,527.43
Non-current Liabilities:		
Long-term loan		350,000,000.00
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	48,328,489.38	64,598,842.13
Long-term Payables		
Long-term payroll payable		
Expected Liabilities	1,550,020.50	2,204,024.80
Deferred Income		
Deferred Income Tax Liabilities		
Other Non-current Liabilities	144,070.84	392,972.39
Subtotal of Non-current Liabilities	50,022,580.72	417,195,839.32
Total Liabilities	6,247,280,896.78	7,214,525,366.75
Shareholders' Equity:		
Share Capital	3,294,468,990.00	3,033,161,170.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	6,881,563,679.88	3,788,412,149.09
Less: Treasury Share	746,699,863.45	609,859,632.00
Other Comprehensive Incomes		
Special Reserves		
Surplus Reserves	1,647,234,495.00	1,553,691,005.92
Undistributed Profits	24,448,835,337.15	18,562,292,103.53
Total Shareholders' Equity	35,525,402,638.58	26,327,696,796.54
Total Liabilities and Shareholders' Equity	41,772,683,535.36	33,542,222,163.29

3. Consolidated Income Statement

Unit: RMB

Item	2023	2022
I. Total Operating Revenue	32,218,317,636.77	30,565,370,012.64
Including: Operating Revenue	32,218,317,636.77	30,565,370,012.64

Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	29,058,697,666.07	28,808,656,031.31
Including: Operating Cost	18,674,970,923.46	18,989,797,670.92
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	275,786,197.05	187,697,592.05
Sales Expenses	5,292,570,225.69	5,115,163,159.61
Administration expenses	1,257,429,514.27	1,143,968,823.89
Research and development expense	3,967,248,795.22	3,883,005,582.82
Financial Expenses	-409,307,989.62	-510,976,797.98
Including: interest expenses	95,985,194.10	129,841,192.93
Interest Income	345,537,378.77	197,933,592.28
Add: Other income	942,767,172.83	988,838,317.21
Investment Income (Mark "-" for Loss)	4,495,973,812.03	280,749,308.20
Including: Investment Income from Affiliates and Joint Ventures	-242,631,295.52	-399,809,570.81
Profits from recognition Termination of Financial Assets at Amortized Cost	-16,573,899.23	-1,731,597.86
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	127,628,374.87	-46,015,577.97
Credit Impairment Losses (Mark "-" for Loss)	-412,457,117.43	-596,505,944.29
Asset Impairment Losses (Mark "-" for Loss)	-174,514,315.74	-106,653,049.64
Asset Disposal Income (Mark "-" for Loss)	2,007,798.39	2,965,788.77

III. Operating Profit (Mark "-" for Loss)	8,141,025,695.65	2,280,092,823.61
Add: Non-operating Revenues	13,528,994.25	17,921,304.59
Less: Non-operating Expenses	32,849,032.26	10,836,066.92
IV. Total Profit (Mark "-" for Total Loss)	8,121,705,657.64	2,287,178,061.28
Less: Income Tax Expense	646,438,172.09	25,327,807.96
V. Net Profit (Mark "-" for Net Loss)	7,475,267,485.55	2,261,850,253.32
(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	7,475,267,485.55	2,261,850,253.32
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	7,361,892,404.52	2,324,356,092.20
2. Minority Shareholders' Profit and Loss	113,375,081.03	-62,505,838.88
VI. Net Amount of Other Comprehensive Incomes after Tax	29,150,995.25	-39,267,173.55
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	29,050,681.06	-39,063,452.72
(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	29,050,681.06	-39,063,452.72
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference	29,050,681.06	-39,063,452.72

7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	100,314.19	-203,720.83
VII. Total Comprehensive Income	7,504,418,480.80	2,222,583,079.77
Total Comprehensive Income Attributable to the Parent Company's Owner	7,390,943,085.58	2,285,292,639.48
Total Comprehensive Income Attributable to Minority Shareholders	113,475,395.22	-62,709,559.71
VIII. Earnings per Share		
(I) Basic Earnings per Share	2.31	0.79
(II) Diluted Earnings per Share	2.31	0.79

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

4. Income Statement of the Parent Company

Unit: RMB

Item	2023	2022
I. Operating Revenue	10,675,914,320.02	8,458,444,111.37
Less: Operating Cost	1,691,024,232.43	1,230,036,081.64
Taxes and Surcharges	146,495,115.07	122,607,735.59
Sales Expenses	2,462,570,281.18	2,337,221,204.22
Administration expenses	680,831,535.05	615,717,298.20
Research and development expense	2,864,986,091.20	2,714,151,497.47
Financial Expenses	-91,154,399.90	-18,613,854.17
Including: interest expenses	81,261,266.60	93,567,329.76
Interest Income	213,951,362.84	110,285,473.81
Add: Other income	679,492,419.86	797,553,509.91
Investment Income (Mark "-" for Loss)	4,314,965,696.38	-302,194,016.65
Including: Investment Income from Affiliates and Joint Ventures	-309,247,666.73	-455,385,100.70
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)	-4,044,983.67	-3,752,816.76
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	101,037,455.74	-10,144,713.55
Credit Impairment Losses (Mark "-" for Loss)	-43,204,243.79	-1,310,481.21
Asset Impairment Losses (Mark "-" for Loss)	-449,430.51	-6,453,322.10
Asset Disposal Income (Mark "-" for Loss)	539,633,345.30	1,109,370.89

II. Operating Profit (Mark "-" for Loss)	8,512,636,707.97	1,935,884,495.71
Add: Non-operating Revenues	1,578,964.62	4,169,504.86
Less: Non-operating Expenses	1,596,176.55	5,180,651.11
III. Total Profit (Mark "-" for Total Loss)	8,512,619,496.04	1,934,873,349.46
Less: Income Tax Expense	725,580,252.78	4,336,964.90
IV. Net Profit (Mark "-" for Net Loss)	7,787,039,243.26	1,930,536,384.56
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	7,787,039,243.26	1,930,536,384.56
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method		
3. Changes in the fair value of investment in other equity instruments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(II) Other comprehensive income that will be reclassified as P/L		
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference		
7. Others		
VI. Total Comprehensive Income	7,787,039,243.26	1,930,536,384.56
VII. Earnings per Share		
(I) Basic Earnings per Share	2.45	0.65
(II) Diluted Earnings per Share	2.44	0.65

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2023	2022
I. Cash Flow Generated by Operational Activities:		

Cash from Sales of Merchandise and Provision of Services	34,442,145,403.42	33,784,604,846.55
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	1,297,555,479.60	1,494,092,979.78
Other Received Cashes Related to Operational Activities	1,458,933,374.74	1,251,775,941.07
Subtotal of cash inflow from operational activities	37,198,634,257.76	36,530,473,767.40
Cash Paid for Merchandise and Services	21,282,073,936.41	23,777,092,221.87
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	7,048,918,522.07	7,458,518,121.11
Cash Paid for Taxes and Surcharges	1,924,186,453.49	2,068,760,288.72
Other Paid Cashes Related to Operational Activities	2,344,676,691.32	2,172,515,486.24
Subtotal of cash outflow from operational activities	32,599,855,603.29	35,476,886,117.94
Net cash flow generated by operating activities	4,598,778,654.47	1,053,587,649.46
II. Cash Flow from Investment		

Activities:		
Cash Arising from Disposal of Investments	4,741,623,320.96	2,264,115,058.67
Cash Arising from Investment Incomes	28,682,909.98	24,768,046.36
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	4,137,565.27	11,943,847.27
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		665,433,193.86
Other Received Cashes Related to Investment Activities	49,811,896.09	25,697,487.60
Subtotal of cash inflow from investment activities	4,824,255,692.30	2,991,957,633.76
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	1,445,917,821.13	1,295,439,929.32
Cash Paid for Investments	1,566,078,364.60	2,238,484,786.11
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	86,037,580.10	57,995,988.98
Subtotal of cash outflows from investment activities	3,098,033,765.83	3,591,920,704.41
Net amount of cash flow generated by investment activities	1,726,221,926.47	-599,963,070.65
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	5,835,668,662.56	642,408,134.84
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders	739,669,502.56	32,548,502.84
Cash Arising from Borrowings	2,629,490,853.55	5,266,376,091.63
Other Received Cashes Related to Financing Activities	0.00	453,263.81
Subtotal of cash inflow from financing activities	8,465,159,516.11	5,909,237,490.28
Cash Paid for Debts Repayment	4,075,180,609.51	4,841,487,732.91
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,868,381,166.79	910,569,303.98
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries	1,104,770.95	
Other Paid Cashes Related to Financing Activities	868,734,705.55	500,968,317.98
Subtotal of cash outflow from financing activities	6,812,296,481.85	6,253,025,354.87
Net cash flow generated by financing activities	1,652,863,034.26	-343,787,864.59
IV. Impact of Fluctuation in Exchange	24,330,927.12	151,051,486.09

Rate on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	8,002,194,542.32	260,888,200.31
Add: Cash and Cash Equivalents at the Commencement of the Period	7,878,465,052.63	7,617,576,852.32
VI. Cash and Cash Equivalents at the End of the Period	15,880,659,594.95	7,878,465,052.63

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2023	2022
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	9,580,658,235.54	8,412,862,445.50
Tax Refund		
Other Received Cashes Related to Operational Activities	995,036,096.41	1,025,365,997.09
Subtotal of cash inflow from operational activities	10,575,694,331.95	9,438,228,442.59
Cash Paid for Merchandise and Services	894,299,605.11	805,027,908.27
Cash Paid to and for Employees	4,148,209,445.47	4,335,058,098.20
Cash Paid for Taxes and Surcharges	980,532,790.15	1,263,894,274.07
Other Paid Cashes Related to Operational Activities	1,218,042,054.87	1,275,450,400.47
Subtotal of cash outflow from operational activities	7,241,083,895.60	7,679,430,681.01
Net cash flow generated by operating activities	3,334,610,436.35	1,758,797,761.58
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments	4,438,176,060.20	1,235,609,621.67
Cash Arising from Investment Incomes	5,321,510.33	9,173,028.68
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	6,507,850.94	18,870,107.90
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Received Cashes Related to Investment Activities		
Subtotal of cash inflow from investment activities	4,450,005,421.47	1,263,652,758.25
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	306,866,259.04	480,624,220.25
Cash Paid for Investments	4,253,829,235.00	989,118,779.17
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		

Other Paid Cashes Related to Investment Activities		
Subtotal of cash outflows from investment activities	4,560,695,494.04	1,469,742,999.42
Net amount of cash flow generated by investment activities	-110,690,072.57	-206,090,241.17
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments	5,095,999,160.00	609,859,632.00
Cash Arising from Borrowings	1,200,000,000.00	1,893,632,141.60
Other Received Cashes Related to Financing Activities	1,931,048,415.78	2,488,594,518.78
Subtotal of cash inflow from financing activities	8,227,047,575.78	4,992,086,292.38
Cash Paid for Debts Repayment	2,553,632,141.60	1,393,066,910.69
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,846,648,732.12	875,930,736.99
Other Paid Cashes Related to Financing Activities	1,363,667,384.09	2,751,592,825.48
Subtotal of cash outflow from financing activities	5,763,948,257.81	5,020,590,473.16
Net cash flow generated by financing activities	2,463,099,317.97	-28,504,180.78
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-38,899,297.35	613,656.19
V. Net Increase in Cash and Cash Equivalents	5,648,120,384.40	1,524,816,995.82
Add: Cash and Cash Equivalents at the Commencement of the Period	3,933,169,520.92	2,408,352,525.10
VI. Cash and Cash Equivalents at the End of the Period	9,581,289,905.32	3,933,169,520.92

7. Consolidated Statement of Changes in Owners' Equity

Amount of this 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	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

at the Start of This Year	0.00														
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 Income							29,050,681.06				7,361,892,404.52		7,390,943,085.58	113,475,395.22	7,504,418,480.80
(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															

ts															
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 Sharehold										2,608,700.63		2,608,700.63		2,608,700.63	

ers' 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											2,608,700.63		2,608,700.63		2,608,700.63

Comprehensive Income															
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

Amount of Previous Period

Unit: RMB

Item	2022														Minority Shareholders' Equity	Total Shareholders' Equity
	Shareholders' Equity Attributable to the Parent Company's Owner												Subtotal			
	Share Capital	Other Equity Instruments			Capital Reserves	Less : Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others				
	Preferred Stocks	Perpetual Bonds	Others													

I. Balance at the End of Last Year	2,994,550,730.00				2,939,512,235.75	277,169,524.09	76,005,792.49		1,553,691,005.92		16,331,012,273.48		23,617,602,513.55	552,741,994.59	24,170,344,508.14
Add: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Others															
II. Balance at the Start of This Year	2,994,550,730.00				2,939,512,235.75	277,169,524.09	76,005,792.49		1,553,691,005.92		16,331,012,273.48		23,617,602,513.55	552,741,994.59	24,170,344,508.14
III. Increases or Decreases in This Period (Mark "-" for Decreases)	38,610,440.00				1,010,697,007.50	332,690,107.91	-39,063,452.72				1,541,642,518.19		2,219,196,405.06	171,169,153.87	2,048,027,251.19
(I) Total Comprehensive Income							-39,063,452.72				2,324,356,092.20		2,285,292,639.48	62,709,559.71	2,222,583,079.77
(II) Shareholders' Contribution and Reduction in Capital	38,610,440.00				476,971,722.71	332,690,107.91							182,892,054.80	87,713,091.86	270,605,146.66
1. Common stock invested by the owner	38,610,440.00				278,018,905.02	332,690,107.91							-16,060,762.89	848,502.84	-15,212,260.05
2. Capital Invested by Holders of Other Equity Instruments															
3. Amount of Share-based Payments Recorded into					198,952,817.69								198,952,817.69	86,864,589.02	285,817,406.71

Shareholders' Equity																				
4 . Others																				
(III) Profit Distribution																				
1 . Appropriation of Surplus Reserves																				
2 . Appropriation of General Risk Reserves																				
3 . Distribution to Owners (or Shareholders)																				
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				533,725,284.79								533,725,284.79	196,172,686.02	-	337,552,598.77
IV. Balance at the End of This Period	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

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

Amount of this 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 "-" for Decreases)	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
(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 . Distribution to Owners (or Shareholders)										1,809,561,221.19		-1,809,561,221.19
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 . Surplu s Reserves Transferre d into Capital (or Share Capital)												
3 . Surplu s Reserves Covering Losses												
4 . Carry- forward retained earnings of the variation of the defined benefit plan												
5 . Other Carry- forward Retained Earnings of the Comprehe nsive Income										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					- 1,738,684,099.6 0							-1,738,684,099.60
IV. Balance at the End of This Period	3,294,46 8,990.00				6,881,563,679.8 8	746,699,863.4 5			1,647,234,495.0 0	24,448,835,337 .15		35,525,402,638.58

Amount of Previous Period

Unit: RMB

Item	2022											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	2,994,550,730. 00				2,925,020,649. 68	277,169,524. 09			1,553,691,005.9 2	17,370,986,709.52		24,567,079,571.03
Add: Changes in Accounting Policies												
C												

correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	2,994,550,730.00				2,925,020,649.68	277,169,524.09			1,553,691,005.92	17,370,986,709.52		24,567,079,571.03
III. Increases or Decreases in This Period (Mark "-" for Decreases)	38,610,440.00				863,391,499.41	332,690,107.91				1,191,305,394.01		1,760,617,225.51
(I) Total Comprehensive Income										1,930,536,384.56		1,930,536,384.56
(II) Shareholders' Contribution and Reduction in Capital	38,610,440.00				419,952,914.63	332,690,107.91						125,873,246.72
1. Common stock invested by the owner	38,610,440.00				278,018,905.02	332,690,107.91						-16,060,762.89

2 . Capital Invested by Holders of Other Equity Instruments												
3 . Amount of Share-based Payments Recorded into Shareholders' Equity					141,934,009.61							141,934,009.61
4 . Others												
(III) Profit Distribution										-782,713,574.01		-782,713,574.01
1 . Appropriation of Surplus Reserves												
2 . Distribution to Owners (or Shareholders)										-782,713,574.01		-782,713,574.01
3 . Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1 . Capital												

Reserves Transferred into Capital (or Share Capital)												
2 . Surpl s Reserves Transferred into Capital (or Share Capital)												
3 . Surpl s Reserves Covering Losses												
4 . Carry- forward retained earnings of the variation of the defined benefit plan												
5 . Other Carry- forward Retained Earnings of the Comprehe nsive Income												

6. Others												
(V) Special Reserves												
1 . Withdr awal in this period												
2 . Used in This Period												
(VI) Others					443,438,584.78					43,482,583.46		486,921,168.24
IV. Balance at the End of This Period	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. 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, 2023, the Company has issued a total of 3,294,468,990 shares, with a registered capital of RMB 3,294,468,990.00 yuan. 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 Company's main operation activities include: R&D, production and sales of smart IoT products, and provision of video-centric smart IoT solutions and services.

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

This financial statement has been approved by Board of Directors on April 15, 2024.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

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

2. Going concern

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

V. Significant Accounting Policies and Accounting Estimates

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

1. Statement on compliance with Accounting Standards for Business Enterprises

This financial statement is in compliance with the requirements in the “Accounting Standards for Business Enterprises” promulgated by the Ministry of Finance and presents truly and completely the financial position of the merged companies and the parent company as at December 31, 2023 and the operating results and cash flows of the merged companies and the parent company in 2023.

2. Accounting period

The fiscal year of the Company is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

For the domestic operating entities of the Company and its overseas operating entity Dahua Technology (HK) Limited, the functional currency is Renminbi (“RMB”). The other overseas operating entities take the appropriate currency as the functional currency on the basis of the currency in the major economic environment in which they operate. This financial statement is presented in RMB.

5. Method for determination and basis for selection of the importance criteria

Applicable Not applicable

Item	Importance criteria
Important accounts receivable with the bad debt provision accrued based on single item	Amount accrued based on single item accounting for 0.5% of the total asset at the end of the period
Significant amount of recovered or reversed bad debt provision of the receivables in this period	Amount of recovered or reversed bad debt provision of the receivables in this period exceeding 0.5% of the total asset at the end of the period
Important accounts receivable written off	Amount of accounts receivable written off based on single item exceeding 0.5% of the total asset at the end of the period
Important projects under construction	Project investment budget exceeding 0.5% of the total asset
Important prepayments aged over 1 year	Prepayments aged over 1 year exceeding 0.1% of the total asset
Important accounts payable aged over 1 year	Payables aged over 1 year exceeding 0.5% of the total asset
Other important payables aged over 1 year	Other payables aged over 1 year exceeding 0.5% of the total asset
Important contract liabilities aged over 1 year	Contract liabilities aged over 1 year exceeding 0.5% of the total asset

Important cash flow from investment activities	Projects with cash flow exceeding 5% of the total asset
Important overseas business entities	Overseas business entities with any of the total asset/gross revenue/total profit exceeding 15% of the Group's total asset/gross revenue/total profit
Important non-wholly owned subsidiaries	Non-wholly owned subsidiaries with any of the total asset/gross revenue/total profit exceeding 15% of the Group's total asset/gross revenue/total profit
Important joint ventures or associates	Investment income from the joint ventures or associates exceeding 10% of the audited profit of the Company in the last period

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

Business combination involving entities under common control: The assets and liabilities acquired by the merging party in business combination (including goodwill incurred in the acquisition of the merged party by ultimate controlling party) shall be measured at the book value of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

Business combination involving entities not under common control: The cost of combination is the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued by the acquirer to acquire the control of the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be charged to the profit or loss for the period. The identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the combination that satisfy the recognition criteria shall be measured by the fair value on the date of acquisition.

The fees which are directly related to the business combination shall be recognized as the profit or loss in the period when the costs are incurred; the transaction expenses of issuing equity securities or debt securities for business merger shall be initially capitalized for equity securities or debt securities.

7. Criterion for judgment of control and preparation method of consolidated financial statements

(1) Criterion for judgment of 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;
- Achieving a transaction depends on achieving of at least one of the other transaction;
- 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 Interest of Subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date or date of combination or, adjust the retained earnings if the share premium in the capital reserve is insufficient for write-down.

④ Partial Disposal of Equity Investment in Subsidiaries without Losing Control

The difference between the disposal consideration and the share of net assets in the subsidiaries calculated from disposal of long-term equity investment as of the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient for write-down.

8. Classification of joint venture arrangement and accounting treatment methods for joint operation

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

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

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

- (1) The assets separately held by the Company and assets jointly held as recognized by the share of the Company;
- (2) The liabilities separately assumed by the Company and liabilities jointly assumed as recognized by the share of the Company;
- (3) Income from selling the share of the Company in the output of the joint operation;
- (4) Income from joint operation of the sold output as recognized by the share of the Company;
- (5) The expenses separately incurred and expenses jointly incurred as recognized by the share of the Company;

The Company adopts the equity method for the investment of the joint venture. For details, refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 20. Long-term equity investment.

9. Recognition criteria of cash and cash equivalents

Cash means the cash on hand and deposits that are available for payment at any time of the Company.

Cash equivalents mean the investments held by the Company which are short-term, highly liquid, easy to be converted into known amounts of cash and have little risk of value change.

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

(1) Foreign currency transactions

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

The Balance of foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for those differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency for acquisitions, construction, or production of the qualified assets, which should be included in current profit and loss.

(2) Translation of foreign currency financial statements

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

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 and whose changes are included in the current profit or loss

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 and the counterparty modify or re-negotiate the contract, which constitute material modifications, the original financial assets will be derecognized 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 derecognized portion;
- ② The sum of consideration of the derecognized portion and the corresponding portion of accumulated change in fair value previously recorded into owners' equity (in cases where the transferred financial assets are financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments)).

Financial assets will still be recognized if they fail to satisfy the conditions for termination of recognition, with the consideration received recognized as a financial liability.

(4) Derecognition of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the recognition of the whole or relevant portion of the liability is terminated; an agreement is entered between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, terminate the recognition of the original financial liabilities as well as recognize the new financial liabilities.

If all or part of the contract terms of the original financial liabilities are substantially amended, the recognition of the original financial liabilities will be terminated in full or in part, and the financial liabilities whose terms have been amended shall be recognized as a new financial liability.

When recognition of financial liabilities is terminated in full or in part, the difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the book value of such financial liabilities will be allocated according to the relative fair value between the continued recognized part and terminated part on the

repurchase date. The difference between the book value of the financial liabilities terminated and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

(5) Method of determining the fair values of financial assets and liabilities

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

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

The Company bases its impairment accounting treatment on the expected credit loss on the financial assets at amortized cost, the financial assets at fair value through other comprehensive income (debt instruments), and the financial guarantee contracts.

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 arising from the transactions regulated by "Accounting Standard for Business Enterprises No. 21 - Lease", the Company will always measure the loss provision for the accounts receivable, by the amount of the expected credit loss throughout the duration.

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

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change in the risk of default over the expected life of financial instruments to assess whether the credit risk of financial instruments has increased significantly since initial recognition. If the financial instrument becomes overdue for more than 30 days, the Company believes that the credit risk of this financial instrument has been significantly increased, unless there are concrete evidences that the credit risk of this financial instrument has not been significantly increased upon initial recognition.

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

If 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 the financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments), their loss reserve is recognized in other comprehensive income and the impairment loss or gain is included in the current profit or loss without reducing the book value of such financial assets listed in the balance sheet.

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

The Company divides the financial instruments other than the above accounts receivable with the bad debt provision accrued based on single item into several combinations based on the credit risk characteristics, and determines the expected credit loss on a combined basis. The combination categories of the Company for which the expected credit loss is accrued, including notes receivable, accounts receivable, receivables financing, other receivables, contract assets (including contract assets presented in other non-current assets) and long-term receivables (including long-term receivables due within 1 year presented in non-current assets due within 1 year) and the basis for determination thereof are shown as follows:

Item	Combination Category	Basis of Determination
Notes receivable	Bill type	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.
Receivables Financing		
Accounts receivable, other receivables	Aging mechanics	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.
Accounts receivable, other receivables	Related parties that are included in the scope of consolidated financial statements	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.
Contract assets (including contract assets presented in other non-current assets)	Nature of the funds	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.
Long-term receivables (including long-term receivables due within 1 year presented in non-current assets due within 1 year)	Nature of the funds	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.

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

12. Notes receivable

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

13. Accounts receivable

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

14. Receivables financing

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

15. Other receivables

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

16. Contract assets

(1) Recognition method and criteria of contract assets

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

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

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

17. Inventories

(1) Category of inventory

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

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

(2) Determination of cost

Cost of inventories is determined using the weighted average method.

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

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

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

the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

If the Company accrues the reserve for stock depreciation based on the combination, the combination category and the basis for determination thereof as well as the basis for determination of the net realizable value of different types of inventories are shown as follows:

Combination category of inventories	Basis for determination of the combination	Basis for determination of the net realizable value
Raw materials	Inventory category	Estimated selling price of inventories - estimated cost of completion - estimated selling expenses - relevant taxes
Work-in-progress	Inventory category	
Finished goods	Inventory category	
Contract performance costs	Inventory category	

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 method

An asset of which the book value is recovered mainly through sale (including exchange of non-monetary asset of a commercial nature), rather than continuous use of a non-current asset or a 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) Identification criteria and presentation method for termination of business

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:

- ② 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 of an independent primary business or a separate principal operating area;
- ③ This constituent part is a subsidiary acquired for resale.

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

19. Long-term receivables

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

20. Long-term equity investment

(1) Criterion of joint control and significant influence

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 combined 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 joint ventures are calculated using equity method. Where the initial investment cost of the long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to the profit or loss for the current period. At the same time, the cost of the long-term equity investment shall be adjusted.

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

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

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

The net loss incurred by the Company to the joint ventures or affiliates is capped when the carrying amount of long-term equity investment and the long-term equity that substantially constitutes the net investment in the joint ventures or affiliates have been wrote down to zero, except to the extent that the Company has an additional loss obligation. If the joint ventures or affiliates later realize net profit, the Company will resume recognition of the income share after the income share makes up the unrecognized loss share.

③ Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the consideration actually received shall be included in the current profit or loss.

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

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

If the disposal of the equity investment in the subsidiaries through multiple transactions until loss of the control is a package deal, each transaction shall be subject to accounting treatment as a transaction to dispose of the equity

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

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 for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a service life of more than one fiscal year. Fixed asset is recognized when it meets the following conditions at the same time: ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; ② Its cost can be reliably measured.

The fixed assets are initially measured at cost (with the impact of predicted discard expense taken into account).

The subsequent expenditure related to the fixed assets will be included in the cost of the fixed assets when the economic benefits in connection therewith are likely to flow in and costs can be measured reliably; the book value of the replaced part will be derecognized; all other subsequent expenditure will be included in the current profit or loss when occurred.

(2) Methods for depreciation

Category	Depreciation method	Useful lives of depreciation	Residual Ratio	Annual depreciation rate
Housing and building	Straight-line method	20	5%	4.75%
Machinery and equipment	Straight-line method	5-10	5%	19.00%-9.50%
Means of transport	Straight-line method	4-8	5%	23.75%-11.88%
Electronic and other equipment	Straight-line method	3-5	5%	31.67%-19.00%

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

(3) Disposal of fixed assets

When fixed assets are disposed of or when no economic benefits can be expected through use or disposal thereof, such fixed assets will be derecognized. The income from disposal of the fixed assets through sale, transfer, scrapping or damage with the book value thereof and relevant taxes deducted is included in the current profit or loss.

23. Projects under construction

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

Category	Criterion and time point for carrying forward into fixed assets
Housing and building	When the housing and buildings meet the criteria for living by people after the completion acceptance and fire acceptance are completed and the water and power are available
Machinery and equipment	When the equipment is installed, commissioned and available for normal use
Electronic and other equipment	When the equipment is installed, commissioned and available for normal 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 the 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 suspended. Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

① Asset expenditures (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalization) have been incurred;

② Borrowing costs have been incurred;

③ The acquisition, construction or production necessary to enable the asset reach its intended state of serviceability or marketability have commenced. Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

(3) Suspension of capitalization period

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

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

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

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

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

25. Intangible assets

(1) Service life and its basis of determination, estimation, amortization method or review procedure

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	5-10 years	Expected benefited period
Software	2-5 years	Expected benefited period
Trademark rights	6 years	Expected benefited period
Software copyright	10 years	Expected benefited period

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

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

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

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

(2) Scope of accumulation and relevant accounting treatment method for R&D expenditures

① Scope of accumulation for R&D expenditures

The expenditures incurred by the Company during the research and development include employee compensations of the personnel who are engaged in the R&D activities, costs of materials consumed, costs of depreciation and amortization and other relevant 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. It is technically feasible to complete such intangible asset so that it will be available 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 scheme

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

② Defined benefit scheme

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of assets.

(3) Accountant treatment of termination benefits

If the dismissal welfare is provided by the Company to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: When the company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; When the company determines the costs or expenses associated with the restructuring involving the payment of dismissal welfare.

30. Estimated liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities, when all of the following conditions are satisfied:

- (1) The obligation is a present obligation of the Company;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

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

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

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

- (1) For the contingencies involving a single item, it will be determined according to the amount most likely to occur.
- (2) For the contingencies involving several items, it will be determined according to the possible results and the relevant possibilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognized as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the book value of the estimated liability.

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

31. Share-based payment

The Company's share-based payment refers to a transaction in which an enterprise determines the liabilities on the basis of equity instruments granting or bearing for the acquisition of service from its employees or other parties. The Company's share-based payment is equity-settled.

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

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognized as an increase in the service received.

If the equity instruments vested are canceled during the waiting period, the Company will take the vested equity instruments canceled as accelerated exercise, and immediately include the amount to 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. Revenue

(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 irreplaceable usage, and the Company has the right to collect payment for the performance part accumulated so far during the whole 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 will judge whether it is a principal or agent at the time of transaction based on the fact as to whether the Company has the right of control over the commodities or services before such commodities or services are transferred to the clients. If the Company has control over the commodities or services before such commodities or services are transferred to the clients, the Company is a principal and the income is recognized by the total consideration received or receivable; or otherwise, the Company is an agent, and the income is recognized by the amount of commission or service charge that the Company is expected to be entitled to collect.

(2) Recognition and measurement of the specific income disclosed per business type

- ① Principle for recognizing revenue from the domestic sales of standard products: The Company's security standard products are sold, through both direct sale and distribution, to the project clients, dealers and other customers. The Company and customers sign sales contracts and send the goods to customers according to the contractual terms of delivery, or the customers pick up goods. The revenue is recognized after the customer receives and accepts the goods and the Company obtains the evidence proving the client's receipt of goods;
- ② Principle for recognizing revenue from the overseas sales of standard products: If the domestic company makes direct export, the FOB and CIF terms are generally adopted and the Company recognizes the sale income after the product is declared and exported. If a foreign subsidiary sells the goods abroad, the goods will be sent to the customer or the customer will collect the goods according to the delivery method agreed with the customer, and the income will be recognized when the customer receives and accepts the goods;
- ③ Principle for recognizing system-integrated sales revenue: The sales of the system-integrated products of the Company include providing the supporting services such as plan design, supporting products, installation, debugging and system trial operation. The sales income will be recognized upon acceptance;
- ④ Principle for recognizing the income from labor services: The income is recognized when the labor service is provided.

33. Contract costs

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

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

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

(3) The costs are estimated to be recovered.

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

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

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

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

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

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

34. Government subsidies

(1) Type

Government grants are monetary assets and non-monetary assets acquired by the Company from the government free of charge. Government grants are classified into government grants related to assets and government grants related to revenue.

Government grants related to assets refer to government grants acquired by the Company for the purpose of purchasing or constructing or otherwise forming long-term assets. Government grants related to revenue refer to the government grants other than those related to assets.

(2) Confirmation of time point

Government grants related to assets will be measured at the actual amount of money received at the time of receipt. The assets (bank deposits) and deferred income shall be period by period included in the profits and losses of the current period in a reasonable and systematic manner from the time the assets are available for use (those related to the Company's daily activities shall be included in other income; those unrelated to the Company's daily activities shall be recognized as non-operating revenue). When the relevant assets are disposed of (sold, transferred, scrapped, etc.) at or before the end of their service life, the balance of the deferred income that has not yet been apportioned will be transferred to the current-period income from the disposal of the assets on an one-time manner, and will not be deferred.

For government grants related to revenue, they will be recognized as profit and loss of the current period according to the amount receivable for government grants obtained under fixed quota standards, otherwise, they will be recognized as profit and loss of the current period when it is actually received.

(3) Accounting treatment

Government grants related to assets shall write off the book value of relevant assets or be recognized as deferred income. When recognized as deferred income, the government grant related to assets will be period by period credited

to the profits and losses of the current period in a reasonable and systematic manner within the service life of relevant assets (those related to the Company's daily activities shall be recognized as other income; those unrelated to the Company's daily activities shall be recognized as non-operating revenue).

The revenue-related government grants shall be recognized as deferred income if they are used to compensate relevant expenses or losses in subsequent periods, and they shall be included in profit and loss of the current period (those related to Company's routine activities shall be included in other income; those unrelated to the Company's routine activities shall be included in non-operating revenue) or used to offset relevant expenses or losses during the recognition of related expenses or losses; the grants used to compensate related expenses or losses incurred shall be included in profit and loss of the current period (those related to Company's routine activities shall be included in other income; those unrelated to the Company's routine activities shall be included in non-operating revenue) or used to offset relevant expenses or losses.

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

- ① Where the finance allocates the discount interest funds to the lending bank, and the lending bank provides loans to the Company at the policy preferential interest rate, the Company will take the actually received loan amount as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the policy preferential interest rate;
- ② If the finance directly allocates the discount interest funds to the Company, the Company shall set off the corresponding discount interest against the relevant borrowing costs.

35. Deferred income tax assets / deferred income tax liabilities

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

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred income tax assets shall be recognized to the extent that it is probable that taxable income will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

The exceptions where deferred income tax assets and liabilities are not recognized include:

- (1) Initial recognition of the goodwill;
- (2) Transactions or events that are neither business combinations nor affect profit and taxable income (or deductible loss) when occurring.

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

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

On the balance sheet date, the Company will review the book value of the deferred income tax assets. If no sufficient taxable income is likely to be obtained to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written down. The amount written down shall be reversed when it is likely to obtain sufficient taxable income.

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets and repay debt at the same time, the net amount after offsetting its current income tax assets and current income tax liabilities shall be recorded.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities will be presented by the net amount after offsetting when the following conditions are fulfilled:

- (1) The taxpayer is granted the legal rights to settle current income tax assets and current income tax liabilities on a net basis;
- (2) Deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable for paying tax to the same tax collection and management authority or related to different entities liable for paying tax, but the relevant entity liable for paying tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets, repay debt whenever every deferred income tax assets and liabilities with importance would be reversed in the future.

36. Lease

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

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

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

- (1) The lease consideration after reduction is less or remains substantially the same compared with the lease consideration before reduction, and the lease consideration may either be undiscounted or discounted by the discount rate before reduction;
- (2) Other terms and conditions of lease are identified without significant change after taking the qualitative and quantitative factors into full account.

(1) The Company as a lessee

① Right-of-use assets

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

- a. Initial measurement amount of lease liabilities;
- b. For the lease payment paid on or before the commencement of the lease term, if there are lease incentives, the relevant amount of lease incentives enjoyed shall be deducted;

- c. Initial direct cost incurred by the Company;
- d. The estimated costs incurred by the Company for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms, but excluding the cost incurred to produce the inventory.

The Company will depreciate the right-to-use assets through the straight-line method. If it can be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset; or otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining service life of the leased asset.

The Company will determine whether the right-of-use assets are impaired and conduct accounting treatment over the identified impairment loss according to the principles set out in this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 26. Impairment of long-term assets.

② Lease liabilities

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

- a. Fixed payment (including actual fixed payment), deducting lease incentives (if any);
- 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 is equivalent to the amount of the separate consideration for the expanded part of the scope of lease adjusted according to this contract.

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

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

(2) The Company as a lessor

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

① Accounting treatment of operating lease

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

② Accounting treatment of financial lease

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

The Company will calculate and recognize the interest income during each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of the financial lease receivables will be subject to accounting treatment according to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

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

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

- a. Such change has expanded the scope of lease by adding the right to use one or more leased assets;
- b. The increased consideration is equivalent to the amount of the separate consideration for the expanded part of the scope of lease adjusted according to this contract.

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

- a. If the change takes effect on commencement of the lease term and the lease is classified as operating lease, the Company will conduct accounting treatment with respect to such lease as a new lease as of the effective date of the lease change, and will take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- b. If the change takes effect on the commencement date of the lease, and such lease is classified as the financial lease, the Company will conduct accounting treatment according to the policy regarding modification or re-negotiation of the contract in this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

(3) Sale and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to a sale in accordance with the provisions of this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 32. Income.

① Acting as a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company as the lessee shall measure the right-of-use asset arising from the sale and leaseback according to the part related to the right of use acquired from the leaseback in the original book value of the asset, and only recognize relevant gain or loss on the rights transferred to the lessor; if the asset transfer in the sale and leaseback transaction is not a sale, the Company as the lessee shall continue to recognize the transferred asset, and recognize a financial liability equal to the transfer income. For accounting treatment of the financial liabilities, refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

② Acting as a lessor

If the asset transfer in the sale and leaseback transaction is a sale, the Company as the lessee shall conduct accounting treatment with respect to the asset purchase and conduct accounting treatment with respect to the asset lease according to the policy in the foregoing "(2) The Company as a lessor"; if the asset transfer in the sale and leaseback transaction is not a sale, the Company as the lessor shall derecognize the transferred asset, but recognize a financial asset equal to the transfer income. For accounting treatment of the financial assets, refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

37. Other significant accounting policies and accounting estimates

(1) Repurchase of the Company's shares

The Company's shares repurchased by the Company for reducing the registered capital or rewarding employees shall be treated as the treasury shares based on the actual amount paid, and shall be checked and registered at the same time. If the repurchased shares are canceled, the difference between the actual amount paid for the repurchase and the total par value of shares calculated based on the par value of the canceled shares and the number of canceled shares will be set off against the capital reserve. If the capital reserve is insufficient, the retained earnings will be written off; if the repurchased shares are awarded to the employees of the Company, it shall be categorized as equity-settled share-based payment. When the Company receives the payment made by employees who exercise their rights to purchase such shares, the amount shall be used to write off the cost of treasury shares delivered to employees and the capital reserve in the waiting period and meanwhile, the capital reserve (stock premium) shall be adjusted according to the difference.

(2) Debt restructuring

① The Company as a creditor

The Company will derecognize the creditor's rights when its contractual right to collect the cash flow for the creditor's rights is terminated. If the debts are restructured by repaying the debts with assets or converting the debts into equity interments, the Company will recognize relevant assets within the meaning of their definitions and recognition conditions.

If the debts are restructured by repaying the debts with assets, when initially recognized by the Company for acceptance, the non-financial assets will be measured at cost. The costs of inventories include the fair value of the creditor's rights abandoned and the taxes, transportation costs, handling charges, insurance premiums and other costs directly attributable to such assets, which are incurred to realize the current position and state of such assets. The costs of investments in the associates or joint ventures include the fair value of the creditor's rights abandoned and the taxes and other costs directly attributable to such assets. The costs of investment properties include the fair value of the creditor's rights abandoned and the taxes and other costs directly attributable to such assets. The costs of fixed assets include the fair value of the creditor's rights abandoned and the taxes, transportation costs, handling charges, installation costs, professional service fees and other costs directly attributable to such assets, which are incurred for such assets to become ready for their intended use. The costs of biological assets include the fair value of the creditor's rights abandoned and the taxes, transportation costs, insurance premiums and other costs directly attributable to such assets. The costs of intangible assets include the fair value of the creditor's rights abandoned and the taxes and other costs directly attributable to such assets, which are incurred for such assets to become ready for their intended use. If the creditor converts its creditor's rights into equity investments in the associates or joint ventures arising from the debt restructuring by converting the debts into equity instruments, the Company will measure its initial investment cost according to the fair value of the creditor's rights abandoned and the taxes and other costs directly attributable to such assets. The difference between the fair value and the book value of the creditor's rights abandoned shall be included in the current profit or loss.

If the debts are restructured by modifying other terms, the Company will recognize and measure creditor's rights restructured according to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

If the debts are restructured by repaying the debts with several assets or through combination, the Company will first recognize and measure the financial assets accepted and creditor's rights restructured according to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments, then distribute the net amount derived from deducting the recognized amount of the financial assets accepted and creditor's rights restructured from the fair value of the creditor's rights abandoned according to the proportion of the fair value of the assets other than the financial assets accepted, and on this basis, determine the costs of various assets respectively by the aforesaid means. The difference between the fair value and the book value of the creditor's rights abandoned shall be included in the current profit or loss.

② The Company as a debtor

The Company will derecognize the debts when the current obligation under the debts is discharged.

If the debts are restructured by repaying the debts with assets, the Company will derecognize relevant assets and the debts repaid within the meaning of their derecognition conditions, and the difference between the book value of the debts repaid and the book value of the assets transferred shall be included in the current profit or loss.

If the debts are restructured by converting the debts into equity interments, the Company will derecognize the debts repaid within the meaning of their derecognition conditions. When initially recognized by the Company, the equity instruments will be measured at its fair value, and if the fair value of the equity instruments cannot be reliably measured, at the fair value of the debts repaid. The difference between the book value of the debts repaid and the recognized amount of the equity instruments shall be included in the current profit or loss.

If the debts are restructured by modifying other terms, the Company will recognize and measure the debts restructured according to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial instruments.

If the debts are restructured by repaying the debts with several assets or through combination, the Company will recognize and measure the equity instruments and debts restructured by the aforesaid means, and the difference between the book value of the debts repaid and the sum of the book value of the assets transferred and the recognized amount of the equity instruments and the debts restructured shall be included in the current profit or loss.

38. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Unit: RMB

Content and Reasons for Change in Accounting Policies	Item Names of the Statements Significantly Affected	Amount of Influence
The provision of the Accounting Standards for Business Enterprises No.16 that "The	No effect	0.00

accounting treatment of deferred income taxes related to the assets and liabilities arising from a single transaction which shall not be exempted from initial recognition”		
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As of January 1, 2023, the Company implemented the provision of the Accounting Standards for Business Enterprises No.16 promulgated by the Ministry of Finance that “The accounting treatment of deferred income taxes related to the assets and liabilities arising from a single transaction which shall not be exempted from initial recognition”, and such change in the accounting policy has no influence on the financial statements of the Company.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) The first implementation of new accounting criteria from 2023 to adjust the relevant items of the financial statements implemented at the beginning of the year for the first time

Applicable Not applicable

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
VAT	According to the provisions of the tax law, the sales tax shall be calculated on the basis of the income by selling goods and taxable services. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value added tax	13%, 9%, 6%, simple collection rate of 5%, simple collection rate of 3%, 0% and tax-free
Urban Maintenance and Construction Tax	Actually paid turnover tax	7%、5%
Enterprise Income Tax	Taxable income	15%、16.5%、20%、25%
Education Surcharges	Actually paid turnover tax	3%
Local Education Surcharges	Actually paid turnover tax	2%

If there are multiple taxpayers with different enterprise income tax rates, specify the situation

Name of taxpayer	Income tax rate
Zhejiang Dahua Technology Co., Ltd.	15%
Zhejiang Dahua System Engineering Co., Ltd.	15%
Zhejiang HuaRay Technology Co., Ltd.	15%
Zhejiang Huaxiao Technology Co., Ltd.	15%
Zhejiang Huafei Intelligent Technology CO., LTD.	15%
Zhejiang Huaruijie Technology Co., Ltd.	15%
Zhejiang Huajian Technology Co., Ltd.	15%
Hangzhou Huacheng Software Co., Ltd.	15%
Zhejiang Pixfra Technology Co., Ltd.	15%
Jiangsu Huaruipin Technology Co. Ltd.	15%
Xinjiang Dahua Zhixin Information Technology Co., Ltd.	15%
Xinjiang Dahua Zhihe Information Technology Co., Ltd.	15%

Xinjiang Dahua Zhitian Information Technology Co., Ltd.	15%
Xinjiang Dahua Huayue Information Technology Co., Ltd.	15%
Xinjiang Dahua Xinzhi Information Technology Co., Ltd.	15%
Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.	15%
Guangxi Dahua Zhicheng Co., Ltd.	15%
Guangxi Huacheng Technology Co., Ltd.	15%
Guizhou Meitan Dahua Information Technology Co., Ltd.	15%
Zhejiang Dahua Ju'an Technology Co., Ltd.	20%
Guangxi Dahua Technology Co., Ltd.	20%
Zhejiang Huakong Software Co., Ltd.	20%
Dahua Technology (HK) Limited	16.50%
Yunnan Zhili Technology Co., Ltd	20%
Hangzhou Xiaohua Technology CO., LTD.	20%
Chengdu Zhichuang Yunshu Technology Co., Ltd.	20%
Chengdu Huishan Smart Network Technology Co., Ltd.	20%
Guizhou Huayi Shixin Technology Co., Ltd.	20%
Zhejiang Zhoushan Digital Development Operation Co. Ltd.	20%
Tianjin Dahua Information Technology Co., Ltd.	20%
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	20%
Chengdu Huazhiwei Technology Co., Ltd.	20%
Chengdu Dahua Wisdom Information Technology Co., Ltd.	20%
Nanyang Dahua Intelligent Information Technology Co., Ltd.	20%
Zhejiang Huaqi Intelligent Technology Co., Ltd.	20%
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	20%
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	20%
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20%
Zhejiang Huajie New Energy Operation Service Co., Ltd.	20%
Other domestic companies	25%
Other overseas companies	Applicable to local tax rate

2. Preferential tax rate

(1) According to the Announcement on the Filing of High-tech Enterprises Certified and Reported 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, the Company was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

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

(3) According to the Announcement on the Filing of High-tech Enterprises Certified and Reported 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 Huafei Intelligent Technology Co., Ltd. and Zhejiang Pixfra Technology Co., Ltd. were certified as high-tech enterprises, valid 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, valid for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(5) According to the Announcement on the Filing of the Second Batch of High-tech Enterprises Certified and Reported 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 January 4, 2024, our subsidiary Jiangsu Huaruipin Technology Co. Ltd. was certified as a high-tech enterprise, valid for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(6) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (CaiShui [2022] No. 13) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Small Low-Profit Enterprises and Individual Industrial and Commercial Households (CaiShui [2023] No. 6), the annual taxable income of the following subsidiaries that is no more than RMB 1 million shall be taxed at a reduced rate of 25% for tax purpose, and the enterprise income tax shall be paid at a rate of 20%; and the annual taxable income exceeding RMB 1 million but no more than RMB 3 million shall be taxed at a reduced rate of 25% and the enterprise income tax shall be paid at a rate of 20%: Zhejiang Dahua Ju'an Technology Co., Ltd., Guangxi Dahua Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Yunnan Zhili Technology Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Chengdu Zhichuang Yunshu Technology Co., Ltd., Chengdu Huishan Smart Network Technology Co., Ltd., Guizhou Huayi Shixin Technology Co., Ltd., Zhejiang Zhoushan Digital Development Operation Co. Ltd., Tianjin Dahua Information Technology Co., Ltd., Chengdu Dahua Zhishu Information Technology Service Co., Ltd., Chengdu Huazhiwei Technology Co., Ltd., Chengdu Dahua Wisdom Information Technology Co., Ltd., Nanyang Dahua Intelligent Information Technology Co., Ltd., Zhejiang Huaqi Intelligent Technology Co., Ltd., Luoyang Dahua Zhiyu Information Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., Guangxi Dahua Yunlian Information Technology Co., Ltd. and Zhejiang Huajie New Energy Operation Service Co., Ltd.

(7) According to the Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy (CaiShui [2011] No. 58) and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Western China Development (CaiShui [2020] No. 23), the following subsidiaries can enjoy preferential tax policies related to the Western China Development Program from 2011 to 2030: Xinjiang Dahua Zhixin Information Technology Co., Ltd., Xinjiang Dahua Zhihe Information Technology Co., Ltd., Xinjiang Dahua Zhitian Information Technology Co., Ltd., Xinjiang Dahua Huayue Information Technology Co., Ltd., Xinjiang Dahua Xinzhi Information Technology Co., Ltd., Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd., Guangxi Dahua Zhicheng Technology Co., Ltd., Guangxi Huacheng Technology Co., Ltd. and Guizhou Meitan Dahua Information Technology Co., Ltd. The corporate income tax for this year was paid at a reduced rate of 15%.

(8) According to the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (CaiShui [2011] No.100), the sales of software products independently developed by Zhejiang Dahua Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Zhejiang Huafei Intelligent Technology Co., Ltd., Jiangsu Huaruipin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Zhejiang Wisualarm Technology Co., Ltd., Zhejiang Pixfra Technology Co., Ltd., Hangzhou Huacheng Software Co., Ltd. and Zhejiang HuaRay Technology Co., Ltd. shall

be subject to a value-added tax at the rate of 13% first, and the actual tax exceeding 3% will be refunded after being reviewed and approved by the competent tax authorities.

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

(10) According to the Notice of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Deduction Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Administration of Taxation), from January 1, 2023 to December 31, 2027, the advanced manufacturing enterprises are allowed to increase 5% of the current deductible input tax to offset the amount subject to value-added taxes. Zhejiang HuaRay Technology Co., Ltd. meets the requirements in the Additional Deduction Policy for value-added taxes for advanced manufacturing enterprises and have enjoyed preferential tax policies for additional deduction of value-added taxes for advanced manufacturing enterprises from 2023.

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	2,642.58	2,535.81
Digital Currency	160,820.00	
Bank Balance	15,827,819,644.89	7,787,399,232.70
Other Cash and Bank Balances	143,022,007.00	242,476,882.26
Deposits with Financial Companies		
Total	15,971,005,114.47	8,029,878,650.77
Including: Total Amount Deposited in Overseas Banks	930,951,357.54	1,259,307,799.53

Other notes: The monetary funds restricted for use due to mortgage, pledge or freeze, restricted for withdrawal due to centralized management and deposited in overseas banks and restricted for repatriation are detailed as follows:

Item	Closing balance	Balance at the end of the previous year
Bid/performance bond	68,981,082.99	110,737,143.60
Frozen funds	6,862,600.24	19,900,398.75
Total	75,843,683.23	130,637,542.35

2. Trading Financial Assets

Unit: RMB

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

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing balance	Opening balance
Bank Acceptance Notes	665,341,998.76	631,542,296.47
Commercial Acceptance Notes	147,697,193.99	240,759,774.71
Total	813,039,192.75	872,302,071.18

(2) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percent age	Amount	Accrued proportion	
Notes Receivable with the Bad Debt Provision	834,798,129.64	100.00%	21,758,936.89	2.61%	813,039,192.75	911,616,343.99	100.00%	39,314,272.81	4.31%	872,302,071.18
Including:										
Bank acceptance bill	672,300,691.46	80.53%	6,958,692.70	1.04%	665,341,998.76	638,799,974.81	70.07%	7,257,678.34	1.14%	631,542,296.47
Commercial acceptance bill	162,497,438.18	19.47%	14,800,244.19	9.11%	147,697,193.99	272,816,369.18	29.93%	32,056,594.47	11.75%	240,759,774.71
Total	834,798,129.64	100.00%	21,758,936.89		813,039,192.75	911,616,343.99	100.00%	39,314,272.81		872,302,071.18

Bad Debt Provision Accrued Based on Combinations: RMB 21,758,936.89

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Bank Acceptance Notes	672,300,691.46	6,958,692.70	1.04%
Commercial Acceptance Notes	162,497,438.18	14,800,244.19	9.11%
Total	834,798,129.64	21,758,936.89	

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 Reversed	or Written Off	Others	
Bank Acceptance Notes	7,257,678.34		298,985.64			6,958,692.70
Commercial Acceptance Notes	32,056,594.47		17,256,350.28			14,800,244.19
Total	39,314,272.81		17,555,335.92			21,758,936.89

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	384,608,856.94
Total	384,608,856.94

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

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes		39,320,431.95
Total		39,320,431.95

4. Accounts Receivable

(1) Disclosure by age

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	14,458,581,851.85	13,084,171,203.70
1 to 2 years	1,675,541,614.13	2,108,343,765.62
2 to 3 years	914,682,001.04	913,526,456.01
3 years or above	2,359,337,149.65	2,367,104,303.90
3 to 4 years	627,873,130.02	1,023,194,700.91
4 to 5 years	605,039,214.61	728,883,845.46
5 years or above	1,126,424,805.02	615,025,757.53
Total	19,408,142,616.67	18,473,145,729.23

(2) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percent age	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on single item	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76	591,779,632.41	3.20%	591,779,632.41	100.00%	
Including:										
Accounts receivable with insignificant single amount but accrued for	467,182,946.91	2.41%	433,667,151.15	92.83%	33,515,795.76	591,779,632.41	3.20%	591,779,632.41	100.00%	

separate provision of bad debt										
Accounts receivables with the bad debt provision accrued based on combinations	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27	17,881,366,096.82	96.80%	2,469,457,535.32	13.81%	15,411,908,561.50
Including:										
Aging Analysis Portfolio	18,940,959,669.76	97.59%	2,697,671,511.49	14.24%	16,243,288,158.27	17,881,366,096.82	96.80%	2,469,457,535.32	13.81%	15,411,908,561.50
Total	19,408,142,616.67	100.00%	3,131,338,662.64		16,276,803,954.03	18,473,145,729.23	100.00%	3,061,237,167.73		15,411,908,561.50

Bad Debt Provision Accrued Based on Single Item: RMB 433,667,151.15

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	225,140,645.36	225,140,645.36	225,140,645.36	225,140,645.36	100.00%	Expected to be unable to recover
Customer 2	49,001,963.55	49,001,963.55	49,001,963.55	49,001,963.55	100.00%	Expected to be unable to recover
Customer 3	38,693,240.50	38,693,240.50	38,612,198.42	38,612,198.42	100.00%	Expected to be unable to recover
Customer 4			20,596,426.50	20,596,426.50	100.00%	Expected to be unable to recover
Customer 5	18,790,253.00	18,790,253.00	18,790,253.00	18,790,253.00	100.00%	Expected to be unable to recover
Customer 6	260,153,530.00	260,153,530.00				Expected to be unable to recover
Other			115,041,460.00	81,525,664.32	70.87%	Expected to

Customers			8			be unable to recover
Total	591,779,632.4 1	591,779,632.4 1	467,182,946.9 1	433,667,151.1 5		

Bad Debt Provision Accrued Based on Combinations: RMB 2,697,671,511.49

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	14,438,917,770.02	721,945,888.49	5.00%
1 to 2 years	1,662,886,767.62	166,288,676.76	10.00%
2 to 3 years	889,329,864.90	266,798,959.48	30.00%
3 to 4 years	591,304,387.67	295,652,193.84	50.00%
4 to 5 years	557,675,433.13	446,140,346.50	80.00%
5 years or above	800,845,446.42	800,845,446.42	100.00%
Total	18,940,959,669.76	2,697,671,511.49	

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	3,061,237,167.73	415,017,021.55	7,777,603.62	338,946,977.97	1,809,054.95	3,131,338,662.64
Total	3,061,237,167.73	415,017,021.55	7,777,603.62	338,946,977.97	1,809,054.95	3,131,338,662.64

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

N/A

(4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	338,946,977.97

Important accounts receivable written off:

N/A

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

Unit: RMB

Name of Unit	Balance of Accounts Receivable at the End of the Period	Balance of Contract Assets at the End of the Period	Balance of Accounts Receivable and Contract Assets at the End of the Period	As a Percentage of Total Other Receivables and Contract Assets at the End of the Period	Balance of Bad Debt Provisions of Accounts Receivable and Provisions for Impairment of Contract Assets at the End of the Period
Customer 1	831,284,534.60		831,284,534.60	4.24%	41,564,226.73
Customer 2	476,390,669.20		476,390,669.20	2.43%	23,822,012.23
Customer 3	399,216,383.81		399,216,383.81	2.04%	19,960,819.19
Customer 4	392,685,817.67		392,685,817.67	2.00%	19,634,290.88
Customer 5	331,966,086.53		331,966,086.53	1.70%	200,044,285.91
Total	2,431,543,491.81		2,431,543,491.81	12.41%	305,025,634.94

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	33,413,988.93	421,118.95	32,992,869.98	8,632,619.32	100,346.47	8,532,272.85
O&M service	6,198,950.93	66,600.03	6,132,350.90	6,968,929.49	71,994.55	6,896,934.94
Quality guarantee deposit	62,344,437.16	14,755,441.70	47,588,995.46	113,734,287.26	22,828,089.70	90,906,197.56
Total	101,957,377.02	15,243,160.68	86,714,216.34	129,335,836.07	23,000,430.72	106,335,405.35

(2) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Bad Debt Provision Based on Combinations	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34	129,335,836.07	100.00%	23,000,430.72	17.78%	106,335,405.35
Incl										

uding:										
Combination of Nature of the Funds	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34	129,335,836.07	100.00%	23,000,430.72	17.78%	106,335,405.35
Total	101,957,377.02	100.00%	15,243,160.68	14.95%	86,714,216.34	129,335,836.07	100.00%	23,000,430.72	17.78%	106,335,405.35

Bad Debt Provision Accrued Based on Combinations: RMB 15,243,160.68

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of Nature of the Funds	101,957,377.02	15,243,160.68	14.95%
Total	101,957,377.02	15,243,160.68	

Bad debt provisions 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

Unit: RMB

Item	Provisions of this period	Recovered or reversed in this period	Write-off in this period	Causes
Completed but unsettled assets	320,772.48			
O&M service		5,394.52		
Quality guarantee deposit		8,072,648.00		
Total	320,772.48	8,078,042.52		—

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

N/A

6. Receivables Financing

(1) Disclosure of receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	810,713,267.86	679,441,917.62
Total	810,713,267.86	679,441,917.62

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

Unit: RMB

Item	Pledged amount by the end of period
Bank acceptance bill	527,818,073.31
Total	527,818,073.31

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

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank acceptance bill	92,886,786.46	
Total	92,886,786.46	

7. Other Receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends Receivable	5,784,225.02	8,519,063.17
Other Receivables	331,740,463.34	393,330,183.71
Total	337,524,688.36	401,849,246.88

(1) Dividends Receivable

1) Classification of Dividends Receivable

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Intelbras S.A.	5,784,225.02	8,519,063.17
Total	5,784,225.02	8,519,063.17

(2) Other receivables

1) Other receivables categorized by the nature of the funds

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	148,419,383.42	189,076,400.18
Prepaid or advance expense	129,465,778.21	117,681,402.84
Equity Transfer Fund	44,693,899.47	41,929,391.85
Export tax rebate	26,923.43	1,759,198.88
Employee home loan	89,695,884.00	108,572,799.00
Others	402,441.33	14,710,466.36
Total	412,704,309.86	473,729,659.11

2) Disclosure by age

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	175,351,662.59	287,714,109.96
1 to 2 years	117,075,815.72	80,884,486.86
2 to 3 years	57,728,030.61	44,394,417.54

3 years or above	62,548,800.94	60,736,644.75
3 to 4 years	31,838,007.64	28,019,284.25
4 to 5 years	17,297,622.38	10,600,033.09
5 years or above	13,413,170.92	22,117,327.41
Total	412,704,309.86	473,729,659.11

(3) Categorical disclosure by methods for provision by bad debts

☑ 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	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Bad Debt Provision Based on Combinations	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34	473,729,659.11	100.00%	80,399,475.40	16.97%	393,330,183.71
Including:										
Aging Analysis Portfolio	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34	473,729,659.11	100.00%	80,399,475.40	16.97%	393,330,183.71
Total	412,704,309.86	100.00%	80,963,846.52	19.62%	331,740,463.34	473,729,659.11	100.00%	80,399,475.40	16.97%	393,330,183.71

Bad Debt Provision Accrued Based on Combinations: RMB 80,963,846.52

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	175,351,662.59	8,767,583.13	5.00%
1 to 2 years	117,075,815.72	11,707,581.57	10.00%
2 to 3 years	57,728,030.61	17,318,409.18	30.00%
3 to 4 years	31,838,007.64	15,919,003.82	50.00%
4 to 5 years	17,297,622.38	13,838,097.90	80.00%
5 years or above	13,413,170.92	13,413,170.92	100.00%
Total	412,704,309.86	80,963,846.52	

Bad debt provisions made according to the 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 on January 1, 2023	42,812,272.88	36,962,447.67	624,754.85	80,399,475.40
Balance in the current period on January 1, 2023				
--Transfer to phase two	-3,023,125.80	3,023,125.80		
--Transfer to phase three	-104,392.42	-38,426.36	142,818.78	
Provisions of this period	783,901.43		998,508.58	1,782,410.01
Reversals in this period		784,696.20		784,696.20
Write off in this period	461,534.82	231,451.54	44,901.87	737,888.23
Other variations	304,545.54			304,545.54
Balance as of December 31, 2023	40,311,666.81	38,930,999.37	1,721,180.34	80,963,846.52

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	Write-off	Others	
Bad debt provision	80,399,475.40	1,782,410.01	784,696.20	737,888.23	304,545.54	80,963,846.52
Total	80,399,475.40	1,782,410.01	784,696.20	737,888.23	304,545.54	80,963,846.52

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

N/A

5) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	737,888.23

Other important accounts receivable written off:

N/A

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

Unit: RMB

Name of Unit	Nature of the funds	Closing balance	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Company 1	Equity Transfer Fund	44,393,899.47	1-2 years	10.76%	4,439,389.95
Company 2	Deposits	11,832,000.00	2-3 years	2.87%	3,549,600.00
Company 3	Prepaid advance expense or	7,815,138.70	Within 1 year	1.89%	390,756.94
Company 4	Prepaid advance expense or	5,500,000.00	3-4 Years	1.33%	2,750,000.00
Company 5	Deposits	5,000,000.00	1-2 years	1.21%	500,000.00
Total		74,541,038.17		18.06%	11,629,746.89

8. Prepayments**(1) Aging analysis of prepayments is as follows**

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	168,576,768.97	89.01%	98,788,464.16	81.18%
1 to 2 years	11,544,945.31	6.10%	11,055,223.64	9.08%
2 to 3 years	5,759,402.22	3.04%	8,871,438.20	7.29%
3 years or above	3,507,600.49	1.85%	2,976,113.14	2.45%
Total	189,388,716.99		121,691,239.14	

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

The advance payment of the top five closing balances by the concentration of prepayment parties was summed up to RMB 108,822,849.38, accounting for 57.46% of the total closing balance of the advance payment.

9. Inventories

Does the Company follow the 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	Book value	Book balance	Provision for Impairment of	Book value

		Inventories or Provision for Impairment of Performance Cost			Inventories or Provision for Impairment of Performance Cost	
Raw materials	1,817,465,527.90	64,749,700.02	1,752,715,827.88	2,938,477,842.47	43,094,661.62	2,895,383,180.85
Work-in-progress	419,964,218.05	8,473,870.92	411,490,347.13	442,498,919.97	9,042,428.50	433,456,491.47
Finished goods	2,305,873,410.13	86,615,979.53	2,219,257,430.60	3,045,977,790.56	52,576,420.27	2,993,401,370.29
Contract performance costs	727,101,492.76	22,396,500.68	704,704,992.08	756,000,501.25	9,044,660.74	746,955,840.51
Outsourced work-in-progress	244,439,946.33		244,439,946.33	246,175,556.90		246,175,556.90
Total	5,514,844,595.17	182,236,051.15	5,332,608,544.02	7,429,130,611.15	113,758,171.13	7,315,372,440.02

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

Unit: RMB

Item	Opening balance	Increased in the current period		Decreased in the current period		Closing balance
		Accrued	Others	Reversals or write-offs	Others	
Raw materials	43,094,661.62	89,987,465.93		68,788,994.97	-456,567.44	64,749,700.02
Work-in-progress	9,042,428.50	24,046,422.91		24,909,530.21	-294,549.72	8,473,870.92
Finished goods	52,576,420.27	85,227,269.39		52,079,752.27	-892,042.14	86,615,979.53
Contract performance costs	9,044,660.74	23,047,899.27		9,696,059.33		22,396,500.68
Total	113,758,171.13	222,309,057.50		155,474,336.78	-1,643,159.30	182,236,051.15

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Closing balance	Opening balance
Long-term accounts receivables due within 1 year	303,454,116.40	476,871,949.75
Total	303,454,116.40	476,871,949.75

11. Other Current Assets

Unit: RMB

Item	Closing balance	Opening balance
Not deducted input tax	555,798,264.68	790,981,344.36
Prepaid enterprise income tax	34,017,571.59	27,989,091.94
Return cost receivable	11,228,032.04	8,005,696.54
National debt reverse repurchase	338,331,000.00	520,497,000.00
Issue expenses		4,933,018.88
Total	939,374,868.31	1,352,406,151.72

12. Long-term Receivables

(1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Installment Payment for Selling Products	957,523,390.97	10,864,081.27	946,659,309.70	1,436,256,651.54		1,436,256,651.54	
Including: Unrealized Financing Income	128,884,735.86		128,884,735.86	203,616,598.02		203,616,598.02	3.69% - 7.62%
Total	957,523,390.97	10,864,081.27	946,659,309.70	1,436,256,651.54		1,436,256,651.54	-

(2) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrued proportion		Amount	Percentage	Amount	Accrued proportion	
Bad Debt Provision Based on Combinations	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56	1,639,873,249.56	100.00%			1,639,873,249.56
Including:										
Combin	1,086,4	100.00	10,864,	1.00%	1,075,5	1,639,8	100.00			1,639,8

ation of Nature of the Funds	08,126.83	%	081.27		44,045.56	73,249.56	%			73,249.56
Total	1,086,408,126.83	100.00%	10,864,081.27	1.00%	1,075,544,045.56	1,639,873,249.56	100.00%			1,639,873,249.56

Bad Debt Provision Accrued Based on Combinations: RMB 10,864,081.27

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Combination of Nature of the Funds	1,086,408,126.83	10,864,081.27	1.00%
Total	1,086,408,126.83	10,864,081.27	

(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	Write-off	Others	
Bad debt provision	0.00	10,864,081.27				10,864,081.27
Total	0.00	10,864,081.27				10,864,081.27

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

N/A

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. Affiliates														
Intelbras S.A.	570,282,566.46			145,550,711.48	67,287,895.93					20,952,913.24		9,013,070.41	480,079,908.08	
Ruicity	71,175,718.				7,055,847.2								78,231,566.	

Digital Technology Co., Ltd.	81				9						10	
Zhejiang Leapmotor Technology Co., Ltd.	650,470,259.18			392,262,378.85	-310,897,828.43	2,608,700.63	50,081,247.47					
Hangzhou Juhuan Information Technology Co., Ltd.		723,496.39										723,496.39
Shaoxing Dahua Security Services Co., Ltd.	504,375.75			504,375.75								
Guangdong Zhishi Digital Technology Co., Ltd.					-333,995.11				333,995.11			
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partner)	63,054,968.03				4,377,586.77						67,432,554.80	

ership)												
Dezho u Shuzh i Inform ation Techn ology Co., Ltd.	3,407, 519.6 3				37,23 8.63						3,444, 758.2 6	
Sichu an Hengji Anhua Intern et of Thing s Techn ology Co., Ltd.	1,291, 851.5 4				- 170,0 06.98						1,121, 844.5 6	
Guan gxi FTZ Huaqi n Wisdo m Park Techn ology Resea rch Institu te Co., Ltd.	461,5 29.12				136,7 58.25						598,2 87.37	
Ningb o Cida Yongs hun Intellig ent Techn ology Co., Ltd.	1,638, 200.5 9				- 474,2 87.86						1,163, 912.7 3	
Zhejia ng Huach uang Vision Techn ology Co.,	98,81 2,655. 44				- 9,650, 504.0 1	6,218, 646.4 2					95,38 0,797. 85	

Ltd.												
Subtotal	1,461,099,644.55	723,496.39		538,317,466.08	-242,631,295.52	2,608,700.63	56,299,893.89	20,952,913.24		9,347,065.52	727,453,629.75	723,496.39
Total	1,461,099,644.55	723,496.39		538,317,466.08	-242,631,295.52	2,608,700.63	56,299,893.89	20,952,913.24		9,347,065.52	727,453,629.75	723,496.39

The recoverable amount is determined according to the net amount of the fair value less the cost of disposal

Applicable Not applicable

The recoverable amount is determined according to the present value of the expected future cash flow

Applicable Not applicable

14. Other Non-current Financial Assets

Unit: RMB

Item	Closing balance	Opening balance
Investment in equity instruments	478,782,601.67	375,902,994.01
Investment in financial products	1,056,959,784.04	555,140,136.32
Total	1,535,742,385.71	931,043,130.33

15. Investment Properties

(1) Investment properties measured by cost method

Applicable Not applicable

Unit: RMB

Item	Buildings and constructions	Land use rights	Projects under Construction	Total
I. Original book value				
1. Opening Balance	505,929,279.97	15,815,729.08		521,745,009.05
2. Increased in the Current Period	207,345,187.79	13,538,219.52		220,883,407.31
(1) Purchase				
(2) Transfer of fixed assets/intangible assets	207,345,187.79	13,538,219.52		220,883,407.31
(3) Acquisition				
3. Decreased in the Current Period	539,160,477.48	29,353,948.60		568,514,426.08
(1) Disposal				
(2) Transfer to fixed assets/intangible assets	539,160,477.48	29,353,948.60		568,514,426.08
(3) Other transfer-out				

4. Closing Balance	174,113,990.28			174,113,990.28
II. Accumulated Depreciation and Amortization				
1. Opening Balance	96,192,178.83	2,517,006.40		98,709,185.23
2. Increased in the Current Period	53,434,070.91	2,691,276.92		56,125,347.83
(1) Accrual or Amortization	23,617,545.18	354,085.01		23,971,630.19
(2) Transfer of fixed assets\intangible assets	29,816,525.73	2,337,191.91		32,153,717.64
(3) Acquisition				
3. Decreased in the Current Period	105,149,263.46	5,208,283.32		110,357,546.78
(1) Disposal				
(2) Transfer to fixed assets/intangible assets	105,149,263.46	5,208,283.32		110,357,546.78
(3) Other transfer-out				
4. Closing Balance	44,476,986.28			44,476,986.28
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	129,637,004.00			129,637,004.00
2. Opening Balance on Book Value	409,737,101.14	13,298,722.68		423,035,823.82

(2) Investment properties measured at fair value

Applicable Not applicable

(3) Investment properties with certificates of title not granted

There are 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	4,937,180,876.88	4,643,617,574.85
Total	4,937,180,876.88	4,643,617,574.85

(1) Fixed assets

Unit: RMB

Item	Housing and building	Machinery and equipment	Means of transport	Electronic and other equipment	Total
I. Original book value:					
1. Opening Balance	4,094,635,347.73	535,141,351.73	34,175,953.10	1,709,315,308.32	6,373,267,960.88
2. Increased in the Current Period	815,017,655.45	83,600,606.88	2,429,358.28	227,809,729.62	1,128,857,350.23
(1) Purchase	134,418,249.12	83,600,606.88	2,429,358.28	227,809,729.62	448,257,943.90
(2) Transferred From Construction in Progress	141,438,928.85				141,438,928.85
(3) Acquisition					
(4) Transfer of investment properties	539,160,477.48				539,160,477.48
3. Decreased in the Current Period	209,615,008.35	812,130.98	8,165,420.42	29,507,018.33	248,099,578.08
(1) Disposal or Scrapping	2,269,820.56	812,130.98	8,165,420.42	29,507,018.33	40,754,390.29
(2) Transfer to investment real estate	207,345,187.79				207,345,187.79
(3) Disposal of subsidiaries					
4. Currency Translation Difference	173,211.10	105,849.71	307,989.47	1,069,325.47	1,656,375.75

5. Closing Balance	4,700,211,205.93	618,035,677.34	28,747,880.43	1,908,687,345.08	7,255,682,108.78
II. Accumulated depreciation					
1. Opening Balance	466,625,531.84	164,408,002.72	24,578,997.58	1,074,037,853.89	1,729,650,386.03
2. Increased in the Current Period	307,214,921.87	52,277,475.99	3,232,073.42	283,716,623.16	646,441,094.44
(1) Accrual	202,065,658.41	52,277,475.99	3,232,073.42	283,716,623.16	541,291,830.98
(2) Transfer of investment properties	105,149,263.46				105,149,263.46
3. Decreased in the Current Period	30,087,877.28	332,279.22	6,222,073.02	22,008,206.16	58,650,435.68
(1) Disposal or Scrapping	271,351.55	332,279.22	6,222,073.02	22,008,206.16	28,833,909.95
(2) Transfer to investment real estate	29,816,525.73				29,816,525.73
(3) Disposal of subsidiaries					
4. Currency Translation Difference	38,972.50	99,986.14	185,100.04	736,128.43	1,060,187.11
5. Closing Balance	743,791,548.93	216,453,185.63	21,774,098.02	1,336,482,399.32	2,318,501,231.90
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	3,956,419,657.00	401,582,491.71	6,973,782.41	572,204,945.76	4,937,180,876.88
2. Opening Balance on Book Value	3,628,009,815.89	370,733,349.01	9,596,955.52	635,277,454.43	4,643,617,574.85

(2) Fixed Assets Leased by Operating Lease

Unit: RMB

Item	Book value at the end of the period
Buildings and constructions	329,733,097.17
Electronic and other equipment	113,479,267.18

(3) Fixed Assets with Certificates of Title Not Granted

Unit: RMB

Item	Book value	Reasons for certificates of title not granted
Marketable housing at Cisco Smart Technology Park	107,128,926.00	In the process of obtaining the real estate certificates

(4) Impairment Test of Fixed Assets

Applicable Not applicable

17. Construction in Progress

Unit: RMB

Item	Closing balance	Opening balance
Projects under Construction	1,008,612,408.49	423,535,552.03
Total	1,008,612,408.49	423,535,552.03

(1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Phase I, Urban Intelligent Information Industry Construction Project	37,183,163.71		37,183,163.71	37,183,163.71		37,183,163.71
The phase II construction project of the smart manufacturing base in Hangzhou				16,685,912.78		16,685,912.78
Project of Smart IoT Solution R &				19,100,734.18		19,100,734.18

D and Industrialization						
New project of Southwest R&D Center of Dahua Co., Ltd.	263,076,398.23		263,076,398.23	84,276,952.86		84,276,952.86
New projects of Southwestern China Operation Center of Dahua	335,849,207.03		335,849,207.03	154,424,552.67		154,424,552.67
Smart IoT Base of Dahua in Henan	111,780,241.11		111,780,241.11	36,643,528.49		36,643,528.49
Construction Project of Smart Product Manufacturing Base of Dahua	101,525,907.86		101,525,907.86			
Others	159,197,490.55		159,197,490.55	75,220,707.34		75,220,707.34
Total	1,008,612,408.49		1,008,612,408.49	423,535,552.03		423,535,552.03

(2) Changes in significant construction in progress

Unit: RMB

Item Name	Budget	Opening balance	Increased in the current period	Transfer amounts in this period	Other amounts decreased in current period	Closing balance	Project cumulative 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
Project of Smart IoT Solution R & D and Industrialization	RMB 912 million	19,100,734.18	41,765,974.21	60,866,708.39			144.05% (Note 1)	100.00%				Equity funds/raised funds
The phase II construction project of the smart manufacturing	RMB 827 million	16,685,912.78	57,967,128.63	74,653,041.41			114.00% (Note 2)	100.00%				Equity funds/raised funds

base in Hangzhou												
New project of Southwest R&D Center of Dahua Co., Ltd.	RMB 417 million	84,276,952.86	178,799,445.37			263,076,398.23	68.71%	68.71%				Equity funds/raised funds
New projects of Southwest China Operation Center of Dahua	RMB 396 million	154,424,552.67	181,424,654.36			335,849,207.03	92.34%	92.34%				Equity Fund
Construction Project of Smart Product Manufacturing Base of Dahua	RMB 600 million		101,525,907.86			101,525,907.86	18.44%	18.44%				Equity Fund
Total		274,488,152.49	561,483,110.43	135,519,749.80		700,451,513.12						

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

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

(3) Impairment test of construction in progress

Applicable Not applicable

18. Right-of-use Assets

(1) Right-of-use assets

Unit: RMB

Item	Housing and building	Machinery and equipment	Total
I. Original book value			
1. Opening Balance	469,271,896.25	8,884,640.73	478,156,536.98
2. Increased in the Current Period	135,826,421.70		135,826,421.70
3. Decreased in the Current Period	90,628,018.17		90,628,018.17
4. Currency Translation Difference	4,267,209.05		4,267,209.05
5. Closing Balance	518,737,508.83	8,884,640.73	527,622,149.56
II. Accumulated depreciation			
1. Opening Balance	162,419,018.11	1,036,541.37	163,455,559.48

2. Increased in the Current Period	139,557,044.29	888,463.92	140,445,508.21
(1) Accrual	139,557,044.29	888,463.92	140,445,508.21
3. Decreased in the Current Period	76,685,796.85		76,685,796.85
(1) Disposal	76,685,796.85		76,685,796.85
4. Currency Translation Difference	1,204,292.16		1,204,292.16
5. Closing Balance	226,494,557.71	1,925,005.29	228,419,563.00
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	292,242,951.12	6,959,635.44	299,202,586.56
2. Opening Balance on Book Value	306,852,878.14	7,848,099.36	314,700,977.50

(2) Impairment test of right-to-use assets

Applicable Not applicable

19. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Item	Land rights	use	Patent right	Non-patented technology	Software	Trademark	Software copyright	Total
I. Original book value								
1. Opening Balance	569,345,909.79			68,530,508.70	158,597,696.33	2,056,299.20	4,000,000.00	802,530,414.02
2. Increased in the Current Period	70,574,548.60				28,260,718.18			98,835,266.78
(1) Purchase	41,220,600.00				15,946,818.69			57,167,418.69
(2) Internal								

research and development							
(3) Acquisition							
(4) Transfer of construction in progress				12,313,899.49			12,313,899.49
(5) Transfer of investment properties	29,353,948.60						29,353,948.60
3. Decreased in the Current Period	13,538,219.52			13,079,300.22			26,617,519.74
(1) Disposal				13,079,300.22			13,079,300.22
(2) Transfer to investment real estate	13,538,219.52						13,538,219.52
4. Currency Translation Difference	21,815.00			37,499.94	20,942.40		80,257.34
5. Closing 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
II. Accumulated amortization							
1. Opening Balance	54,210,434.77		53,757,725.67	131,322,703.26	2,056,299.20	4,000,000.00	245,347,162.90
2. Increased in the Current Period	18,832,959.57		4,771,977.45	25,963,058.28			49,567,995.30
(1) Accrual	13,624,676.25		4,771,977.45	25,963,058.28			44,359,711.98
(2) Transfer of investment properties	5,208,283.32						5,208,283.32
3. Decreased in the Current Period	2,337,191.91			12,488,194.97			14,825,386.88
(1) Disposal				12,488,194.97			12,488,194.97
(2) Transfer to	2,337,191.91						2,337,191.91

investment real estate							
4. Currency Translation Difference				38,686.57	20,942.40		59,628.97
5. Closing 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
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	555,697,851.44		10,000,805.58	28,980,361.09			594,679,018.11
2. Opening Balance on Book Value	515,135,475.02		14,772,783.03	27,274,993.07			557,183,251.12

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 with certificates of title not granted at the end of the period

20. Goodwill

(1) Original book value of goodwill

Unit: RMB

The invested	Opening	Increased in the current period	Decreased in the current period	Closing
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entity or matters which formed goodwill	balance	Generated from business combination		Disposal		balance
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 combination	Operation subsection and basis	Whether it remains the same 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, 2023.		Yes

(4) Specific method for determination of the recoverable amount

The recoverable amount is determined according to the net amount of the fair value less the cost of disposal

Applicable Not applicable

The recoverable amount is determined according to the present value of the expected future cash flow

Applicable Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast	Key parameters for the steady	Basis for determination of key parameters
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					period	period	for the steady period
Dahua Technology Italy S.R.L.	96,758,357.72	199,959,154.35	0.00	2024-2028	In the forecast period, the revenue growth rate is 9%-10%; the discount rate is 15.60%	In the forecast period, the revenue growth rate is 0%; the discount rate is 15.60%	In the steady period, there is no revenue growth, as prudently forecast
Total	96,758,357.72	199,959,154.35	0.00				

(5) Fulfillment of performance commitments and impairment of corresponding goodwill

Performance commitments have been made when the goodwill is formed and the reporting period or the previous reporting period is covered by the performance commitment period

Applicable Not applicable

21. Long-term Deferred Expenses

Unit: RMB

Item	Opening balance	Increased in the current period	Prepaid Expenses in This Period	Other Amounts Decreased	Closing balance
Improvement expenditure of fixed assets leased by operating lease	73,500,488.41	36,967,119.14	40,993,188.61	-488,464.81	69,962,883.75
Renovation Cost	57,125,934.56	27,135,437.72	18,888,982.08		65,372,390.20
Total	130,626,422.97	64,102,556.86	59,882,170.69	-488,464.81	135,335,273.95

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	2,945,448,093.79	561,492,926.21	2,926,506,726.22	578,958,458.15
Unrealized Profit from Internal Transactions	1,849,888,966.76	436,702,186.90	871,706,793.72	172,050,495.83
Deductible Losses	615,050,031.87	101,761,861.84	819,688,449.21	143,540,714.98
Equity incentive	291,671,905.31	45,689,152.55	27,100,033.66	4,227,763.19

expense				
Expected Liabilities	170,920,678.13	26,157,016.58	192,813,041.57	29,194,206.38
Payroll payable	253,599,826.64	41,664,283.10	255,864,043.82	42,002,714.30
Costs from Tax Increase Due to Absence of Invoice	557,868,000.15	107,970,125.57	358,704,786.40	75,803,754.22
Changes in fair value gains and losses	1,458,799.36	364,699.84	1,458,799.36	364,699.84
Book-tax difference of lease Liabilities	188,753,783.73	35,399,648.53	167,625,574.63	28,803,549.48
Investment in non-monetary assets	520,408,538.53	78,061,280.78		
Others	111,452,227.57	17,921,647.45	113,086,781.94	21,087,983.51
Total	7,506,520,851.84	1,453,184,829.35	5,734,555,030.53	1,096,034,339.88

(2) Non-offset deferred income tax liabilities

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable difference	temporary Liabilities	Taxable difference	temporary Liabilities
The gross profit of sales by installments	58,360,423.87	10,150,707.92	77,645,933.88	13,600,068.25
Changes in fair value of financial instruments	378,324,828.79	56,893,999.27	273,376,308.00	41,006,446.20
Book-tax difference of right-of-use assets	182,618,578.98	34,371,567.43	114,223,037.07	28,176,354.61
Investment in non-monetary assets	430,682,928.47	64,602,439.27		
Total	1,049,986,760.11	166,018,713.89	465,245,278.95	82,782,869.06

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

Unit: RMB

Item	Amount of Deferred Income Tax Assets Offset against Liabilities at the End of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the End of the Period	Amount of Deferred Income Tax Assets Offset against Liabilities at the Start of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the Start of the Period
Deferred Income Tax Assets	165,281,346.70	1,287,903,482.65	81,614,395.73	1,014,419,944.15
Deferred Income Tax Liabilities	165,281,346.70	737,367.19	81,614,395.73	1,168,473.33

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

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	562,186,328.66	428,369,185.61

Deductible Losses	1,660,894,695.64	1,228,910,987.48
Total	2,223,081,024.30	1,657,280,173.09

(5) Details of unrecognized deferred income tax assets

Unit: RMB

Year	Closing balance	Opening balance	Notes
2023		31,938,173.71	
2024	123,399,991.24	123,444,991.24	
2025	260,522,250.84	260,585,329.81	
2026	331,413,381.74	331,765,660.29	
2027	476,126,194.63	481,176,832.43	
2028	469,432,877.19		
Total	1,660,894,695.64	1,228,910,987.48	

23. Other Non-current Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract Assets	80,729,279.52	5,837,202.88	74,892,076.64	29,115,751.74		29,115,751.74
Prepayments for purchase of engineering equipments	129,167,069.19		129,167,069.19	50,986,092.83		50,986,092.83
Prepayments for acquisition of land				40,020,000.00		40,020,000.00
Prepayments for acquisition of real estate	5,893,664.25		5,893,664.25	21,110,059.00		21,110,059.00
Others	856,454.41		856,454.41			
Total	216,646,467.37	5,837,202.88	210,809,264.49	141,231,903.57		141,231,903.57

24. Assets with restricted ownership rights or rights to use

Unit: RMB

Item	At the End of the Period				At the Start of the Period			
	Book balance	Book value	Type of restriction	Description of restriction	Book balance	Book value	Type of restriction	Description of restriction
Cash and Bank Balances	75,843,683.23	75,843,683.23	Guarantee letter security deposit and other restricted	Restricted for use	130,637,542.35	130,637,542.35	Guarantee letter security deposit and other restricted	Restricted for use

			funds				funds	
Notes receivable and receivables financing	951,747,362.20	951,747,362.20	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognized	Restricted for use	1,156,827,692.59	1,156,827,692.59	Pledge used to issue bank acceptance bills and endorsed or discounted notes not derecognized	Restricted for use
Accounts receivable	7,238,385.64	7,238,385.64	Non-derecognition of supply chain finance discounting and factoring	Restricted for use	7,912,141.60	7,912,141.60	Non-derecognition of supply chain finance discounting and factoring	Restricted for use
Long-term Receivables					120,632,081.66	120,632,081.66	Pledge for bank borrowings	Restricted for use
Non-current Assets Due within 1 Year					27,786,159.55	27,786,159.55	Pledge for bank borrowings	Restricted for use
Total	1,034,829,431.07	1,034,829,431.07			1,443,795,617.75	1,443,795,617.75		

25. Short-term loans

(1) Categories of short-term loan

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans	400,000,000.00	
Fiduciary loans	549,800,000.00	249,800,000.00
Factoring loans of supply chain finance etc.	7,238,385.64	7,912,141.60
Interest payable for short-term loan	387,944.54	231,476.91
Total	957,426,330.18	257,943,618.51

Notes on categories of short-term loan:

The pledged loans are acceptance bills and letters of credit issued between the related parties included in the scope of consolidation, and will be listed as short-term loans in the consolidated statements.

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

At the end of the current period, the Group has no unpaid short-term loans that have been overdue.

26. Transactional financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Transactional financial liabilities	61,400.12	26,652,319.25
Of which: Derivative financial liabilities	61,400.12	26,652,319.25
Total	61,400.12	26,652,319.25

27. Notes payable

Unit: RMB

Types	Closing balance	Opening balance
Commercial acceptance bill	2,050,859,385.48	2,821,289,185.08
Bank acceptance bill	1,245,435,560.78	1,542,808,576.09
Total	3,296,294,946.26	4,364,097,761.17

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

Unit: RMB

Item	Closing balance	Opening balance
Payment for purchase of materials	5,295,784,509.14	6,577,743,073.06
Payment for engineering equipments	519,338,686.41	762,534,315.23
Total	5,815,123,195.55	7,340,277,388.29

(2) Important accounts payable aged over 1 year

There are no important accounts payable aged over 1 year.

29. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends Payable	23,667,047.02	
Other Payables	788,757,099.50	1,004,056,999.91
Total	812,424,146.52	1,004,056,999.91

(1) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
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Equity Incentive Restricted Stock Dividend	23,667,047.02	
Total	23,667,047.02	

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

Unit: RMB

Item	Closing balance	Opening balance
Deposits	119,727,924.44	118,085,781.49
Temporarily borrowed and advance payments	325,491,021.42	230,952,097.15
Restricted share repurchase obligations	326,740,652.18	609,859,632.00
Others	16,797,501.46	45,159,489.27
Total	788,757,099.50	1,004,056,999.91

2) Other important payables aged over 1 year or overdue

There are no other important payables aged over 1 year or overdue.

30. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payments for sales of goods	248,523,384.39	378,029,459.81
Pre-payments from construction projects	606,995,011.21	559,859,741.12
Sales of points	40,987,601.52	55,754,785.19
Service expense collected in advance	298,028,309.92	225,904,025.76
Total	1,194,534,307.04	1,219,548,011.88

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	1,562,938,094.00	7,010,504,873.69	6,645,977,061.18	1,927,465,906.51
II. Dimission benefits - defined contribution plan	2,988,616.11	350,360,521.00	348,992,178.96	4,356,958.15
III. Dismissal welfare	17,276,455.32	38,805,593.07	53,949,281.93	2,132,766.46
Total	1,583,203,165.43	7,399,670,987.76	7,048,918,522.07	1,933,955,631.12

(2) Details of short-term remuneration

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	1,265,686,016.61	6,169,213,457.32	5,804,204,972.24	1,630,694,501.69
2. Staff welfare	21,457.48	126,373,634.97	126,395,092.45	
3. Social insurance contributions	1,414,489.58	203,164,857.12	202,804,392.74	1,774,953.96
Including: medical insurance	1,243,067.14	193,268,276.22	192,959,564.20	1,551,779.16
Work injury insurance premium	171,422.44	8,915,352.27	8,864,433.03	222,341.68
Maternity insurance premium		981,228.63	980,395.51	833.12
4. Housing funds	70,886.51	400,355,402.94	400,305,028.02	121,261.43
5. Labor union and education funds	295,745,243.82	111,397,521.34	112,267,575.73	294,875,189.43
Total	1,562,938,094.00	7,010,504,873.69	6,645,977,061.18	1,927,465,906.51

(3) Details of defined contribution plans

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
1. Basic pension insurance	2,740,907.32	334,554,328.00	333,343,909.34	3,951,325.98
2. Unemployment insurance	247,708.79	15,806,193.00	15,648,269.62	405,632.17
Total	2,988,616.11	350,360,521.00	348,992,178.96	4,356,958.15

32. Taxes and fees payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	363,245,736.32	174,205,171.22
Enterprise Income Tax	762,303,704.91	94,127,161.97
Individual income tax	34,441,288.75	27,792,426.06
Urban Maintenance and Construction Tax	21,936,677.77	8,019,521.09
Stamp duty	10,066,368.59	7,984,104.22
Education surcharges (including local education surcharges)	15,669,021.79	5,728,229.41
House property tax	30,701,891.59	8,992,842.44
Others	5,117,671.36	32,291.37
Total	1,243,482,361.08	326,881,747.78

33. Non-current liabilities due within 1 year

Unit: RMB

Item	Closing balance	Opening balance
Long-term debt due within one year	750,000,000.00	2,376,950,000.00
Lease liabilities due within 1 year	116,027,750.99	123,421,101.68
Interest payable due within 1 year	694,277.76	2,639,684.05
Other loans due within 1 year	35,000,000.00	55,000,000.00
Total	901,722,028.75	2,558,010,785.73

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
To-be-transferred sales taxes in installments	34,104,924.61	46,811,489.60
To-be-transferred sales taxes of contract liabilities	81,757,348.46	94,461,157.60
Notes not derecognised	39,320,431.95	24,731,965.07
Total	155,182,705.02	166,004,612.27

35. Long-term loans

Unit: RMB

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

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	313,410,607.81	343,827,129.39
Less: Derecognized financing expenses	20,802,807.25	24,065,373.44
Less: Lease liabilities due within 1 year	116,027,750.99	123,421,101.68
Total	176,580,049.57	196,340,654.27

37. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Causes
Pending litigation	27,829,629.48	1,111,463.96	Pending litigation
Others	469,642.57	135,647.46	Loss-making contract
Expected after-sales maintenance cost	178,727,096.75	213,524,280.22	After-sales maintenance

Expected return amount after the period	17,516,258.10	12,992,996.29	Expected sales return
Total	224,542,626.90	227,764,387.93	

38. Deferred income

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance	Causes
Government subsidies	104,663,047.38	61,122,500.00	13,941,174.36	151,844,373.02	Received government subsidies related to assets
Government subsidies		29,734,600.00	14,867,299.98	14,867,300.02	Government subsidies related to income
Total	104,663,047.38	90,857,100.00	28,808,474.34	166,711,673.04	--

39. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
To-be-transferred sales taxes in installments	119,054,046.66	169,084,072.08
Other loans		35,000,000.00
Total	119,054,046.66	204,084,072.08

40. Share capital

Unit: RMB

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

Other notes:

(1) According to the Proposal on the Company's Plan for the Non-public Issuance of Shares in 2021 and other issuance-related proposals reviewed and approved at the Company's 12th, 19th, 23rd, 29th and 31st sessions of the 7th board of directors and 2020 shareholders' general meeting as well as the Proposal on Extension of the Validity Period of the Resolutions and Authorizations of the Shareholders' General Meeting on Non-public Issuance of Shares reviewed and approved by the first interim shareholders' meeting in 2022, the Company issued 293,103,400 ordinary shares (A shares) in RMB to specific objects and increased the registered capital by RMB 293,103,400.00 upon approval by the China Securities Regulatory Commission through the Reply on Approving the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd. (Zheng Jian License [2022] No. 853). The above contribution has been verified through Verification Report Xin Kuai Shi Bao Zi [2023] No. ZF10231 issued by BDO China Shu Lun Pan

CPAs (special general partnership), and the Company has accomplished the industrial and commercial registration of changes in June 2023.

(2) According to the resolution of the 42nd session of the 7th board of directors of the Company held on April 27, 2023 and the amended Articles of Association and the resolution of the 2022 shareholders' general meeting of the Company, the Company repurchased and canceled 31,795,580 granted but locked restricted ordinary shares (A shares) in RMB from 4,249 incentive objects, reducing the registered capital by RMB 31,795,580.00, and the registered capital after the change was reduced to RMB 3,294,468,990.00. The above capital reduction has been verified through Verification Report Xin Kuai Shi Bao Zi [2023] No. ZF11079 issued by BDO China Shu Lun Pan CPAs (special general partnership), and the Company has accomplished the industrial and commercial registration of changes in August 2023.

41. Capital reserve

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Capital premium (capital share premium)	1,982,401,079.59	4,967,342,743.71	247,132,716.28	6,702,611,107.02
Other capital reserves	1,967,808,163.66	306,389,676.44	1,852,682,950.63	421,514,889.47
Total	3,950,209,243.25	5,273,732,420.15	2,099,815,666.91	7,124,125,996.49

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

(1) The amount of employee service fee that the Company received in exchange by equity payments in this period was RMB 288,440,579.53, where the capital reserve (other capital reserve) was increased by RMB 242,983,029.13 and the capital reserve (capital share premium) was increased by RMB 45,457,550.40; in the equity-settled share-based payment, minority shareholders enjoyed RMB 57,518,604.78, where the capital reserve (other capital reserve) was reduced by RMB 41,428,548.80 and the capital reserve (capital share premium) was reduced by RMB 16,090,055.98. The impact amount of the income tax on the part that the amount deductible before tax exceeded the share-based payment related cost which the accounting standards allows to recognize, was RMB 7,106,753.42, increasing other capital reserves.

(2) In this period, the Company repurchased and canceled 31,795,580 granted but locked restricted shares from equity incentive objects, reducing the share capital by RMB 31,795,580.00 and the capital reserve (capital share premium) by RMB 227,656,352.80;

(3) According to the Proposal on the Company's Plan for the Non-public Issuance of Shares in 2021 and other issuance-related proposals reviewed and approved at the Company's 12th, 19th, 23rd, 29th and 31st sessions of the 7th board of directors and 2020 shareholders' general meeting as well as the Proposal on Extension of the Validity Period of the Resolutions and Authorizations of the Shareholders' General Meeting on Non-public Issuance of Shares reviewed and approved by the first interim shareholders' meeting in 2022, the Company issued 293,103,400 ordinary shares (A shares) in RMB to specific objects and increased the capital reserve (share capital premium) by RMB 4,796,729,184.72 upon approval by the China Securities Regulatory Commission through the Reply on Approving the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd. (Zheng Jian License [2022] No. 853).

(4) The impact of changes in other owners' equity of the affiliates that the Company should enjoy under the current equity method increased other capital reserves by RMB 56,299,893.89.

(5) During the disposal of the equities in the affiliates in the current period, the owner's equities which were recognized due to changes in other owner's equities of the investees except for net profits and losses and other comprehensive income and profit distributions were carried over into the current investment income, reducing the capital reserve (other capital reserve) by RMB 1,811,254,401.83.

(6) In the current period, the capital reserve (share capital premium) was reduced by RMB 3,342,009.84 in total due to the acquisition and disposal of minority interests of the subsidiaries; the change in the net assets, which amounted to RMB 112,906,008.59, enjoyed by the Company according to its shareholding ratio when the subsidiaries increased their registered capital was included in the capital reserve (share capital premium), .

(7) According to the resolution of the 46th session of the 7th board of directors of the Company held on August 25, 2023, the Company repurchased its shares in a centralized competitive bidding with a total amount for repurchase of not less than RMB 400 million (inclusive) and not more than RMB 600 million (inclusive), which will be used to implement subsequent equity incentives or employee stock ownership plans. In the current period, the Company repurchased 19,819,601 shares. The total repurchase cost was RMB 420,003,508.93 (including transaction costs of RMB 44,297.66), and the capital reserve (share premium) was reduced by RMB 44,297.66.

(8) Some employees of the Company indirectly accepted part of the equities from Zhejiang Healnoc Technology Co., Ltd. controlled by the actual controller, where share-based payment was involved, and the share-based payment fee, which was RMB 12,250,000.00, was included in the capital reserve (share capital premium).

42. Treasury share

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Restricted shares	609,859,632.00		283,118,979.82	326,740,652.18
Share repurchase		419,959,211.27		419,959,211.27
Total	609,859,632.00	419,959,211.27	283,118,979.82	746,699,863.45

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

(1) In the current period, the Company repurchased 19,819,601 shares. The total repurchase cost was RMB 420,003,508.93 (including transaction costs of RMB 44,297.66), and the treasury shares were increased by RMB 419,959,211.27.

(2) In the current period, the Company repurchased 31,795,580 granted but locked restricted shares, reducing the share capital by RMB 31,795,580.00, reducing the capital reserve (share premium) by RMB 227,656,352.80, and reducing the corresponding treasury shares by RMB 259,451,932.80.

(3) The cash dividends allocated to restricted share holders reduced treasury shares and related liabilities. The cash dividends allocated to related former employees were recovered due to their departure, reducing the treasury shares by RMB 23,667,047.02 in total.

43. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount Occurred in the Current Period					Closing balance	
		Before tax balance in this period	Less: recorded into other comprehensive incomes in previous period and transferred to P/L in current period	Less: Recorded into other comprehensive incomes in previous period and transferred to retained earnings in current period	Less: Income Tax Expense	Attributable to the Company after tax		Attributable to the minority shareholders after tax
I. Other comprehensive income that will be reclassified into P/L	36,942,339.77	29,150,995.25				29,050,681.06	100,314.19	65,993,020.83
Currency conversion difference	36,942,339.77	29,150,995.25				29,050,681.06	100,314.19	65,993,020.83
Other comprehensive incomes in total	36,942,339.77	29,150,995.25				29,050,681.06	100,314.19	65,993,020.83

44. Surplus reserves

Unit: RMB

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Statutory surplus reserve	1,553,691,005.92	93,543,489.08		1,647,234,495.00
Total	1,553,691,005.92	93,543,489.08		1,647,234,495.00

Notes on the surplus reserve, including increases or decreases in this period and their reasons:

According to the provisions in the Company Law and the Company's Articles of Association, the Company will take the statutory surplus reserve at 10% of the net profit of the parent company, which will be no more than 50% of the share capital of the parent company.

45. Undistributed profits

Unit: RMB

Item	Current Period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	17,872,654,791.67	16,331,012,273.48
Undistributed Profit after Adjustment at the Start of the Period	17,872,654,791.67	16,331,012,273.48
Add: net profit attributable to parent company's owner in current period	7,361,892,404.52	2,324,356,092.20
Less: withdrawal for statutory surplus reserve	93,543,489.08	
Payable dividends on ordinary shares	1,817,223,955.97	808,528,697.10
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	7,662,734.78	25,815,123.09
Others	2,608,700.63	
Undistributed Profit at the End of the Period	23,334,051,186.55	17,872,654,791.67

46. 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	31,843,580,629.17	18,396,945,561.74	30,161,716,309.37	18,684,304,073.94
Other businesses	374,737,007.60	278,025,361.72	403,653,703.27	305,493,596.98
Total	32,218,317,636.77	18,674,970,923.46	30,565,370,012.64	18,989,797,670.92

Whether the lower of audited net profit before or after non-recurring gains and losses 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	26,644,648,182.18	14,925,853,403.30
Including: Software Business	1,797,226,644.00	591,429,713.59
Innovative Businesses	4,906,653,657.98	3,169,076,284.13
Others	667,015,796.61	580,041,236.03
Total	32,218,317,636.77	18,674,970,923.46

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

Unit: RMB

Item	Amount Occurred in the Current Period	
	Income	Cost
Domestic	16,891,274,970.99	10,462,264,668.17
Overseas	15,327,042,665.78	8,212,706,255.29
Total	32,218,317,636.77	18,674,970,923.46

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.

47. Taxes and surcharges

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Urban Maintenance and Construction Tax	106,501,298.77	85,046,979.25
Education Surcharges	76,094,343.54	60,753,558.66
House property tax	59,855,960.89	20,430,778.31
Land usage tax	7,903,136.79	1,722,816.00
Vehicle and vessel use tax	56,476.48	57,285.50
Stamp duty	22,285,309.84	17,295,563.62
Others	3,089,670.74	2,390,610.71
Total	275,786,197.05	187,697,592.05

48. Administrative expenses

Unit: RMB

Item	Amount of this period	Amount of Previous Period
Labor cost	742,212,609.53	737,894,844.39
Depreciation cost and asset amortization	159,254,353.46	133,589,218.51
Administrative expenses	90,685,611.32	81,062,193.37
Consumables and service fees	39,845,264.04	37,687,414.35
Knowledge resource fee	147,815,551.33	88,112,477.47

Transportation and vehicle expenses	3,451,347.31	3,181,164.59
Traveling expense	11,774,618.38	5,526,857.80
Business entertainment	11,246,490.69	8,796,525.93
Others	51,143,668.21	48,118,127.48
Total	1,257,429,514.27	1,143,968,823.89

49. Selling expenses

Unit: RMB

Item	Amount of this period	Amount of Previous Period
Labor cost	3,290,466,360.63	3,054,002,350.17
After-sales service expense	384,247,693.06	347,770,558.29
Transportation and vehicle expenses	49,041,851.21	38,162,453.78
Marketing expense	457,846,542.52	507,623,672.50
Administrative expenses	150,970,949.50	164,392,490.70
Traveling expense	287,167,778.90	242,619,313.30
Business entertainment	250,873,194.98	205,931,581.17
Taxation and insurance expense	112,356,918.50	212,677,239.07
Communication expense	25,008,755.46	24,856,805.07
Knowledge resource fee	55,724,443.18	74,744,704.72
Depreciation cost and asset amortization	175,742,287.43	158,905,072.75
Others	53,123,450.32	83,476,918.09
Total	5,292,570,225.69	5,115,163,159.61

50. R&D expenses

Unit: RMB

Item	Amount of this period	Amount of Previous Period
Labor cost	3,543,375,607.63	3,436,548,913.49
Research consumables and service fees	172,532,981.67	216,082,660.80
Depreciation cost and asset amortization	117,315,005.47	95,196,552.16
Traveling expense	57,860,404.79	49,067,671.55
Administrative expenses	34,045,660.92	40,756,648.46
Communication expense	28,994,641.13	25,135,407.16
Others	13,124,493.61	20,217,729.20
Total	3,967,248,795.22	3,883,005,582.82

51. Financial expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest expense	95,985,194.10	129,841,192.93
Including: interest expenses on lease liabilities	14,312,541.58	13,841,181.48
Less: interest income	345,537,378.77	197,933,592.28

The profit or loss on foreign exchange	-180,137,872.79	-481,747,756.10
Others	20,382,067.84	38,863,357.47
Total	-409,307,989.62	-510,976,797.98

52. Other incomes

Unit: RMB

Sources of other incomes	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Government subsidies	932,712,195.04	980,662,878.33
Additional input tax deduction	134,932.81	883,220.53
Refund of individual income tax and service charge	9,920,044.98	7,292,218.35
Total	942,767,172.83	988,838,317.21

53. Income from changes in fair value

Unit: RMB

Source of the income from changes in fair value	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Trading Financial Assets		-1,132,045.17
Including: gains from changes at fair value of derivative financial instruments		-1,132,045.17
Transactional financial liabilities	26,590,919.13	-26,652,319.25
Other Non-current Financial Assets	101,037,455.74	-18,231,213.55
Total	127,628,374.87	-46,015,577.97

54. 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	-242,631,295.52	-399,809,570.81
Investment income from disposal of long-term equity investment	4,777,818,657.97	633,376,394.76
Investment income of transactional financial assets during holding period		124,950.00
Investment Income from Disposal Trading Financial Assets	-44,929,416.02	-18,304,555.76
After losing control, the remaining equity is re-measured at fair value		58,339,877.68
Gain on debt restructuring	-16,242,445.24	-414,996.80
Investment income on other non-current financial assets during the holding period	11,870,549.61	9,173,028.68
Investment income from disposal of	10,370,120.76	

other non-current financial assets		
Investment income from national debt reverse repurchase	1,256,871.91	791,371.25
Profits from recognition termination of financial assets	-1,539,231.44	-2,527,190.80
Total	4,495,973,812.03	280,749,308.20

55. Credit impairment losses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Bad debt losses of notes receivable	17,555,335.92	-257,089.31
Bad debt losses of accounts receivable	-415,017,021.55	-618,126,859.84
Bad debt losses of other receivables	-997,713.81	21,878,004.86
Bad debt losses of long-term accounts receivable	-13,997,717.99	
Total	-412,457,117.43	-596,505,944.29

56. Asset impairment losses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
I. Impairment Losses on Inventories and Performance Cost	-176,434,382.90	-96,658,687.52
II. Impairment Losses on Long-term Equity Investment		-723,496.39
III. Impairment Losses on Contract Assets	1,920,067.16	-9,270,865.73
Total	-174,514,315.74	-106,653,049.64

57. Asset disposal income

Unit: RMB

Sources of the asset disposal income	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Income from disposal of fixed assets	1,679,018.49	1,146,254.67
Income from the disposal of right-of-use assets	328,779.90	1,819,534.10
Total	2,007,798.39	2,965,788.77

58. Non-operating income

Unit: RMB

Item	Amount Occurred in the	Amount Occurred in the	Amount recorded into non-
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	Current Period	Previous Period	recurring profit and loss in current period
Government subsidies		2,100,000.00	
Gains and losses of non-current asset retirement	1,229,426.37	1,648,667.29	1,229,426.37
Others	12,299,567.88	14,172,637.30	12,299,567.88
Total	13,528,994.25	17,921,304.59	13,528,994.25

59. Non-operating expenses

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	1,103,243.16	1,796,127.69	1,103,243.16
Gains and losses of non-current asset retirement	2,072,054.17	2,030,871.71	2,072,054.17
Water conservancy fund	441,570.13	167,592.46	
Others	29,232,164.80	6,841,475.06	29,232,164.80
Total	32,849,032.26	10,836,066.92	32,407,462.13

60. 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	895,325,041.21	155,717,141.34
Deferred income tax expense	-248,886,869.12	-130,389,333.38
Total	646,438,172.09	25,327,807.96

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

Unit: RMB

Item	Amount Occurred in the Current Period
Total Profit	8,121,705,657.64
Income tax expense calculated at statutory/applicable tax rate	1,218,255,848.65
Impact by applying different tax rates to subsidiaries	65,510,669.97
Impact of income tax before adjustment in this period	-31,121,028.44
Impact of the non-deductible costs, expenses and losses	32,717,362.49
Impact of additional deduction of the research and development expenses	-518,601,976.42
Others	-120,322,704.16
Income tax expense	646,438,172.09

61. Other comprehensive incomes

See Note 43 for details.

62. Items of Cash Flow Statement

(1) Cashes 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	273,381,345.10	115,853,521.82
Government subsidies	994,760,820.70	991,467,035.95
Tender and performance guarantee deposit	123,948,827.72	34,276,474.54
Incomings and outgoings and advance payments	42,723,390.94	96,874,605.04
Others	24,118,990.28	13,304,303.72
Total	1,458,933,374.74	1,251,775,941.07

Other cash payments relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Administrative expenses	336,994,816.98	355,623,778.96
Communication expense	79,071,144.89	59,345,879.58
Business entertainment	262,962,826.23	216,201,652.45
Traveling expense	360,761,388.26	296,659,094.56
Marketing expense	446,017,073.08	391,397,115.26
Transportation and vehicle expenses	78,953,292.07	44,409,896.02
Knowledge resource fee	204,781,766.16	133,575,452.95
Research and development consumption and external inspection fee	102,571,135.69	100,723,946.02
Taxation and insurance expense	65,040,612.10	77,631,185.38
Tender and performance guarantee deposit	76,473,405.90	86,652,672.09
Incomings and outgoings and advanced payments	17,324,949.79	131,684,066.18
Consumables and service fees	275,055,483.06	248,782,048.70
Others	38,668,797.11	29,828,698.09
Total	2,344,676,691.32	2,172,515,486.24

(2) Cashes 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
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Receipts of cash from forward exchange contracts	40,049,759.39	25,697,487.60
Recovered frozen funds relating to the investment	9,762,136.70	
Total	49,811,896.09	25,697,487.60

Important cash receipts relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cashes received from equity transfer	3,505,457,225.01	29,000,000.00
Investment recovered from reverse repurchase of treasury bonds	1,221,761,539.51	825,789,959.23
Others	14,404,556.44	1,409,325,099.44
Total	4,741,623,320.96	2,264,115,058.67

Other cash payments relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cash paid for forward exchange contracts	84,979,175.41	44,002,044.90
Paid frozen funds relating to the investment	1,058,404.69	13,993,944.08
Total	86,037,580.10	57,995,988.98

Important cash payments relating to investing activities

N/A

(3) Cashes relating to financing activities

Other cash receipts relating to financing activities

Unit: RMB

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

Other cash payments relating to financing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Leasing fees paid	171,319,524.76	130,670,138.16
Listing fees paid	3,312,739.06	3,695,037.14
Cashes paid for purchasing minority equity	14,647,000.00	82,140,000.00
Equity repurchase cash paid	679,455,441.73	284,463,142.68
Total	868,734,705.55	500,968,317.98

Notes to other cash payments relating to financing activities:

N/A

Changes in liabilities generated by financing activities

 Applicable Not applicable

Unit: RMB

Item	Opening balance	Increased in the current period		Decreased in the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loan	257,943,618.51	1,528,087,858.03	11,096,240.93	839,701,387.29		957,426,330.18
Long-term loan	453,825,000.00	400,000,000.00			853,825,000.00	
Dividends Payable			1,809,561,221.19	1,785,894,174.17		23,667,047.02
Lease Liabilities	196,340,654.27		133,919,671.73	37,627,066.77	116,053,209.66	176,580,049.57
Non-current Liabilities Due within 1 Year	2,558,010,785.73		1,005,547,028.75	2,661,835,785.73		901,722,028.75
Other Payables (Restricted Share Repurchase Obligations)	609,859,632.00			259,451,932.80	23,667,047.02	326,740,652.18
Other Non-current Liabilities	35,000,000.00				35,000,000.00	
Total	4,110,979,690.51	1,928,087,858.03	2,960,124,162.60	5,584,510,346.76	1,028,545,256.68	2,386,136,107.70

63. Supplementary information on Cash Flow Statement

(1) Supplementary information about the Cash Flow Statement

Unit: RMB

Supplementary information	Amount of this period	Amount of Previous Period
1 . Reconciliation of net profit to cash flows from operational activities		
Net Profit	7,475,267,485.55	2,261,850,253.32
Add: provision for impairment of assets	586,971,433.17	703,158,993.93
Depreciation of fixed assets, oil and gas assets, productive biological assets	564,909,376.16	503,479,252.70
Depreciation of Right-of-use Assets	140,445,508.21	132,164,519.81
Amortization of Intangible Assets	44,713,796.99	46,736,670.60
Amortization of long-term deferred expenses	59,882,170.69	39,510,946.43

Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-2,007,798.39	-2,965,788.77
Losses on scrapping of fixed assets (mark "-" for incomes)	842,627.80	382,204.42
Losses on fair value changes (mark "-" for incomes)	-127,628,374.87	46,015,577.97
Financial expenses (mark "-" for incomes)	-84,152,678.69	-367,030,819.99
Losses on investment (mark "-" for incomes)	-4,513,755,488.71	-283,691,495.80
Decrease on deferred income tax assets (mark "-" for increases)	-188,315,504.30	-74,076,700.95
Increase on deferred income tax liabilities (mark "-" for decreases)	-65,033,545.41	-60,610,031.11
Decrease on inventories (mark "-" for increases)	1,804,686,410.40	-1,007,449,606.32
Decrease on operational receivables (mark "-" for increases)	-650,869,567.85	-512,792,543.01
Increase on operational payables (mark "-" for decreases)	-747,867,775.81	-656,911,190.48
Others	300,690,579.53	285,817,406.71
Net cash flow generated by operating activities	4,598,778,654.47	1,053,587,649.46
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	15,880,659,594.95	7,878,465,052.63
Less: opening balance of cash	7,878,465,052.63	7,617,576,852.32
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net Increase in Cash and Cash Equivalents	8,002,194,542.32	260,888,200.31

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I . Cash	15,880,659,594.95	7,878,465,052.63

Including: cash on hand	2,642.58	2,535.81
Bank deposit for payment at any time	15,806,616,028.36	7,746,722,778.16
Other cash and bank balances for payment at any time	74,040,924.01	131,739,738.66
III. Closing balance of cash and cash equivalents	15,880,659,594.95	7,878,465,052.63

(3) Monetary funds which are not cash and cash equivalents

Unit: RMB

Item	Amount of this period	Amount of Previous Period	Why the monetary funds are not cash and cash equivalents
Other Cash and Bank Balances	68,981,082.99	110,737,143.60	Guarantee letter security deposit, restricted for use
Bank Balance	6,862,600.24	19,900,398.75	Frozen funds, restricted for use
Bank Balance	14,501,836.29	20,776,055.79	Unexpired bank deposits and interests, listed in the Cash and Bank Balances
Total	90,345,519.52	151,413,598.14	

64. Notes to the items in the Statement of Changes in Owners' Equity

Matters including names of "Other" items adjusting the balance at the end of the previous year and the adjusted amount:

N/A

65. 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	171,065,224.74	7.0827	1,211,603,667.27
EUR	32,733,022.04	7.8592	257,255,366.82
HKD	3,525,498,379.15	0.9062	3,194,891,052.99
INR	1,092,222,470.45	0.0851	92,998,397.59
THB	262,564,074.69	0.2074	54,445,634.98
PLN	16,904,647.15	1.8107	30,609,413.64
Total amount of other currencies			191,328,295.44
Accounts receivable			
Including: USD	533,716,357.33	7.0827	3,780,152,844.06
EUR	118,313,842.79	7.8592	929,852,153.26

HKD	3,022,129.24	0.9062	2,738,725.89
INR	5,758,609,355.66	0.0851	490,322,674.10
AED	117,522,588.14	1.9326	227,118,277.71
AUD	46,365,409.19	4.8484	224,798,049.92
Total amount of other currencies			740,971,172.52
Long-term loan			
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	103,694,084.74	7.0827	734,434,093.99
INR	2,381,510,335.43	0.0851	202,776,129.43
EUR	1,359,034.19	7.8592	10,680,921.51
AED	2,876,615.98	1.9326	5,559,204.21
HUF	198,712,875.49	0.0205	4,079,466.96
BRL	2,556,421.34	1.4596	3,731,454.84
Total amount of other currencies			15,986,600.17

(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.

66. 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 leasing expenses for short-term leases or low-value assets

Applicable Not applicable

Item	Amount of this period	Amount of Previous Period
Interest expenses on lease liabilities	14,312,541.58	13,841,181.48
Simplified short-term leasing expenses included in relevant asset cost or the current profit or loss	59,174,978.85	86,310,571.91
Total cash outflows relating to lease	230,494,503.61	216,980,710.07

Information on sale and leaseback transaction

N/A

(2) The Company as a lessor

Operating lease as a lessor

 Applicable Not applicable

Unit: RMB

Item	Rental income	Including: Income relating to variable lease payments not included in the lease receipts
Lease of buildings	41,297,042.90	
Lease of equipment	103,366,881.74	
Total	144,663,924.64	

Financial lease as a lessor

 Applicable Not applicable

Lease receipts undiscounted in each of the five years to come

 Applicable Not applicable**(3) Recognition of profit or loss from financial lease or sale as a manufacturer or distributor** Applicable Not applicable**VIII. R&D Expenditure**

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,543,375,607.63	3,436,548,913.49
Research consumables and service fees	172,532,981.67	216,082,660.80
Depreciation cost and asset amortization	117,315,005.47	95,196,552.16
Traveling expense	57,860,404.79	49,067,671.55
Administrative expenses	34,045,660.92	40,756,648.46
Communication expense	28,994,641.13	25,135,407.16
Others	13,124,493.61	20,217,729.20
Total	3,967,248,795.22	3,883,005,582.82
Including: Expense-based R&D expenditure	3,967,248,795.22	3,883,005,582.82

IX. Changes in the Scope of Consolidation**1. Consolidation not under the common control****(1) Consolidation not under the common control in this period**

Unit: RMB

Name of	Time	Cost for	Percenta	Acquisiti	Acquisiti	Basis for	Income	Net	Cash
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Acquiree	Point for Equity Acquisition	Equity Acquisition	Percentage Acquired	Acquisition Method	Acquisition Date	Determining Acquisition Date	Profit of Acquiree from the Acquisition Date to the End of the Period	Flow of Acquiree from the Acquisition Date to the End of the Period
Zhejiang Huajian Technology Co., Ltd.	February 24, 2023	0.00	100.00%	Equity transfer	February 24, 2023	Transferred	0.00	0.00

Other notes:

Zhejiang Huajian Technology Co., Ltd. was established on December 7, 2022. As at the date of this equity transfer, the original shareholder failed to make the contribution or engage in any operation. The Company purchased 100% of its equities with zero consideration and completed the industrial and commercial change on February 24, 2023.

2. No business consolidation under common control during this period

3. Disposal of subsidiaries

Is there any transaction or matter that results in loss of control over the subsidiaries in the current period

Yes No

Is there any situation where disposal of investment in subsidiaries is achieved through multiple transactions in various stages, causing loss of control in this 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) The Company has established three domestic subsidiaries in this period: Zhejiang Shuhang Intelligent Technology Co., Ltd., Guangdong Huaxiyue Intelligent Technology Co., Ltd., and Zhejiang Huajie New Energy Operation Service Co., Ltd. Additionally, it has established seven overseas subsidiaries: Dahua Technology Belgium BV, Dahua Technology Regional Headquarters, Dahua Technology Azerbaijan LLC, Dahua Technology Vietnam Company Limited, Huaray Technology Korea Company Limited, HuaRay Technology GmbH, and Dahua Technology Angola S.U. da. All the aforementioned subsidiaries have been consolidated into the financial reports of the Company from their respective establishment dates.

(2) The Company's subsidiary Guizhou Dahua Information Technology Co., Ltd. is canceled in the current period and has not been included in the scope of consolidation from the date of cancellation.

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 500,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Vision Technology	RMB 1,306,810,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Security Network	RMB 100,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Ju'an	RMB 10,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Guangxi Dahua Information	RMB 66,800,000	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	100.00%		Establishment
Guangxi Yunlian	RMB 20,000,000	Qingxiu District, Nanning	Qingxiu District, Nanning	Service	100.00%		Establishment
Hangzhou Xiaohua	RMB 10,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	78.00% (Note 1)		Establishment
Dahua Zhilian	RMB 1,885,800,000	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	94.1669% (Note 2)		Establishment
Dahua investment management	RMB 1,000,000,000	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Investment & investment management	75.00%		Establishment
Guangxi Zhicheng	RMB 109,542,900	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	65.00%		Establishment
Hangzhou Huacheng	RMB 77,905,182	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	32.73% (Note 3)		Establishment
Xinjiang Information	RMB 60,000,000	Shihezi, Xinjiang	Shihezi, Xinjiang	Electronics and information		92.00%	Establishment
HuaRay Technology	RMB 78,264,756	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and	32.58% (Note 4)		Establishment

				application services industry			
Fuyang Hua'ao	RMB 10,000,000	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	51.00%		Establishment
Huafei Intelligent	RMB 50,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	60.50% (Note 5)		Establishment
Guizhou Huayi	RMB 22,500,000	Guanshanhu District, Guiyang	Guanshanhu District, Guiyang	Electronics and information	100.00%		Establishment
Xinjiang Zhihe	RMB 38,284,600	Qira County, Hotan, Xinjiang	Qira County, Hotan, Xinjiang	Electronics and information		97.00%	Establishment
Guangxi Huacheng	RMB 35,800,000	Wuzhou, Guangxi	Wuzhou, Guangxi	Electronics and information		90.00%	Establishment
Meitan Dahua Technology	RMB 10,000,000	Zunyi, Guizhou	Zunyi, Guizhou	Electronics and information		100.00%	Establishment
Inner Mongolia Zhimeng	RMB 20,000,000	New District, Bai County, Chahar Right Wing Back Banner	New District, Bai County, Chahar Right Wing Back Banner	Electronics and information		95.00%	Establishment
Xinjiang Zhitian	RMB 25,652,600	Hetian County, Hetian, Xinjiang	Hetian County, Hetian, Xinjiang	Electronics and information		97.00%	Establishment
Xinjiang Xinzhi	RMB 335,567,200	Shache County, Kashgar District, Xinjiang	Shache County, Kashgar District, Xinjiang	Electronics and information		100.00%	Establishment
Xinjiang Huayue	RMB 37,841,300	Kashgar, Xinjiang	Kashgar, Xinjiang	Electronics and information		100.00%	Establishment
Tianjin Dahua	RMB 36,000,000	Tianjin Binhai New Area	Tianjin Binhai New Area	Electronics and information		100.00%	Establishment
Dahua Zhilong	RMB 39,480,000	Shuangpai County, Yongzhou City	Shuangpai County, Yongzhou City	Electronics and information		90.00%	Establishment
Vision Technology	RMB 10,000,000	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	100.00%		Establishment
Huaxiao Technology	RMB 70,000,000	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	51.00%		Establishment
Xi'an Dahua	RMB 989,600,000	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information	100.00%		Establishment
Huaruipin	RMB 50,000,000	Wuxi City, Jiangsu Province	Wuxi City, Jiangsu Province	Electronics and information	51.00%		Establishment
Beijing Huayue	RMB 10,000,000	Xicheng District,	Xicheng District,	Electronics and	100.00%		Establishment

		Beijing	Beijing	information			
Shanghai Huashang	RMB 1,000,000	Putuo District, Shanghai	Putuo District, Shanghai	Electronics and information	100.00%		Establishment
Dahua Jinzhi	RMB 60,000,000	Wucheng District, Jinhua City, Zhejiang Province	Wucheng District, Jinhua City, Zhejiang Province	Electronics and information	100.00%		Establishment
Zhoushan Operation	RMB 100,000,000	Zhoushan City, Zhejiang Province	Zhoushan City, Zhejiang Province	Electronics and information	58.80%		Establishment
Yunnan Zhili	RMB 50,000,000	Lijiang City, Yunnan Province	Lijiang City, Yunnan Province	Electronics and information	90.00%		Establishment
Guangxi Dahua Technology	RMB 100,000,000	Liuzhou City, Guangxi Zhuang Autonomous Region	Liuzhou City, Guangxi Zhuang Autonomous Region	Electronics and information	100.00%		Establishment
Huayixin	RMB 80,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Huaruijie	RMB 150,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Automotive electronics	51.00%		Establishment
Chengdu Zhilian	RMB 600,000,000	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhian	RMB 554,700,000	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhishu	RMB 50,000,000	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhichuang	RMB 15,000,000	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Smart Network	RMB 50,000,000	Dayi County, Chengdu	Dayi County, Chengdu	Electronics and information	90.00%		Establishment
Huakong Software	RMB 50,000,000	Wuyi County, Jinhua City	Wuyi County, Jinhua City	Electronics and information	100.00%		Establishment
Huacheng Software	RMB 30,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Henan Dahua	RMB 30,000,000	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Huajian	RMB 50,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45.00% (Note 6)		Establishment
Zhengzhou Dahua Zhian	RMB 30,000,000	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Dahua International	RMB 1,000,000	Singapore	Singapore	Electronics and information	100.00%		Establishment
Anhui Zhilian	RMB 30,000,000	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Anhui Zhishu	RMB 30,000,000	Hefei, Anhui	Hefei, Anhui	Electronics and	100.00%		Establishment

				information			
Wuhu Huajian	RMB 10,000,000	Wuhu, Anhui	Wuhu, Anhui	Electronics and information		100.00%	Establishment
Changsha Dahua	RMB 100,000,000	Changsha, Hunan	Changsha, Hunan	Electronics and information	100.00%		Establishment
Tianjin Huajian	RMB 30,000,000	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Zhejiang Pixfra	RMB 442,140,448	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	75.11%		Establishment
Yiwu Huaxi	RMB 10,000,000	Yiwu City, Zhejiang Province	Yiwu City, Zhejiang Province	Electronics and information		100.00%	Establishment
Dahua Operation	RMB 100,000,000	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	100.00%		Establishment
Nanyang Intelligent	RMB 10,000,000	Nanyang City, Henan Province	Nanyang City, Henan Province	Electronics and information	100.00%		Establishment
Yibin Huahui	RMB 20,000,000	Yibin City, Sichuan Province	Yibin City, Sichuan Province	Electronics and information	100.00%		Establishment
Chengdu Huazhiwei	RMB 10,000,000	Chengdu City, Sichuan Province	Chengdu City, Sichuan Province	Electronics and information	100.00%		Establishment
IMOU Xi'an	RMB 20,000,000	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information		100.00%	Establishment
Luoyang Zhiyu	RMB 10,000,000	Luoyang City, Henan Province	Luoyang City, Henan Province	Electronics and information	100.00%		Establishment
Huaqi Intelligence	RMB 100,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Chengdu Information	RMB 20,000,000	Chongzhou City, Chengdu City	Chongzhou City, Chengdu City	Electronics and information	100.00%		Establishment
Huajian Technology	RMB 20,000,000	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Business combination not under common control
Shuhang Intelligent	RMB 10,000,000	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information		100.00%	Establishment
Huaxiyue	RMB 10,000,000	Haizhu District, Guangzhou	Haizhu District, Guangzhou	Electronics and information	100.00%		Establishment
Huajie Operation	RMB 50,000,000	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	New Energy Operation		100.00%	Establishment
Dahua Hong Kong	RMB 669,687,347	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua USA	USD 600,000	USA	USA	Electronics and information		100.00%	Establishment
Dahua Europe	EUR 200,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment

Dahua Middle East	AED 1,000,000	United Arab Emirates	United Arab Emirates	Electronics and information		100.00%	Establishment
Dahua Mexico	MXN 90,000,000	Mexico	Mexico	Electronics and information		100.00%	Establishment
Dahua Chile	CLP 360,000,000	Chile	Chile	Electronics and information		100.00%	Establishment
Dahua Colombia	COP 4,616,709,016	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 5,000,000	South Africa	South Africa	Electronics and information		100.00%	Establishment
Dahua Peru	PEN 2,200,000	Peru	Peru	Electronics and information		100.00%	Establishment
Dahua Brazil	BRL 41,334,811	Brazil	Brazil	Electronics and information		100.00%	Establishment
Dahua Russia	RUB 30,000,000	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 303,000,000	Hungary	Hungary	Electronics and information		100.00%	Establishment
Dahua Poland	PLN 2,200,000	Poland	Poland	Electronics and information		100.00%	Establishment
Dahua Tunisia	USD 89,000	Tunisia	Tunisia	Electronics and information		100.00%	Establishment
Dahua Kenya	KES 15,000,000	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 23,000,000	Serbia	Serbia	Electronics and information		100.00%	Establishment
Dahua Germany	EUR 150,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Malaysia	MYR 1,000,000	Malaysia	Malaysia	Electronics and information		100.00%	Establishment
Dahua Korea	KRW 1,500,000,000	South Korea	South Korea	Electronics and information		100.00%	Establishment

Dahua Indonesia	IDR 2,600,000,000	Indonesia	Indonesia	Electronics and information		67.00%	Establishment
Dahua India	INR 234,000,000	India	India	Electronics and information		100.00%	Establishment
Dahua Turkey	TRY 840,000	Turkey	Turkey	Electronics and information		100.00%	Establishment
Dahua Czech	CZK 5,400,000	Czech Republic	Czech Republic	Electronics and information		100.00%	Establishment
Dahua Argentina	ARS 27,288,503	Argentina	Argentina	Electronics and information		100.00%	Establishment
Dahua Spain	EUR 150,000	Spain	Spain	Electronics and information		100.00%	Establishment
Dahua Kazakhstan	KZT 23,000,000	Kazakhstan	Kazakhstan	Electronics and information		100.00%	Establishment
Dahua Denmark	DKK 1,500,000	Denmark	Denmark	Electronics and information		100.00%	Establishment
Dahua France	EUR 100,000	France	France	Electronics and information		100.00%	Establishment
Dahua Technology Holdings	HKD 10,000,000	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Morocco	MAD 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 3,200,000,000	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 48,000,000	Sri Lanka	Sri Lanka	Electronics and information		100.00%	Establishment
Dahua Pakistan	PKR 20,000,000	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 25,000,000	Thailand	Thailand	Electronics and information		99.98%	Establishment
Dahua Romania	RON 1,000,000	Romania	Romania	Electronics and information		100.00%	Establishment
Dahua Nigeria	NGN 10,000,000	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 6,000,000	Japan	Japan	Electronics and information		100.00%	Establishment
Dahua Qatar	QAR 2,184,000	Qatar	Qatar	Electronics and information		100.00%	Establishment
Huacheng Hong Kong	HKD 12,023,000	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 5,000,000	Bangladesh	Bangladesh	Electronics and information		100.00%	Establishment
IMOU Australia	USD 1,000,000	Australia	Australia	Electronics and information		100.00%	Establishment
IMOU Vietnam	VND 6,930,000,000	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
HuaRay Singapore	USD 100,000	Singapore	Singapore	Electronics and information		100.00%	Establishment
HuaRay Korea	KRW 100,000,000	South Korea	South Korea	Electronics and information		100.00%	Establishment
HuaRay Germany	EUR 23,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Belgium	EUR 100,000	Belgium	Belgium	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia	SAR 10,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Azerbaijan	USD 100,000	Azerbaijan	Azerbaijan	Electronics and information		100.00%	Establishment
Dahua Vietnam	VND 2,363,600,000	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
Dahua Angola	AOA 176,303,000	Angola	Angola	Electronics and information		100.00%	Establishment

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

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

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

(3) In 2023, the registered capital of Huacheng Network was increased from RMB 50,000,000 to RMB 77,905,200 through capital increase and share expansion several times. Due to the Company's abandonment of the right to increase capital in the same proportion, the Company's original 51.00% equity was diluted to 32.73%. After the dilution of equity, the Company is still the largest shareholder of Huacheng Network. Huacheng Network is still a holding subsidiary of the Company, and is included in the scope of consolidation of the Company.

(4) In 2023, the registered capital of the holding subsidiary HuaRay Technology was increased from RMB 60,386,500 to RMB 78,264,800 through capital increase, share expansion and equity transfer several times. Due to the Company's abandonment of the right to increase capital in the same proportion and the right of preemption, the Company's original 42.23% equity was diluted to 32.58%. After the dilution of equity, the Company is still the largest shareholder of HuaRay Technology. The remaining shareholders have a low and dispersed shareholding ratio, and HuaRay Technology is still a holding subsidiary of the Company, and is included the scope of consolidation of the Company.

(5) In August 2023, the Company acquired 15.00% equity in Huafei Intelligent held by Hangzhou Hua'ao Enterprise Management Partnership (Limited Partnership) with a consideration of RMB 13,347,000. After the acquisition of equity, the Company's original 45.50% equity in Huafei Intelligent was increased to 60.50%, and after the change, the Company exercises the voting rights according to its equity ratio.

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

2. The transactions that lead to changes in the shareholder's equity in the subsidiaries while still has working control over the subsidiary

(1) Explanation of the changes in the shareholder's equity in the subsidiaries

1) In June 2023, the Company acquired the 33.00% equity held by 3 individual shareholders in Hangzhou Xiaohua Technology Co., Ltd. with a consideration of RMB 3,300,000. After the acquisition of equity, the Company's original 45.00% equity in Hangzhou Xiaohua Technology Co., Ltd. was increased to 78.00%, and after the change, the Company exercises the voting rights according to its equity ratio.

2) In August 2023, the Company acquired 15.00% equity in Huafei Intelligent held by Hangzhou Hua'ao Enterprise Management Partnership (Limited Partnership) with a consideration of RMB 13,347,000. After the acquisition of equity,

the Company's original 45.50% equity in Huafei Intelligent was increased to 60.50%, and after the change, the Company exercises the voting rights according to its equity ratio.

3) In October 2023, the registered capital of the holding subsidiary Pixfra Technology was increased from RMB 100,000,000 to RMB 442,140,400 through capital increase and share expansion. The Company's original 51.00% equity in Pixfra Technology was changed to 75.11%, and after the change, the Company exercises the voting rights according to its equity ratio.

4) In 2023, the registered capital of the holding subsidiary HuaRay Technology was increased from RMB 60,386,500 to RMB 78,264,800 through capital increase, share expansion and equity transfer several times. Due to the Company's abandonment of the right to increase capital in the same proportion and the preemptive right, the Company's original 42.23% equity was diluted to 32.58%. After the dilution of equity, the Company is still the largest shareholder of HuaRay Technology. The remaining shareholders have a low and dispersed shareholding ratio, and HuaRay Technology is still a holding subsidiary of the Company, and is included the scope of consolidation of the Company.

5) In 2023, the registered capital of the holding subsidiary Huacheng Network was increased from RMB 50,000,000 to RMB 77,905,200 through capital increase and share expansion several times. Due to the Company's abandonment of the right to increase capital in the same proportion, the Company's original 51.00% equity was diluted to 32.73%. After the dilution of equity, the Company is still the largest shareholder of Huacheng Network. Huacheng Network is still a holding subsidiary of the Company, and is included in the scope of consolidation of the Company.

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

Unit: RMB

	Xiaohua Technology	Huafei Intelligent	Xinjiang Information	Pixfra Technology	Huacheng Network	HuaRay Technology
Purchase cost/Disposal consideration						
-- Cash	3,300,000.00	13,347,000.00				
-- Fair value of non-cash assets						
Purchase cost/ Total disposal consideration	3,300,000.00	13,347,000.00				
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disp osed	571,110.85	12,733,879.31	-254,678.93	-41,017,645.38	-3,242,181.69	157,420,514.59
Difference	2,728,889.15	613,120.69	254,678.93	41,017,645.38	3,242,181.69	-

						157,420,514.59
Among them: adjust the capital reserve	-2,728,889.15	-613,120.69	-254,678.93	-41,017,645.38	-3,242,181.69	157,420,514.59
Adjusted surplus reserve						
Adjusted undistributed profits						

3. Equity in joint venture arrangements or affiliates

(1) Financial summary of non-essential joint ventures and affiliates

Unit: RMB

	Closing balance / amount occurred in the current period	Opening balance / amount occurred in the previous period
Joint ventures:		
The total count of the following items based on the shareholding ratios		
Affiliates:		
Total book value of investments	727,453,629.75	1,461,099,644.55
The total count of the following items based on the shareholding ratios		
--Net profit	-242,631,295.52	-399,809,570.81
--Other comprehensive income	9,013,070.41	-448,230.26
--Total comprehensive income	-233,618,225.11	-400,257,801.07

Note: The affiliate Zhejiang Leapmotor Technology Co., Ltd. has been disposed of in the current period, and the opening balance/amount occurred in the previous period contains the amount of Zhejiang Leapmotor Technology Co., Ltd.

XI. Government Subsidies

1. Government subsidies recognized as the amount receivable at the end of the reporting period

Applicable Not applicable

Reasons for failure to receive the estimated amount of government subsidies at the estimated timepoint

Applicable Not applicable

2. Liabilities related to government subsidies

Applicable Not applicable

Unit: RMB

Accounting item	Opening balance	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	Amount transferred to other income in this period	Other changes in this period	Closing balance	Related to assets/income
Deferred Income	104,663,047.38	61,122,500.00		13,941,174.36		151,844,373.02	Related to assets
Deferred Income		29,734,600.00		14,867,299.98		14,867,300.02	Related to income

3. Government subsidies recorded into the current profit or loss

Applicable Not applicable

Unit: RMB

Accounting item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Other Incomes	932,712,195.04	980,662,878.33
Non-operating Revenue		2,100,000.00

XII. Risks Relating to Financial Instruments

1. Risks arising from the financial instruments

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

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

(I) Credit risk

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

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

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

(II) Liquidity risk

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

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

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

Unit: RMB

Item	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
Long-term loan			
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

Item	December 31, 2022		
	Within 1 year	1 years or above	Total
Short-term loan	260,776,817.68		260,776,817.68
Notes Payable	4,364,097,761.17		4,364,097,761.17
Accounts Payable	7,340,277,388.29		7,340,277,388.29
Other Payables	1,004,056,999.91		1,004,056,999.91
Non-current Liabilities Due within 1 Year	2,612,356,720.16		2,612,356,720.16
Long-term loan	12,189,009.07	460,171,666.67	472,360,675.74
Lease Liabilities		209,266,176.61	209,266,176.61
Total	15,593,754,696.28	669,437,843.28	16,263,192,539.56

(III) Market Risk

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

1. Interest rate risk

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

2. Exchange rate risk

The exchange rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of foreign exchange rate. The Company will try its best to match the revenues with the expenses in foreign currency, to lower the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks.

The exchange rate risk faced with by the Company is mainly from financial assets and liabilities in USD. The amounts of assets and liabilities in foreign currencies and converted into RMB are listed as below:

Unit: RMB

Item	Closing balance			Opening balance		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and Bank Balances	1,211,603,667.27	3,821,528,161.46	5,033,131,828.73	1,014,793,102.46	593,320,421.14	1,608,113,523.60
Accounts receivable	3,780,152,844.06	2,615,801,053.40	6,395,953,897.46	4,171,664,421.39	2,134,877,260.22	6,306,541,681.61
Accounts Payable	734,434,093.99	242,813,777.12	977,247,871.11	1,764,995,765.35	342,688,103.07	2,107,683,868.42
Total	5,726,190,605.32	6,680,142,991.98	12,406,333,597.30	6,951,453,289.20	3,070,885,784.43	10,022,339,073.63

2. Financial assets

(1) Classification of transfer methods

Applicable Not applicable

Unit: RMB

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for judgment of derecognition
Endorsement or discounting	Unexpired bank acceptance bills and commercial acceptance bills in the notes receivable	39,320,431.95	Not derecognised	The bank acceptance bills and commercial acceptance bills in the notes receivable are accepted by the banks or enterprises with low credit ratings. The recourses of the endorsed or discounted bills will not be impaired, but the credit risks and deferred payment risks related to the notes have not been transferred yet. The notes are therefore not derecognized.
Endorsement or discounting	Unexpired bank acceptance bills in the receivables	92,886,786.46	Derecognised	The bank acceptance bills in the receivables financing are accepted by the banks with high

	financing			credit ratings, incurring low credit risks and deferred payment risks, and the interest rate risks related to the notes have been transferred to the banks. It can be judged that the major risks and rewards of the notes title have been transferred and the notes are therefore derecognized.
Discounting or factoring	Unexpired supply chain finance in the accounts receivable	7,238,385.64	Not derecognised	The supply chain finance in the accounts receivable is accepted by enterprises. The recourses of the discounted or factored accounts receivable will not be impaired, but the credit risks and deferred payment risks related to the accounts receivable have not been transferred yet. The accounts receivable are therefore not derecognized.
Factoring of accounts receivable	Unexpired accounts receivable	14,041,249.40	Derecognised	The accounts receivable transferred in accordance with the non-recourse accounts receivable factoring agreement are derecognised as the majors risks and rewards of their title have been transferred.
Total		153,486,853.45		

(2) Financial assets derecognised due to transfer

Applicable Not applicable

Unit: RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Unexpired bank acceptance bills in the receivables financing	Endorsement/Discounting	92,886,786.46	-1,207,777.45
Accounts receivable	Factoring of accounts receivable	14,041,249.40	-331,453.99
Total		106,928,035.86	-1,539,231.44

XIII. Disclosure of Fair Values**1. Fair values of the assets and liabilities at the end of the period**

Unit: RMB

Item	Fair values at period-end			
	First level measurement at fair value	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant	--	--	--	--

measurement at fair value				
(I) Trading Financial Assets		1,470,000.00		1,470,000.00
1. Financial assets measured at fair value through profit or loss in this period		1,470,000.00		1,470,000.00
(1) Investment in debt instrument				
(2) Investment in equity instrument				
(3) Derivative Financial Assets				
(4) Others		1,470,000.00		1,470,000.00
(II) Receivables Financing		810,713,267.86		810,713,267.86
(III) Other Non-current Financial Assets		1,056,959,784.04	478,782,601.67	1,535,742,385.71
1. Financial assets measured at fair value through profit or loss in this period		1,056,959,784.04	478,782,601.67	1,535,742,385.71
(1) Investment in debt instrument				
(2) Investment in equity instrument			478,782,601.67	478,782,601.67
(3) Derivative Financial Assets				
(4) Others		1,056,959,784.04		1,056,959,784.04
2. Financial assets that are designated to be measured at fair value through profit or loss in this period				
(1) Investment in debt instrument				
(2) Others				
Total assets constantly measured at fair value		1,869,143,051.90	478,782,601.67	2,347,925,653.57
(IV) Transactional Financial Liabilities		61,400.12		61,400.12
Of which: Derivative financial liabilities		61,400.12		61,400.12
Total amount of liabilities constantly measured at their fair values		61,400.12		61,400.12
II. Non-constant measurement at fair values	--	--	--	--

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

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

Due to the short remaining term of the receivables financing, the book value is close to the fair value, and the nominal amount is used as the fair value.

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

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

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

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

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

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		The controlling shareholder and actual controller		31.08%	31.08%
Chen Ailing		The actual controller		2.16%	2.16%

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 significant joint ventures and affiliates of the Company, see Note "X. Equities in Other Entities".

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

Names of joint ventures and affiliates	Relationship with the Company
Intelbras S.A.	Affiliate
Guangdong Zhishi Digital Technology Co., Ltd.	Affiliate
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates (Note 1)	Former affiliate and enterprise where the actual controller has significant influence
Ruicity Digital Technology Co., Ltd.	Affiliate
Hangzhou Juhuan Information Technology Co., Ltd.	Affiliate
Dezhou Shuzhi Information Technology Co., Ltd.	Affiliate
Zhejiang Huachuang Vision Technology Co., Ltd.	Affiliate
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Affiliate
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Affiliate
Shaoxing Dahua Security Services Co., Ltd. (Note 2)	Former affiliate

Other notes:

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

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

4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
Zhejiang Huanuokang Technology Co., Ltd.	Enterprise controlled by the actual controller
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Enterprise controlled by the actual controller
China Mobile Communications Group Co., Ltd. and its affiliates	Shareholders with shareholding proportion over 5%
Hangzhou Nuojia Technology Co., Ltd. (Note 1)	Enterprise once controlled by the spouse of senior manager of the Company
Zhejiang Zhihua Internet of Things Technology Co., Ltd. (Note 2)	Subsidiary of a former affiliate
Company A and other companies under its control	Related parties
Lorex Technology Inc. (Note 3)	Enterprise where the actual controller served as a director within 12 months
Lorex Corporation (Note 3)	Enterprise where the actual controller served as a director within 12 months
Zhejiang Lancable Technology Co., Ltd. (Note 4)	Enterprise where the actual controller served as a director within 12 months
Hangzhou Vision Robot Technology Co., Ltd. (Note 4)	Enterprise significantly influenced by the major shareholder of the Company within 12 months
Hangzhou Xintu Technology Co., Ltd. (Note 4)	Enterprise controlled by the major shareholder of the Company within 12 months
Zhejiang Huayuxin Technology Co., Ltd.	Enterprise controlled by the actual controller

Other notes:

Note 1: Hangzhou Nuojia Technology Co., Ltd. was a business controlled by the spouse of a senior manager of the Company. The spouse disposed of shares and lost the control over the business in January 2022, but it was still

recognized as an associated party within 12 months after the disposal, and the associated relationship ended in January 2023. In February 2023, it was changed to “Hangzhou Nuoqia Yunlian Technology Co., Ltd.”

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

Note 3: Lorex Technology Inc. and Lorex Corporation were subsidiaries within the scope of consolidation and 100% equity of them was disposed of on December 27, 2022. In consideration that their actual controller was a former director, they were still deemed to maintain an affiliated relationship within 12 months upon disposal and ended the affiliated relationship in December 2023.

Note 4: Zhejiang Lancable Technology Co., Ltd., Hangzhou Vision Robot Technology Co., Ltd. and Hangzhou Xintu Technology Co., Ltd. ended the affiliated relationship in April 2024.

5. Information about related-party transactions

(1) Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

Merchandise purchase and acceptance of labor services

Unit: RMB

Related parties	Content of the related - party transaction	Amount Occurred in the Current Period	Approved transaction limit	Over the transaction limit or not	Amount Occurred in the Previous Period
Company A and other companies under its control	Purchase of materials	220,043,806.51		No	426,715,803.76
Zhejiang Huachuang Vision Technology Co., Ltd.	Purchase of materials	86,413,751.62		No	28,553,150.81
China Mobile Communications Group Co., Ltd. and its affiliates	Material procurement, acceptance of services	65,645,012.10		No	29,900,094.13
Ruicity Digital Technology Co., Ltd.	Purchase of materials	8,967,655.86		No	188,679.25
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Material procurement, acceptance of services	1,228,401.43		No	24,065.76
Hangzhou Xunwei Robotics Technology Co., Ltd.	Material procurement, acceptance of services	174,659.74		No	86,820.97
Zhejiang Huanuokang Technology Co., Ltd.	Material procurement, acceptance of services	157,371.67		No	426,548.59
Hangzhou Nuoqia Technology Co.,	Acceptance of services			No	743,921.51

Ltd.					
Zhejiang Lancable Technology Co., Ltd.	Purchase of materials			No	212,400.00

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	865,178,578.92	885,573,057.86
Loxex Corporation	Sales of merchandise	478,643,886.67	
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Sales of merchandise and provision of services	311,398,339.87	380,507,828.89
China Mobile Communications Group Co., Ltd. and its affiliates	Sales of merchandise and provision of services	196,450,005.15	296,167,428.28
Loxex Technology Inc.	Sales of merchandise	56,585,936.15	
Ruicity Digital Technology Co., Ltd.	Sales of merchandise	12,502,503.49	26,862,367.12
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Sales of merchandise and provision of services	8,905,782.27	8,809,463.47
Zhejiang Huachuang Vision Technology Co., Ltd.	Sales of merchandise and provision of services	4,227,590.71	1,820,337.98
Guangdong Zhishi Digital Technology Co., Ltd.	Sales of merchandise	3,635,895.54	13,638,759.40
Dezhou Shuzhi Information Technology Co., Ltd.	Sales of merchandise and provision of services	2,199,876.09	2,177,472.29
Zhejiang Huanuokang Technology Co., Ltd.	Sales of merchandise	1,100,912.16	3,183,710.56
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Sales of merchandise	145,836.73	
Company A and other companies under its control	Sales of merchandise	30,913.16	152,369.23
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise	22,761.06	
Hangzhou Xunwei Robotics Technology Co., Ltd.	Sales of merchandise	13,761.08	20,973.45
Hangzhou Xintu Technology Co., Ltd.	Sales of merchandise and provision of services	5,424.92	4,716.96
Hangzhou Nuoqia Technology Co., Ltd.	Sales of merchandise		1,014,877.85
Zhejiang Zhihua Internet of Things Technology Co., Ltd.	Sales of merchandise		1,769.91

(2) Related leasing

The Company being the lessor:

Unit: RMB

Name of the lessee	Type of the leased assets	Rental income confirmed in this period	Rental income confirmed in the previous period
Zhejiang Huanuokang Technology Co., Ltd.	Buildings and constructions	1,875,248.10	738,825.30
Zhejiang Huayuxin Technology Co., Ltd.	Buildings and constructions	738,194.50	
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Buildings and constructions	268,975.94	258,595.24
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Buildings and constructions	93,489.58	29,766.33
Zhejiang Huachuang Vision Technology Co., Ltd.	Buildings and constructions	20,091.73	
Company A and other companies under its control	Transport equipment		15,486.73

The Company being the lessee:

Unit: RMB

Name of the lessor	Type of the leased assets	Simplified rental expenses for short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities borne		Increased right-of-use assets	
		Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Machinery and equipment					1,034,915.00	1,034,915.00	241,040.11	266,401.09		8,884,640.73

(3) Related guarantee

The Company being the guarantor:

Unit: RMB

Secured parties	Amount guaranteed	Starting date	Maturity date	Guarantee fulfilled completely or not
Zhejiang Dahua Vision Technology	600,000,000.00	August 12, 2020	Two years after the maturity of the debts	Yes

Co., Ltd.			in the master contract	
Zhejiang Dahua Vision Technology Co., Ltd.	330,000,000.00	August 18, 2020	Two years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	35,000,000.00	August 1, 2021	July 31, 2023	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 27, 2021	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	350,000,000.00	July 25, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	220,000,000.00	October 13, 2017	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd. (guarantee currency is US dollar)	40,000,000.00	September 21, 2018	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 7, 2020	March 31, 2024	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	August 15, 2020	Five years upon expiration of debt period of master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	1,000,000,000.00	February 4, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	440,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	October 20, 2021	Three years after the maturity of the debts in the master	No

			contract	
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	July 22, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	600,000,000.00	September 19, 2022	September 18, 2024	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 9, 2023	From effective date of the Letter of Guarantee to three years after the maturity date of each loan or any other fund raised under the Credit Agreement or the creditor's rights in the accounts receivable accepted by Hangzhou Branch of China Merchants Bank or the date of each advance payment. If any specific credit is renewed, the period of guarantee is extended to three years after expiration of the renewed period.	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	June 25, 2023	From the period of guarantee to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	July 24, 2023	From date of maturity of each principal debt to three years after the date of maturity of the last-to-expire principal debt under the master contract.	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	July 25, 2023	From effective date of the Maximum Amount Guarantee Contract to three years from the date of maturity of each debt under the Credit Business Agreement.	No
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 26, 2023	As per every single credit business requested by Dahua Technology as a debtor, from date of execution of the master contract for each credit business to three years after the date of maturity of the debts of the	No

			debtor under such master contract	
Zhejiang Dahua Vision Technology Co., Ltd.	330,000,000.00	September 26, 2023	Three years from the date of maturity of the debts of the debtor set out in the master contract for creditor's rights	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	November 20, 2023	Three years from the date immediately following the date of honor by Qingchun Branch of Industrial and Commercial Bank of China	No
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	November 10, 2021	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	80,000,000.00	March 25, 2022	December 31, 2023	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	60,000,000.00	May 1, 2022	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	10,000,000.00	May 1, 2022	One years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	55,000,000.00	May 14, 2022	May 14, 2023	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	22,000,000.00	November 16, 2022	May 14, 2023	Yes
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	March 28, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	165,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master	No

			contract	
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	5,000,000.00	December 3, 2021	December 2, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2022	September 18, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 9, 2023	From effective date of the Letter of Guarantee to three years after the maturity date of each loan or any other fund raised under the Credit Agreement or the creditor's rights in the accounts receivable accepted by Hangzhou Branch of China Merchants Bank or the date of each advance payment. If any specific credit is renewed, the period of guarantee is extended to three years after expiration of the renewed period.	No
Zhejiang Dahua Zhilian Co., Ltd.	120,000,000.00	June 19, 2023	June 18, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	350,000,000.00	June 19, 2023	June 18, 2024	No
Zhejiang Dahua Zhilian Co., Ltd. (guarantee currency is US dollar)	12,500,000.00	July 13, 2023	July 12, 2024	No
Zhejiang Dahua Zhilian Co., Ltd.	500,000,000.00	July 24, 2023	From date of maturity of each principal debt to three years after the date of maturity of the last-to-expire principal debt under the master contract.	No
Zhejiang Dahua System Engineering Co., Ltd.	60,000,000.00	November 10, 2021	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Dahua System Engineering	50,000,000.00	July 25, 2022	Three years after the maturity of the debts	Yes

Co., Ltd.			in the master contract	
Zhejiang Dahua System Engineering Co., Ltd.	10,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 9, 2023	From effective date of the Letter of Guarantee to three years after the maturity date of each loan or any other fund raised under the Credit Agreement or the creditor's rights in the accounts receivable accepted by Hangzhou Branch of China Merchants Bank or the date of each advance payment. If any specific credit is renewed, the period of guarantee is extended to three years after expiration of the renewed period.	No
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	July 25, 2023	From effective date of the Maximum Amount Guarantee Contract to three years from the date of maturity of each debt under the Credit Business Agreement.	No
Zhejiang Dahua System Engineering Co., Ltd.	1,602,100.00	September 11, 2023	One year from execution of the project contract or 6 months in which the system runs stably after going live (whichever is later)	No
Dahua Technology (HK) Limited (guarantee currency is US dollar)	2,000,000.00	March 25, 2022	March 25, 2023	Yes
Dahua Technology (HK) Limited (guarantee currency is US dollar)	2,000,000.00	April 21, 2023	April 21, 2024	No
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	1,000,000.00	September 1, 2021	December 1, 2023	Yes
DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	5,000,000.00	October 21, 2022	October 20, 2023	Yes

DAHUA TECHNOLOGY MEXICO S.A. DE C.V (guaranteed currency is US dollar)	1,000,000.00	October 18, 2023	October 20, 2024	No
Hangzhou Huacheng Network Technology Co., Ltd.	50,000,000.00	August 30, 2019	Two years after the maturity of the debts in the master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	55,000,000.00	July 26, 2021	Three years after the maturity of the debts in the master contract	No
Hangzhou Huacheng Network Technology Co., Ltd.	65,000,000.00	August 25, 2022	August 25, 2025	No
Dahua Technology UK Limited (guaranteed currency is GBP)	1,160,000.00	August 12, 2020	Sign the Termination Notice Letter	No
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	April 29, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Huayixin Technology Co., Ltd. (guarantee currency is US dollar)	2,000,000.00	May 16, 2022	Three years after the maturity of the debts in the master contract	No
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huayixin Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	No
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Fengshi Technology Co., Ltd.	20,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the	Yes

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

Zhejiang Huaxiao Technology Co., Ltd.	8,000,000.00	October 21, 2022	September 18, 2024	No
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	August 25, 2022	August 25, 2025	No
Xi'an Dahua Zhilian Technology Co., Ltd.	25,000,000.00	October 21, 2022	September 18, 2024	No
Xi'an Dahua Zhilian Technology Co., Ltd.	50,000,000.00	June 25, 2023	From the period of guarantee to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 25, 2023	From the period of guarantee to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No

Chengdu Dahua Zhian Information Technology Service Co., Ltd.	100,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	June 25, 2023	From the period of guarantee to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Changsha Dahua Technology Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	No
Changsha Dahua Technology Co., Ltd.	20,000,000.00	October 21, 2022	September 18, 2024	No
Changsha Dahua Technology Co., Ltd.	10,000,000.00	June 25, 2023	From the period of guarantee to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note	Yes

			discounted by the China Merchants Bank within the credit extension period	
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huafei Intelligent Technology CO., LTD.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Huajian Technology Co., Ltd.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Zhejiang Huajian Technology Co., Ltd.	5,000,000.00	June 9, 2023	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the Hangzhou Branch of China Merchants Bank within the credit extension period	Yes
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	August 25, 2022	August 25, 2025	No
Hangzhou Xiaohua Technology CO., LTD.	5,000,000.00	June 10, 2022	From effective date of the Commitment Letter to three years after the maturity date of each note discounted by the China Merchants Bank within the credit extension period	Yes
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	August 25, 2022	August 25, 2025	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	5,000,000.00	August 25, 2022	August 25, 2025	No

Dahua Technology France Sas (guaranteed currency is EUR)	145,690.20	December 7, 2023	August 31, 2019	No
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The Company being the secured party

N/A

(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.	Selling of fixed assets	612,608.16	
Zhejiang Huanuokang Technology Co., Ltd.	Selling of fixed assets	2,792.34	3,078.06
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Procurement of fixed assets		842,105.08
China Mobile Communications Group Co., Ltd. and its affiliates	Procurement of fixed assets	1,767,786.05	
Zhejiang Huachuang Vision Technology Co., Ltd.	Procurement of fixed assets	40,630.42	

(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	22,009,460.55	22,367,156.79

(6) Other related-party transactions

(1) On February 17, 2023, the Company convened the 39th meeting of the 7th board of directors and the 27th meeting of the 7th board of supervisors, during which the "Proposal on Capital Increase by Certain Senior Management and Core Employees of the Company and Related Transactions to the Planned Spin-off Subsidiary" was deliberated and approved. It was agreed that some senior managers and core employees of the Company increased the capital of RMB 6,049,190 to the holding subsidiary Zhejiang HuaRay Technology Co., Ltd. (hereinafter referred to as "HuaRay Technology") (where the registered capital was increased by RMB 1,675,676 and the balance was included in the capital reserves). 11 natural persons consisting of senior managers including Zhao Yuning, Zhu Jiantang, Xu Zhicheng, Liu Ming, Wu Jian, Li Zhijie, Song Ke and Xu Qiaofen, the supervisor Zheng Jieping and core employees including Hao Chunshan and Chenqiang increased directly the capital by RMB 4,839,353 in total, and the management team and core employees of the Company increased the capital by RMB 1,209,837 in total through holding shares in the platforms including Hangzhou Jurui Lingyi Enterprise Management Partnership (Limited Partnership) and Hangzhou Jurui Lingsan Enterprise Management Partnership (Limited Partnership). After this capital increase, the equity of the Company in HuaRay Technology is changed from 42.2280% to 41.0878%, and HuaRay Technology is still a holding subsidiary of the Company covered by the Company's consolidated statements.

(2) On March 17, 2023, the Proposal on Capital Increase and Share Expansion in the Holding Subsidiary to Introduce Investors and Related Transactions was reviewed and approved at the 40th session of the 7th board of directors held by the Company. It was agreed that the holding subsidiary of Zhejiang HuaRay Technology Co., Ltd. introduced through capital increase and share expansion a total of 8 investors (hereinafter referred to as "Investors") including

Yibin Lveng Equity Investment Partnership (Limited Partnership), Wuxi Xinchuang No.1 Venture Capital Investment Partnership (Limited Partnership), Hefei Guoxuan High-tech Power Energy Co., Ltd. and Zhu Jiangming. The investors planned to inject a total of RMB 260,000,061 yuan in cash into HuaRay Technology (RMB 8,934,710 yuan as additional registered capital, with the remainder credited to capital surplus), thereby collectively obtaining a 12.58% equity in HuaRay Technology after capital increase. Following this capital increase, the Company's equity stake in HuaRay Technology changed from 41.0878% to 35.9171%. HuaRay Technology continues to be a holding subsidiary within the consolidated financial statements of the Company.

(3) On April 7, 2023, the Proposal on Giving up the Holding Subsidiary's Right of First Refusal (ROFR) and Related-party Transactions was reviewed and approved at the 41st meeting of the 7th board of directors held by the Company, where Huashi Investment intended to transfer its 20% equity in Wisualarm Technology to the employee shareholding platforms and core management of Wisualarm Technology. The employee shareholding platforms Hangzhou Huaxiao 01 Enterprise Management Partnership (Limited Partnership) and Huaxiao 02 Enterprise Management Partnership (Limited Partnership) accepted the 15.5% equity of Huaxiao Technology at a total price of RMB 10,850,000; Zhu Jiantang, who is a senior executive of the Company and the chairman of Huaxiao Technology, accepted the 2.4% equity of Huaxiao Technology at a price of RMB 1,680,000; and Wang Feng, who is the CEO of Huaxiao Technology, accepted the 2.10% equity of Huaxiao Technology with a price of RMB 1,470,000. The board of directors agreed to give the ROFR of the above equity.

(4) On April 7, 2023, the Proposal on the Implementation of Equity Incentives and Related-party Transactions of the Holding Subsidiary was reviewed and approved at the 41st session of the 7th board of directors and the 28th session of the 7th board of supervisors, where the Company intended to implement an equity incentive for some directors, supervisors and senior executives of the Company and the core employees of the holding subsidiary Hangzhou Huacheng Network Technology Co., Ltd. through capital increase in Huacheng Network. In this equity incentive, the incentive objects increased the capital of Huacheng Network by RMB 25,243,400.06 in total directly or indirectly through the shareholding platforms (where the registered capital was increased by RMB 7,163,033 and the balance was included in the capital reserves), where: the director of the Company Zhao Yuning, the supervisor Zheng Jieping and the senior executives including Liu Ming, Zhu Jiantang, Li Zhijie, Xu Zhicheng, Wu Jian, Song Ke and Xu Qiaofen increased the capital of Huacheng network by RMB 7,881,049.75 in total (where a new registered capital of RMB 2,236,316 was obtained); the core employees of the Company including Hao Chunshan and Chen Qiang increased the capital of Huacheng Network by RMB 2,014,624.08 in total (where a new registered capital of RMB 571,667 was obtained); the chairman of Huacheng Network Ying Yong and the general manager Xie Yun increased the capital of Huacheng Network by RMB 11,564,937.51 (where a new registered capital of RMB 3,281,651 was obtained); the core employees of Huacheng Network increased the capital of Huacheng Network by RMB 3,782,788.71 in total (where a new registered capital of RMB 1,073,399 was obtained) through Hangzhou Chengyi No. 1 Enterprise Management Partnership (Limited Partnership) (which is a shareholding entity established with the contributions of core employees of Huacheng Network, hereinafter referred to as "Employee Shareholding Platform"). The Company gave up the priority to subscribe for the above new registered capital. Meanwhile, in order to adjust the shareholding form of some incentive objects in Huacheng Network, the Company intended to transfer the contribution of RMB 302,260 indirectly held by its directors and senior directors including Zhao Yuning, Zhu Jiantang, Li Zhijie, Xu Zhicheng, Wu Jian, Song Ke and Xu Qiaofen in Huacheng Network through Ningbo Huayu Investment Management Partnership Enterprise (Limited Partnership) according to the Management Methods for Business Startup and Investment of Core Employees to such directors and senior executives for their direct holding at the price of RMB 218,745.56 by which they previously obtained such contribution. The board of directors of the Company consented to the decision of Ningbo Huayu to transfer the equity in Huacheng Network to the above directors and senior executives, and gave up the right of preemption. Following the completion of this equity incentive implementation, the Company's equity stake in Huacheng Network changed from 51.00% to 44.61%, while Huacheng Network continues to be a holding subsidiary within the consolidated financial statements of the Company.

(5) On June 25, 2023, the Proposal on the Capital Increase, Implementation of Equity Incentives and Related-party Transactions of the Holding Subsidiary was reviewed and approved at the 45th session of the 7th board of directors and the 32nd session of the 7th board of supervisors, where the Company intended to increase the capital of the holding subsidiary Zhejiang Pixfra Technology Co., Ltd. by RMB 53,986.47 (where the registered capital was increased by RMB 28,109.169) by assessing and valuing the imaging business-related asset groups. The executive director of Pixfra Technology Jiang Xiaolai and the general manager Yang Zhiqiang directly increased the capital of Pixfra Technology by RMB 1,238,000 and RMB 2,642,500 respectively at a price of RMB 1/registered capital. The Company gave up the priority to subscribe for the above new registered capital. After the above transaction was completed, the equity of the Company in Pixfra Technology is changed from 51.00% to 75.11%, and the registered capital of Pixfra Technology is increased from RMB 100,000,000 to RMB 442,140,448. Pixfra Technology is still a

holding subsidiary of the Company covered by the Company's consolidated statements.

(6) During the reporting period, the Company repurchased the equity held by the employees in the holding subsidiary Hangzhou Xiaohua Technology Co., Ltd. with the consideration of RMB 1/registered capital based on its business strategy and arrangement for Xiaohua Technology, where the Company accepted the 1% equity held by Zuo Pengfei in Xiaohua at a transaction price of RMB 100,000.

(7) During the reporting period, the Company repurchased the 15% equity held by the employee shareholding platform Hangzhou Hua'ao Enterprise Management Partnership (Limited Partnership) at a price of RMB 1.7796/registered capital which was the original price for the employees to obtain the equity in the holding subsidiary Zhejiang Huafei Intelligent Technology Co., Ltd. based on its business strategy and arrangement for Huafei Intelligent, and the transaction price totaled RMB 13,347,000.

(8) During the reporting period, in consideration of the strategy and actual business development of the holding subsidiary Huacheng, Huacheng introduced a capital of RMB 44,200,000 in total from China Mobile Capital Holdings Co., Ltd. through capital increase and share expansion (where the corresponding new registered capital was RMB 9,717,716), and after the capital increase, China Mobile Capital Holdings Co., Ltd. held 12.82% equity in Huacheng.

(9) The Proposal on the Transfer of Equity and Related-party Transactions of the Joint-stock Companies was reviewed and approved at the 3rd session of the 8th board of directors held by the Company on October 26, 2023 and the 3rd interim shareholders' meeting in 2023 held on November 6, 2023. It was agreed that the Company transferred 90,000,000 shares (including 45,000,000 "Fully-tradable" H shares and 45,000,000 domestic shares) of Zhejiang Leapmotor Technology Co., Ltd. to STELLANTIS N.V. at a price of HKD 3,492,900,000, and after the transaction was completed, the Company no longer held any shares in Leapmotor.

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.	399,216,383.81	19,960,819.19	397,867,692.70	19,895,705.61
Accounts receivable	China Mobile Communications Group Co., Ltd. and its affiliates	140,286,722.77	15,390,276.69	169,771,631.78	13,418,528.87
Accounts receivable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	158,504,082.59	7,998,998.48	125,228,191.88	6,287,574.59
Accounts receivable	Zhejiang Huachuang Vision Technology Co., Ltd.	1,503,214.40	75,211.10	66,484,746.14	6,468,047.41
Accounts receivable	Ruicity Digital Technology Co., Ltd.	18,610,308.67	1,161,880.61	18,091,127.92	904,556.40
Accounts receivable	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	4,955,930.01	247,796.50	6,944,214.63	347,210.73
Accounts	Guangdong	4,757,349.37	267,081.04	7,558,397.45	377,919.87

receivable	Zhishi Digital Technology Co., Ltd.				
Accounts receivable	Zhejiang Huanuokang Technology Co., Ltd.	5,512,687.07	766,592.10	5,029,172.47	319,416.79
Accounts receivable	Company A and other companies under its control	2,708,124.52	1,194,095.64	2,703,192.68	694,554.83
Accounts receivable	Hangzhou Juhuan Information Technology Co., Ltd.			1,208,000.00	344,113.20
Accounts receivable	Zhejiang Lancable Technology Co., Ltd.	15,000.00	750.00		
Accounts receivable	Hangzhou Xintu Technology Co., Ltd.	81.60	4.08	81.66	4.08
Accounts receivable	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	181.50	9.08	181.50	9.08
Accounts receivable	Hangzhou Nuoqia Technology Co., Ltd.	Not applicable (Note 1)	Not applicable (Note 1)	652,335.00	32,616.75
Accounts receivable	Shaoxing Dahua Security Services Co., Ltd.	Not applicable (Note 1)	Not applicable (Note 1)	50,000.00	25,000.00
Accounts receivable	Hangzhou Xunwei Robotics Technology Co., Ltd.			850.00	42.50
Accounts receivable	Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	31,200.00	1,560.00		
Accounts receivable	Lorex Corporation	Not applicable (Note 1)	Not applicable (Note 1)	421,294,479.95	22,971,174.01
Accounts receivable	Lorex Technology Inc.	Not applicable (Note 1)	Not applicable (Note 1)	1,589,271.42	87,438.04
Accounts Prepaid	China Mobile Communications Group Co., Ltd. and its affiliates	473,044.59			
Accounts Prepaid	Company A and other companies under its control	685,807.08			
Contract Assets	China Mobile Communications	7,708,740.44	1,807,246.75	7,126,589.32	1,219,481.49

	Group Co., Ltd. and its affiliates				
Contract Assets	Ruicity Digital Technology Co., Ltd.	206,733.38	20,141.74	481,393.33	24,069.67
Other Receivables	China Mobile Communications Group Co., Ltd. and its affiliates	1,965,652.24	265,848.14	1,523,267.68	401,163.38
Other Receivables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	64,850.00	3,242.50		

Note 1: It ended the affiliated relationship in 2023;

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening balance
Accounts Payable	China Mobile Communications Group Co., Ltd. and its affiliates	38,418,336.92	40,781,816.94
Accounts Payable	Zhejiang Huachuang Vision Technology Co., Ltd.	12,132,312.24	4,578,103.79
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd.	61,513.26	586,402.95
Accounts Payable	Ruicity Digital Technology Co., Ltd.	9,167,655.86	200,000.00
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	730,299.40	19,080.00
Accounts Payable	Zhejiang Lancable Technology Co., Ltd.	3,970.00	175,176.90
Accounts Payable	Hangzhou Nuojia Technology Co., Ltd.	Not applicable (Note 1)	1,346,249.09
Contract liabilities	China Mobile Communications Group Co., Ltd. and its affiliates	12,139,953.98	7,772,167.32
Contract liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	1,648,066.02	491,074.23
Contract liabilities	Hangzhou Xintu Technology Co., Ltd.	1,362.58	1,362.62
Contract liabilities	Dezhou Shuzhi Information Technology Co., Ltd.		105,185.84
Contract liabilities	Zhejiang Zihua Internet of Things Technology Co., Ltd.	Not applicable (Note 1)	2,830.19
Contract liabilities	Zhejiang Huanuokang Technology Co., Ltd.	340,855.09	
Contract liabilities	Zhejiang Huayuxin Technology Co., Ltd.	0.02	
Other Payables	China Mobile Communications Group Co., Ltd. and its affiliates	5,363,787.00	1,070,000.00

Other Payables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	173,520.00	173,520.00
Other Payables	Zhejiang Huanuokang Technology Co., Ltd.	63,070.00	63,070.00

Note 1: It ended the affiliated relationship in 2023;

XV. Share-based Payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Categories of Objects	Granted in the Current Period		Exercised in the Current Period		Unlocked in the Current Period		Expired in the Current Period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior managers, other managers and business backbones							31,795,580.00	259,451,932.80
Total							31,795,580.00	259,451,932.80

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

Applicable Not applicable

Categories of Objects	Stock Options Outstanding at the End of the Period		Other Equity Instruments Outstanding at the End of the Period	
	Range of Exercise Price	Remaining Period of the Contract	Range of Exercise Price	Remaining Period of the Contract
Senior managers, other managers and business backbones	RMB 16.59/share	6-30 months	RMB 8.16/share	6-30 months

Other notes:

(1) The employees of the Company and its subsidiaries hold the equity of the subsidiary HuaRay Technology through capital increase, direct or indirect equity transfers. According to the fair value of the investors recently introduced by the subsidiary Huaray Technology, the confirmed share-based payment fee is RMB 100,553,280.70.

(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 5,355,507.96.

(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 5,071,951.59.

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 restricted stocks or stock price of the most recent external investor entry as at the grant date, while the fair value of the stock options shall be determined under the Black-Scholes Model
The basis for determining the amount of exercisable equity instruments	Estimated according to equity instruments held by the employees
Reason for the significant difference between the estimation of current period and the previous period	N/A
The accumulated amount of equity-settled share-based payment counted into the capital reserve	367,198,819.22
Amount of equity-settled share-based payment confirmed in current period	288,440,579.53

3. Situation of cash-settled share-based payment

Applicable Not applicable

4. Share-based payment in the current period

Applicable Not applicable

Unit: RMB

Categories of Objects	Equity-settled Share-based Payment	Cash-settled Share-based Payment
Senior managers, other managers and business backbones	288,440,579.53	
Total	288,440,579.53	

5. Modification and termination of share-based payment

According to the Proposal on the Company's Stock Option and Restricted Stock Incentive Plan in 2022 (Amended Draft) and its Abstracts and the Proposal on the Company's Measures for the Assessment and Administration of the Implementation of the Stock Option and Restricted Stock Incentive Plan in 2022 (Amendment), which had been reviewed and approved at the 44th session of the 7th board of directors and the 2nd interim shareholder's meeting of the Company in 2023, the Company amended the Company-level performance assessment indicators in the Stock Option and Restricted Stock Incentive Plan in 2022.

After the amendment, the performance assessment indicators for the stock options and restricted stocks are shown in the following table:

Period of Unlocking	Performance Assessment Indicator
First period of unlocking	Based on the operating revenue in 2021, the annual revenue growth rate in 2022 was not less than 16%; or based on the net profit in 2021, the net profit growth rate in 2022 was not less than 16%

Second period of unlocking	Based on the operating revenue in 2022, the annual revenue growth rate in 2023 was not less than 35%; or based on the net profit in 2022, the net profit growth rate in 2023 was not less than 35%
Third period of unlocking	Based on the operating revenue in 2022, the annual revenue growth rate in 2024 was not less than 83%; or based on the net profit in 2022, the net profit growth rate in 2024 was not less than 83%

Note: "Operating revenue" refers to the operating revenue as applied in the audited consolidated financial statements of listed companies; "net profit" above refers to the net profit value attributable to the shareholders of the Company as applied in the audited consolidated financial statements of listed companies for the first period of exercise/unlocking, or the net profit value attributable to the shareholders of the Company, less the non-recurring gains and losses, as applied in the audited consolidated financial statements of listed companies for the second and third periods of exercise/unlocking.

In consideration of the factors including changes in the macro market environment, the appropriate proportion coefficient is set as follows according to the performance accomplishment rate (R) in the current period for the assessment years of 2023 and 2024:

Performance Accomplishment Rate (R)	R≥100%	100% > R≥90%	90% > R≥80%	R < 80%
Coefficient for R	1	0.9	0.8	0

Note: 1. The performance accomplishment rate (R) in the current period refers to the higher of the accomplishment rate of operating revenue in the current period or the accomplishment rate of net profit less the non-recurring gains and losses in the current period.

2. Accomplishment rate of operating revenue in the current period = actual growth rate of operating revenue in the current period/target growth rate of operating revenue in the current period * 100%; accomplishment rate of net profit in the current period = actual growth rate of net profit in the current period/target growth rate of net profit in the current period * 100%.

3. The Company unlocks the restricted stocks held by the incentive objects in the assessment year according to the indicator of the performance accomplishment rate (R), and the specific number of restricted stocks unlocked is as follows: number of restricted stocks held by the incentive objects in the corresponding assessment year * coefficient for R; and confirms the number of exercisable stock options held by the incentive objects in the assessment year, and the specific number of exercisable stock options is as follows: number of stock options held by the incentive objects in the corresponding assessment year * coefficient for R.

XVI. Commitments and Contingencies

1. Significant commitments

Important commitments on the balance sheet day

As of December 31, 2023, the Company's pledge information was as follows:

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

Under the notes pool business, as of December 31, 2023, the Company had undue notes receivable of RMB 346,067,483.72 (where RMB 340,000,000.00 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 329,676,985.18 (where RMB 154,679.33 was related party notes receivable that should be included in the scope of consolidation), and the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had undue notes receivable of RMB 119,000.00.

Under the pledge, the Company issued the bank acceptance bills in the amount of RMB 9,717,792.00 and the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 420,506,020.04.

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

Under the notes pool business, as of December 31, 2023, RMB 279,022,406.34 of undue notes receivable (of which RMB 100,000,000.00 was related party notes that should be included in the scope of the consolidated financial statements) of the subsidiary Zhejiang Dahua Zhilian Co., Ltd. was pledged for the issuance of acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued the bank acceptance bills in the amount of RMB 200,360,503.20.

(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 Wisualarm Technology Co., Ltd., the subsidiary Zhejiang Huajian Technology Co., Ltd., the subsidiary Xi'an Dahua Zhilian Technology Co., Ltd., the subsidiary Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd., and the subsidiary Zhejiang Dahua Zhilian Co., Ltd.

Under the notes pool business, the Company had undue notes receivable of RMB 341,468,067.10 as of December 31, 2023 (where RMB 335,000,000.00 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 193,322,790.90 (where RMB 304,460.67 was related party notes receivable that should be included in the scope of consolidation), the subsidiary Zhejiang Fengshi Technology Co., Ltd. had undue notes receivable of RMB 151,750.00, the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had undue notes receivable of RMB 2,167,116.73, the subsidiary Zhejiang Huaxiao Technology Co., Ltd. had undue notes receivable of RMB 623,801.31, the subsidiary Zhejiang Huajian Technology Co., Ltd. has undue notes receivable of RMB 22,903,870.00, and the subsidiary Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd. had undue notes receivable of RMB 470,000.00 pledged for issuing bank acceptance bills.

Under the pledge, the subsidiary Hangzhou Huacheng Network Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 83,435,711.64, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 39,539,772.23, the subsidiary Zhejiang Fengshi Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 247,734,066.84, the subsidiary Zhejiang Huajian Technology Co., Ltd.

issued the bank acceptance bills in the amount of RMB 497,374.83 and the subsidiary Zhejiang Huaxiao Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 122,979.03.

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

Under the notes pool business, as of December 31, 2023, RMB 36,192,984.00 of undue notes receivable of the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. were pledged for the issuance of acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 0.

(5) Under the Asset Pool Charge-off Agreement PPHJQZCZ 20230731 No.001 made by and between the Company and Ping An Bank Limited Hangzhou Branch on August 18, 2023, a special credit line of RMB 1 billion in note pool was granted and was also allocated to the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Jiangsu Huaruipin Technology Co., Ltd., the subsidiary Zhejiang Pixfra Technology Co., Ltd. and the subsidiary Changsha Dahua Technology Co., Ltd.

Under the notes pool business, as of December 31, 2023, the Company had undue notes receivable of RMB 150,000,000.00 (where RMB 150,000,000.00 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 100,000,000.00 (where RMB 100,000,000.00 was related party notes receivable that should be included in the scope of consolidation), and the subsidiary Jiangsu Huaruipin Technology Co., Ltd. had undue notes receivable of RMB 3,120,396.00, the subsidiary Zhejiang Pixfra Technology Co., Ltd. had undue notes receivable of RMB 1,869,905.04 pledged for issuing bank acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 98,101,540.06, the subsidiary Jiangsu Huaruipin Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 4,937,925.81, the subsidiary Zhejiang Pixfra Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 199,795.30 and the subsidiary Changsha Dahua Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 5,190,022.25.

(6) The subsidiary Zhejiang HuaRay Technology Co., Ltd. and Hangzhou Branch of China Merchants Bank Co., Ltd. entered into the Credit Agreement for Notes Pool Business, agreeing on a credit limit of RMB 0.2 billion for notes pool business. Under the notes pool business, as of December 31, 2023, RMB 130,709,513.93 of undue notes receivable of the subsidiary Zhejiang HuaRay Technology Co., Ltd. were pledged for the issuance of acceptance bills. Under the pledge, the subsidiary Zhejiang HuaRay Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 125,850,624.31.

2. Contingencies

(1) Important contingent matters on the balance sheet day

No important contingent matters on the balance sheet day.

(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. Significant non-adjustments**

N/A

2. Distribution of profits

Number of dividend payout to be distributed per 10 shares (RMB)	3.82
Profit Distribution Plan	Based on the share capital of 3,274,649,389 shares in which the shares repurchased by the Company have been deducted (19,819,601 shares have been repurchased) as at December 31, 2023, the Company will distribute RMB 3.82 (tax included) to all shareholders for every 10 shares, with a total cash dividend of RMB 1,250,916,066.60 (tax included), and no capital reserves will be capitalized and no bonus share will be given. The undistributed profits will be reserved for future distribution.

3. Other events after the balance sheet date

On January 3, 2024, the subsidiary Dahua Technology (HK) Limited, Dahua Canada and CENTRAL MOTION PICTURE USA CORPORATION entered into the Share Acquisition Agreement, in which it was agreed that CENTRAL MOTION PICTURE USA CORPORATION accepted 100% equity in Dahua USA at a price of USD 15 million and acquired the inventories owned by Dahua Canada with a value of USD 1 million at a price of USD 1 million. The Company completed the corresponding equity and asset transfer procedures in January and from the date of transfer, Dahua USA will be no longer included in the scope of consolidation.

XVIII. Other Significant Events**1. Subsection information****(1) Basis for determining the reporting subsection and the accounting policy**

The Company determines the operation subsection based on internal organization structure, management requirements, internal reporting system, etc. The Company has only one operational subsection, namely the R&D, production, and sales of intelligent IoT products. The accounting policy of the reporting subsection is consistent with that of the Company.

(2) Financial information of the reporting subsection

Regional subsection

Unit: RMB

Item	Operating revenue	Operating Cost
Domestic	16,891,274,970.99	10,462,264,668.17
Overseas	15,327,042,665.78	8,212,706,255.29
Total	32,218,317,636.77	18,674,970,923.46

Product subsection

Unit: RMB

Item	Operating revenue	Operating Cost
Smart IoT Products and Solutions	26,644,648,182.18	14,925,853,403.30
Including: Software Business	1,797,226,644.00	591,429,713.59
Innovative Businesses	4,906,653,657.98	3,169,076,284.13
Others	667,015,796.61	580,041,236.03
Total	32,218,317,636.77	18,674,970,923.46

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

1. Accounts receivable

(1) Disclosure by age

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	6,181,011,320.94	4,435,372,460.31
1 to 2 years	220,370,669.05	288,995,411.49
2 to 3 years	205,500,322.81	158,183,517.59
3 years or above	209,345,603.19	89,620,990.72
3 to 4 years	139,992,165.49	53,215,275.56
4 to 5 years	48,597,714.50	15,437,090.50
5 years or above	20,755,723.20	20,968,624.66
Total	6,816,227,915.99	4,972,172,380.11

(2) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percent age	Amount	Accrued proportion	
Accounts receivables with the bad debt provision accrued based on	39,711,390.05	0.58%	39,711,390.05	100.00%		38,693,240.50	0.78%	38,693,240.50	100.00%	

single item										
Including:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	39,711,390.05	0.58%	39,711,390.05	100.00%		38,693,240.50	0.78%	38,693,240.50	100.00%	
Accounts receivables with the bad debt provision accrued based on combinations	6,776,516,525.94	99.42%	135,569,555.41	2.00%	6,640,946,970.53	4,933,479,139.61	99.22%	96,000,623.96	1.95%	4,837,478,515.65
Including:										
Portfolio 1: Related Parties Portfolio	5,668,800,812.35	83.17%			5,668,800,812.35	3,990,054,640.72	80.25%			3,990,054,640.72
Portfolio 2: Aging Analysis Portfolio	1,107,715,713.59	16.25%	135,569,555.41	12.24%	972,146,158.18	943,424,498.89	18.97%	96,000,623.96	10.18%	847,423,874.93
Total	6,816,227,915.99	100.00%	175,280,945.46		6,640,946,970.53	4,972,172,380.11	100.00%	134,693,864.46		4,837,478,515.65

Bad Debt Provision Accrued Based on Single Item: RMB 39,711,390.05

Unit: RMB

Name	Opening balance	Closing balance
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	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrued proportion	Reason for making bad debt provision
Customer 1	38,693,240.50	38,693,240.50	38,612,198.42	38,612,198.42	100.00%	Expected to be unable to recover
Other Customers			1,099,191.63	1,099,191.63	100.00%	Expected to be unable to recover
Total	38,693,240.50	38,693,240.50	39,711,390.05	39,711,390.05		

Bad Debt Provision Accrued Based on Combinations: RMB 135,569,555.41

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 Year	737,681,101.35	36,884,055.08	5.00%
1 to 2 years	169,801,648.93	16,980,164.89	10.00%
2 to 3 years	131,736,024.38	39,520,807.31	30.00%
3 to 4 years	49,384,226.64	24,692,113.32	50.00%
4 to 5 years	8,101,487.38	6,481,189.90	80.00%
5 years or above	11,011,224.91	11,011,224.91	100.00%
Total	1,107,715,713.59	135,569,555.41	

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	134,693,864.46	47,376,642.70	4,513.91	6,785,047.79		175,280,945.46
Total	134,693,864.46	47,376,642.70	4,513.91	6,785,047.79		175,280,945.46

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

N/A

(4) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	6,785,047.79

Important accounts receivable written off:

N/A

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

Unit: RMB

Name of Unit	Balance of Accounts Receivable at the End of the Period	Balance of Contract Assets at the End of the Period	Balance of Accounts Receivable and Contract Assets at the End of the Period	As a Percentage of Total Other Receivables and Contract Assets at the End of the Period	Balance of Bad Debt Provisions of Accounts Receivable and Provisions for Impairment of Contract Assets at the End of the Period
Customer 1	4,972,055,767.82		4,972,055,767.82	72.55%	
Customer 2	260,115,233.75		260,115,233.75	3.80%	
Customer 3	171,008,953.76	4,972,876.68	175,981,830.44	2.57%	27,271,001.90
Customer 4	102,942,991.14		102,942,991.14	1.50%	
Customer 5	81,501,834.21		81,501,834.21	1.19%	
Total	5,587,624,780.68	4,972,876.68	5,592,597,657.36	81.61%	27,271,001.90

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other Receivables	11,736,609,900.41	13,025,162,686.64
Total	11,736,609,900.41	13,025,162,686.64

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

Unit: RMB

Nature of the funds	Closing balance	Opening balance
Deposits	42,885,100.54	42,975,357.36
Prepaid or advance expense	55,413,467.31	42,425,892.12
Employee home loan	70,683,455.00	84,743,250.00
Incomings and outgoings	11,602,342,723.04	12,872,094,567.04
Others	401,773.49	14,709,388.90
Total	11,771,726,519.38	13,056,948,455.42

2) Disclosure by age

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	11,151,113,722.07	11,740,672,677.06
1 to 2 years	152,050,338.67	880,224,982.17
2 to 3 years	103,271,253.97	190,441,001.10
3 years or above	365,291,204.67	245,609,795.09

3 to 4 years	156,024,115.87	57,005,895.73
4 to 5 years	38,468,597.33	185,039,868.32
5 years or above	170,798,491.47	3,564,031.04
Total	11,771,726,519.38	13,056,948,455.42

(3) Categorical disclosure by methods for provision by bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age	Amount	Accrued proportion		Amount	Percent age	Amount	Accrued proportion	
Bad Debt Provision Based on Combinations	11,771,726,519.38	100.00%	35,116,618.97	0.30%	11,736,609,900.41	13,056,948,455.42	100.00%	31,785,768.78	0.24%	13,025,162,686.64
Including:										
Portfolio 1: Related Parties Portfolio	11,602,342,723.04	98.56%			11,602,342,723.04	12,872,094,567.04	98.58%			12,872,094,567.04
Portfolio 2: Aging Analysis Portfolio	169,383,796.34	1.44%	35,116,618.97	20.73%	134,267,177.37	184,853,888.38	1.42%	31,785,768.78	17.20%	153,068,119.60
Total	11,771,726,519.38	100.00%	35,116,618.97		11,736,609,900.41	13,056,948,455.42	100.00%	31,785,768.78		13,025,162,686.64

Bad Debt Provision Accrued Based on Combinations: RMB 35,116,618.97

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Accrued proportion
Within 1 year (including 1 year)	79,434,455.19	3,971,722.76	5.00%
1 to 2 years	35,281,870.59	3,528,187.06	10.00%
2 to 3 years	21,337,446.21	6,401,233.86	30.00%
3 to 4 years	21,025,938.31	10,512,969.16	50.00%
4 to 5 years	8,007,899.55	6,406,319.64	80.00%
5 years or above	4,296,186.49	4,296,186.49	100.00%
Total	169,383,796.34	35,116,618.97	

Bad debt provisions made according to the 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 on January 1, 2023	25,225,412.46	6,120,196.70	440,159.62	31,785,768.78
Balance in the current period on January 1, 2023				
--Transfer to phase two	-1,344,040.03	1,344,040.03		
--Transfer to phase three	-22,153.40	-2,520.00	24,673.40	
Provisions of this period		3,776,967.83	1,013,206.77	4,790,174.60
Reversals in this period	917,816.38			917,816.38
Write off in this period	511,508.03	11,000.00	19,000.00	541,508.03
Balance as of December 31, 2023	22,429,894.62	11,227,684.56	1,459,039.79	35,116,618.97

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	Write-off	Others	
Bad debt provision	31,785,768.78	4,790,174.60	917,816.38	541,508.03		35,116,618.97
Total	31,785,768.78	4,790,174.60	917,816.38	541,508.03		35,116,618.97

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

N/A

5) Accounts receivable actually written off in this period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	541,508.03

Other important accounts receivable written off:

N/A

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	7,702,205,020.30	RMB 7,701,619,823.45 within 1 year, RMB 585,196.85 for 1-2 years	65.43%	
Company 2	Incomings and outgoings	2,391,792,112.16	Within 1 year	20.32%	
Company 3	Incomings and outgoings	554,210,671.85	RMB 507,415,321.86 within 1 year, RMB 4,400,100.00 for 1-2 years, RMB 5,100,400.00 for 2-3 years, RMB 37,294,849.99 for 3-4 years	4.71%	
Company 4	Incomings and outgoings	392,450,907.34	RMB 271,440,813.99 within 1 year, RMB 73,400,000.00 for 1-2 years, RMB 47,610,093.35 for 2-3 years	3.33%	
Company 5	Incomings and outgoings	205,295,149.55	RMB 9,080,630.14 within 1 year, RMB 10,170,475.10 for 1-2 years, RMB 8,757,718.98 for 2-3 years, RMB 8,822,249.05 for 3-4 years, RMB 9,052,406.35 for 4-5 years, RMB 159,411,669.93 for five years or above	1.74%	
Total		11,245,953,861.20		95.53%	

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	8,003,642,515.21		8,003,642,515.21	4,651,487,417.05		4,651,487,417.05
Investment in affiliates and joint ventures	188,883,917.03	723,496.39	188,160,420.64	831,485,368.09	723,496.39	830,761,871.70
Total	8,192,526,432.24	723,496.39	8,191,802,935.85	5,482,972,785.14	723,496.39	5,482,249,288.75

(1) Investment in subsidiaries

Unit: RMB

The invested entity	Opening balance (book value)	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.	535,013,130.42		9,704,750.46				544,717,880.88	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	102,150,077.26		85,918.92				102,235,996.18	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00						5,100,000.00	
Guangxi Dahua Information Technology Co., Ltd.	6,159,547.73		62,305.92				6,221,853.65	
Dahua Technology (HK) Limited	668,941,112.00		746,235.00				669,687,347.00	
Zhejiang Dahua Vision Technology Co., Ltd.	1,295,016,312.10		6,479,861.97				1,301,496,174.07	
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20,002,580.76						20,002,580.76	
Hangzhou Xiaohua Technology CO., LTD.	5,851,433.47		3,612,386.32				9,463,819.79	
Zhejiang Dahua Zhilian	1,001,657,517.59		852,225,070.39				1,853,882,587.98	

Co., Ltd.								
Zhejiang Dahua Investment Management Co., Ltd.	62,175,000.00						62,175,000.00	
Guangxi Dahua Zhicheng Co., Ltd.	71,262,264.85		80,300.04				71,342,564.89	
Hangzhou Huacheng Network Technology Co., Ltd.	30,102,814.35		3,350,008.98				33,452,823.33	
Zhejiang HuaRay Technology Co., Ltd.	33,919,748.87		9,122,776.49				43,042,525.36	
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,110,520.63		21,041.28				5,131,561.91	
Zhejiang Huafei Intelligent Technology CO., LTD.	25,619,309.34		13,401,499.89				39,020,809.23	
Guizhou Huayi Shixin Technology Co., Ltd.	1,800,000.00						1,800,000.00	
Zhejiang Fengshi Technology Co., Ltd.	9,028,975.38		47,226.24				9,076,201.62	
Dahua Technology Holdings Limited	8,102,000.00						8,102,000.00	
Zhejiang Huaxiao Technology Co., Ltd.	38,317,405.37		1,185,790.16				39,503,195.53	
Xi'an Dahua Zhilian Technology Co., Ltd.	100,718,798.71		890,684,894.39				991,403,693.10	
Jiangsu Huaruipin Technology	17,927,211.61		139,029.12				18,066,240.73	

y Co. Ltd.								
Beijing Huayue Shangche ng Informatio n Technolog y Service Co., Ltd.	10,675,12 5.73		311,131.4 9				10,986,25 7.22	
Zhejiang Dahua Jinzhi Technolog y Co., Ltd.	60,000,00 0.00						60,000,00 0.00	
Shanghai Huashang Chengyue Informatio n Technolog y Service Co., Ltd.	1,931,398. 93		693,288.6 4				2,624,687. 57	
Zhejiang Zhoushan Digital Developm ent Operation Co. Ltd.	17,640,00 0.00						17,640,00 0.00	
Guangxi Dahua Technolog y Co., Ltd.	30,000,00 0.00						30,000,00 0.00	
Yunnan Zhili Technolog y Co., Ltd	4,500,000. 00			4,500,000. 00				
Zhejiang Huayixin Technolog y Co., Ltd.	41,380,25 8.10		- 322,352.6 5				41,057,90 5.45	
Zhejiang Huaruijie Technolog y Co., Ltd.	52,349,27 8.69		2,410,090. 33				54,759,36 9.02	
Chengdu Dahua Zhilian Informatio n Technolog y Co., Ltd.	50,346,03 2.57		550,621.6 78.60				600,967.7 11.17	
Chengdu Dahua Zhian Informatio	100,000,0 00.00		454,700,0 00.00				554,700,0 00.00	

n Technolog y Service Co., Ltd.								
Chengdu Huishan Smart Network Technolog y Co., Ltd.	5,800,000. 00						5,800,000. 00	
Zhejiang Huajian Technolog y Co., Ltd.	23,520,80 2.07		1,917,792. 17				25,438,59 4.24	
Xinjiang Dahua Zhixin Informatio n Technolog y Co., Ltd.	2,055.08						2,055.08	
Guangxi Huacheng Technolog y Co., Ltd.	123,727.0 3		57,404.04				181,131.0 7	
Hangzhou Huacheng Software Co., Ltd.	1,838,147. 19		2,699,065. 42				4,537,212. 61	
Dahua Technolog y Canada Inc.	72,864.00						72,864.00	
Chengdu Dahua Zhishu Informatio n Technolog y Service Co., Ltd.	10,000,00 0.00						10,000,00 0.00	
Zhengzho u Dahua Zhian Informatio n Technolog y Co., Ltd.	30,000,00 0.00						30,000,00 0.00	
Dahua Technolog y Internatio nal Pte. Ltd.	1,000,000. 00						1,000,000. 00	
Changsha Dahua Technolog	100,009,8 58.24		19,716.48				100,029,5 74.72	

y Co., Ltd.								
Zhejiang Pixfra Technology Co., Ltd.	50,982,181.36		541,528,583.84				592,510,765.20	
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	15,285,360.32		764,843.20				16,050,203.52	
Henan Dahua Zhilian Information Technology Co., Ltd.	54,567.30		109,134.60				163,701.90	
Yibin Huahui Information Technology Co., Ltd.			26,184.84				26,184.84	
Luoyang Dahua Zhiyu Information Technology Co., Ltd.			10,000.00				10,000.00	
Xi'an IMOU Zhilian Technology Co., Ltd.			43,251.72				43,251.72	
Guangdong Huaxiyue Intelligent Technology Co., Ltd.			126,189.87				126,189.87	
Total	4,651,487,417.05		3,356,655,098.16	4,500,000.00			8,003,642,515.21	

(2) Investment in affiliates and joint ventures

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
			Investments increased	Investment decreased	Investment profit and loss recognized	Adjustment on other comprehensive	Other changes in equity	Cash dividends or profit declared to	Provision for impairment accrued	Others		

		ment			nized under the equity metho d	ive incom e		distrib ute				e in value
I . Joint ventures												
II . Affiliates												
Ruicit y Digital Techn ology Co., Ltd.	71,17 5,718. 81				7,055, 847.2 9							78,23 1,566. 10
Zhejia ng Leap motor Techn ology Co., Ltd.	650,4 70,25 9.18			392,2 62,37 8.85	- 310,8 97,82 8.43	2,608, 700.6 3	50,08 1,247. 47					
Hangz hou Juhua nyan Inform ation Techn ology Co., Ltd.		723,4 96.39										723,4 96.39
Ningbo Huaya n Chua ngxi Ventur e Capita l Invest ment Partn ership (Limit ed Partn ership)	63,05 4,968. 03				4,377, 586.7 7							67,43 2,554. 80
Dezho u Shuzh i Inform	3,407, 519.6 3				37,23 8.63							3,444, 758.2 6

ation Techn ology Co., Ltd.												
Sichu an Hengji Anhua Intern et of Thing s Techn ology Co., Ltd.	1,291, 851.5 4				- 170,0 06.98						1,121, 844.5 6	
Zhejia ng Huach uang Vision Techn ology Co., Ltd.	41,36 1,554. 51				- 9,650, 504.0 1	6,218, 646.4 2					37,92 9,696. 92	
Subtot al	830,7 61,87 1.70	723,4 96.39		392,2 62,37 8.85	- 309,2 47,66 6.73	2,608, 700.6 3	56,29 9,893. 89				188,1 60,42 0.64	723,4 96.39
Total	830,7 61,87 1.70	723,4 96.39		392,2 62,37 8.85	- 309,2 47,66 6.73	2,608, 700.6 3	56,29 9,893. 89				188,1 60,42 0.64	723,4 96.39

The recoverable amount is determined according to the net amount of the fair value less the cost of disposal

Applicable Not applicable

The recoverable amount is determined according to the present value of the expected future cash flow

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	10,606,267,041.51	1,653,964,589.27	8,401,027,073.37	1,188,553,267.61
Other businesses	69,647,278.51	37,059,643.16	57,417,038.00	41,482,814.03
Total	10,675,914,320.02	1,691,024,232.43	8,458,444,111.37	1,230,036,081.64

5. Investment income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income calculated by cost method	1,149,863.64	
Long-term equity investment income measured by equity method	-309,247,666.73	-455,385,100.70
Investment income from disposal of long-term equity investment	4,603,860,940.85	147,553,843.81
Investment income on other non-current financial assets during the holding period	11,870,549.61	9,173,028.68
Investment income from disposal of other non-current financial assets	10,370,120.76	
Investment income from national debt reverse repurchase	1,256,871.91	791,371.25
Profits from recognition termination of financial assets	-4,294,983.66	-4,157,038.98
Gain on debt restructuring		-170,120.71
Total	4,314,965,696.38	-302,194,016.65

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 from disposal of non-current assets	4,778,983,828.56	
Government subsidies included in the current gains and losses (except for those that are closely related to the regular business operations of the Company, in line with national policies, received according to established standards, and having a continuous impact on the Company's gains and losses)	199,003,183.46	
Gains or losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the regular business operations of the Company.	103,119,981.50	
Gains or losses from investment or asset management entrusted to	1,819,647.72	

others		
Reversal of the receivables depreciation reserves for separate impairment test	4,513.91	
Gains or losses from debt restructuring	-16,242,445.24	
Non-Operating Revenue and expenses other than the above	-18,035,840.08	
Other gains and losses items that fit the definition of non-recurring gains and losses	-57,989,909.93	
Less: Impact of income tax	555,973,378.97	
Impact of minority equity (after tax)	34,539,315.42	
Total	4,400,150,265.51	--

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	22.43%	2.31	2.31
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	9.03%	0.93	0.93

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) Reasons for accounting data differences under domestic and overseas accounting standards. For difference adjustment on the data already audited by an overseas audit institution, name of the audit institution should be noted.

Applicable Not applicable

Zhejiang Dahua Technology Co., Ltd.

Legal representative: Fu Liquan

April 16, 2024