

Zhejiang Dahua Technology Co., Ltd.

2025 Annual Report



Stock code: 002236

Stock Abbreviation: Dahua Technology

Date of Disclosure: April 2026

This document is a translated version of the Chinese version 2025 Annual Report ("2025 年年度报告全文"), and the published annual report in the Chinese version shall prevail.

The complete published Chinese 2025 Annual Report may be obtained at <http://www.cninfo.com.cn>.

2025 Annual Report

Section I Important Notes, Table of Contents, and Definitions

The Board of Directors, directors, and senior management of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the information presented in this annual report is true, accurate, and complete, and that it contains no false records, misleading statements, or material omissions. Each shall assume individual and joint and several liability for the content hereof.

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

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

(1) Risk of technology upgrading: The AIoT industry is a prime example of a technology-intensive sector, characterized by rapid advancements and upgrades. If the Company is unable to keep up with development trends of industrial technologies, to pay full attention to customers' diversified needs, and to devote sufficient R&D investments, it may still face the risk of losing market competitiveness due to discontinuous innovation. By increasing R&D investment, the Company continues to strengthen research on such core technologies as multi-dimensional perception, large model in AI, video cloud, big

data, network communication, network security, and machine vision, and reserves product, technology, management and talent resources for a broader market in the future, so as to achieve sustainable and steady business development.

(2) Risks of business model change: With the development of Internet of Things, AI, big data, cloud computing, network communications, among other technologies, as well as the upgrades of intelligent terminal applications, the business model in the IoT era may have an impact on the traditional industry development. If an enterprise fails to grasp opportunities brought about by the business model transformation in a timely manner, it may face the risk that the original market pattern becomes broken. The Company continues to focus on and study the major changes in global economy, industry and technology, analyze the industry development logic, and predict the evolution of AIoT 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) Risks of declining local fiscal payment capacity: At present, some localities have relatively high fiscal debt levels and declining payment capacity, which may slow the growth of industry demand, prolong the construction period of projects, extend the collection of capital, and delay customers' payment. The Company has continuously improved its accounts receivable and credit system, optimized project review methods, prudently selected local engineering projects, systematically assess project risks, timely implemented in-process risk controls, and developed contingency plans to address risks such as cash flow shortages and project delays, thereby reducing project credit risks.

(4) Risks of international operations: The global economy remains in cyclical adjustment, and the Company faces multiple risks in its international operations. Development across global regions is uneven and macroeconomic volatility persists. Western technology controls and regional trade protectionism are escalating, and pressure from local manufacturing and supply chain localization requirements in some countries and regions continues to increase. The normalization of regulatory requirements for data security, carbon tariffs, and ESG is continuously driving up the requirements imposed on the Company for compliance capability building and increasing its cost outlays.

To address these risks, the Company takes proactive measures to prevent and manage risks associated with international operations. It continues to improve its operational risk management system and enhance compliance capabilities, strengthens multi-currency trade activities and supply chain control, and flexibly adjusts its market strategies. While actively responding to risks, the Company seizes internationalization opportunities and establishes its own risk hedging system.

(5) Exchange rate risk: In 2026, the global exchange rate landscape showed a sustained weakness of the U.S. dollar, profoundly affecting the pricing logic and the structure of receipts and payments in international trade. The Company's export transactions are mainly settled in US dollars, and its overseas business is experiencing sustained growth. Therefore, exchange rate fluctuations may affect the Company's profitability. The Company mitigates and avoids foreign exchange risks through centralized management of foreign exchange funds, hedging via procurement payments, and other measures.

(6) Product security risk: The Company attaches great importance to product security and continues to set up dedicated funds to strengthen product security, in order to prevent and respond to security risks of products in application environments. However,

there may still be risks of denial-of-service, brute-force intrusion, SQL injection, malware, and other attacks, which may lead to system failure or service interruption. The Company's Network and Data Security Committee improves a global end-to-end network and data security system in terms of policies, organizations, processes, management, technology, and specifications, actively responds to cyber security challenges, and remains vigilant against and prevents major cybersecurity incidents.

(7) Intellectual property risks: The promotion of the Company's globalization strategy and its own brand strategy may expose the Company to intellectual property rights risks and patent infringement, as well as such risks as business relations, fluctuations in the public opinion environment, increased legal proceedings and rising costs. With a high priority on technological innovation, the Company has established a mechanism for the protection and management of intangible assets such as innovation achievements, own brands and trade secrets, so as to continuously gather advantageous intellectual property assets; with the establishment of an intellectual property compliance and risk control system, the Company continuously strengthens its ability to understand and master intellectual property laws and regulations as well as the administrative and judicial environment in the regions where it operates.

(8) Supply chain security risks: Geopolitical tensions persist globally, raw material prices fluctuate at high levels, and shortages are seen in some raw materials. Production cuts and suspensions by major storage chip manufacturers have led to sharp surges in market supply prices; the substantial rise in bulk metal prices has driven price increases of varying degrees for affected materials. To respond to the overall supply market situation, the Company dynamically adjusts its inventory and stock-up strategy, establishes strategic material reserves by locking in quantities and prices in advance,

accelerates the development of alternative materials, and secures supply from multiple suppliers. These measures not only ensure stable supply but also reduce the impact of raw material price increases on product costs.

The profit distribution proposal approved by the Board of Directors is as follows: based on the Company's total share capital of 3,249,442,473 shares as of April 17, 2026 (after deducting shares held in treasury through repurchase), a cash dividend of RMB 3.70 per 10 shares (tax inclusive) will be distributed to all shareholders. No bonus shares will be issued (tax inclusive) and no capitalization of capital reserves into share capital is proposed.

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Documents Available for Reference

(I) Financial statements bearing the signatures and seals of the Company's principal officer, the person in charge of accounting affairs, and the head of the accounting department (chief accountant).

(II) The original copy of the audit report with the seal of the accounting firm and signed and stamped by certified public accountants.

(III) Originals of all Company documents publicly disclosed during the reporting period and the original manuscripts of all announcements.

Definitions

Item of Definition	Refers To	Definitions
Reporting Period	Refers To	From January 01, 2025 to December 31, 2025
Dahua Technology, Company, The Company	Refers To	Zhejiang Dahua Technology Co., Ltd.
Dahua System Engineering, System Engineering Company	Refers To	Zhejiang Dahua System Engineering Co., Ltd.
Dahua Vision Technology	Refers To	Zhejiang Dahua Vision Technology Co., Ltd.
Dahua Security Network, Operation Company	Refers To	Zhejiang Dahua Security Network Operation Service Co., Ltd.
Dahua Ju'an	Refers To	Zhejiang Dahua Ju'an Technology Co., Ltd.
Guangxi Dahua Information	Refers To	Guangxi Dahua Information Technology Co., Ltd.
Guangxi Yunlian	Refers To	Guangxi Dahua Yunlian Information Technology Co., Ltd.
Xiaohua Technology, Hangzhou Xiaohua	Refers To	Hangzhou Xiaohua Technology CO., LTD.
Dahua Zhilian	Refers To	Zhejiang Dahua Zhilian Co., Ltd.
Dahua Investment, Dahua Investment Management	Refers To	Zhejiang Dahua Investment Management Co., Ltd.
Guangxi Zhicheng, Dahua Zhicheng	Refers To	Guangxi Dahua Zhicheng Co., Ltd.
Hangzhou Huacheng, Huacheng Network	Refers To	Hangzhou Huacheng Network Technology Co., Ltd.
HuaRay Technology	Refers To	Zhejiang HuaRay Technology Co., Ltd.
Fuyang Hua'ao	Refers To	Hangzhou Fuyang Hua'ao Technology Co., Ltd.
Huafei Intelligent	Refers To	Zhejiang Huafei Intelligent Technology CO., LTD.
Huachuang Vision	Refers To	Zhejiang Huachuang Vision Technology Co., Ltd.
Leapmotor	Refers To	Zhejiang Leapmotor Technology Co., Ltd.
Guizhou Huayi	Refers To	Guizhou Huayi Shixin Technology Co., Ltd.
Guangxi Huacheng	Refers To	Guangxi Huacheng Technology Co., Ltd.
Meitan Dahua Technology	Refers To	Guizhou Meitan Dahua Information Technology Co., Ltd.

Inner Mongolia Zhimeng	Refers To	Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd.
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.
Zhoushan Operation	Refers To	Zhejiang Zhoushan Digital Development Operation Co. Ltd.
Guangxi Dahua Technology	Refers To	Guangxi Dahua Technology Co., Ltd.
Huayixin	Refers To	Zhejiang Huayixin Technology Co., Ltd.
Hirige	Refers To	Zhejiang Huaruijie Technology Co., Ltd.
Chengdu Zhilian	Refers To	Chengdu Dahua Zhilian Information Technology Co., Ltd.
Chengdu Zhian	Refers To	Chengdu Dahua Zhian Information Technology Service Co., Ltd.
Chengdu Zhishu	Refers To	Chengdu Dahua Zhishu Information Technology Service Co., Ltd.
Chengdu Zhichuang	Refers To	Chengdu Zhichuang Yunshu Technology Co., Ltd.
Chengdu Smart Network	Refers To	Chengdu Huishan Smart Network Technology Co., Ltd.
Huakong Software	Refers To	Zhejiang Huakong Software Co., Ltd.
Huacheng Software	Refers To	Hangzhou Huacheng Software Co., Ltd.
Henan Dahua	Refers To	Henan Dahua Zhilian Information Technology Co., Ltd.
Huajian Technology	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.
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.
Mianyang Huacheng	Refers To	Mianyang Huacheng Zhiyuan Technology Co., Ltd.
Luoyang Zhiyu	Refers To	Luoyang Dahua Zhiyu Information Technology Co., Ltd.
Huaqi Intelligence	Refers To	Zhejiang Huaqi Intelligent Technology Co., Ltd.
Chengdu Information	Refers To	Chengdu Dahua Wisdom Information Technology Co., Ltd.
HJ Technology	Refers To	Zhejiang HJ Technology Co., Ltd.
Huaxiyue	Refers To	Guangdong Huaxiyue Intelligent Technology Co., Ltd.
Huajie Operation	Refers To	Zhejiang Huajie New Energy Operation Service Co., Ltd.
Shuhang Intelligent	Refers To	Zhejiang Shuhang Intelligent Technology Co., Ltd.
Qingdao Ruifa	Refers To	Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd.
Shandong Digital Intelligence	Refers To	Shandong Dahua Digital Intelligence Technology Co., Ltd.
Fujian Qingchuang	Refers To	Fujian Dahua Qingchuang Digital Technology Co., Ltd.
Jilin Zhilian	Refers To	Jilin Dahua Zhilian Technology Co., Ltd.

Zhengzhou Huaao	Refers To	Zhengzhou Airport Economy Zone Huaao Technology Co., Ltd.
Hainan Huizhi	Refers To	Hainan Dahua Huizhi Technology Co., Ltd.
Qingdao Ruihai	Refers To	Qingdao Dahua Ruihai New Energy Operation Co., Ltd.
Dahua Hong Kong, Dahua (HK) Limited	Refers To	Dahua Technology (HK) Limited
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. zo.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
Hong Kong Yihua	Refers To	YIHUA SERVICES (HK) 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.
Dahua Japan	Refers To	Dahua Technology Japan LLC
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 ELETTRÔNICA BRASILEIRA
Dahua Saudi Arabia	Refers To	Dahua Technology Middle East for Maintenance
Dahua Bengal	Refers To	Dahua Technology Bangladesh Private Limited
HuaRay Singapore	Refers To	HUARAY TECHNOLOGY SINGAPORE PTE. LTD.
Dahua Belgium Co.	Refers To	Dahua Technology Belgium BV
Dahua Saudi Arabia Co.	Refers To	Dahua Technology Regional Headquarters
Dahua Argentina Co.	Refers To	Dahua Technology Azerbaijan LLC
Dahua Vietnam Co., Ltd.	Refers To	Dahua Technology Vietnam Company Limited
HuaRay Korea	Refers To	HUARAY TECHNOLOGY KOREA COMPANY LIMITED
HuaRay Germany	Refers To	HUARAY TECHNOLOGY GMBH
Dahua Angola	Refers To	DAHUA EUROPE B.V - SUCURSAL EM ANGOLA,(SU), LDA
Hirige Technology MaLaysia	Refers To	Hirige Technology MaLaysia Sdn.Bhd.
Dahua Egypt	Refers To	Dahua Technology Egypt LLC
DAHUA Abu Dhabi	Refers To	DAHUA TECHNOLOGY AUH FOR SECURITY & SURVEILLANCE – SOLE PROPRIETORSHIP L.L.C.
PixFra Hong Kong	Refers To	PIXFRA (HONG KONG) CO., LIMITED
Zhejiang Huaxiao Technology Co., Ltd. (Wisualarm Technology) Hong Kong	Refers To	Wisualarm Technology (HK) Limited

Section II Company Profile and Key Financial Indicators

I. Company Information

Stock Abbreviation	Dahua Technology	Stock Code	002236
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	Zhejiang Dahua Technology Co., Ltd.		
Company Abbreviation in Chinese	Dahua Technology		
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		
Post Code of Registered Address	310053		
Change of the Company's Registered Address	On November 09, 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 Binxing 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 Binxing Road, Binjiang District, Hangzhou City	No. 1399 Binxing Road, Binjiang District, Hangzhou City
Phone	0571-28939522	0571-28939522
Fax	0571-28051737	0571-28051737
E-mail	zqsw@dahuatech.com	zqsw@dahuatech.com

III. Information Disclosure and Location

The stock exchange website where the Company discloses the annual report	Shenzhen Stock Exchange (http://www.szse.cn)
The media outlets and their websites where the Company discloses the annual report	<i>Securities Times</i> and CNINFO http://www.cninfo.com.cn/
Location for annual report of the Company	Securities Investment Department

IV. Registration Change

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

V. Other Related Information

Accounting Firm Hired by the Company

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

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

☐ Applicable ☒ Not Applicable

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

	2025	2024	Increase/Decrease Compared with the Same Period of the Previous Year	2023
Operating Revenue (RMB)	32,743,783,343.80	32,180,931,827.17	1.75%	32,218,317,636.77
Net profit attributable to shareholders of the listed Company (RMB)	3,857,923,611.86	2,905,728,684.03	32.77%	7,361,892,404.52
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,729,580,707.49	2,347,399,066.67	16.28%	2,961,742,139.01
Net cash flow generated by operational activities (RMB)	3,907,798,165.28	2,710,237,609.30	44.19%	4,598,778,654.47
Basic Earnings per Share (RMB/Share)	1.18	0.90	31.11%	2.31
Diluted Earnings per Share (RMB/Share)	1.18	0.90	31.11%	2.31

Weighted Average ROE	10.42%	8.19%	2.23%	22.43%
	End of 2025	End of 2024	Increase/Decrease at the End of the Current Year Compared with the End of the Previous Year	End of 2023
Total Assets (RMB)	52,558,604,784.24	52,735,912,081.82	-0.34%	52,881,927,214.00
Net Assets Attributable to Shareholders of the Listed Company (RMB)	37,757,140,211.25	36,028,046,171.08	4.80%	34,719,173,825.42

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

During the reporting period, the lowest of audited total profit, net profit, and net profit after deducting non-recurring gains or losses 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	6,256,129,778.73	8,925,199,872.40	7,731,212,668.46	9,831,241,024.21
Net profit attributable to shareholders of the listed company	653,304,288.99	1,822,262,461.62	1,059,901,819.80	322,455,041.45

Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	503,508,968.09	1,292,424,443.61	760,511,398.58	173,135,897.21
Net cash flow generated by operating activities	-671,695,394.62	1,310,818,373.73	924,533,153.39	2,344,142,032.78

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 2025	Amount in 2024	Amount in 2023	Note
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	499,321,216.61	104,348,459.46	4,778,983,828.56	
Government grants recognized in profit or loss for the period (excluding government grants closely related to the Company's ordinary course of business, in line with national policies, received in accordance with established standards, and having a continuing impact on the Company's profit or loss)	338,545,545.11	249,665,678.30	199,003,183.46	
Profits and losses resulting from the changes in fair value for financial assets and financial liabilities held by non-financial enterprises, and from disposal of financial assets and liabilities, excluding the effective hedging businesses related to the regular business operation of the Company	7,539,283.69	124,956,271.40	103,119,981.50	
Gains or losses from investment or asset management entrusted to others	582,864,912.76	175,635,135.76	1,819,647.72	
Reversal of the receivables depreciation reserves for separate impairment test	4,496,227.70	4,602,004.26	4,513.91	
Profits and losses on debt restructuring	-32,512,136.39	-394,660.00	-16,242,445.24	
Non-operating revenue and expenses other than the above	7,457,474.80	12,821,255.27	-18,035,840.08	
Other gains and losses items that fit the definition of non-recurring gains and losses	-7,787,445.32	-1,833,839.60	-57,989,909.93	
Less: impact of income tax	253,249,486.05	85,954,207.29	555,973,378.97	

Impact of minority equity (after tax)	18,332,688.54	25,516,480.20	34,539,315.42	
Total	1,128,342,904.37	558,329,617.36	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

The Company did not define any non-recurring gains and losses listed in the No. 1 Explanatory Announcement on Information Disclosure for Companies Issuance Their Securities to the Public - Non-recurring gains and losses as recurring gains and losses.

Section III Management Discussion and Analysis

I. Main Businesses of the Company during the Reporting Period

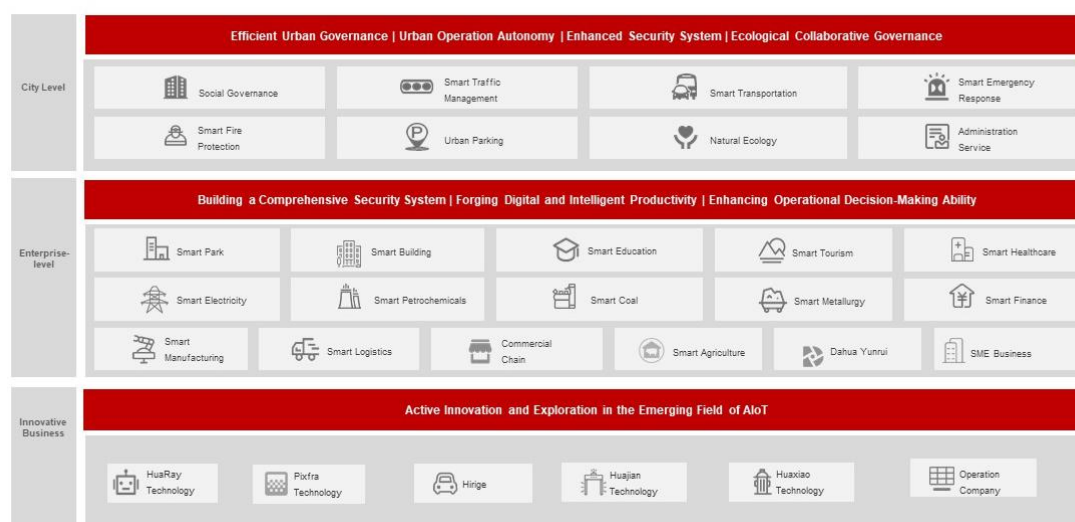
1. Business Overview

The Company is a globally leading provider of video-centric AIoT (Artificial Intelligence of Things) solutions and operational services. The Company is committed to technology-and-innovation-driven development, leverages large-scale models to build broader AIoT capabilities, strengthens integrated connectivity, fully unlocks the value of video-centric data elements, and builds intelligent agents for cities and enterprise industries to help cities build more efficient governance systems and enable enterprises' digital and intelligent transformation.

In the urban business field, centering on the goal of "efficient urban governance, urban operation autonomy, enhanced security system, and ecological collaborative governance", we establish an innovative smart city ecosystem with "unified architecture, compatible reuse, shared capabilities, and open business." In industries such as transportation, traffic police, social governance, public wellbeing, and ecological environment, we deeply cultivate urban business scenarios, provide leading AIoT solutions for various industries in the city, serve urban digital innovation, and help realize the beautiful vision of harmonious coexistence between man and nature, man and society, and man and city. Currently, we have accumulated and consolidated over 5,000 fine-grained scenarios and over 120 industry solutions.

In the field of enterprise business, the Company deeply integrates advanced technologies such as AI and big data with industry scenarios, gaining insight into the trend of industrial transformation. It delves into various industries to explore the digital and intelligent needs of enterprises, providing each customer with high-quality digital intelligence upgrade solutions. In the fields of construction, education, manufacturing, petrochemistry, coal, electricity, iron and steel, agriculture, logistics, culture & tourism, healthcare, finance, and commercial chains, the Company is actively engaged in innovative practices, focusing on ensuring production safety, enhancing production capacity, promoting operational efficiency, and optimizing the quality of service (QoS) to achieve customer value, and is committed to becoming a trusted partner for the digital intelligence upgrade of enterprises. Currently, more than 3,000 segmented scenarios and more than 180 industry solutions have been accumulated.

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



2. Organization Structure

On the market side, the Company has established domestic and overseas marketing and service systems, and continues to improve its global marketing and network layout. It provides customers with full-lifecycle services including consulting, design, sales, delivery and after-sales support for products and solutions. To date, the Company has established more than 200 offices in China, covering 100% of provinces, municipalities directly under the Central Government and autonomous regions, 100% of prefecture-level cities, and over 70% of counties and districts. Overseas, it has set up 75 subsidiaries and branches, covering more than 180 countries and regions.

Based on its technological capabilities, the Company has established five research institutes: the Advanced Technology Research Institute, Data Space Research Institute, Central Research Institute, Cybersecurity Research Institute, and Product Engineering Institute, supporting product line R&D and empowering urban business, enterprise business, and SME business. With its headquarters in Hangzhou as the central hub, the Company has also set up four R&D sub-centers in Xi'an, Chengdu, Europe, and Latin America, expanding its global R&D layout. After years of development, the Company has a national postdoctoral workstation, is a nationally recognized enterprise technology center, a National Industrial Design Center, and a national innovative pilot enterprise.

The Company leverages digital technologies to build a resilient global multi-organization manufacturing and supply system. It has now formed a global multi-tier supply network consisting of two domestic manufacturing centers (Hangzhou, Changsha), one overseas manufacturing center, two European HUB warehouses, and overseas national warehouses covering N core markets.

The Company has established a multi-dimensional service network consisting of global customer service centers, branch offices, national service centers and authorized service stations, with more

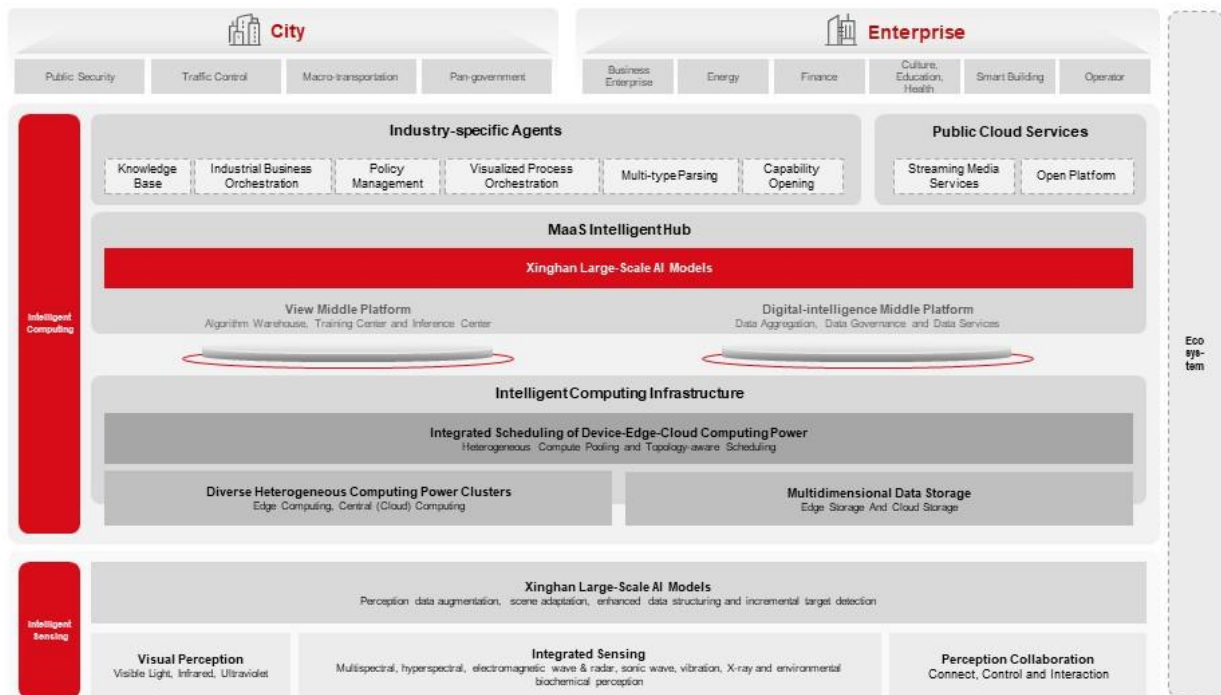
than 170 spare parts centers/spare parts stations and over 1,000 service partners. It aims to provide customers with efficient, standardized, professional and end-to-end delivery and services.

3. Main Products and Capabilities

As large model technology reaches an inflection point for large-scale application, the demand for intelligent solutions from government and enterprise customers has become increasingly diversified. The demand of government entities is undergoing a profound transformation from digitalization to digital-intelligent transformation. Against the backdrop of high-quality development, enterprises, on top of traditional work safety guarantees, are urgently pursuing core objectives such as quality improvement, efficiency enhancement and green development. Meanwhile, the rapid advancement of AI technologies is highly urgent and disruptive. In particular, the development and application of large models have become the core driving force for the Company's in-depth scenario-based implementation.

AIoT industry features highly fragmented scenarios and stringent accuracy requirements. Despite the continuous improvement in the generalization ability of general large models, the business logic varies significantly across different segmented industries such as electric power, coal, manufacturing, etc., and there remains an obvious gap for in-depth implementation. This gap is precisely the key entry point for the Company to upgrade its technical architecture with large models at the core.

2026 is the opening year of the 15th Five-Year Plan and a critical turning point for the national "AI+" strategy as it moves from concept to deep implementation. To keep pace with the industry-wide digital and intelligent transformation, break through bottlenecks in the traditional technical architecture, meet the precise and systematic intelligence demands of vertical industries, and truly unlock the value of AI large model technology, the Company has comprehensively upgraded "AIoT" to "Intelligent Sensing" and "Intelligent IoT Data Platform" to "Intelligent Computing", establishing a brand-new AIoT technology system. This provides core technical support for the digital-intelligent leap of urban governance and enterprise operations.



(1) Xinghan large-scale AI models drives the upgrade of Intelligent Computing, empowering the in-depth digital and intelligent transformation of governments and enterprises

In the context of upgrading large models and computing infrastructure, as well as the large-scale accumulation of multimodal data, "Intelligent Computing" is an integrated technical system built on computing power as the infrastructure, data as the fuel, and intelligent agents as the means. It covers the full-stack capabilities of industry-specific agents, public cloud services, MaaS intelligent hubs, and intelligent computing infrastructure.

The **industry-specific agent technical** system addresses the pain points of significant differences across industry scenarios and the inability of general intelligence to adapt to in-depth industry demands. It integrates six core technical capabilities: knowledge base, industry business orchestration, policy management, visual process orchestration, multi-type analysis, and capability openness. By deeply integrating industry knowledge and scenario rules, and relying on a cloud-edge collaborative architecture, it enables multi-source data analysis, automated business orchestration, and dynamic policy management. It establishes an integrated intelligent execution technical system of rules, models, and tools, forming an end-to-end closed-loop business process from perception to decision-making and execution. This precisely adapts to personalized scenarios in urban governance, public security, energy, and other industries, providing reusable, orchestratable, and open technical support for industry digital-intelligent transformation.

Public Cloud Service anchors the "large model + IoT + cloud" integrated strategy, and in 2025 successfully completed the critical leap from "device connection management" to "data-intelligence enablement". With a core support system of the trinity of "technology – service – ecosystem", the

business has built a full-stack, large-model-native cloud foundation and intelligent development system.

The **MaaS Intelligent Hub** is driven by the Xinghan large-scale AI models and built through the deep integration of the view middle platform and the data-intelligence middle platform. The view middle platform focuses on the full-link closed loop of visual data, accumulates cross-scenario reusable algorithm models, and achieves large-scale real-time inference through edge-cloud collaboration; The data-intelligence middle platform manages the unified integration, governance and assetization of multi-source heterogeneous data, and delivers standardized data services. The two middle platforms collaborate to form a capability foundation for unified access, scheduling and services, driving the evolution of models toward full-modality with video as the core. They achieve optimal scheduling of computing power and algorithms across cloud, edge and devices, establishing a value transformation path from data elements to intelligent applications, and fully empowering the digital and intelligent transformation of governments and enterprises.

The **intelligent computing infrastructure** centers on diverse heterogeneous computing power and multi-dimensional data storage, focuses on AIoT scenarios, integrates intelligent networking and full-domain security capabilities, and provides high-performance, low-latency, secure and trustworthy computing support. Relying on the Company's proprietary software-hardware synergy advantages, it has formed full-stack large-model innovation capabilities, unified scheduling of device-edge-cloud computing power and algorithms, and realized hardware resource pooling for image computing power, AI computing power, general computing power, data storage, etc. It has built a full-network computing architecture system to support the digital and intelligent upgrade of urban governance and enterprises.

(2) Multi-dimensional perception infrastructure upgrades Intelligent Sensing, empowering a leap in data quality with the Xinghan large-scale AI models

As the front-end perception entry for business intelligence, the Intelligent Sensing system breaks the limitations of traditional single visual perception and builds a three-in-one multi-dimensional perception capability matrix: visual perception, fusion perception, and sensing collaboration. Visual perception covers full-spectrum scenarios including visible light, infrared, and ultraviolet. Fusion perception further expands to full-dimensional physical signals such as multispectral, hyperspectral, electromagnetic waves, radar, sound waves, and vibration. Meanwhile, it supports full-process sensing collaboration across connection, control, display, and interaction, achieving all-round, full-dimensional information collection for urban governance, enterprise operations and other scenarios. Powered by Xinghan large-scale AI models (on-device), Intelligent Sensing achieves an upgrade in sensing data quality. Through core capabilities including sensing data enhancement, scene adaptation, and incremental object detection, it improves the integrity and accuracy of raw sensing data and drives the transformation from low-quality data to high-value data. Relying on enhanced

data structuring capabilities, it converts multi-source heterogeneous sensing signals into standardized, decision-ready structured data. This addresses the pain points of fragmented and hard-to-apply sensing data at the source, providing highly reliable data support for the upper-layer MaaS Intelligent Hub and Industry Agents, realizing "Sensing is Intelligence, Data is Value".

3.1 Intelligent Sensing

The Company empowers the global intelligent sensing system with Xinghan large-scale AI models to comprehensively improve sensing data quality and scenario understanding capability. The "Intelligent Sensing" system is based on visual perception. Through radar-video integration, multi-frequency-domain sensing, and multi-source data fusion, it overcomes the limitations of single-modality vision and achieves all-weather, high-interference-resistance precision acquisition and intelligent recognition in complex environments. Combined with the intelligent analysis, purification and optimization of sensing data by large models, data accuracy and usability are further enhanced. Meanwhile, by deepening sensing collaboration, device linkage and transmission control, an integrated high-quality global sensing capability is created, providing reliable front-end data support for the digital and intelligent applications of various industries.

3.1.1 Visual Perception

Powered by large-scale AI models, visual perception is driving cameras to evolve from traditional passive "viewing and recording" data-acquisition terminals into the "sensory endpoints" through which intelligent systems perceive and understand the physical world. It equips devices with capabilities including visual enhancement, scene adaptation, precise target detection and tracking, scene element analysis, and target behavior recognition in complex environments. Through semantic processing of video content, it also significantly improves the efficiency of device-edge and device-cloud intelligent collaboration, realizing the leap from single visual perception to deep intelligent understanding.

3.1.1.1 Visual Enhancement for Extreme Scenarios



Leveraging AI large model capabilities, the Company has upgraded its visual imaging system and launched a series of visual enhancement products, further optimizing image signal-to-noise ratio and

color reproduction in extreme scenes such as low illumination and strong backlight, enabling analysis under complex lighting environments.

"Nightvision King" series products continue to iterate, driving upgrades to the standard for full-color night vision without supplemental lighting, supporting all weather, long distance, precise perimeter detection, and avoiding interference from flying insects and spider webs caused by Light. The Skyscanner/Skyline series, based on the self-developed large-model image engine, greatly enhances the ability to extract real details of captured targets under extremely low illumination, significantly improving the restoration effect of target features in complex scenes. Yizhen series cameras are equipped with anti-backlight technology, which effectively eliminates monitoring blind spots caused by strong light from vehicle lights at night, ensuring all-weather visibility in harsh traffic scenarios such as highways.

3.1.1.2 Intelligent Scenario Adaptation



Cameras in the scene adaptation series equipped with the Xinghan large-scale AI models can significantly strengthen core intelligent capabilities such as target detection, linkage tracking and situation analysis according to actual scenario requirements. The perimeter large model effectively reduces the false alarm rate of cameras in complex scenarios and improves target detection distance and accuracy; the tracking large model enhances the close-up tracking ability of dome cameras under complex conditions such as target occlusion and crossing. Dahua Jinghong high-speed zoom system, combined with large-model target tracking algorithms, effectively improves the multi-target positioning and capture rate of multi-camera linkage systems in large scenes such as entrances, squares and roads. The sixth-generation Hubble integrates large-model situation awareness and high-power zoom functions, solving the challenges of accurate quantity statistics and situation analysis for small targets in large scenes.

3.1.1.3 Comprehensive Scenario Coverage



The Company's industry-specific intelligent camera solutions target the pain points of industry digital transformation, deeply integrating technological innovation with scenario requirements. It provides scenario-defined camera series with differentiated data sensing capabilities adaptable to various scenarios.

In electric power scenarios, the inspection series combines night vision, fog penetration, anti-shake and other technologies, and integrates industry-specific large models to improve hidden danger detection rate. In water conservancy monitoring scenarios, the Night Hawk series integrates full-color night vision and low-power online technology, and links with radar water level gauges to break through extreme weather monitoring bottlenecks, meeting the needs of all-weather rainfall and water level monitoring and accurate water level monitoring. In petroleum refining, mining, tunnels and other scenarios, self-cleaning cameras are equipped with scratch-resistant coatings and automatic cleaning systems to ensure continuous monitoring in dusty environments. In smart logistics scenarios, camera form factors and functions are customized for different scenarios. Cold-chain cameras are low-temperature-resistant and compact, suited to cold-storage environments. High-temperature-resistant cameras support stable operation at 75°C with precise color reproduction, suitable for high-temperature scenarios. In port and maritime scenarios, remote-controlled cameras have overcome the challenges of strong-vibration environments, enabling precise remote operation of port machinery. In intelligent manufacturing production lines, cameras feature a compact body and triple anti-shock structure, paired with high-frame-rate imaging to accurately capture high-speed moving targets. They

also support algorithm extension and real-time early warning, comprehensively improving industrial inspection efficiency.

3.1.1.4 Intelligent Controlled Wireless Endurance



The Company actively responds to the national "Dual Carbon" strategy and upgrades its low-power technology platform. By optimizing component selection, dynamic zone control, and AI energy efficiency prediction, it reduces device energy consumption and has launched a series of energy-saving wireless solar-powered low-power cameras. Powered by the AOV 2.0 always-on technology, the equipment, trained through massive scenarios and model optimization, can accurately detect targets even in shallow sleep mode and supports instant switching to recording to avoid missing events. With advantages including extended battery life, wide-temperature adaptability, and high-precision AI detection, the cameras enable wireless deployment, driving the application and expansion of visualization in more scenarios.

3.1.1.5 Full-Color Coaxial Intelligent Vision



The Company integrates AI technology with high-definition coaxial video technology, enabling products to achieve round-the-clock intelligent sensing, HD intercom and full-scenario coverage, and reshaping the user experience of coaxial cameras. Equipped with AI ISP algorithms, the products greatly enhance low-illumination full-color night vision and realize round-the-clock full-color monitoring. The optimized supplementary lighting technology uses sharp light-filling to significantly improve image clarity; zonal lighting technology achieves dynamic spatial dimming and solves the problem of uneven brightness. Dynamic intelligent sensing and intelligent adaptive switching between near and far supplementary lighting enhance the adaptability of lighting in different scenarios. End-edge integrated coaxial audio algorithms enable HD real-time coaxial intercom and strengthen proactive intervention. The new dual-lens linked PT series integrates self-developed technologies such as seamless hybrid

zoom and intelligent linked tracking, breaking through the intelligence limitations of traditional zoom coaxial front-ends and achieving perimeter protection across multiple scenarios.

3.1.2 Fusion Perception

The Company continuously expands non-video sensing methods to enhance multi-dimensional fusion perception capability. Its products cover spectrum bands including ultraviolet, visible light, near-infrared, far-infrared, millimeter wave, radio frequency and audio, and adopt refined spectral detection technologies such as multispectral and hyperspectral sensing. Through collaborative collection, precise detection and intelligent fusion of information from different frequency bands, the limitations of single sensing methods are broken through, and a three-dimensional, comprehensive perception system covering full scenarios, all time periods and all elements is established, providing multi-dimensional, highly reliable information support for scenario monitoring, situation analysis and decision-making support.

3.1.2.1 Millimeter-Wave Radar Perception



The Company has continuously deepened its expertise in radar detection technologies to improve detection accuracy and reduce false alarm rates. It has now built a four major product matrix covering security, transportation, volume measurement, and health care, with ongoing expansion and implementation in more segmented scenarios. Security radars cover perimeter protection in scenarios such as border defense, coastal defense, and power stations; Transportation radars support scenarios including overload control, traffic survey, and railway intrusion protection; Volume measurement radars enable accurate 3D measurement of material piles, silos, and other targets; Health care radars are used for non-contact monitoring of human posture and health status.

We further expand products in the field of radar and vision fusion, and form a full-link solution from perimeter protection to smart transportation through scenario-based product combinations. "Yitong" binocular radar-vision system enables visualization of information collection and holographic intersection status, covering long-distance ranges of bidirectional lanes and supporting the detection

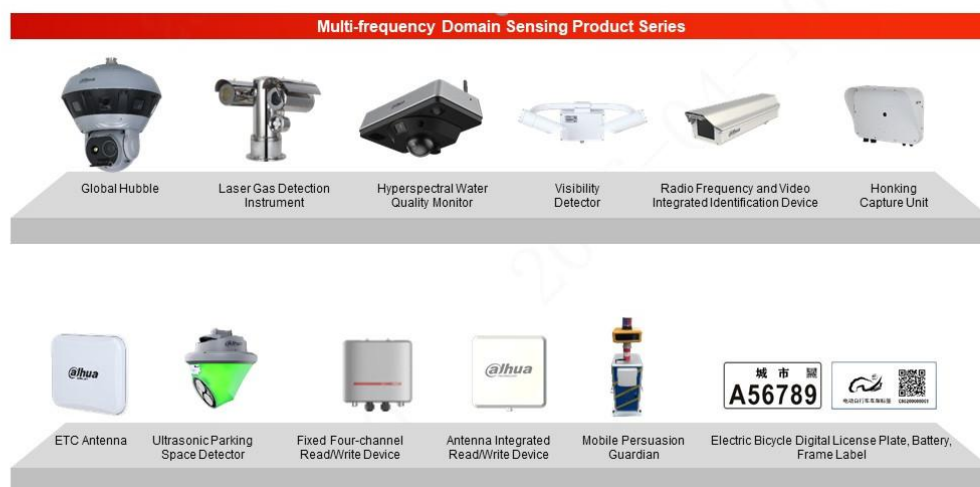
of more than 20 types of events. The intelligent speed-measuring warning light integrates a mobile speed-measuring radar, capture unit, and edge intelligent terminal, realizing mobile high-speed traffic violation capture and structured detection.

3.1.2.2 Audio Perception



With artificial intelligence as its technological core, the Company continues to refine its full-link audio and video technology system. The Company integrates AI into every stage of audio acquisition, transmission, processing, and analysis, and incorporates audio codec, intelligent quality optimization, event detection, and speech recognition technologies. This enables adaptive sound field adjustment and intelligent audio quality reshaping, and makes sound delivery more precise and more perceptive. In the industrial audio field, the Company has launched a series of products such as broadband sound pickups, vibration temperature sensors and acoustic imagers, which can meet the needs of various industrial scenarios for audio monitoring and early warning. Through breakthroughs in proprietary filtering algorithms, frequency-domain feature extraction, cross-channel simulation, and deep AI analysis technologies, the Company has built a closed loop for multi-dimensional sensor data acquisition and algorithm analysis that covers audio, vibration, and other modalities. The system precisely enables anomaly detection for compressors, bearings, and transformers, as well as gas leak detection, and provides a solid safeguard for safety and efficiency in the energy and industrial sectors. In the field of interactive audio, the Company deepens the integration of audio and video technologies, improves the fluency of interaction, and makes the interconnected experience more immersive and efficient.

3.1.2.3 Multi-Frequency Domain Perception



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

3.1.3 Perception Collaboration

Perception collaboration is centered on "video-network integration", coordinating and enhancing the three major sectors of enhanced connectivity, intelligent control, and intelligent interaction to build a full-link collaborative perception business system. In terms of enhanced connectivity, it integrates wired, wireless, and industrial scene transmission technologies, upgrades multiple network operating systems, and realizes cross-category interconnection and efficient data transmission, breaking the limitations of traditional transmission and achieving seamless connection between devices. In terms of intelligent control, we focus on the display and control scenario, have launched a variety of intelligent display and control decoding equipment, realized active perception and intelligent display and control, and built a digital command center to provide strong support for decision-making. In terms of intelligent interaction, we rely on large model algorithms to optimize interaction experience and improve the business closed loop, fully realizing efficient collaboration and linkage among perception devices, data transmission, and business applications.

3.1.3.1 Enhanced Connectivity

In the data communications field, the company integrates AI technologies into the core concept of "visual-network convergence" and, through three stages—technical interoperability of cross-domain products, diversified scenario linkage from in-depth applications, and business intelligence driven by a large model-based intelligent hub—builds a full-stack solution that integrates multiple businesses and provides users with an exceptional end-to-end experience from installation and configuration to operations and maintenance.

Leveraging its rich product matrix and unified ecosystem, the Company achieves cross-domain and multi-category compatibility and interconnection. It builds the entire network's system-level capabilities of ultra-fast deployment, ultra-simple configuration, and ultra-efficient operation & maintenance, constructs a unified multi-service integrated operation and maintenance center, and realizes integrated delivery. Meanwhile, based on the insight, understanding, and refinement of diverse application scenarios, it launches scenario-specific solutions for intelligent configuration integration and application linkage. By deeply integrating multiple business applications, the Company effectively reduces application complexity.

1. Wired Transmission



The Company continues to promote the iterative upgrade of its core software platform. The upgraded cloud-managed switches, as perception endpoints, deliver smarter sensing, faster feedback and more efficient execution. The upgraded high-end switches, serving as network hubs, provide stronger management capabilities, more intelligent scheduling and richer protocol support. To meet multi-scenario business demands, the Company continuously enriches its product matrix covering cloud-managed, access-managed and aggregation switches, establishing a more complete wired transmission product system. Meanwhile, the Company further deepens application innovation and launches a series of intelligent features including QR code deployment, intelligent VLAN, scenario-based configuration and intranet penetration.

2. Wireless Transmission



The Company has upgraded its new-generation wireless network operating system. The upgraded wireless products enable faster interconnection, more accurate identification and smarter decision-making. The full-range wireless products and new-generation AC routing integrated machines are being iterated to the new system, with significantly improved performance and richer functions, bringing users a smoother and more stable wireless access experience. At the same time, the Company continuously improves its wireless supporting toolchain and launches a convenient wireless survey and design tool for the installation phase, effectively lowering the deployment threshold.

3. Industrial Scene Transmission



The Company continues to deepen the integration of "video-network integration" technology with industrial networks, lowering the barrier to using complex network protocols and enabling efficient, reliable, batch configuration for more industrial network protocols. The company has comprehensively simplified the configuration process for ERPS and other mainstream ring network protocols in industrial scenarios, significantly improving the on-site commissioning efficiency of industrial network products.

3.1.3.2 Intelligent Control



In the display and control sector, the Company focuses on three major application scenarios: CCTV, command centers, and professional audio & video, and is committed to providing a continuously evolving digital intelligent command center. In 2025, the Company launched the new LED Controller DSCON8000, intelligent decoder N70, and LED decoder. By deeply integrating AI models, DSE codec technology, image processing technology, and LED control technology, the system has evolved from passive display to active perception. It realizes autonomous judgment for intelligent patrol and dynamic screen display of regions of interest, improves user experience, and opens a new chapter in the digital intelligent development of display and control.

3.1.3.3 Intelligent Interaction

Interactions between people, and between people and things, are ubiquitous in the physical world. Leveraging precise multi-dimensional perception to gain insights into the real world, the Company aggregates massive value through diverse connections and builds digital-intelligent scenarios with intelligent computing, aiming to enhance human-machine interaction and bridge the distance between people. The Company continues to deepen its presence in diverse fields including vehicle management, personnel access control, access control intercom, smart office, hospital care, and new energy, launching a series of intelligent interaction products to inject digital intelligence into social progress.

1. Vehicle Management Scenario



The Company deeply integrates video, display and machinery to comprehensively upgrade the user experience of smart parking scenarios. We integrate large model algorithms to enable zero-sample personalized license plate recognition and continuously improve access efficiency; realize all-round detection of lanes and parking spaces to enhance indoor guidance, adopt an integrated parking and charging solution to expand the management dimensions for new energy vehicles, and launch the

Dahua Parking Cloud Platform that supports one-click device cloud access with broader scenario adaptability.

2. Personnel Access Management Scenario



The company combines AI and IoT technologies to create an intelligent personnel access management system that integrates real-time access sensing and interaction, intelligent identity verification, and local and remote management. It supports multiple authentication methods, including real people, cards, and QR Code, and provides multiple security capabilities such as anti-tailing to meet the intelligent needs of personnel access scenarios.

3. Building Interaction Scenarios



Based on access control, video intercom, emergency call and other products, the Company is committed to building more mature solutions for building interaction scenarios.

In the access control business, the Company upgrades product value from multiple dimensions: First, it enhances the security protection capability of access control systems by launching intelligent access control certified for HarmonyOS compatibility, national cryptography series access control, and palm vein recognition access control. Second, it delivers a smoother user experience by achieving ultra-fast recognition with AI ISP and low-light perception technologies. Third, it helps customers enhance business value by improving cloud-based services including cloud access control, cloud intercom, cloud visitor management and cloud attendance, while integrating content playback

functions for electronic room number display, park and community announcement release, and commercial advertising.

In the video intercom sector, the Company has launched a new series of central control panels that integrate intercom, detection, video recording and storage, and alarm services, balancing convenience and security. At the same time, optimize daily workflows among visitors, owners, and property management by integrating features such as one-tap elevator calling, community announcement broadcasting, and intelligent speech recognition dialing to enhance the intelligence of building environments.

4. Smart Office Scenarios



The Company continuously upgrades its interaction and audio-visual technologies, with AI large models as the core engine, and enriches intelligent functions such as voice tracking, real-time subtitles and interactive Q&A, building a dual competitive barrier of "hardware + software". A series of upgraded products enhance the customer experience in the education and conference markets through efficient and autonomous interaction.

5. Medical Intercom Scenarios



Keeping pace with the development trend of smart hospitals, the Company deeply integrates with hospital information systems to realize real-time interconnection and closed-loop management of business data, providing digital support for improving nursing quality and building harmonious doctor-patient relationships. It has built a full-process medical intercom solution that integrates functions such as one-click medical call and high-definition audio & video intercom, improving the response efficiency of medical staff and patient satisfaction. With precise nursing positioning, it optimizes the allocation of nursing resources and workflow. Meanwhile, the Company has launched an ICU remote visitation and bedside interaction system, which meets family visitation needs while effectively reducing the risk of cross-infection.

6. New Energy Field



The Company continues to deepen its presence in the new energy charging pile sector, launching a variety of innovative products compliant with EU standards, national standards and other specifications for both domestic and overseas markets, establishing a full-scenario product matrix. Relying on its integrated charging and parking solution, it realizes a closed-loop perception of vehicle parking management, charging management and station operation through edge computing integration, strengthening its one-stop service capability and continuously delivering a superior user experience that is safer, smarter and more convenient.

3.2 Intelligent Computing

Focusing on the deep integration of large models and AIoT, the Company has built a full-stack intelligent computing system covering industry-specific agents, public cloud services, MaaS intelligent hubs, and intelligent computing infrastructure.

To address the differentiated needs across multiple industries, the Company develops productizable and operable industry agents to realize a full-process closed loop from perception, analysis and decision-making to execution, providing scenario-based solutions for the intelligent upgrade of various sectors. It also advances the public cloud 4.0 architecture upgrade, constructs a large-model-native cloud foundation, continuously enhances global service capabilities, and deepens scenario applications and ecosystem openness. Furthermore, relying on the MaaS Intelligent Hub, the Company achieves collaboration between the view middle platform and data middle platform. With the Xinghan large-scale AI models as the core, it enhances multimodal capabilities and the service level of industry models. Through device-edge-cloud integrated computing scheduling, heterogeneous computing clusters, and multi-dimensional data storage, it provides high-performance, secure and reliable underlying support for the large-scale deployment of intelligent applications, and continuously drives the business transformation from project construction to capability operation.

3.2.1 Industry-Specific Agents

Against the backdrop of the rapid adoption of large models, the Company has forged an industry-specific development path distinct from general-purpose large models, based on its long-term accumulation in AIoT and security sectors. By deeply integrating industry knowledge, scenario

workflows, and multimodal perception capabilities, the Company has built a productizable and sustainably operable industry agent system that closes the full business loop. It delivers end-to-end empowerment spanning perception, analysis, planning, decision-making, and execution, accelerating the development of industry agents and reshaping the software value space.

3.2.1.1 Capability Positioning

With natural language interaction as the entry point, the industry agent understands business semantics and invokes the capabilities of the view middle platform and data middle platform to complete cross-system tasks such as alarm linkage, event analysis, statistical analysis, and policy orchestration. For complex scenarios, the system supports the parsing of multiple data types including video views, IoT sensing data, business texts, and alarm events. Combined with domain-specific knowledge bases, it achieves retrieval augmentation and context constraint, improving understanding accuracy and decision-making reliability. Building on its traditional video IoT solutions, the Company has integrated the capabilities of the Dahua V/L/M series large models to form an agent product system with decision support, workflow collaboration and automatic execution capabilities, continuously improving usability and deployment efficiency in complex scenarios.

3.2.1.2 Build Path

Grounded in scenario-based business rules, the Company combines the understanding and reasoning capabilities of large models to upgrade the business model from perception and alarm to a full-process closed loop featuring continuous perception, intelligent analysis, strategy planning, and decision execution. Through the collaboration of a unified intelligent middle platform and industry-specific vertical agents, the Company has built an industry business orchestration system covering rules, models, tools, and interfaces, supported by a complete policy management mechanism. This realizes a closed loop of policy formulation, gray release, version rollback, and effect evaluation. By reusing reusable capability modules, it improves platform reusability and delivery efficiency, and accelerates the transformation from project-based construction to capability-oriented operation.

3.2.1.3 Multi-level Coordination

Centered on industry-specific agents, the Company has built a multi-level architecture featuring collaboration among the center, edge, and terminals, forming a cloud-edge integrated intelligent decision-making and execution system. On the central side, it is responsible for unified orchestration and global scheduling, focusing on multi-source data fusion, intelligent agent control, situation analysis, and cross-domain collaboration, supporting visual orchestration of workflows and policies, as well as lifecycle management of models and plugins, and exposing capabilities to upper-layer applications via API, SDK, and componentized services. On the edge side, it provides lightweight execution capabilities for scenarios such as stations, parks, and intersections, enabling policy delivery,

on-site execution, and result feedback. It ensures the continuous operation of key tasks even under network fluctuations. On the terminal side, it undertakes interactive perception and on-site feedback, realizing cross-level data connectivity and policy linkage with the center and edge, thus improving service response speed and the integrity of execution closed-loop.

3.2.1.4 Key Technical Capabilities

Knowledge base: Build a domain knowledge base around industry knowledge, standards documents, response plans, and historical cases, and—combined with retrieval augmentation and evidence citation mechanisms—provide traceable, explainable knowledge support for intelligent agents.

Industry business orchestration: Centered on industry processes, it unifies the orchestration of rules, models, tool calls, and human nodes, supports cross-system collaborative task execution, and shortens the implementation cycle from requirements to deployment.

Policy management: Establish full lifecycle management capabilities for policies, covering policy design, version control, canary release, rollback, and effect evaluation, ensuring continuous optimization and stable operation of policies.

Visualized process orchestration: Configure task links, trigger conditions, and execution paths through graphical workflow, lowering the development threshold for complex processes and improving business and technical collaboration efficiency.

Multi-type data parsing: The system performs unified parsing of multi-source data such as video views, IoT sensing, business text, and alarm events, carries out structured extraction and semantic alignment, and enhances understanding and analytical capabilities in complex scenarios.

Open capabilities: Expose model, data, process, and strategy capabilities externally in the form of APIs, SDKs, and componentized services to support rapid integration of upper-layer applications and ecosystem expansion.

3.2.1.5 Industry implementation

The Company focuses on key industries including public security, urban governance, transportation, park management, and energy security. It combines the capabilities of the center, edge, and terminals on demand to adapt to industry workflows and build differentiated competitive barriers. The business model has been upgraded from one-off project and platform delivery to sustainable iterative industry-specific agent products and services, driving an increase in the proportion of recurring revenue such as software services, agent services, and O&M services, continuously optimizing the profit structure and improving the quality of medium- and long-term business growth.

Case 1: Traffic management Agent

The "Human-Machine Collaborative Intelligent Agent for Traffic Management" uses natural language interaction as its unified entry point. Covering the full process of traffic police command, law

enforcement, hazard detection, and daily management, it integrates video surveillance, signal control, alarm platforms, business systems, and data middle platform to realize "one-sentence command and automatic multi-system linkage". Manual switching across multiple systems is transformed into platform-level automated capabilities. The intelligent agent can, based on historical incident and case databases, perform pre-identification of high-risk road segments and hazard points. It can also complete multi-level data aggregation and trend analysis for queries such as "accident volumes and trends" in seconds, compresses data collection and reporting that previously took over 0.5 working days to seconds, and improves statistical and report preparation efficiency by approximately 10 times. For technologically underdeveloped areas such as rural regions, the agent supports one-sentence deployment and zero-code configuration for key illegal acts. Combined with real-time early warning and road-side linkage, it effectively curbs the high incidence of fatal accidents and drives the upgrade of traffic management business to full-domain proactive governance.

Case 2: Production Safety Agent

In high-risk scenarios such as industrial parks, industrial and trading operations, hazardous chemicals, energy and petrochemicals, coal, and blasting, the Safety Production Intelligent Agent is centered on large-scale AI models. It integrates computer vision, natural language processing, and knowledge graph technologies to build an end-to-end governance system that covers risk identification, intelligent assessment, closed-loop rectification, and decision support. With "AI Snapshot for Hazards" function, frontline personnel can complete hazard identification and category determination in seconds simply by taking on-site photos with mobile phones, while simultaneously receiving rectification suggestions and corresponding regulatory provisions, realizing an integrated "diagnosis + prescription" service. Supported by multimodal capabilities, the system covers six major sectors including industrial and trade, hazardous chemicals, construction, fire control, and gas, and automatically identifies more than 20 typical risk scenarios, significantly lowering the threshold for hazard detection. In terms of governance processes, the agent can automatically generate structured rectification work orders to enable an online closed-loop management of inspection, rectification and review. By linking with IoT sensors and video surveillance, it realizes real-time detection and early warning of violations, upgrading hazard management from passive recording to proactive early warning. The system embeds a knowledge base of laws and regulations, industry standards, and enterprise operating procedures, and supports natural-language Q&A. It provides management and frontline staff with 24/7 "AI safety expert" services and closes the "last mile" in safety knowledge.

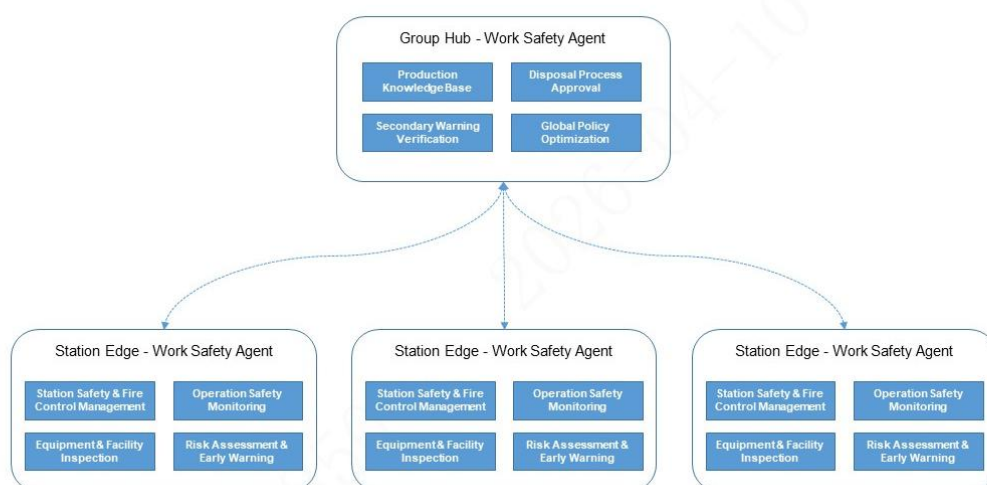
Case 3: Natural Resources Supervision Agent

In scenarios such as forest fire prevention, water conservancy facility monitoring, fishing bans, and illegal construction inspection on national land, the "Human-Machine Interaction Agent for Resources Supervision" integrates video surveillance, IoT sensing, satellite remote sensing, meteorological data,

and law enforcement systems to build a fully closed-loop supervision system. The system can automatically schedule the optimal algorithm combination for different scenarios to form a scenario-specific model matrix, reducing the adaptation cycle for long-tail scenarios from weeks to days and improving the detection rate of early-stage smoke, subtle leakages, and illegal fishing activities. With adaptive recognition in complex environments and dynamic resolution optimization, the system maintains high accuracy even in backlight, rain, fog, and low-light night conditions. It also reduces false alarms by using rule and shielding frames, improving the alert accuracy in effective monitoring areas. At the business collaboration level, the intelligent agent builds a capability matrix of "target localization + attribute filtering + closed-loop handling." It can automatically identify target types, calibrate positions, and generate traceable records in scenarios such as construction vehicle supervision, forest fire prevention, fishing ban enforcement, and territorial patrol. The system also automatically filters non-alert targets such as law enforcement vessels, sanitation vessels, registered construction vehicles, and forest rangers, and significantly reduces ineffective dispositions.

Case 4: work safety in new energy power generation

The Company has built a two-tier Agent collaboration system with a tiered mechanism of edge-side real-time handling and hub-side centralized analysis that balances response efficiency and decision quality. Through result feedback and knowledge iteration, the system forms a closed loop of "disposal, review and optimization", continuously improving the stability and intelligent level of work safety for new energy power generation.



Edge safety production Agent is deployed on-site at wind-solar power plants, energy storage power stations, and other sites, undertaking high-frequency tasks such as people-and-vehicle access control, machine-room environmental and operational monitoring, and patrols for hidden hazards of fans and photovoltaic arrays, and can identify anomalies in real time—meter overload, intrusion into dangerous areas, flame and smoke, personnel falls—and trigger graded alarms; in network-disruption scenarios it can still operate autonomously offline to ensure production continuity. The central safety production

Agent is deployed at the group's headquarters and regional subcenters to conduct second verification of complex scenarios and challenging alarms—such as dense fog in mountainous areas and glare from photovoltaic panels—relying on multi-source data fusion and a safety production knowledge base to provide handling recommendations, improve judgment accuracy, and reduce false alarms. The central agent also continuously learns from the false alarms and disposal data at the edge side, driving synchronized upgrades of the model and knowledge base to achieve "higher accuracy and greater intelligence with continuous use".

3.2.2 Public Cloud Services

Amid the rapid development of the digital economy, the value of data as a key production factor continues to grow, bringing historic development opportunities to the cloud computing industry. As the core pillar of the company's digital and intelligent transformation, the Dahua Public Cloud business is anchored on the integrated development direction of "large model + IoT + cloud", has completed a comprehensive upgrade to the 4.0 architecture, and has built a full-stack, intelligent, globally collaborative Cloud Service system, achieving a strategic leap from "device connection management" to "data-intelligence enablement" and becoming a key force in driving digital intelligence upgrade across industries.

3.2.2.1 Upgrade of Core Capabilities

1. Technological innovation: building a large model-native cloud foundation to strengthen intelligent competitiveness

The Company deeply integrates large model technology into the full cloud service lifecycle and constructs a full-stack architecture of "cloud foundation – development platform – application layer".

(1) IoT Cloud Foundation Platform 4.0: The Company fully embraces large-scale model and IoT low-code development technologies. On the basis of the existing capability middle platform, it adds a technology middle platform, productizes the technology pedestal, and builds an efficient, intelligent, global IoT cloud foundation platform:

Technology middle platform: focuses on the multi-cloud global distributed framework, builds a digital immune system and large model foundation capabilities, and consolidates "Dahua Public Cloud"s technological leadership; Business middle platform: deepens domain models for IoT businesses, builds a value-added service business foundation, and forms a middle-platform capability system to empower business development; IoT middle platform: establishes a global device access system supporting tens of millions of concurrent devices, and enables rapid integration and unified management of third-party devices through low-code and visual configuration. Cloud-edge-device intelligence middle platform: Constructs an open platform for IoT large models and a multi-agent development collaboration framework, realizes integrated intelligent scheduling and collaboration

across cloud, edge and devices, and accelerates the implementation of AI capabilities in IoT scenarios. Data middle platform: develops data mining agents and visual intelligent development capabilities. Operations middle platform: establishes intelligent decision-making for business analysis and a global value-added operation system; O&M middle platform: deploys global intelligent O&M and one-click automated deployment and recovery.

(2) Intelligent upgrade development platform: The company deeply integrates large model capabilities, comprehensively upgrades the five Dahua AIOT Studio development platforms, and builds a complete "low-code + large model" agile development system:

The Huada low-code product development platform covers full-scenario application development for mini-programs, web, apps, and H5. It relies on low-code and large-scale model technologies and enables one-click application generation and release, empowering partners to rapidly and cost-effectively build ecosystem applications. The Yinhe low-code IoT development platform achieves seamless integration of large-scale models and IoT protocols, supports natural-language interactive querying and intelligent analysis of device data, and greatly simplifies generic device onboarding processes. The AI Model Studio provides visual model tuning tools, supports zero-code industry model adaptation, and enables modular assembly of multimodal capability modules. The Beidou DevSecOps platform integrates an AI operations assistant for intelligent log anomaly recognition, fault prediction, and automatic generation of repair plans. The Suda component integration platform opens a large-scale model API marketplace and supports rapid integration of multimodal recognition, intelligent encoding, and other capabilities, significantly improving R&D efficiency.

2. Service upgrade: closer to customer needs, empowering in-depth scenario implementation

Upholding the customer-focused service philosophy, the Company promotes the deep integration of cloud services with frontline businesses to realize the rapid transformation of "technology – scenarios – value".

(1) Precise empowerment in the domestic market: Focusing on the pain points of digital and intelligent transformation for small and medium-sized enterprises, the Company integrates large model technologies into scenario-based services. With efficient software engineering capabilities, it rapidly responds to emerging industry demands and achieves precise matching between business innovation and scenario implementation.

(2) Overseas market localization and adaptation: Based on the industry characteristics and compliance requirements of different regions worldwide, optimize the service system for the DoLink series products, provide multilingual intelligent services and customized deployment solutions, lower the application threshold for overseas customers, and accelerate global business rollout.

3. Ecosystem co-construction: open collaboration for shared industrial value

Continuing the ecological philosophy of "solution co-creation, product co-development, and capability sharing", we are building an open ecosystem centered on large models:

(1) Opening the capabilities of the IoT intelligent cloud foundation: The Company fully opens core resources such as AIoT access, large-model intelligent analysis, and low-code development tools to ecosystem partners, enabling them to rapidly build industry-specific intelligent applications based on their own scenario requirements.

(2) Establishing a joint R&D mechanism: The Company collaborates with ecosystem partners to advance technological innovation of large models in vertical sectors, jointly developing solutions tailored to industry demands, so as to achieve complementary ecological resources and value co-creation.

(3) Build a cloud ecosystem application marketplace that aggregates intelligent applications developed by partners, creating a win-win pattern of "mutual resource promotion and mutual customer referral," while carrying out regular ecosystem technical training to enhance partners' large model application development capabilities, forming an ecosystem development situation of "collaborative R&D, efficient implementation, and shared growth."

3.2.2.2 Core Product Matrix

Based on the 4.0 cloud Pedestal and large model technologies, the company has built a "domestic deepening + overseas expansion" product matrix:

1. Products for the Domestic Market

(1) Dahua CloudLink: With the core strategy of "devices online, users online, and services online", this product realizes cloud-based management of massive IoT devices and establishes a one-stop cloud service platform covering video surveillance, intelligent access control, attendance management, video intercom, visitor systems, and alarm linkage. At the same time, it actively promotes the scenario-based application and intelligent upgrading of AI large model technologies. Through scenario-specific solutions, it helps small and medium-sized enterprises improve operational efficiency, strengthen security protection, and optimize management processes.

(2) DoLink Enterprise: DoLink Enterprise deepens its focus on the industry SaaS track and integrates the core capabilities of "large model + large video." It upgrades core modules such as AI store inspection and intelligent alarm to deliver product display compliance detection, customer behavior analysis, and intelligent service quality assessment. The platform has also enhanced enterprise group management, cloud-edge convergence, and integrated EV charging-parking modules, provides refined services to address differentiated enterprise requirements, and drives the transition of enterprise operational management toward greater precision and efficiency.

(3) Dahua cloud developer platform: Geared towards ecosystem partners, the platform fully opens up diverse technical resources such as AIoT access, large-model intelligent analytics, and Huada low-code development tools, accelerating the deployment and popularization of large model technologies across various sectors. At the same time, together with ecosystem partners, it deepens engagement in vertical scenarios such as entertainment and elderly care, jointly develops industry solutions, and builds a cloud ecosystem application marketplace, efficiently driving the co-creation and win-win realization of commercial value.

(4) Dahua easy installation: Focusing on the critical product commissioning process, the solution optimizes tool design with professional and streamlined workflows to significantly improve commissioning efficiency, accelerate project deployment and delivery, and provide partners with higher-quality, more efficient support.

2. Product System for Overseas Markets

(1) DoLink product series: provides comprehensive enablement to global enterprises and developers, and is committed to building a precise, intelligent, and convenient one-stop Cloud Service platform. With device connectivity, solution implementation, and ecosystem collaboration as core drivers, the series deeply integrates diverse capabilities including cloud-based video management, device operation and maintenance, data communication networks, wireless alarms, video intercom, access control and attendance, as well as chain operation. It builds one-stop AIoT solutions covering multiple scenarios, helping overseas enterprises achieve refined process control, optimized operational costs and maximized transformation efficiency, and accelerating their progress toward a new level of lean operation.

(2) Overseas cloud developer platform: With DoLink as its core platform, the Company provides developers with comprehensive AIoT capabilities, full open support for alarm operations, and efficient online development and debugging tools. This enables ecosystem partners to rapidly build their own platforms, achieve efficient business collaboration and fast market expansion, extend their services to end users, and fully unlock the value of ecological channels.

(3) Rapid deployment toolchain: Targeting overseas installer communities, it simplifies configuration processes, lowers technical barriers, and improves project delivery efficiency, providing solid support for overseas business implementation and facilitating global market expansion.

3.2.2.3 Scenario Deepening and Business Expansion

Based on the core needs of small and medium-sized enterprises in their digital and intelligent transformation, the Company takes "in-depth scenario penetration + value-added business innovation" as dual drivers, promoting the transformation of public cloud business from "basic service provision" to "value service creation". Meanwhile, it expands its global market presence to achieve quality and efficiency improvements across its entire business scope.

1. Scenario deepening: precisely adapt to requirements and develop lightweight intelligent solutions

Building an empowerment system of "industry scenarios + lightweight products + precise services":

(1) Comprehensive coverage of segmented industry scenarios: The Company has achieved deep penetration into high-frequency scenarios such as chain retail, small and medium-sized manufacturing, micro and small enterprise offices, community services, schools, and construction, and has created scenario-specific intelligent solutions. In chain retail, the Company integrates large-scale AI model-driven product display detection, customer behavior analysis, inventory intelligent early warning and other functions to help stores optimize operational efficiency. In SME manufacturing, the Company focuses on production safety and equipment operation and maintenance, and provides lightweight video surveillance intelligent analysis, equipment anomaly prediction and other services to reduce production safety risks. In micro and small enterprise offices, the Company integrates intelligent attendance, access control management, remote collaboration and other basic functions with AI intelligent customer service, automated data report generation and other value-added capabilities to address daily operational and efficiency improvement needs.

(2) Lightweight product adaptation: Launch modular, configurable Cloud Service packages that allow customers to flexibly choose core modules such as device access, data storage, and intelligent analytics according to their scale and scenario needs, avoiding redundant feature investments and achieving a cost-effective start to digitalization and intelligent upgrades.

2. Value-added service innovation: unlocking data value and expanding service boundaries

Developing diversified value-added services to extend from "basic cloud services" to "full-lifecycle value services":

(1) Intelligent data analysis services: The Company provides standardized data insight services, conducts in-depth analysis of equipment data and business data based on large models, and generates operation optimization reports, risk early warnings, customer profile analysis, etc., to support scientific decision-making for enterprises.

(2) Ecosystem value-added service linkage: The Company joins hands with ecosystem partners to launch bundled packages of "cloud services + hardware + value-added applications", covering intelligent hardware access, cloud storage, industry application plug-ins, etc., forming a one-stop procurement and service closed loop and enhancing customer stickiness.

In 2026, the Company will continue to leverage the architectural advantages of native large models in its public cloud business, focusing on three core directions: First, strengthening large model technology innovation to enhance multi-modal fusion, low-sample learning, and lightweight deployment capabilities, adapting to more vertical industry scenarios; Second, expanding the "Model-as-a-Service" business model, launching more industry-specific intelligent service packages to enrich

the product and service matrix; Third, deepening global ecosystem collaboration, improving the openness and compatibility of the cloud foundation, supporting partners in joint R&D in cutting-edge fields such as large models and digital twins, and driving ecosystem cooperation from "quantitative accumulation" to "qualitative leap".

3.2.3 MaaS Intelligent Hub

The MaaS intelligent hub consists of the view middle platform and the data middle platform. The view middle platform focuses on the closed loop of data, algorithms, training, and inference, transforming cross-scenario view data into reusable algorithm and model capabilities, and converting models into scalable real-time inference through edge-cloud collaboration. The data middle platform is oriented to the unified aggregation and standardized governance of multi-source heterogeneous data, establishing a data lake and asset catalog to form reusable data assets, features, and knowledge supplies, while supporting urban governance and enterprise digital intelligence applications through service-oriented interfaces.

These two middle platforms operate in synergy, taking view data as the core, connecting the entire link of collection and access, governance and processing, fusion modeling, and service provision, and opening up the value transformation path from data elements to intelligent applications. On the one hand, the Company builds Dahua-distinguished industry Model-as-a-Service (MaaS) capabilities. Based on the technical foundation of the Xinghan large-scale AI models and profound industry knowledge accumulation, it promotes the evolution of model capabilities from multimodality (M) to full-modality capabilities centered on video (V), integrating multimodality (M) and language (L), so as to establish a cognition and interaction system more tailored to industry scenarios. On the other hand, strengthen the middle platform's aggregation capabilities to build an intelligent central platform with unified access, unified scheduling, and unified services. It deeply integrates view intelligence and data intelligence, integrates large model inference and training frameworks, intelligent task orchestration engines, and unified dataset management capabilities, and constructs a cloud-edge-end integrated intelligent scheduling system for algorithms and computing power. This realizes the optimal allocation and efficient utilization of global resources, and improves the overall decision-making and response efficiency.

3.2.3.1 Xinghan Large-Scale AI Models

At present, artificial intelligence technologies centered on large models are reshaping production factors, restructuring business models, and empowering industrial value with unprecedented depth and breadth, becoming a core engine driving the digital and intelligent transformation of industries. Faced with this major development opportunity, the Company remains committed to the innovative R&D of world-leading artificial intelligence technologies and actively promotes the industrial

application of large model technologies. Focus on large model technical directions centered on vision and multimodality, continuously upgrading large models to enhance visual cognition and image-text understanding capabilities. Build large model Infra capabilities and deeply optimize large-scale cluster management, training of large-parameter models, and efficient deployment and inference, substantially improving large model computational efficiency, shortening large model R&D and productization cycles, and enhancing product competitiveness. Build end-to-end large model engineering capabilities, moving from out-of-the-box standardized product delivery toward upgraded operational value. Deepen industry focus to strengthen industry-specific characteristics of large models, accelerate intelligent agent applications, and comprehensively establish a productized large model application system covering cloud, edge, and endpoints.

Looking ahead, as AI evolves from an auxiliary tool to autonomous task-executing agents, large models are shifting from the "training era" to the "inference era". In this process, a large number of inference tasks will be deployed from the cloud to edge and end devices, promoting balanced computing power distribution and fostering a huge market for edge and end-side inference products. The Company will keep pace with the wave of technological evolution, continuously strengthen its forward-looking layout in lightweight models, edge-side inference engines, software-hardware collaborative optimization and other fields, and actively seize the structural opportunities brought by the new technological wave.

3.2.3.1.1 Upgrade of Capabilities

In 2023, the Company launched the Xinghan large-scale AI models, which centers on visual analysis and integrates multimodal capabilities. It took the lead in applying the model in urban governance and the electric power industry. Through industry practices, a complete large-model computing framework was developed, promoting the deployment of more industry-specific large models. In 2024, the Company fully upgraded the Xinghan large-scale AI models and launched the V series large model with vision as the core, the L series large model with language as the core, and the M series large model with multimodality as the core. In 2025, the Company continued to upgrade its three major model series (V, M, and L), focused on core technologies for industry agents, and built differentiated competitive advantages for the Xinghan large-scale AI models. It further deepened the integration of large models with industry operations and value realization, and promoted large-scale productized applications of large models.

1. Upgrades of the Three Major Model Series: V, M, and L

Visual large model (V series): Vision analysis capabilities have continued to evolve, technically breaking through the limitations of traditional single-frame image analysis and taking the lead in entering the new stage of multi-frame temporal joint analysis. This enables more continuous and accurate understanding of dynamic scenes, with perimeter capture distance improved by 50%+ and

false fire/smoke alarms reduced by 80%+. At the same time, the vision large model has further improved its full-scene understanding capability. It now supports accurate classification of more than 100 segmented scenarios and features scene-adaptive algorithm matching, which can automatically recommend the optimal algorithm scheme according to the scene. This enables true one-click algorithm deployment, greatly simplifying engineering implementation. A deeper breakthrough lies in the universality of scene cognition. Benefiting from its full-scene understanding capability, the large model has freed itself from the reliance on complex rules in traditional vision solutions. Take illegal parking detection as an example. Traditional algorithms require manual pre-definition of no-parking zones, whereas the vision large model can automatically identify parking areas in road scenes based on contextual understanding, enabling the function without rule configuration.

Multimodal large model (M series): The Company advances multimodal capability enhancement, shifts requirements from personalized to general-purpose, shortens development cycles, and enables new image-and-text prompting features. Combined with zero-shot learning technology, the model rapidly completes algorithm performance optimization and achieves a shift from recognition to understanding. Breakthrough in visual cognition capabilities: using video sequences to recognize 12 types of complex behaviors, such as fighting, carrying weapons, and pulling banners, etc. With enhanced multimodal capabilities, the application value of multimodal data collaboration has been expanded. A self-developed VL model has been added for functions including text-to-image search and partial image search. While maintaining its general capabilities, the model has enhanced industry-specific attributes, enabling accurate detection of scenarios such as pickup trucks carrying passengers, bus overloading, and distracted driving.

Large language models (L series): By deeply integrating industry knowledge bases and data, it has greatly improved cognitive depth and semantic understanding accuracy in professional fields, realizing the transformation from human-machine interaction to human-machine collaboration. It not only excels at high-level cognitive tasks such as knowledge-enhanced retrieval and complex intent understanding, but also enables new workflow automation. Through chain-of-thought reasoning, it decomposes tasks, schedules intelligently, executes autonomously, and finally delivers actionable results.

2. Integration of large models with industry agents to accelerate technological evolution and breakthroughs

Shifting from individual intelligence to swarm intelligence, achieving a paradigm breakthrough in multi-agent collaboration. The key to multi-agent collaboration lies in the evolution of agents from independent tools into a dynamically orchestrated, autonomously cooperating expert team. By simulating social division of labor, multiple agents form temporary task-oriented teams to realize distributed perception, parallel decision-making, and result negotiation. This overcomes the limitations

of single models in complex scenarios, such as difficulty in task decomposition, professional constraints, and parallel bottlenecks. It drives AI from processing discrete instructions to managing planar and systemic engineering, providing a core path for building large-scale, self-organizing digital operation systems.

From private interfaces to universal protocols, the paradigm of agent connectivity is being redefined. The mode of interaction between agents, external tools, and data sources has shifted from customized, tightly coupled private integration to loosely coupled, declarative connections based on standardized protocols. This upgrade essentially establishes a universal socket standard for the agent ecosystem. It uniformly encapsulates heterogeneous back-end systems (databases, business software, IoT devices, etc.) into securely callable, standardized services, significantly reducing integration complexity and security risks while breaking down data silos and tool silos. Its core value lies in the efficient decoupling of the agent cognition layer from the industry execution layer, allowing agents to uniformly invoke various capabilities without concerning themselves with underlying implementation, thereby accelerating deployment and large-scale application.

From cognitive suggestions to autonomous execution, long-term memory, and evolving action capabilities. The role of agents has evolved from providing analysis and recommendations to digital employees with long-term memory, state retention, and the ability to proactively modify the external environment, marking a critical leap from thinking to acting. Through externalized memory mechanisms, agents can learn user preferences and accumulate task context across individual sessions. Combined with secure control over environments such as operating systems and application software, they translate internal decisions into orderly external actions, completing a full closed loop from perception, planning, and decision-making to execution. Its core value is to equip agents with unified cognitive and actionable digital productivity, freeing people and enterprises from repetitive, rule-based digital operations. It enables independent management and around-the-clock execution of complex tasks, ultimately delivering on the value creation of artificial intelligence.

3. Building Differentiated Competitive Advantages for Large Models

Centered on vision and multimodality, we continuously enhance visual parsing and text-image understanding capabilities. Guided by the "small but sophisticated" design philosophy, the Company has restructured the vision model architecture. While maintaining accuracy in visual tasks such as object detection, classification, and scene understanding, the Company has significantly lowered the model's hardware computing requirements, endowing the vision large model with high-precision, low-latency real-time perception capabilities. Our model breaks through the limitation of traditional vision that can only "see images", and uses deep text-image fusion technology to equip vision with language-like comprehension. It can not only recognize more complex behaviors, but also perform logical reasoning based on context, resulting in more accurate text-image retrieval and achieving a qualitative leap from simple visual perception to multimodal logical reasoning.

We strengthen industry-specific attributes and accelerate the application and implementation of intelligent agents. While fully benchmarking the generalization capabilities of mainstream general-purpose models, the Company reshapes the extreme precision of industry agents in vertical fields. In terms of architecture, advanced Mixture of Experts (MoE) models and dynamic sparse activation technology are adopted, namely an on-demand invocation mechanism. The model itself possesses ultra-large-scale knowledge reserves, yet only a tiny number of key parameters are precisely invoked when processing tasks, significantly reducing inference costs. With respect to industry cognition, by learning extensive industry knowledge, the model has evolved from simply understanding instructions to comprehending business workflows. It can accurately decompose complex industry terminology and business logic, and perform structured extraction and correlation of key information, thereby achieving a high-value automation closed loop in real and complex industry scenarios.

We develop a domestic computing framework to improve the deployment efficiency of large models on domestic chips. Our self-developed "chip-operator-framework-model" computing framework establishes a unified model compilation toolchain, which is compatible with mainstream large-model technical architectures. This improves computing efficiency of large models on domestic hardware, shortens product adaptation cycles, and accelerates the rapid productization of the V/M/L series large models.

3.2.3.1.2 Infra Capability Development

In 2025, domestic large models are flourishing, with new models emerging continuously; to accelerate industry deployment of large models, the company has completed the construction of an Infra infrastructure system covering all scenarios for large models, fully covering the entire chain of large model training, inference, deployment, and adaptation, and strongly supporting the localization, industrialization, and productization of large model application deployments.

1. Large Model Training Infra Capability Development

For training, to meet the demands for efficient large model training and rapid iteration, the Company has built a full-stack training infrastructure. On the one hand, it has established large-scale computing power clusters, constructing large-scale, highly available training clusters based on heterogeneous computing hardware, supporting domestic computing power to ensure autonomous, secure, stable and reliable supply. On the other hand, it has developed an elastic distributed training framework that supports multi-node elastic scheduling and accelerated distributed training, effectively improving training efficiency and resource utilization. Meanwhile, it has built an integrated training and inference fine-tuning capability that enables efficient and secure on-site fine-tuning at customer premises,

realizing rapid adaptation of the model to industry scenarios and business requirements while ensuring data remains within the local domain.

2. Building Infra Capabilities for Large Model Inference

For inference, as large model capabilities improve, the demand for computing power and memory also increases correspondingly. Resource constraints become particularly prominent when deploying large models on edge chips to enhance performance and expand functions. To address this issue, we reduce the number of model parameters through model distillation, lower computing overhead with mixed-precision quantization, and further compress resource usage using structured pruning and sparsification while maintaining controllable accuracy. This enables large models to cover front-end devices with computing power above 2T, and continuously drives intelligence deployment on lower-computing-power devices.

High-end chip production capacity is constrained, and the pace at which industry inference chips evolve struggles to keep up with the rapid development of large-scale models. Native large-scale model deployments face the problem of relatively low chip compute utilization. To improve computing utilization, we select affinity operators and customize the ViT structure based on the characteristics of mass-produced chips, effectively resolving mismatches between model architecture and chips. After deploying the self-developed model, chip compute utilization increased by 30% while maintaining equivalent algorithm performance, which improves product competitiveness.

To provide customers with cost-effective domestic inference solutions, the Company has focused on domestic chip capabilities by developing operator fusion and equivalent operators, integrating multiple parallel strategies, and leveraging acceleration technologies such as prefix caching and multi-level caching, achieving deep adaptation to industry-standard domestic high-computing-power chips. After deployment optimization, the inference performance of large models has been improved by 10% compared with the native performance. At the same time, the high-performance adaptation cycle for new models has been shortened by 50% compared with the original chip platform, gaining a first-mover advantage for the productization and commercial deployment of large models.

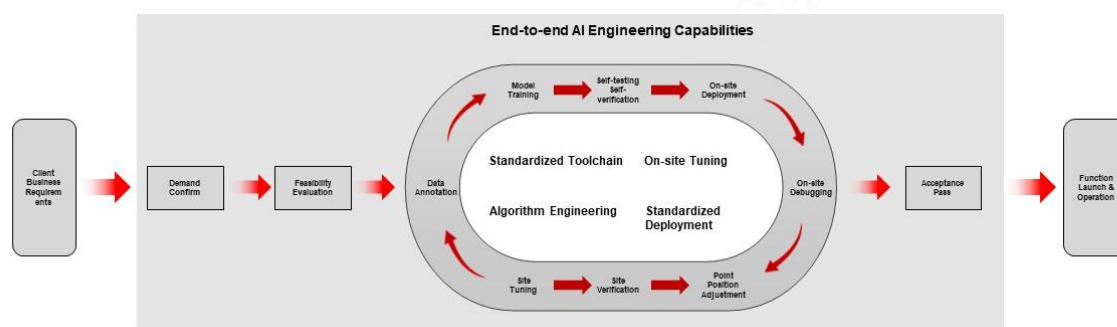
3.2.3.1.3 Engineering Capability Development

At present, with the advancement of large model applications, the application form of AI products is gradually shifting from out-of-the-box standardized product delivery to continuous service and co-creation of value. Customer needs are no longer limited to rigid AI deployment in fixed scenarios, but are evolving toward flexible AI adaptable to complex and volatile environments, which requires precise technical alignment with customers' dynamic business demands.

Unlike Internet-based large model companies, which serve a wide range of industries, developers and consumers with standardized and scalable demands that emphasize general capabilities with

minimal personalized customization, the Company operates in highly industry-specific and complex business scenarios. End-users in these sectors demand strict algorithm performance, with zero tolerance for errors in certain applications. Meanwhile, demands are widely distributed across long-tail scenarios, with scarce and hard-to-obtain training data. Additionally, for many industry users, the digital and intelligent transformation itself is highly exploratory. It is often difficult to clearly define scenario requirements at the outset, and there is often a process of building, testing, and adjusting simultaneously, which places high demands on the response speed to new needs and timely launch. Therefore, the traditional small-model development model and product-level delivery process can no longer meet the new requirements of industry development.

To address this, while continuously innovating in large-model technology, the Company focuses on building end-to-end engineering capabilities, promoting the transformation of algorithm models into stable, reliable, batch-deliverable products and services with commercial value. By pursuing extreme performance metrics and excellent user experience, we achieve an efficient connection from technological breakthroughs to commercial outcomes.



AI engineering refers to the full-process engineering practice of transforming AI algorithms from conceptual requirements into implementable, reusable, and maintainable practical products. It serves as the core bridge linking AI technologies with customers' business value, and is the key to achieving high-quality deployment of large model solutions. Therefore, the Company has built end-to-end systematic engineering capabilities in the following four aspects.

Developing a standardized and automated toolchain. As the core carrier of AI engineering, the Company has established a unified, automated full-link toolchain with standardized tools for model training, deployment, and iteration, enabling one-click training and one-click deployment. This reduces manual intervention and lowers operational barriers.

Enhancing algorithm engineering capabilities. The Company employs model lightweight technologies to enable rapid deployment and stable operation of models on low-computing-power devices. It has established a mechanism for algorithm reuse and rapid iteration by accumulating general algorithms. For different business scenarios, only parameter fine-tuning and a small number

of supplementary samples are needed to achieve rapid adaptation, thus shortening the algorithm development and delivery cycle.

Improving standardized deployment capabilities. The Company delivers proven standardized deployment solutions and documents tailored to different scenarios, ensuring consistency and accuracy in deployment methods. By automating and simplifying the deployment process to one-click operation, on-site debugging time is reduced and delivery efficiency is significantly improved.

Building on-site large-model fine-tuning capabilities. Leveraging zero-shot detection, zero-shot classification, VL large models and other algorithms, the Company performs incremental training and fine-tuning with a small amount of on-site data. Through simultaneous inference and training, model performance improves steadily, realizing an integrated training-inference system that efficiently and conveniently meets user performance requirements in a timely manner.

3.2.3.1.4 Industry Deepening

The Company remains committed to being driven by industry demands, continuously advancing large model technology iteration and innovation, strengthening its technological competitiveness, and deepening industry applications. First, through large model technology upgrades, we have achieved a leap from precise to extreme performance in visual analysis tasks, delivering an exceptional product experience for users. Second, by integrating multimodality, we have realized technological breakthroughs in image-text retrieval, visual question answering, behavior recognition, and other fields, continuously exploring new businesses and application scenarios across industries. Finally, we aggregate large model capabilities around industry demands, continuously enhance industry-specific features, develop robust industry large models, and accelerate the application of intelligent agents in various sectors.

During this reporting period, the Company upgraded its large model technologies in public security, transportation, urban governance, electric power, culture, education, healthcare, general parks and other industries, continuously improving and strengthening product performance in terms of functional richness, effectiveness and cost.

The **large model for the public security industry** reshapes public security operations from perception to cognition, and from understanding to execution. It supports complex behavior recognition and early warning, user-defined information retrieval, and natural language interactive intelligent agents. The complex behavior recognition and early warning large model understands subtle movements, related objects, and surrounding environmental information to realize complex behavior identification. It can accurately recognize 12 types of abnormal behaviors such as fighting, weapon carrying, and banner holding, with an accuracy improvement of more than 20% compared with small models. User-defined information retrieval, based on full-scenario information extraction and zero-shot learning, supports advanced and partial image search functions including text-to-image,

text-to-video, and text-to-behavior retrieval. It enables fast, user-customized information querying, greatly improving efficiency compared with the traditional manual review of massive video footage. Through on-site data collection and annotation, rapid algorithm optimization and new function development are achieved, improving development efficiency by 30% compared with traditional algorithm customization. The natural language interactive agent features strong understanding, accurate retrieval, and fast adjustment capabilities, reshaping software form and interaction modes. It supports data retrieval, knowledge Q&A, task orchestration, and other functions via natural language commands.

The **large model for the transportation industry** integrates the capabilities of three VML large models, strengthens vertical industry attributes, adapts to more application scenarios, and has been fully deployed in traffic management and transportation sectors. In the traffic management sector, we launched large model functions including text-based vehicle image search, partial vehicle image search, text-based deployment control, and event early warning. These support the retrieval and early warning of low-probability events such as damaged traffic facilities, motorcycle wheelies, and trucks carrying dangerous goods. The system supports user-defined early warning categories via text, such as overloaded trucks without tarpaulin covers and pickup trucks carrying passengers illegally, with an early warning accuracy rate of over 95%, efficiently meeting users' personalized requirements. In the transportation sector, focusing on expressways, national and provincial highways, the Company has continuously upgraded its traffic vision large model and multimodal large model. Event detection rate under severe weather such as rain, snow and fog has increased by 20%, and nighttime event detection in non-light or low-light environments has been significantly enhanced. The overall accuracy of all-weather event detection under severe weather and nighttime conditions reaches above 95%, with ultra-low latency and second-level response for event alerts. To address user pain points, the collaboration of large and small models has reduced invalid alarms by 70%, greatly easing the alarm handling workload for frontline personnel. Regarding the generalization capability of large models across industries, new functions such as road disaster and road defect detection have been added, expanding businesses including hidden danger detection and road maintenance inspection.

The **large model for the urban governance industry**, centered on "accurate identification and intelligent upgrading", deeply empowers refined urban management and helps regions improve their AI governance capabilities. In 2025, the model was upgraded and iterated. On the one hand, more than 10 high-frequency essential functions were added, covering core areas such as city appearance order, public facilities, and environmental safety. Overall performance was improved by 10%, and operating efficiency better meets the real-time processing demands of complex urban scenarios. On the other hand, algorithm accuracy was optimized to address business pain points. The average accuracy of commonly used functions such as out-of-store operation and mobile vendors increased by more than 5%, effectively reducing manual review costs. For challenging scenarios, the accuracy

of five functions including manhole cover missing detection and tree collapse detection has improved by more than 7%, providing stronger support for urban appearance management and public facility maintenance. In terms of scenario coverage, the model has been adapted to more than 20 mainstream scenarios such as urban streets, residential communities, water banks, construction sites, municipal squares and subway entrances, and can flexibly handle environmental differences across various scenes. Meanwhile, the point-location governance algorithm continues to be expanded and optimized. It now supports more than 100 refined point-location scenarios, such as dead corners in old communities, core sections of commercial districts, urban-rural fringe areas and other special locations. Equipped with an intelligent recommendation engine, it can automatically match the optimal functional configuration scheme based on the scenario characteristics and management requirements of each point-location, reducing manual debugging costs.

The **large model for the electric power industry** focuses on the intelligent needs of energy scenarios. Through continuous iteration and upgrading, it has built a full-link AI capability foundation to provide precise support for core links such as power generation, transmission, substation, distribution and new energy power stations. The large model for the power industry continuously iterates and upgrades around the full-chain needs of power production, and currently supports recognition of more than 80 core functions, including meter readings, engineering truck recognition, and photovoltaic defect detection, enabling one-stop support for multidimensional business needs such as power operation and maintenance, safety supervision, and energy efficiency management; to overcome recognition bottlenecks in complex environments, the large model uses synthetic data augmentation to generate highly realistic simulated data for supplementary training and, combined with multimodal algorithmic innovations, substantially improves generalization in complex environments, with overall recognition average accuracy increasing by more than 5% and accuracy for key tasks such as meter readings and smoke and fire monitoring surpassing 95%. At the hardware adaptation layer, the large model has completed full-scenario deployment compatibility optimization and is fully compatible with a variety of domestic AI chips used in the central cloud, edge nodes and front-end cameras. In practical application, it has been successfully deployed in power projects in Guizhou, Qinghai and other regions, facilitating the industry's transformation from manual inspection-dominated mode to intelligent operation and maintenance-dominated mode, and comprehensively improving the intelligent operation and maintenance level of the power industry.

The **large model for the culture, education and healthcare industry** targets public service sectors including education, culture, tourism and medical health. By integrating multimodal perception and semantic understanding technologies, multiple large models have been launched to enhance the intelligent level of safety management and governance. The multimodal fusion intelligent recognition large model integrates visual, semantic and other multimodal perception technologies to achieve precise responses to safety and governance requirements in diverse scenarios. In campus security

scenarios, functions such as knife carrying detection, fighting identification, and solo loitering behavior analysis are realized, with the average recognition accuracy improved by more than 20%, serving more than 40 university projects. In scenic area security scenarios, over 20 types of behavior detection are implemented, including passenger flow monitoring, drowning risks, illegal fishing, mobile vendors, and queue congestion, which have been successfully applied to more than 10 well-known scenic spot projects. In medical security scenarios, the large model enables potential behavior recognition in key scenarios. The text-based search scheme covers targets such as pedestrians, non-motor vehicles and motor vehicles, reducing multi-model deployment and O&M costs by 80%. It has been successfully applied to more than 10 projects in Beijing, Shanghai and other regions.

The **large model for the general park industry**, with "intelligent analysis, efficient interaction, and dynamic decision-making" at its core, deeply drives the upgrading of park management from "passive response" to "active service". The model relies on full-element intelligent analysis technology to perform multi-dimensional feature extraction and correlation analysis on core elements such as people, vehicles and objects in the park, providing data support for subsequent intelligent services and scheduling. In terms of interactive experience, natural language interaction is realized through text search, greatly improving the efficiency of vehicle, personnel and object search. For scenarios with dense crowds and complex environments in the park, the model optimizes the object recognition algorithm, boosting overall recognition efficiency by 20% and enabling precise target positioning under blurred conditions. Even with imprecise and fragmented descriptions, it achieves accurate positioning with an accuracy rate of over 95% through multi-dimensional data correlation and intelligent reasoning. At the operational scheduling level, the model is equipped with an intelligent assistant that allows managers to issue scheduling commands via natural language. The large-model intelligent assistant executes commands to complete park scheduling, significantly improving traffic efficiency and effectively alleviating congestion. The model deeply integrates digital twin technology to build a dynamically evolving "digital mirror" of the park. It converts real-time data on pedestrian flow, vehicle flow, equipment operation and energy consumption into 3D visual scenarios, enabling managers to intuitively monitor park operations and support data-driven decision-making.

3.2.3.2 View Middle Platform

Centering on the view middle platform, the Company has built a visual intelligence capability system for the implementation of large models and industry agents. With a unified visual perception and analysis foundation as its core, it integrates the full chain of data governance, algorithm empowerment, model training, intelligent inference and business orchestration, forming a closed-loop mechanism from capability generation and effect verification to continuous evolution. This provides a reusable and extensible technical foundation for business intelligence.

At the data and perception layer, the view middle platform integrates cross-scenario and cross-terminal visual data resources. Through standardized access, cleaning and feature extraction, a unified data asset pool is formed. It deeply fuses video signals with radar, IoT sensing and other multi-dimensional data to build comprehensive perception capabilities for people, vehicles, structured objects, behavioral events and environmental conditions, improving recognition accuracy and understanding depth in complex scenarios.

At the algorithm and training layer, the platform relies on the algorithm warehouse and training center to accumulate standardized algorithm capabilities, supporting modular encapsulation, versioned management and rapid invocation to meet the demands of multimodal perception and complex scenario analysis. Meanwhile, the model is continuously iterated through zero-shot generation, built-in training of small models, fine-tuning of large models and other methods. Business operation feedback is integrated into the optimization process, enabling the model to become increasingly accurate and stable in performance with continuous use.

At the inference and orchestration layer, the view middle platform supports classified and graded scheduling as well as cross-business collaboration for tasks such as people, vehicles, structured objects and behavioral events through a unified task scheduling and multi-algorithm orchestration platform. A secondary verification mechanism is introduced to ensure stable and reliable results. Well-trained models can perform efficient inference in diverse environments including devices, edge and cloud, supporting low-latency and high-concurrency processing, enabling visual capabilities to stably serve complex business processes.

At the full-stack support and ecosystem layer, the platform is built on an integrated computing power scheduling engine, compatible with heterogeneous chips and diverse resources. It improves resource utilization through computing power pooling, topology awareness, affinity reuse, and load balancing, and enables device-edge-cloud collaboration via unified southbound protocols and northbound interfaces. For ecological cooperation, the view middle platform provides capabilities including unified authorization for the algorithm warehouse, third-party algorithm integration, version governance, and delisting control, establishing a manageable, controllable and sustainably evolvable trusted algorithm ecosystem.

Through the above systematic construction, the view middle platform achieves efficient collaboration among data, algorithms, computing power, and services. It drives visual intelligence capabilities from standalone functions to platform-based provision, supporting customers in the rapid implementation and large-scale replication of solutions in scenarios such as AIoT. This continuously improves business efficiency, operational quality, and the level of intelligence.

3.2.3.3 Digital-Intelligence Middle Platform

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

Around the data middle platform, the company has built an integrated capability system for data elements centered on view data, making data manageable, usable, operable, and able to empower AI: it unifies the aggregation, standardized governance, and deep integration of multi-source heterogeneous data, carries out assetization operations, builds industry-scenario-oriented feature library and knowledge base, forms reusable data assets, and supports business digitalization and intelligent upgrading.

1. Data aggregation: As a provider of data resources in the upstream industrial chain, the Company relies on multi-dimensional sensing networks and diverse connection technologies to address practical challenges such as complex sensing scenarios, heterogeneous device protocols, and cross-network interconnection of massive terminals, realizing efficient collection and aggregation of full-domain data. Through device-edge-cloud-network collaboration, the Company improves access efficiency and stability in widely distributed scenarios, and continuously injects discrete and heterogeneous IoT and business data into the unified infrastructure. Meanwhile, multi-protocol access and unified device modeling are implemented. Visual data and IoT data are classified and stored in the data lake, with cross-source alignment completed based on a unified timeline and primary key. The aggregation link is observable and auditable, so as to build a massive, real-time and multi-source data resource pool, consolidate the scale foundation and supply capacity of data elements, and provide high-quality raw materials for subsequent governance, integration and services.

2. Data governance: As a practitioner of data assetization in the midstream industrial chain, the Company integrates data governance with intelligent computing. In response to the intelligent demands of long-tail scenarios and bottlenecks in heterogeneous data processing, it promotes the transformation of raw data resources into high-value data assets, bridging the value gap from resources to assets. From an engineering perspective, layered management and lifecycle management are carried out based on lakehouses or distributed storage. Quality rules are embedded in the batch-stream processing links from the source-adjacent layer to the service layer. Metadata and field-level lineage are fully traceable, master data codes are standardized, and classified desensitization of sensitive data is integrated with access auditing.

3. Data fusion: The Company emphasizes the deep integration of visual intelligence and data intelligence. Based on uniformly governed high-quality data, it leverages intelligent algorithms and computing scheduling to establish semantic and spatiotemporal correlations between video views and structured/semi-structured business data, unlocking the superimposed value of cross-domain and cross-modal data. Supported by multi-modal entity alignment and unified object identification, unified standards for offline and near-line features as well as their connection with training and inference pipelines, and incremental construction and multi-hop reasoning of knowledge graphs, vector search and retrieval-augmented generation are applied on demand to support traceable Q&A and analysis.

4. Data services: As an enabler of data commercialization in the downstream industrial chain, the Company leverages two major platforms, namely Urban Tianji Platform and the Enterprise Tianyan Platform, to drive the transformation of data assets into orderable, combinable, and measurable data capabilities and data products. To advance the modernization of urban governance and the digital and intelligent transformation of enterprises, the Company breaks down departmental barriers and system silos. On the premise of safety and compliance, it promotes the scenario-based application and value release of data elements across all industries, helping customers achieve business innovation, process optimization, and operational efficiency improvement.

The above four dimensions are interconnected: aggregation addresses availability, completeness, and timeliness; governance addresses accuracy, clarity, and compliance; integration addresses understanding, reasoning capability, and AI enablement; and service addresses whether it can be put to use and whether value can be realized in a closed loop. Through an integrated data middle platform, the Company connects the upstream and downstream of the AIoT data element industrial chain, accelerating the transformation of element value.

3.2.4 Intelligent Computing Infrastructure

To support large-scale intelligent applications, the Company has built an intelligent computing infrastructure centered on diversified heterogeneous computing power and multi-dimensional data storage. Leveraging the Company's advantages in self-developed hardware-software collaboration, and integrating capabilities such as intelligent network interconnection and full-domain security and trustworthiness, it provides high-performance, low-latency, secure and reliable computing support across multiple sectors, facilitating efficient urban governance and the digital-intelligent upgrading of enterprises.

Focusing on data intelligence and industry applications in AIoT scenarios, the Company has comprehensively upgraded its core infrastructure products, mainly covering edge computing, central computing, cloud computing, NVR, EVS and other product lines. By continuously expanding industry-specific algorithms, improving product intelligence, and enhancing data storage and circulation capabilities, the Company promotes business implementation across various industries.

3.2.4.1 Device-Edge-Cloud Integrated Computing Power Scheduling

With the application and implementation of intelligent technologies, digital technologies and the real economy are becoming increasingly integrated, and intelligence has evolved into a core production tool. Coupled with the gradual deployment of large model technologies, intelligent computing has also transitioned from traditional visual intelligence toward a multimodal direction. By applying large models in the intelligent sector, the Company has achieved breakthroughs in three areas: building a computing power foundation, establishing an intelligent computing architecture, and empowering the digital-intelligence middle platform. Through deployment methods such as virtualization and containerization, the platform rapidly achieves full compatibility of end-edge-cloud high-performance computing resources and supports various CPUs, GPUs, and NPUs. It builds a globally integrated, elastically scalable intelligent resource pool and achieves centralized operation and intelligent orchestration of compute resources, which lays a solid foundation for customers to build flexible, scalable intelligent systems and promotes industrial intelligent upgrading.

1. Building the computing power foundation: With the increasing maturity of the domestic open-source ecosystem, the Company has completed the domestic layout of its full-link products, covering multi-dimensional computing power scenarios including cloud, edge and devices. Based on the Company's solid technological accumulation, heterogeneous computing power is pooled (including image computing power, AI computing power, general computing power, and dedicated computing power) to enable on-demand scheduling and flexible orchestration. Jointly engaging in in-depth technological innovation with industrial chain partners, the Company has achieved breakthroughs in key fields such as chip virtualization partitioning and professional comparison acceleration, providing underlying computing support for full-link domestic substitution. To meet customers' stringent requirements for algorithm accuracy, the Company continuously optimizes its cross-hardware model quantization solution, achieves multi-platform accuracy alignment, enables efficient cloud-edge-device computing power collaboration, and maximizes the value of computing resources.

2. Building the intelligent computing architecture: To address the demands of diverse scenarios, the Company integrates three core capabilities—professional algorithms, open ecosystem, and large models—to establish a flexibly adaptable intelligent computing architecture system:

(1) Multi-agent architecture: Leveraging large model technology, multiple business agents are developed. Driven by algorithm-defined logic to enable scenario-specific intelligent applications, it deeply integrates large and small model technologies, systematically forming a multi-scenario large model product system.

(2) Training architecture: Algorithm training services serve as the foundational base. The architecture supports both scenario-based fine-tuning of multimodal large models and incremental training requirements of traditional algorithms. Through deep integration of the full-stack product portfolio

across cloud, edge, and device tiers, the platform enables flexible loading and rapid deployment of open algorithms. After models are output from training, they are seamlessly loaded into inference products. Business data and performance feedback generated during the inference process are fed back into the training pipeline, which drives continuous algorithm iteration and optimization, precisely addresses the requirements of diverse intelligent business scenarios, and builds a self-reinforcing training-inference flywheel effect.

(3) Video cloud computing architecture: relying on an intelligent scheduling mechanism for pooled compute resources, it precisely matches tasks to compute resources to achieve efficient task scheduling; through the algorithm warehouse it implements unified, collaborative scheduling of compute resources across the end-edge-cloud network, while also supporting flexible integration of third-party algorithms, building a computing system with high concurrency, high throughput, and high energy efficiency, and continuously providing solid technical support for an open, win-win AI services ecosystem to help AI applications be efficiently deployed and realize value across multiple scenarios.

(4) Embedded computing architecture: Deepen edge intelligence and build an embedded computing architecture that co-optimizes algorithms and hardware. Through model lightweighting, operator acceleration, and refined power consumption management, we achieve high-performance local inference under resource-constrained conditions, reduce reliance on the cloud, and enhance the reliability and environmental adaptability of edge nodes.

3. Empowering the digital intelligence middle platform: In order to maximize the advantages of the Company's computing power and architecture, the digital intelligence middle platform will focus on the capability level, provide intelligent services for the upper-level app platform, systematically orchestrate central computing power and edge computing resources, connect multiple capabilities such as professional algorithms, training algorithms, large model algorithms and data computing, realize the collaboration of large and small models, enhance the intelligent application of algorithms, assist in the incubation of emerging intelligent businesses, and provide an intelligent foundation for ecological partners.

3.2.4.2 Diverse Heterogeneous Computing Power Clusters

3.2.4.2.1 Edge Computing



The Company continues to explore business specifications across multiple sectors, and its edge computing products feature computing power characterized by diversification, scenario-orientation and high efficiency. The computing power of edge devices has increased from several TOPS in the early stage to dozens of TOPS, alongside continuous improvement in the computing power-to-power consumption ratio. By adopting modular elastic expansion, the Company has developed a diverse portfolio of edge computing products with computing power ranging from dozens of TOPS to hundreds of TOPS. Combined with technologies such as edge node clustering and open computing power scheduling, it enables computing power collaboration and dynamic allocation among devices, adapting to a wide range of industry scenarios.

Edge computing supports computing capabilities including concurrent inference of multiple models, hybrid operation of large and small models, and intelligent analysis of mixed streams. Combined with business capabilities such as algorithm orchestration, false alarm judgment, and algorithm paradigms, it promotes the in-depth integration of edge computing into industries, addressing issues in AI applications including massive data processing, real-time response, and data security, thereby enabling intelligent management and services. We exert efforts on both edge intelligence hardware and software. On the hardware side, we optimize product structure and enhance performance; on the software side, we strengthen core capabilities to quickly build intelligent solutions aligned with business logic, greatly lowering the threshold for the deployment and application of edge intelligence. During the reporting period, the Company released the Dahua Shensuan large-model all-in-one device series products. Integrating storage, computing, and management capabilities, the product is built on reliable storage, security monitoring, and efficient querying, while continuously enhancing functions such as image recognition, video analysis, and behavior prediction. Its computing power development has shifted from "pursuing high numerical values" to "precisely matching scenario requirements". Through hardware iteration, algorithm optimization, and scenario-based design, edge computing power is evolving toward higher efficiency, greater flexibility, and better alignment with industry demands. The algorithm portfolio covers intelligent applications across segmented industries including energy security, power, coal mines, emergency management, financial compliance, natural resources, and behavioral analysis. It supports free combination of algorithms for different industries, and delivers precise and efficient intelligent monitoring solutions through functions such as multi-intelligent parallel processing, intelligent patrol, and tidal intelligence. Meanwhile, relying on large model technology, through model compression, knowledge distillation, and hardware instruction set optimization, the lightweight multimodal large model with tens of billions of parameters can run efficiently on edge devices. It achieves features such as zero-shot scenario generalization and continuous accuracy improvement, quickly responds to fragmented needs of edge scenarios, and supports faster and more accurate intelligent decision-making. Additionally, this product can adapt to

various edge application environments, enabling edge intelligence transformation, computing power supplementation, and flexible deployment, further enhancing the scalability of intelligent businesses.

3.2.4.2.2 Central Computing



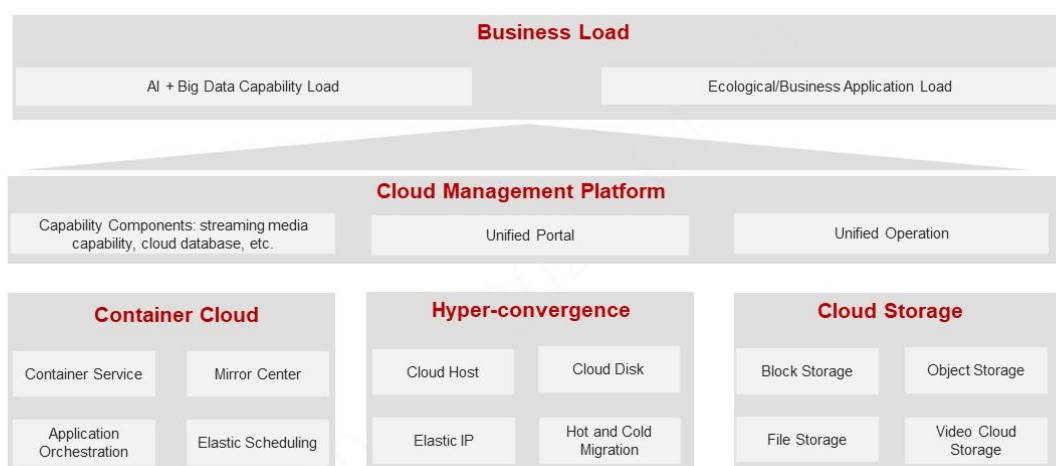
To accurately seize the opportunities of market digital transformation, the Company relies on its mature system architecture to build a unified and open intelligent architecture for central computing. By strengthening the construction of the capability layer of the digital intelligence middle platform, upgrading the visual intelligence engine, and connecting multiple capabilities such as professional algorithms, training algorithms, large-model algorithms, and data computing, we consolidate the intelligent foundation and support the incubation of intelligent businesses and collaborative innovation with ecological partners.

Centered on actual business needs, the company comprehensively upgraded two core capability areas: in the AIoT data intelligence domain, it focused on massive data processing, integrating multi-modal algorithms, feature-indexing technology, and domestic hardware adaptation to enhance high-precision perception analysis and large-scale data retrieval capabilities, empowering the deployment of city-level big data applications; in the emerging long-tail intelligence domain, it adopted the "algorithm training + algorithm warehouse + rules" model, supporting cloud-edge-end collaborative scheduling and efficient linkage between large and small models, quickly generating and flexibly deploying adapted algorithms, and providing ecosystem partners with an extensible intelligent foundation through standardized interfaces to accelerate business innovation incubation.

Drawing on the capabilities of Dahua large-model, the Company has continuously advanced the deployment of industry-specific large-model products, focusing on upgrading core products such as the Sky series all-in-one devices and the DeepSeek intelligent all-in-one devices. The Sky series all-in-one devices focus on three core capabilities: graph-data fusion computing, scenario-based algorithm definition, and on-site fine-tuning of large models. We deepen software-hardware coordination and advance the lightweight and vertical development of large models through technologies including domain knowledge distillation and model quantization. With an integrated design of computing power, algorithms, applications, algorithm warehouse, and training, these products enable collaborative operation of large and small models as well as dynamic computing power optimization and are designed to deliver cost-effective and easily deployable intelligent

solutions that accurately map business scenarios, build vertical-domain intelligent agents, and fully empower the intelligent upgrading of industries such as energy, education, culture, and healthcare. The DeepSeek intelligent all-in-one device series adopts a three-layer integrated architecture of "hardware foundation + intelligent engine + industry suites", connecting the entire chain from computing power and models to applications. With a design that reshapes the enterprise AI deployment experience through "hardware-software synergy, out-of-the-box readiness", it deeply integrates a self-developed intelligent framework and chip capabilities, balancing high performance, security and trustworthiness, and green, low-carbon operation. It has deeply served finance, government, healthcare, education, and other sectors, providing integrated intelligent solutions that advance AI capabilities from "technically usable" to "business-useful", solidifying an intelligent foundation for ecosystem partners and jointly building an open, collaborative industry intelligence ecosystem.

3.2.4.2.3 Cloud Computing



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

1. Cloud Platform

The Company provides a new generation of efficient and agile cloud-native computing foundation for diverse computing scenarios of AIoT. Leveraging technologies including Kubernetes, containers, application orchestration and elastic scheduling, it realizes resource pooling of basic computing resources and hybrid deployment of multiple loads such as big data/intelligent analysis/application

software, meeting the needs of unified management, efficient resource utilization, flexible service deployment and reliable disaster recovery. Based on a deep understanding of cloud native and video industry business, we have launched a series of cloud products such as cloud management platform, container cloud platform, hyper-convergence, and universal storage. Covering high, medium, and low-end product forms, these solutions enable seamless elastic scaling from single devices to large-scale clusters, support the integration of domestic computing power and domestic operating systems, and accommodate mixed-load scenarios across multiple chips and systems in a single-cloud environment. By delivering users with more inclusive cloud solutions, the Company assists government and enterprise customers in building a new generation of digital infrastructure.

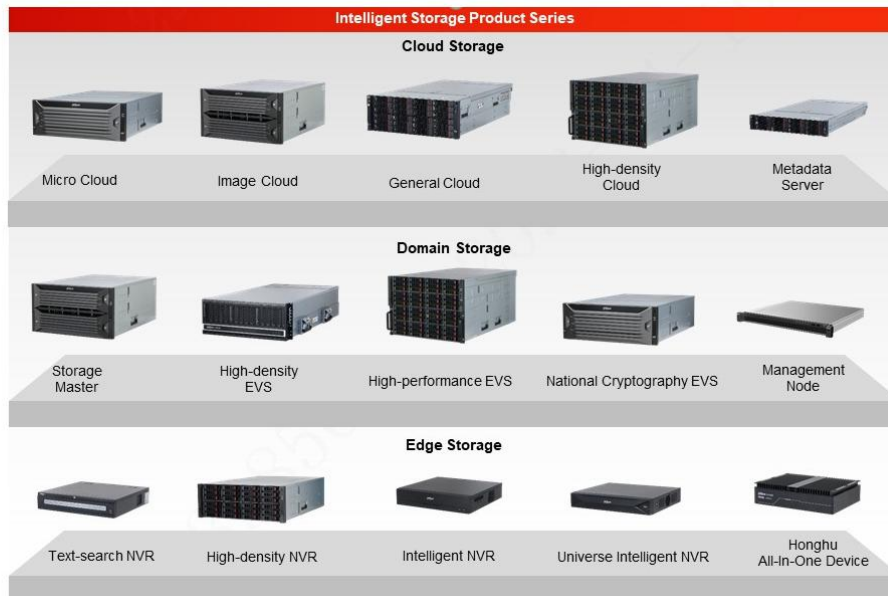
2. Big Data Storage and Computing Components

Over the past decade, the Company has been facing the real-time access, storage, and retrieval of massive perception data, as well as the processing needs of complex scenarios. It has continuously accumulated a wealth of practical experience and has made long-term investments in the fields of software and hardware integration, dynamic fault tolerance, index optimization, reliability, distributed technology, and data security. It can provide customers with centralized databases, distributed database services, Hadoop, and other storage components with industry-specific capabilities, automatically complete the access of IoT perception device data, automatically and evenly distribute data, and provide efficient retrieval services, achieving a stable, reliable, and out-of-the-box experience.

On the other hand, in the face of diversified video IoT data computing scenarios, the Company has continuously optimized the kernels of computing components such as Spark and Flink. Targeting the characteristics of graph-data fusion computing, it has significantly improved offline and real-time computing performance and built a unified hot and cold data analysis and query framework which shields differences among multiple storage and computing components, is application-friendly, and adapts to the extensive and complex data computing demands of the DATA+AI era. This framework greatly reduces the development, O&M, and implementation costs for business platforms to integrate storage and computing components. It has been widely adopted by government and enterprise customers at home and abroad, continuously safeguarding users' data assets.

3.2.4.3 Multi-Dimensional Data Storage

1. Intelligent Storage Products



As the IoT informatization process continues to deepen, traditional video security business is continuously evolving and expanding, and multi-dimensional perception services such as video, images, audio, alarm information, sensor data, and documents are becoming deeply integrated, placing higher demands on the diversity and complexity of data processing and storage. Data storage requirements have entered a new stage characterized by high performance, global collaboration, intelligent tiering, and elasticity and scalability.

Multimodality, high concurrency, and TB-level throughput have become basic requirements for AI training and inference. Edge real-time perception and intelligent analysis have given rise to demands for massive on-premise storage and low-latency processing. Traditional storage architectures struggle to meet the comprehensive demands for capacity, latency, cost and reliability, driving an evolution toward a three-tier collaborative system of lightweight caching at the edge, primary aggregation at the domain layer, and massive persistence on the cloud, so as to accommodate efficient end-to-end data flow and full lifecycle management in the intelligent era. The Company's intelligent storage is supported by a unified hardware foundation and distributed software architecture as its core, building a three-tier, edge-domain-cloud integrated storage system represented by network video recorders, network video servers, and cloud storage. This enables hierarchical and classified management of data across the entire domain, meeting the diverse and complex requirements of intelligent and IoT sensing applications for storage systems.

The Company's intelligent storage products adopt an advanced domestic controller platform in the industry. Relying on core hardware architectures such as single-controller, dual-controller, and dual-socket designs, they break through the capability limits of traditional streaming storage. By integrating

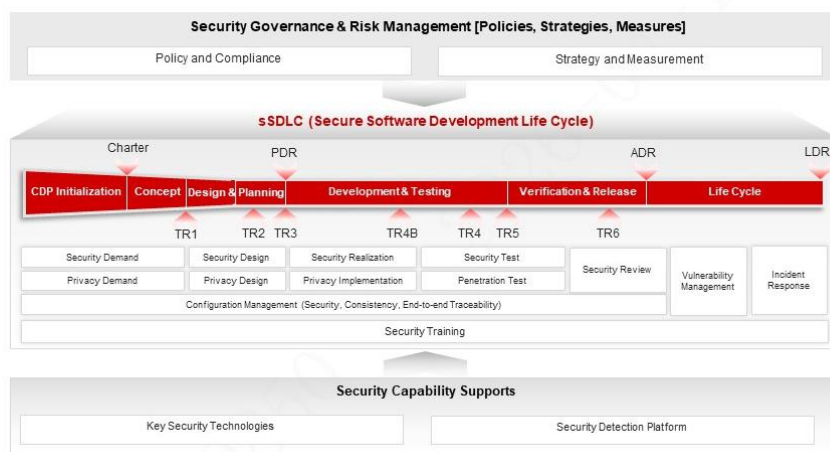
data redundancy, cluster management, disaster recovery policies, storage encryption and other technologies, the products ensure secure and reliable data storage, effectively reducing the risks of system anomalies and data loss caused by single-point equipment failures. At the same time, the Company combines its self-developed AI deep learning algorithms with Xinghan large-scale AI models technology to promote the integrated convergence of "storage, intelligence, and management." This supports target detection and rapid data retrieval, enables long-term preservation of high-value data and closed-loop edge business, and gradually achieves productization, industrialization, and scaling in large-model storage application areas such as "large-model compression" and "large-model document search," which gives storage products entirely new business value.

2. Cloud Storage

The Company's cloud storage, facing the coexistence of relational, structured, and unstructured data, has established a unified data model and hierarchical governance mechanism, fully supporting efficient aggregation, accurate retrieval, and compliant retention of multiple data types such as video, images, and device messages. For multi-source access including business systems and hardware devices, we rely on standardized access, real-time processing, and closed-loop quality verification to continuously improve data integrity, consistency, and traceability. Supported by a distributed multi-node storage architecture, the system achieves cross-regional elastic expansion, high-availability disaster recovery, and load balancing. On the cloud side, centralized governance and cross-domain sharing capabilities are enhanced, comprehensively consolidating the enterprise-level data foundation to provide long-term support for industrial intelligent decision-making and value realization.

3.3 Security and Privacy Protection

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



3.3.1 R&D Process Security Control

Adhering to the concept of shift-left security, the Company integrates core security activities—including security baselines, threat modeling, communication matrices, open-source software governance, static code scanning, and security testing—into every phase of the entire R&D process: requirements, design, development, and verification. By accurately identifying and effectively mitigating potential risks at an early stage, the Company significantly reduces vulnerability remediation costs and strongly ensures the built-in security capabilities of its products.



1. Establish High-Standard Product Security Benchmarks

(1) Security baseline: Convert multi-dimensional security technical requirements, including laws and regulations, regulatory requirements, customer demands, and industry standards, into mandatory corporate standards and incorporate them into the rigid requirements across the entire product line, implementing them as product security capabilities that are designable, verifiable, and quantifiable.

(2) Communication matrix: The Company systematically maps and governs all ports, protocols, and data exchange paths for the product's internal and external communications, strictly follows "least privilege" and "secure by default" design principles to reduce the network attack surface at source, and effectively lowers the probability of potential risk exposure.

2. Proactively mitigate security defects, and strictly guard against new vulnerabilities.

(1) Threat modeling: Adopt a combined analysis approach of "STRIDE+Attack Tree" to systematically identify and eliminate/control security defects in product design, blocking potential threat exploitation paths at the source.

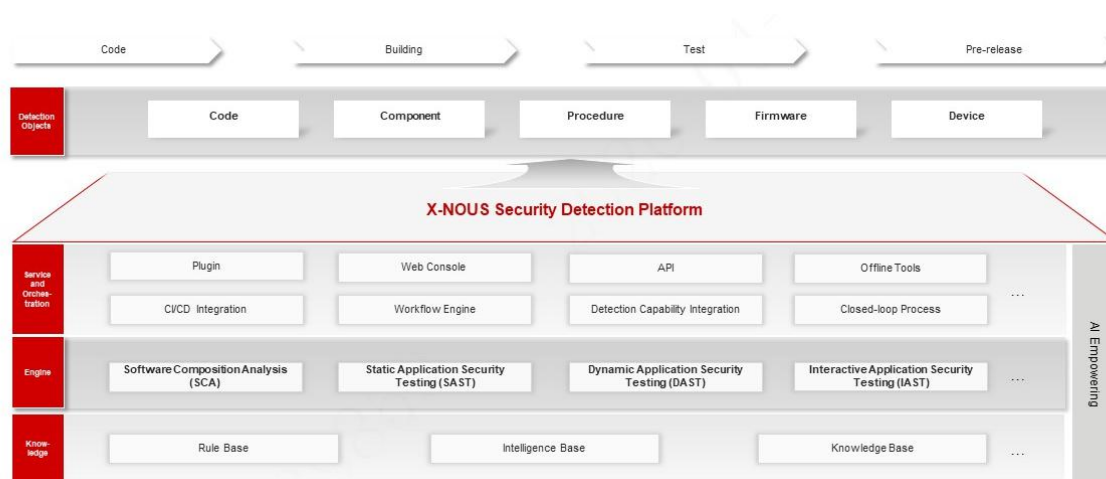
(2) Static scanning: Using professional SAST tools (see Section 3.3.2) to automatically scan and analyze source code, identify potential code security defects, and prevent the introduction of security vulnerabilities.

3. Strengthen Security Testing and Control Known Vulnerabilities

(1) Open-source control: Establish a full-process management mechanism for onboarding review, integration verification, and continuous maintenance, relying on SCA tools (see Section 3.3.2) to automatically identify hazards in open-source software—such as source compliance, license compatibility, and known vulnerabilities—and to prevent risks like supply-chain poisoning and cascading vulnerability propagation.

(2) Security testing: Use a variety of security testing tools such as DAST, IAST, antivirus scanning, and mobile application security scanning (see section 3.3.2) to conduct in-depth security testing, identify and remediate security vulnerabilities.

3.3.2 Security Detection Platform



As a one-stop hardware and software security testing hub for R&D process security control, the X-NOUS Security Testing Platform integrates a diverse set of security testing tools. It is deeply embedded into all phases of product R&D including coding, building, testing and pre-release, covering core testing carriers such as code, components, programs, firmware and devices, providing comprehensive, efficient and flexible security testing capabilities for R&D.

1. Knowledge: The platform relies on core data assets such as rule databases, threat intelligence databases, and knowledge bases to provide precise matching and knowledge empowerment for upper-layer detection engines, supporting the accuracy and timeliness of detection.

2. Engine:Adopts an "ecosystem + in-house R&D" deeply integrated architecture, integrates industry-leading security testing technologies such as SCA, SAST, DAST, and IAST, and combines AI enablement to build an open, extensible engine capability foundation that supports dynamic plug-and-play of testing capabilities and continuous evolution, achieves unified access and management of domestic and international heterogeneous tools, and provides flexible, efficient technical support for full-scenario security testing.

(1) Software Composition Analysis (SCA): The platform automatically identifies all direct and indirect dependencies by scanning source code, binary files, container images, dependency management files, or runtime environments, and constructs a complete and structured SBOM, providing organizations with a clear view of software components and enabling effective management of software supply chain risks.

(2) Static Application Security Testing (SAST): The platform performs lexical and syntactic analysis on source code, binary files or bytecode, generates abstract syntax trees or intermediate representations, and on this basis constructs control flow graphs and data dependency graphs to analyze execution paths and data transfer processes of programs, so as to identify potential security-sensitive points such as user input, database queries and file operations. In addition, with the aid of AI, the platform learns vulnerability patterns from massive code libraries, automatically filters false positives, and provides remediation suggestions.

(3) Interactive Application Security Testing (IAST): The platform uses instrumentation technology (inserting detection logic at key code positions) to deeply track the application execution process, and automatically identifies and marks hidden vulnerabilities such as unauthorized access, sensitive information disclosure, and business logic flaws.

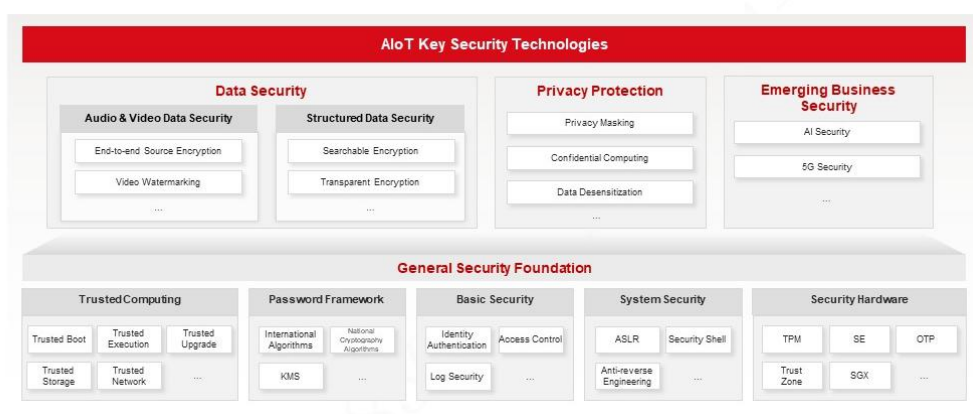
(4) Dynamic Application Security Testing (DAST): Perform security assessments of running applications by simulating hacker attacks, comprehensively carry out Detection of the application's public interfaces, inject malicious test vectors into all accessible input points, and analyze application response behavior in real time to identify publicly known vulnerabilities.

3. Services and orchestration: The platform provides flexible delivery forms including plug-ins, web consoles, APIs and offline tools to build a three-dimensional testing system covering the entire R&D process from coding, building and testing to pre-release. Through seamless integration with CI/CD pipelines, it enables agile checkpoints featuring "testing upon submission", helping teams quickly identify and fix issues early in development. Relying on a visual workflow engine, it supports flexible customization and orchestration of testing processes in complex scenarios, and establishes an automated closed-loop management mechanism for "discovery–remediation–verification". This drives

continuous optimization of security strategies and forms an accumulative, iterative improvement cycle, realizing the transformation from single-point tool scanning to full-link in-depth detection. It ensures that security activities operate efficiently and are effectively implemented throughout the R&D process.

3.3.3 Key Security Technologies

The Company adheres to the core principles of Security by Design, Security by Default, Privacy by Design and Privacy by Default and is committed to embedding security and privacy design principles into its operations. It has been deeply engaged in cybersecurity and privacy protection technologies, continuously investing in key security technologies for AIoT and actively pursuing technological innovation. The Company strives to build a smarter and more reliable security protection system, providing users with solid and comprehensive security and privacy safeguards.



1. Data security: The Company has always treated data security as the core of AIoT product security. By establishing a security protection system covering the entire data lifecycle — including collection, transmission, storage, usage, sharing, display, copying and deletion, it systematically safeguards data confidentiality, integrity and availability. During the reporting period, the company launched a classified-evaluation security solution with lightweight deployment and retrofit adaptation capabilities, achieving end-to-end Encryption protection for audio-video, access control and other data, and supporting source Encryption, direct storage in encrypted form, secret keys in encrypted form, two-factor authentication, national cryptographic-standard SSL & mutual identity authentication, and other strong security capabilities to ensure full-chain trustworthiness and controllability of audio-video data. At the same time, the Company has integrated technologies such as searchable encryption and transparent encryption; while ensuring the secure storage of structured data, the integration solution supports fuzzy retrieval and access to data in encrypted form, achieving a coordinated balance between secure data storage and scenario-based user applications.

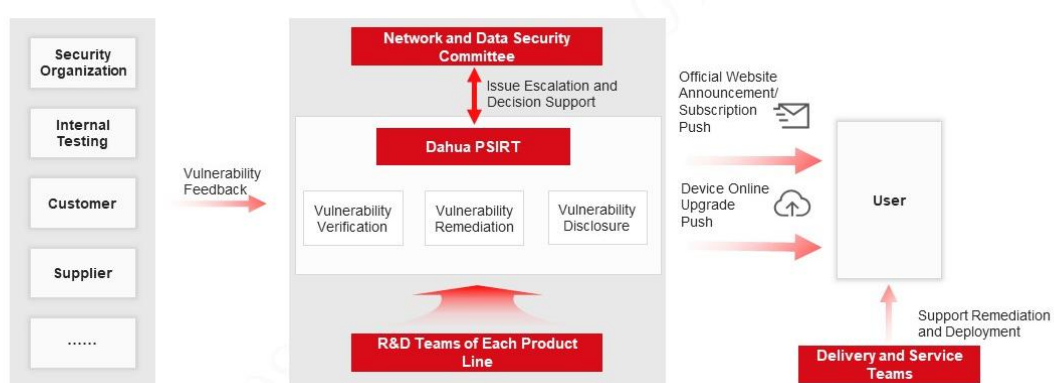
2. Privacy protection: The Company attaches great importance to the protection of users' personal data privacy. It continues to deepen the R&D and innovation of privacy protection technologies such as privacy masking, confidential computing, and data desensitization, and strengthens their

integration and application in products to ensure that user data is "usable but invisible, visible but unlinkable, and linkable but not leakable", providing users with better privacy protection.

3. General security foundation: The Company continuously improves an integrated general security foundation covering trusted computing, cryptography framework, basic security, system security and hardware security, steadily enhancing the inherent security capabilities of its products. By establishing a multi-level in-depth protection system, the Company delivers three-dimensional security protection from the physical layer to the application layer. Trusted computing takes the security main control chip as the physical root of trust to ensure security and controllability throughout the entire process of device booting, operation and firmware upgrade. Specifically, trusted boot establishes a complete boot trust chain to implement step-by-step verification from the bootloader to the application layer, forming the initial trusted state of the device; trusted runtime adopts a kernel verification mechanism to ensure the integrity of programs before loading, effectively preventing the implantation and execution of malicious programs such as viruses and Trojans; trusted upgrade verifies the source and integrity of firmware packages and rejects the writing of illegal or tampered firmware into the device.

4. Emerging business security: Amid the rapid development and large-scale application of artificial intelligence and large model technologies, security risks derived from emerging technologies have become increasingly prominent. These include the risk of sensitive information leakage during massive data interactions, data poisoning and adversarial sample attacks caused by weak defense mechanisms in large models themselves, as well as ethical and governance challenges arising from improper application of such technologies. The Company attaches great importance to the inherent security risks of emerging business technologies and their potential impacts on individuals, enterprises and society. To this end, it will continue to increase research investment in key areas such as data security, model security and content security, actively keep abreast of cutting-edge technological evolution and security research trends, and ensure the sustained development of emerging business technologies in a secure, reliable and controllable manner.

3.3.4 Product Lifecycle Security Governance



Adopting the vulnerability management philosophy of Proactive Management and Proper Disclosure, the Company is committed to minimizing the introduction of vulnerabilities during the product design and development phase. Through a unified governance system covering the entire product lifecycle and the entire supply chain, the Company achieves timely detection, rapid verification, and effective remediation of vulnerabilities. The Company has established and continuously improved a vulnerability management process covering identification–verification–remediation–disclosure–improvement with reference to international standards such as ISO/IEC 30111 and ISO/IEC 29147. Specifically, the Product Security Incident Response Team (PSIRT) serves as the core organization for vulnerability management and emergency response, responsible for the overall supervision and coordination of vulnerability handling. R&D teams of each product line are in charge of developing and verifying remediation solutions, while the delivery and service teams assist customers in the deployment of fixes. Through the above collaborative mechanism, the Company has achieved end-to-end management of the entire closed-loop vulnerability process from identification to remediation, ensuring the safe and reliable operation of customers' businesses.

The Company actively encourages users, partners, suppliers, security organizations, and independent security researchers to report security vulnerabilities related to its products or solutions to the PSIRT. Upon receiving a vulnerability report, the PSIRT will promptly initiate handling in accordance with the vulnerability management process. Once a remediation solution is ready, the Company will issue a Security Advisory via its official security information platform—the Trust Center on the official website, disclosing vulnerability details, scope of impact, and remediation plan. In addition, products that support online upgrades will receive update prompts when connected to the network. Relying on the above dual mechanisms, the Company assists customers in identifying risks and implementing fixes in a timely manner, thereby effectively shortening the vulnerability exposure window and achieving rapid closed-loop management of security risks.

3.3.5 Security Compliance



Adhering to the governance philosophy of Proactivity, Openness, Cooperation and Accountability, the Company has established a systematic security compliance system. To address increasingly stringent global cybersecurity and data security regulations, the Company focuses on key markets including China, the European Union, Southeast Asia and South Asia, extracts common security compliance requirements, and builds a security compliance capability framework. At the organizational level, the Cybersecurity and Data Security Committee coordinates and advances governance across policies, organization, processes, technologies and standards. At the R&D process and product security level, development processes are controlled through secure development practices, and security technologies such as a unified cryptography framework are adopted to safeguard product security. At the product lifecycle security assurance level, the Company has established a unified vulnerability management platform and emergency response mechanism. At the data security and privacy protection level, it has achieved data classification and grading as well as full lifecycle management. Based on its business development needs and strategic planning, the Company takes the initiative to build a global security compliance certification system, actively cooperates with third-party authoritative institutions, and introduces external evaluations and certifications. The certifications currently obtained mainly include management system certifications such as ISO 27001 Information Security Management System Certification and ISO 27701 Privacy Information Management System Certification; product security certifications such as CC EAL3+, FIPS 140-2, and Commercial Cryptography Certification; regional regulatory compliance certifications such as EU CE-RED, UK PSTI, and ETSI EN 303645; as well as cloud security certifications including ISO 27017 Cloud Service Information Security Management System Certification, ISO 27018 Public Cloud Personal Privacy Information Security Management System Certification, and CSA STAR Certification. These form a comprehensive assurance system covering management system certifications, product security certifications, and cloud security certifications. During the reporting period, focusing on data security and privacy compliance, the Company completed and passed the Supplier Security Capability Assessment Level 4 Certification, the Data Security Capability Maturity Model (DSMM) Level 3 Certification, and the Mobile Internet Application (App) Security Certification, providing users with more stable, secure, and reliable products and services.

The company's established security and compliance capability framework is highly adaptable and sustainable, able to rapidly respond to the regulatory requirements of different countries and regions, while reusing existing foundational capabilities and continuously expanding and deepening them, ensuring products in major global markets continuously comply with local security and compliance requirements.



4. Main businesses

4.1 Domestic Business

4.1.1 City-Level Business

4.1.1.1 Business Overview

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

Against the backdrop of accelerated digital transformation in the government sector, the Company centers its efforts on video IoT sensing data, deeply integrates large model technologies, and focuses on four core business areas: social security, orderly urban operation, governance efficiency improvement, and better quality of life. It continuously promotes the application of the Xinghan large-scale AI models across various industry scenarios in cities, enhances urban management efficiency and scientific decision-making, supports the government in achieving targeted governance and efficient services, and provides solid support for high-quality urban development.

4.1.1.2 Core Strategy

The Company is committed to implementing digital and intelligent capabilities in numerous urban scenarios, focusing on the core business of AIoT, and continuously exploring the application of AIoT and large model technologies in enabling urban digital innovation across various use cases. The Company focuses on new opportunities in key sectors including digital transformation of transportation infrastructure, natural resources, smart water conservancy, and smart agriculture. By

deeply understanding industry-specific scenario requirements, it continuously builds industry-leading product and solution capabilities, empowering urban development and innovative governance models through digital intelligence. At the same time, the Company continues to deepen its ecological cooperation strategy, strengthening technological co-creation and commercial sharing with partners in niche industry sectors. Together, they empower efficient urban governance and build a AIoT ecological community featuring co-construction, win-win results, and symbiosis.

1. Building a Digital and Intelligent Urban Foundation

The urban platform utilizes the unified foundation of Urban Tianji, focusing on capabilities such as industry-specific large models, twin scenario generation, intelligent computing decision-making, and scenario-based application construction. It helps users achieve efficient urban governance, autonomous urban operations, and ecological collaboration around multiple scenarios. By combining best business practice paradigms in various fields of the industry, it quickly builds a digital intelligence system with comprehensive management decision-making capabilities. It helps urban governance achieve self-optimization, self-learning, and self-evolution, and gradually move towards a new stage of cognitive intelligence and decision-making intelligence.

2. Deepening the Implementation of Scenario-Based Business

Based on the unified Tianji urban foundation platform and leveraging years of deep experience in smart transportation, social governance, smart emergency response, smart water conservancy, natural resources, and other business areas, scenario-based solutions for diverse industry sectors have been developed, continuously advancing the city's digital-intelligence transformation, empowering efficient urban governance, and striving to realize a new vision of urban governance characterized by social security, orderly cities, improved governance efficiency, and a better quality of life.

4.1.1.3 Industry Value Practice

The Company actively responds to the national "AI+" strategic deployment, seizes opportunities in artificial intelligence development, helps foster new quality productive forces, and continuously promotes the application of the Xinghan large-scale AI models in various urban industry scenarios. Focusing on the four core goals of social security, orderly urban operation, improved governance efficiency, and better quality of life, it addresses industry pain points through large model technological innovation and unlocks the core value of AI via scenario-based implementation. Multiple validated large model application cases have been rolled out in public security, smooth traffic, urban governance, natural resources and other fields, injecting sustained AI-driven momentum into urban digital innovation.

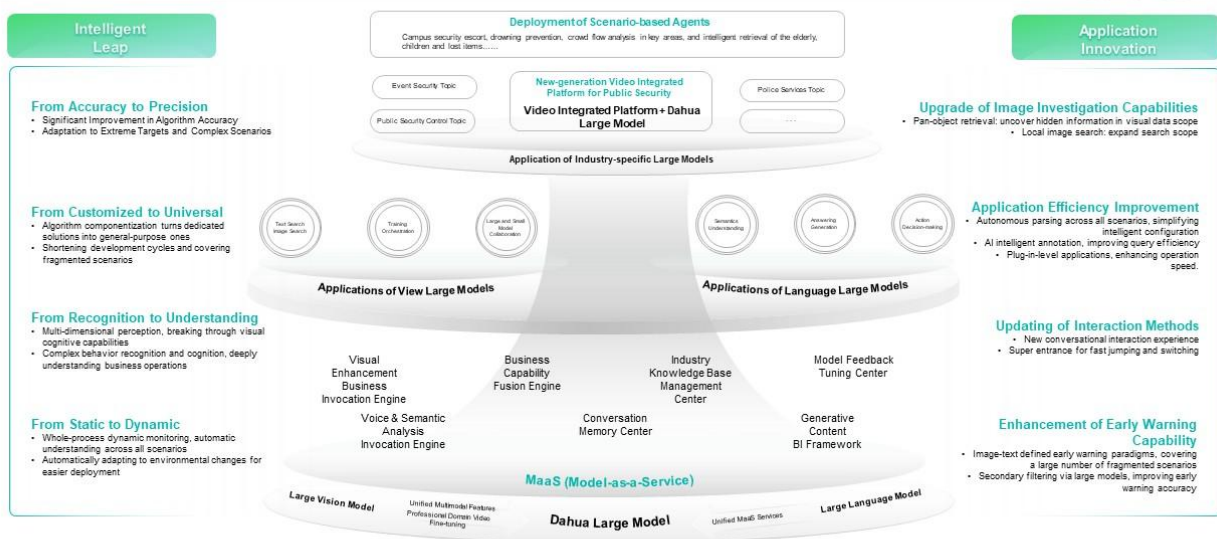
1. A Safer Society

The Company focuses on the goals of social stability and order, people's safe travel, the stability of people's lives, and enterprises' peace of mind in production. It actively fulfills its social mission and is committed to building a higher level of safe China. Centering on four business areas: public security, traffic safety, livelihood security, and workplace safety, the Company optimizes and enhances its integrated security solutions. Empowered by AI, it upgrades the city's overall security system, strengthens the urban lifeline, and builds a comprehensive security ecosystem.

In the field of public safety: The company closely focused on the national "14th Five-Year Plan" final-year construction deployments, deepened the development of the integrated video system, promoted upgrades to intelligent applications, and continuously enhanced its service capabilities for public safety industry scenarios. In 2025, the vision-centered Xinghan large-scale AI models integrates image, point cloud, text, voice, and other multimodal data, continuously mines the value of visual data, further expands the boundaries of technology-enabled scenario implementation, and enhances AI-enabled new-quality combat effectiveness. It has developed and deployed large model agents in multiple scenarios, such as campus security posts, drowning prevention, crowd flow analysis in key areas, and intelligent retrieval of the elderly, children and lost items.

Dahua Large Model Helps Create a New Ai Policing Model and New-Quality Combat Capabilities

DAHUA
TECHNOLOGY



Dahua large model, centered on vision, stimulates data value, improves policing efficiency, builds a new generation of visual integration system, and accelerates the formation of new-quality combat effectiveness.

In the field of traffic safety: The Company continues to promote the deep integration of large-scale AI model technology with traffic business scenarios, and has significantly improved the level of intelligence in violation detection, accident prevention, and hazard mitigation. For traffic violation detection, relying on the self-developed Tiangong large model and its text-to-image and partial-image

search capabilities, the Company accurately identifies high-concealment violations such as blocked or defaced license plates, effectively strengthening early warning and control over high-risk vehicles. In terms of accident prevention, the "Traffic Event" large model product, supported by full-scenario video understanding technology, detects abnormal incidents such as road debris and pedestrians entering expressways accurately in real time. Early warning effectiveness has been improved by more than 30%, greatly strengthening proactive prevention of traffic accidents. For potential hazard identification, "Wen Shu" leverages its autonomous modeling and analysis capabilities to intelligently detect hidden road risks such as faulty traffic lights and blurred traffic signs and markings. This supports risk prevention at the source and lays a solid foundation for the long-term safe development of transportation.



In the field of life safety: The company focuses on urban lifeline safety monitoring scenarios closely related to everyday life, such as gas, drainage, water supply, and bridges, with the inherent safety goal of "capable of monitoring, providing early warning, and responding quickly"—by building front-end IoT sensing for urban infrastructure, intelligent video analysis, urban safety index models, etc., to achieve monitoring of urban infrastructure, big-data analysis and prediction of disaster data, and AI-driven scientific decision-making recommendations. Leveraging multi-modal large models, it enables intelligent analysis and judgment for scenarios such as urban waterlogging, illegal fire use, and construction damage. This supports an integrated business closed loop of graded risk early warning, intelligent trend analysis, and incident-linked disposal, driving safety supervision from passive response to proactive governance.

In the field of emergency disaster reduction: Actively responding to the Ministry of Emergency Management's 2025 requirements for building comprehensive disaster prevention capabilities, the company centers on two core scenarios—construction of emergency command center systems and

strengthening grassroots disaster prevention and risk-avoidance capabilities—to establish a modern disaster prevention system featuring precision monitoring and early warning, flattened command and dispatch, accelerated rescue response, and systematized material support. To meet the needs of routine disaster risk monitoring and early-warning scenarios, intelligent analysis is performed on connected video surveillance, and an emergency management large model is used to identify multi-domain risks and hidden hazards—forest fires, floods, hazardous materials, mines, etc.—realizing a shift from the traditional "human monitoring and guarding" model to a new "intelligent sensing" model. It establishes an integrated command and dispatch center covering sea, land, air and space, integrating various audio and video communication terminals and communication systems to ensure full visibility, smooth communication and responsive coordination during emergency command operations. For the equipment and supplies allocated to grassroots emergency rescue teams as well as emergency material reserve points, technologies such as RFID, temperature and humidity sensors, and intelligent monitoring are used to achieve full lifecycle management of materials and equipment covering warehousing, daily inventory checking, and material dispatch, along with online safety monitoring and intelligent inspection of material reserve sites. This improves the efficiency of material management across the entire region and enhances decision-making capabilities for material dispatch.

2. A More Orderly City

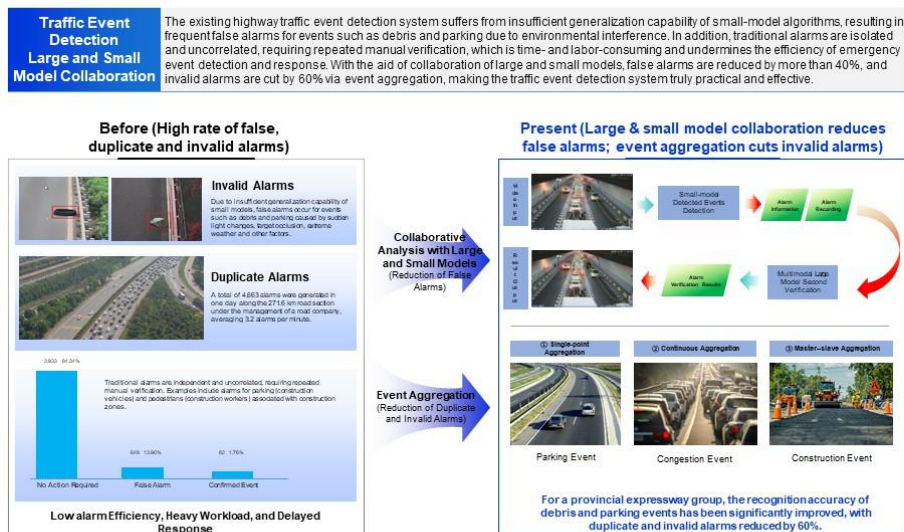
Leveraging the Xinghan large-scale AI models, the Company has fully upgraded its intelligent transportation system. In smooth traffic management, the "edge + center" two-level large model enhances signal optimization, significantly improving road traffic efficiency and ensuring orderly travel. In road network monitoring, the event large model enables aggregated early warnings to strengthen emergency response and ensure orderly operation. In highway tolling, the audit large model realizes evidence integration and real-time recovery, standardizing toll operations and ensuring orderly management. Overall, an intelligent breakthrough from perception to decision-making has been achieved, enabling efficient and orderly operation of urban transportation.

In the field of smooth urban traffic: Through an edge-cloud collaborative large model architecture, comprehensively upgrade the traffic signal control system, and build a two-level capability system of "precise perception + intelligent decision-making". At the perception end, lightweight large models are integrated into Leishi terminals to improve detection precision of "motorized/non-motorized/pedestrian" traffic in complex environments such as nighttime and occlusion, with accuracy improving by more than 20%, providing more reliable data support for traffic signal optimization. At the decision-making layer, the large-model traffic signal optimization platform enhances intelligent timing adjustment for traffic lights in special scenarios such as congested intersections during peak hours and roads near schools. For example, at a congested intersection during peak hours, the integrated adaptive + inductive algorithm automatically extends green light duration for directions with

long vehicle queues when traffic is light in other directions, eliminating unnecessary waiting and achieving improvements in both traffic efficiency and driving experience.

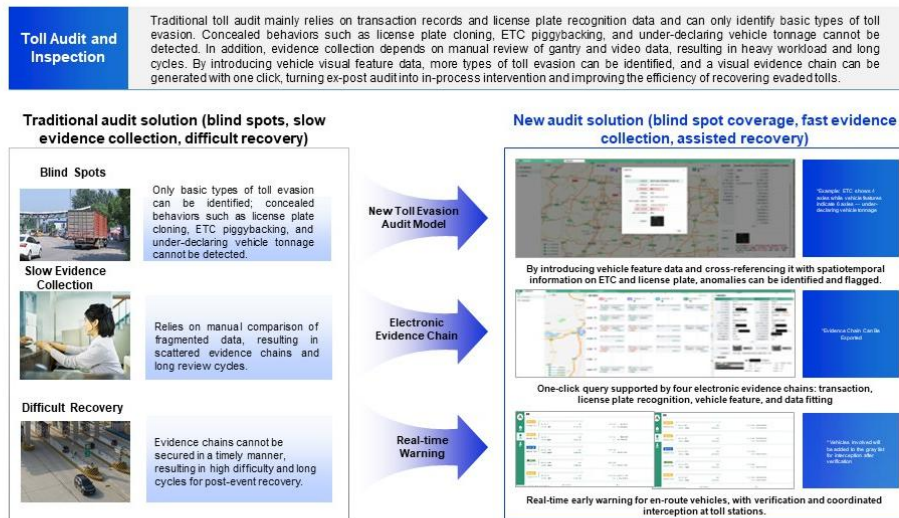
In the field of urban road network monitoring and operation: Traditional highway road network operation monitoring event alerts are independent and uncorrelated, producing a large number of invalid alerts and requiring the road network operation management center to rely on manual effort to repeatedly confirm the alerts. The traffic event large model aggregation solution aggregates, deduplicates, classifies and grades duplicate and invalid alerts based on the three key relationships of the alert events: temporal attributes, spatial attributes, and business attributes. This reduces duplicate and invalid alerts, alleviates the workload of manual review, and improves the emergency response efficiency for sudden incidents on the expressway network under the condition of limited manpower at the road section monitoring center.

Digital Upgrade of Trunk Corridors | Innovative Technologies



In the field of urban highway toll operation: Traditional toll auditing mainly relies on post-event verification, resulting in a low recovery rate. Meanwhile, evidence collection requires cross-system query and archiving, leading to low efficiency. For toll auditing scenarios, the Company has built a dedicated highway auditing large model solution. Through local data fusion and real-time calculation by the auditing model, it has shifted from offline auditing to real-time on-the-way auditing, enhancing the real-time interception and recovery capability of toll operation teams at road section companies. At the same time, the solution integrates multi-dimensional data including gantry data, transaction records, and vehicle feature data to form a complete evidence chain within a single system, greatly improving the efficiency of evidence collection.

Digital Toll Station | Innovative Technologies



3. Make Governance More Efficient

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

In the field of urban operations: The Company has built an urban operations system that features "comprehensive situational awareness, intelligent trend analysis, coordinated resource allocation and scheduling, and cross-domain, cross-departmental, and cross-system business collaboration," and empowers the modernization of urban governance with sensing data. The unified video IoT convergence center realizes a one-screen overview of the entire region, the unified algorithm supermarket realizes rapid discovery of urban events, the unified integrated command and scheduling system realizes the coordinated scheduling of event handling resources, and the unified event center realizes business collaboration across multiple departments. The Company has launched a multi-modal large model for urban governance, supporting advanced applications including custom algorithm generation, collaboration between large and small models, multi-modal text-based location search, and automatic scene tagging, effectively elevating the level of urban governance.

In the field of urban management: The company, aiming at urban governance, operational safety, and serving the public, has established an operational management system of "big-city intelligent

management, big-city refined management, and big-city participatory management." Focusing on street management, urban sanitation, and comprehensive governance, the Company realizes intelligent monitoring and early warning for scenarios including urban management incident detection, mobile AI inspection, waste sorting management, illegal construction control, and mobile vendor management. Innovative scenario applications such as construction waste management have been launched. Relying on the urban management large model, the system accurately identifies illegal dumping by muck transport vehicles, providing strong support for urban construction waste governance. A unified urban operation management model has been built, integrating real-time monitoring, dynamic analysis, overall coordination, command and supervision. It is designed to make urban governance "smarter", urban operations "safer" and public services "more precise".

4. A Better Life

Guided by the philosophy of "Harnessing AI to advance the green vision and improve people's well-being", the Company applies AI across smart water conservancy, biodiversity monitoring, forest and grassland fire prevention, farmland redline protection, smart elderly care, and food safety regulation. By transforming traditional supervision models and improving management efficiency, it supports ecological civilization and delivers a better quality of life.

In the field of smart water conservancy: Focusing on the diversity of outdoor water-management scenarios and the limited availability of power and network, an innovative new PTZ Camera for the water conservancy industry was launched. The product offers low Power Consumption during operation, excellent night vision, high PTZ accuracy, and integrated 4G, enabling it to closely meet the practical needs of reservoirs, rivers, lakes, and similar scenarios. In a water diversion and transfer project, continuous optimization and iteration of the recognition algorithm have enabled successful adaptation to non-standard and stepped water gauges. This has greatly improved the accuracy and data stability of water level identification, effectively addressing the inefficiency and data delays inherent in traditional manual inspection and reading. This product provides real-time and reliable data support for the operational safety of the project and water supply scheduling. In the Yangtze River Basin full-coverage project, the Company participated in the construction of the video convergence platform, video processing platform, and video algorithm training and inference platform, and deployed a number of new front-end video surveillance devices. By loading a variety of special algorithms for water conservancy, a complete water-conservancy video surveillance application system has been built, enabling the efficient use of video data and intelligent recognition results across multiple business systems, and effectively boosting the overall efficiency of river basin governance.

In the field of biodiversity conservation: In response to the national initiative to strengthen the construction of intelligent monitoring systems for the protection of wild animals and plants, the Company has invested significantly in developing diversified monitoring and identification technology

product solutions. Powered by large model algorithms, the video-image wildlife recognition system now identifies more than 1,000 species, and the avian voiceprint recognition algorithm covers over 300 bird species. Multispectral dome cameras enable real-time online monitoring and analysis of plant growth conditions, achieving full-coverage real-time monitoring for wildlife protection. This has transformed the traditional model relying on manual field surveys, observation, and sampling, improving the timeliness and richness of biodiversity monitoring data and providing solid data support for research and analysis of protected wild fauna and flora. Meanwhile, the construction and application of the online intelligent monitoring system reduces human disturbance to natural habitats, helping to better preserve the integrity and originality of natural ecosystems.

In the field of forest and grassland fire prevention: To address current pain points in forest and grassland fire prevention—namely inaccurate fire hazard localization, frequent false alarms, and difficulty in assessing fire hazard alarms at command centers—the company pioneered an integrated solution that combines multidimensional posture-sensing thermal imaging cameras with forestry large model algorithms, achieving more than a 30% improvement in fire point positioning accuracy and reducing fire hazard false alarms by over 90%, greatly reducing the workload of fire prevention command center staff for fire hazard assessment. Precise fire point localization better ensures that personnel and materials can quickly reach the scene to carry out firefighting, accelerating the response time to real fire hazards. The forestry large model also integrates algorithms for various application scenarios, including forest land change monitoring and grazing prohibition & rest grazing supervision on grasslands. While expanding the scope of forestry and grassland services, it provides a more comprehensive and intelligent monitoring and management model for the rational utilization and protection of forest and grassland resources, further safeguarding the ecological security barrier and promoting ecological balance.

4.1.2 Enterprise-Level Business

4.1.2.1 Business Overview

The Company is committed to becoming the preferred supplier of AIoT infrastructure, the professional service provider of scenario-based digital intelligence applications, and the key builder of the AIoT ecology. The Company focuses on scenario digitalization business and carefully creates scene cameras, IoT devices, industry algorithms, and industry platforms. By optimizing the security system, improving production efficiency, and assisting business management, the Company helps enterprises achieve digital and intelligent transformation. The Company actively carries out innovative practices and continues to assist the digital intelligence upgrades of enterprises in thousands of industries such as manufacturing, construction, electricity, petrochemicals, coal, steel, finance, education, medical care, culture and tourism, agriculture, logistics, and retail. It enables the realization of value in all scenarios,

builds a large security system for users, constructs digital and intelligent productivity, and improves business decision-making. It is committed to becoming a trustworthy enterprise digital intelligence upgrade partner for customers. In this process, through technology co-creation and business sharing with partners, we have built an AIoT ecological community of co-construction, win-win, and symbiosis, and jointly empowered the digital intelligence upgrades of enterprises.

4.1.2.2 Core Strategy

Through continuous exploration of business scenarios, the Company has deeply integrated its robust technologies in video IoT, AI and multi-dimensional sensing with the actual production and operation scenarios of various industries. It has fully transformed into a scenario-based digital intelligence service provider and enabler deeply engaged in the core areas of enterprise operation, management and production. The core driving force behind this transformation lies in elevating AI from a general-purpose technology to scenario-specific AI tightly integrated with industry-specific knowledge and business processes. This delivers quantifiable, perceptible core business value for enterprises. At this critical stage of advancing intelligent production and operation management, the Company helps customers achieve digital and intelligent upgrading, fostering new drivers for their high-quality development.

1. Focusing on scenario-based business as a trusted partner for enterprise digital and intelligent transformation

Drawing on service experience and industry insights from over 50,000 enterprises nationwide, the Company has systematically refined and focused its digital-intelligent solutions on four core business areas: work safety, production execution, inspection and metering, and green and low-carbon development. These four areas are not isolated technical modules. Instead, supported by the Company's integrated capability platform, they embed scenario-based AI throughout, continuously empowering enterprises with services and upgrades for their high-quality development.

Work safety: scenario AI drives "proactive prevention" to safeguard lives

Building on its deep engagement with high-risk production and operation scenarios, the Company integrates digital-intelligent capabilities closely with on-site conditions. Through a series of products such as leak detection, thermal imaging temperature monitoring, and device status inspection, and based on its precise understanding of advanced AI technologies for empowering complex and non-standard scenarios, the Company has fully deployed various intelligent algorithms in production sites, covering personnel protective equipment compliance, operational behavior, environmental anomalies, and equipment status. This has formed an intelligent management and control solution for safe production and efficient operation and maintenance, enabling process supervision, potential risk monitoring, and environmental abnormality early warning. It addresses unsafe human behaviors, hazardous equipment conditions, and unsafe environmental factors, providing strong protection for safe production.

Production execution: Scenario AI builds a "perception-decision-optimization" closed loop, reshaping manufacturing efficiency

Digitally express, control, and optimize the workshop production process, and realize production visualization, data interconnection, and intelligent management through visual management systems, production process traceability systems, etc., to create a new generation of smart factory management system. Leveraging the Company's strengths in multi-dimensional intelligent integration and adopting digital twin technology for top-level visualization, an interactive human-machine platform for industrial sites is built. With in-depth insights from scenario AI, all production elements in the physical world are digitally mapped, enabling transparent end-to-end management from order to finished product and data-driven intelligent decision-making. This greatly improves operational efficiency and flexible manufacturing capabilities.

Inspection and metering: scenario AI expands perception boundaries for precise insights beyond visibility

Centering on enhancing and extending perception capabilities, the Company continues to invest in technical research and application exploration. By expanding the perception spectrum toward both low and high frequencies, richer multi-dimensional collection methods are achieved. Scenario AI algorithms then translate these multi-dimensional data into actionable business insights. For example, in predictive equipment maintenance, audio and vibration sensors collect raw data, while AI algorithms analyze early anomalies of internal components, enabling accurate fault prediction. This breakthrough from "what is visible can be known" to "what is not visible can also be known" relies on deep learning of the operating mechanisms and failure modes of specific devices, representing a unique competitive advantage of scenario AI in the industrial Internet sector.

Green and low-carbon: scenario AI optimizes the energy chain, enabling sustainable development

In active response to the national "Dual-Carbon" strategy, the Company, centered on the entire energy chain of "source, grid, load, storage, charging, inspection", integrates power electronics, AI, and cloud computing technologies to provide parks and factories with full-stack green energy solutions. The value of scenario AI is reflected in intelligent energy management systems. Through intelligent analysis of historical data and real-time status of photovoltaic power generation, energy storage batteries, charging facilities and production loads, coordinated regulation and energy efficiency optimization are achieved. This is far more than simple data monitoring. Powered by an AI model that integrates multi-dimensional knowledge such as park energy consumption patterns, production scheduling, and electricity pricing policies, it enables predictive scheduling to help enterprises achieve refined energy conservation and consumption reduction. In this way, sustainable development goals are transformed into quantifiable, manageable operational practices.

Ecosystem empowerment: opening up scenario AI capabilities to enable lightweight transformation for all industries

To address the fragmented, lightweight transformation needs of the vast number of SMEs, the company has developed a flexible, lightweight DoLink Enterprise service that provides standardized, lightweight cloud-based solutions to enable easy deployment and convenient management. Leveraging "Cloud + AI" technologies, it provides professional services covering the full lifecycle of "assessment, design, implementation, and optimization". At the same time, we provide an open platform with rich interfaces, and open up IoT capabilities, AI algorithm capabilities, and business capabilities to ecological partners for free, allowing the value of AI to benefit more industries and enterprises, helping more enterprises reduce costs and improve efficiency.

2. Rooted in digital and intelligent scenarios, driving technological innovation

Based on its profound technology layout and forward-looking market insights, the Company is supported by the IoT technology system, the artificial intelligence technology system, and the software operation technology system. Relying on deep industry insights and scenario-specific expertise, it delivers tangible value from scenario-driven digital intelligence.

Vision and data fusion development, amplifying industry value

The company, through cooperation and practice with leading global enterprises, continuously innovates, accumulates experience, and summarizes lessons learned, relying on full frequency domain IoT sensing capabilities to build a comprehensive AIoT infrastructure and construct end-to-end connections from information, people, things, and scenarios to services. It provides visual inspection for production across industries, assists production decision-making with smart data, enables industry innovation and development based on data-visual fusion technology, and deepens engagement in industry scenarios to bring customers four major values: safety, reliability, convenience, and efficiency.

Collaborative application of large & small models for deeper scenarios, higher efficiency and better costs

Enterprise operations are not only complex but also highly fragmented in processes and scenarios. From the outset of deploying enterprise business large models, the Company has clearly committed to advancing technological development by closely addressing industry users' needs and pain points on basis of general-purpose scenario applications. On one hand, the Company optimizes large models into lightweight versions with controllable computing power, continuously reducing overall computing overhead. On the other hand, it extends coverage from single scenarios to end-to-end full business processes, ensuring implementation aligns better with actual production and management. Through efficient matching between technical capabilities and business demands, the Company achieves cognitive intelligence for business operations. The Company focuses on essential, high-demand scenarios that are "difficult yet correct". By integrating large models with traditional systems

and segmented scenario models, it forms a complete business system. Leveraging its core capabilities of "Cloud + Large Models + Scenario-based Algorithms", it co-builds benchmark projects with industry leaders. After technical feasibility is verified, the solutions are replicated and scaled across multiple industries for wide deployment.

4.1.2.3 Industry Value Practice

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

1. Industrial manufacturing: AI + industrial machine vision applications help enterprises improve quality and efficiency

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

The Company's factory scenario solutions have achieved coverage from single scenarios to multiple businesses, from factory security and workshop energy consumption to production business, comprehensively improving the depth and breadth of the interconnection between people, machines, and systems. Through the digital integration of product data flow, manufacturing control flow, and order delivery flow information, it more efficiently realizes the visualization of the entire production process from order to finished product.

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

2. Energy production: Video AI combined with AIoT to create a new risk and hazard monitoring model

The production scenarios of energy enterprises face numerous risks and hidden dangers, with common issues including a lack of diverse traditional regulatory methods, limited operation and maintenance

personnel, and a complex environment. The Company has long been committed to using video AI, large models, and AIoT technologies to achieve online automatic monitoring and intelligent alert of risks and hidden dangers in production scenarios, reduce production risks, improve O&M efficiency, and efficiently assist energy enterprises in safe production.

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

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

In the field of new energy stations, for example, along with the large-scale construction of new energy power generation stations, their commissioning has entered a peak period. Photovoltaic and wind farms, in particular, are characterized by large numbers, wide coverage, remote locations and scattered layout, creating challenges in safe production, operation and maintenance management. Pressure on the operation, maintenance and inspection of equipment and facilities is growing steadily, while the traditional manual operation and maintenance model suffers from low efficiency and high costs. To address the complex environments of new energy stations such as photovoltaic and wind farms, the Company employs an all-in-one machine for new energy stations, leveraging the collaboration of large and small models. This enables AI-based equipment inspection and environmental monitoring for power generation scenarios. The accuracy of meter inspection is no less than 99%, and the accuracy of fire and smoke recognition is no less than 95%. The solution adapts to the complex environments of new energy stations and supports the construction of unattended stations.

In the coal industry, applications have expanded from initial personnel control to the management of various processes including transportation, conveyor belts, and coal stacking, covering almost the entire workflow of pre-operation control, underground operation, and logistics transportation. The application effect of large models is also remarkable. For core functions such as large-object detection on conveyor belts and conveyor deviation monitoring, accuracy has increased from 80% to 93%. Even

in harsh underground environments such as high temperatures and poor lighting, the real alarm recognition rate remains stable at above 85%.

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

The Company empowers the digital transformation of universities with digital intelligence. Based on video capabilities, it has created campus safety big data, campus AI Hero, Luban digital twin, campus traffic management, university laboratory management. and other solutions, built a campus IoT digital intelligence middle platform, focused on the integration and innovation of university business, realized data value empowerment, and assisted the digital transformation of universities. The Company integrates artificial intelligence and big data technology into video scenarios, focusing on the campus AI large model, making it possible for videos to move from static recognition to dynamic behavior understanding. It uses large model technology to help schools solve effective prevention and control of unsafe behaviors such as illegal distribution of leaflets, posting of small advertisements, and violent destruction of facilities on campus. Campus safety big data has transformed security work from passive to active, providing active alert capabilities for university safety pain points such as students losing contact, abnormal work and rest schedules, and high-frequency occurrences in key areas. It also applies large models and big data technology to achieve human-computer interactive retrieval, such as text search for images and fusion search, making finding people and cars quick and efficient. Luban digital twin enables the overall campus security prevention and control situation to shift from a limited glimpse to a global visual angle, and provides all-around and three-dimensional protection for the safety of university teachers and students.

4. Healthcare: Centered on the "three-in-one" construction of smart hospitals, supporting the high-quality development of the healthcare industry.

The Company has built a modern hospital development system that deeply integrates smart management, smart services, and smart medical care, providing solid support and innovative momentum for the high-quality development of public hospitals. On the basis of smart hospital security, smart outpatient services, and smart wards, the Company continues to strengthen its application capabilities in these scenarios.

In 2025, the Company continued to deepen application research and capability deployment of the "healthcare + safety" vertical large model in the field of hospital safety production supervision. By deeply integrating hospital-specific safety business rules with the capabilities of the Xinghan large-scale AI models, the secondary analysis, mining and judgment capabilities for structured and unstructured data are enhanced. This enables intelligent identification and precise early warning of key personnel entering the hospital, special behaviors and abnormal events, establishing a multi-dimensional and

comprehensive safety perception system covering people, vehicles, objects, behaviors and the environment in hospitals.

Based on hospitals' practical needs for daily work safety management, we further break down data silos across multiple scenarios including security, fire protection, logistics, energy consumption and hazardous chemicals. This forms a full-process safety management model featuring intelligent pre-judgment before incidents, efficient response during incidents, and closed-loop traceability after incidents, providing solid technical support for the standardized, refined and intelligent operation of hospital work safety.

5. Park management: creating a digital headquarters and green and efficient parks to deeply empower enterprises

Guided by the "Five New" philosophy, the Company drives the upgrade of smart parks. Leveraging the Xinghan large-scale AI models and AIoT technologies, it builds a digital-intelligent benchmark park integrating new energy, new services, new capabilities, new security, and new vision. Through multi-business collaboration and scenario-based empowerment, we build a new paradigm of smart parks featuring green low-carbon development, efficient operation, and intelligent safety, providing an innovative engine for smart city construction. The leap from the "Five-in-One" model to the "Five New (Star) Park" realizes a comprehensive upgrade of park management from intelligent to digital-intelligent, helping enterprises reduce costs and improve efficiency, and promoting sustainable urban development.

6. More industries: aligning with policy guidance and clients' internal needs to explore new opportunities across sectors

In the tourism industry: The Company thoroughly interprets industry standards and policy guidelines, and develops tailored smart scenic area solutions to help scenic spots achieve A-level accreditation and upgrading and advance smart tourism development in management, services, operation, safety, and environmental protection. Centered on industry standards and in response to the Law on the Protection of Cultural Relics for strengthened conservation, it launches smart museum and smart cultural relic protection systems, covering preventive conservation, digital preservation, warehouse management, and intelligent administration of cultural relics, as well as smart protection for immovable cultural relics, historic sites and AI-enabled relic conservation, contributing digital intelligence to cultural heritage protection.

In the financial industry: The Company has deeply extended its traditional bank security business to the digital governance of network branches and the guarantee of security infrastructure. Through the integrated application of visual AI and large model technologies, it helps financial institutions build a comprehensive risk prevention system. In risk prevention scenarios, large models can proactively identify potential safety hazards such as fires, electrical issues, and flood seasons. By replacing traditional manual inspections with automated processes, they significantly improve the efficiency of

safety checks. In operation and management scenarios, the combination of structured data and large models enables functions such as passenger flow statistics, civilized and quality service monitoring, and business compliance, promoting the upgrading of network branch management towards refinement and intelligence. Meanwhile, the Company maintains a deep focus on the security of financial infrastructure. For data centers, it provides professional commercial cryptography application security evaluations and anti-terrorism prevention solutions. These solutions have been successfully implemented at major state-owned banks including Bank of China, China Construction Bank, and Bank of Communications. With ability to maintain high-standard compliance, the Company strengthens the security line for financial data, achieving full-link empowerment from intelligent branch operations to core security at data centers.

In the construction industry: Actively participates in affordable housing construction, focusing on IoT access, operation, and regulatory applications for affordable housing. Using an architecture of community solution + two meters and one lock + rental application platform, it achieves a three-in-one intelligent integration of rental management services, group networked operations, and unified government supervision, helping clients improve service, operational efficiency, and regulatory transparency; it focuses on building gas terminal regulatory applications that cover the full process and all scenarios—urban gas corridors, gas stations, industrial and commercial gas use, household gas, and rural gas cylinder gas—and has explored a highly practical application solution that integrates unified networking, multi-dimensional early warning, rapid linkage, and intelligent handling. While meeting the requirements of unified government supervision, the solution also adapts to diverse operation and maintenance models, greatly reducing the threat of gas leaks to people's lives and property. In response to the demand for building "high-quality homes", the Company develops premium residential complexes integrating property marketing, smart security, frictionless access, and enhanced resident experience. For urban construction and investment groups, it builds a group-level management and operation center using large models, IoT sensing, and intelligent inspection, fully empowering their urban construction business.

In the chain industry: Cloud-based large-scale models replace manual inspections and achieve seconds-level verification across tens of thousands of stores. For example, in a certain catering industry, from the store renovation and construction stage to the operation stage, the AI inspection system increased the cross-regional store construction compliance rate from 68% to 94%, reduced the construction delay rate by 41%, and shortened food safety issue detection time from 48 hours to 15 minutes. This enables stores to shift from "passive rectification" to "proactive prevention" and cloud models from "data analysis" to "decision enablement," and provides more precise and efficient technical support for global store expansion.

The Company's enterprise business is based on a new starting point for digital and intelligent development, and continues to focus on the practice and innovation of enterprise digital and intelligent

transformation. It always insists on the development of quantifiable, calculable, and feasible product solutions, helping users build a large security system, build digital and intelligent productivity, and improve operational decision-making. It is committed to becoming the most trustworthy enterprise digital intelligence upgrade partner for customers.

4.1.3 SME Business (SMB)

In 2025, facing the complex and changing market environment and continuously upgraded industry demands, the Company's small and medium-sized enterprise business took "local operation and district and county lower-tier" as its strategic core, adhered to a customer value-oriented approach, expanded market coverage horizontally, deepened market penetrating power vertically, and continuously optimized the channel ecology. We have promoted the in-depth development of business towards refinement, scenario-based, and digital intelligence. Leveraging AIoT technologies, we empower millions of small and medium-sized enterprises in their digital and intelligent transformation, and build a symbiotic, prosperous and sustainable channel ecosystem. Throughout the year, the Company's operational quality and market competitiveness have been significantly improved.

1. Deepening local operations and build a new ecosystem for the lower-tier markets

The Company firmly advanced the strategy of "local operation and district and county lower-tier". Guided by localized customer operation, balanced product layout, and sustainable partner profitability, it precisely allocates resources to city, district, and county markets to promotes in-depth integration between primary distributors and local service providers, reshaping the channel value distribution system. Through the "district and county responsibility contracting system", the business mechanism of "whoever cultivates the land, harvests the crops" was clarified to protect the rights and stable benefits of distributors' localized operations.

The Company launched supporting sell-out incentive policies such as installation bonuses, online rewards, salesperson field activity & signing incentives to stimulate the enthusiasm and subjective initiative of partners, effectively support the implementation of localized operations and district and county lower-tier strategies, and ensure the sustained profitability for channel ecosystem partners. Key breakthroughs have been made in the restructuring of the distribution system: Primary distributors have been guided to fully penetrate lower-tier markets, with nearly 700 personnel deployed for market expansion. In the first half of the year, nearly 100 new primary customers were developed, while around 200 underperforming ones were phased out, accelerating the replacement of traditional "passive dealers". The service provider network reached a record scale, with more than 90,000 signed up and over 50,000 activated. Sellout business stabilized in the first half of the year, rebounded in the second half, and achieved accelerated growth.

2. Technology drives product innovation and consolidates scenario-based core

competitiveness

Relying on the "video + AI + IoT" technology base, the Company continued to upgrade Yunlian Platform 2.0, comprehensively upgraded core business and functions, and enriched value-added services, achieving a year-on-year growth of 252% in new Yunlian devices and 69% in new users.

The product portfolio has been continuously improved: the Company has iteratively upgraded its circulation-type dual-light products and newly launched indoor and outdoor wireless products, Nightvision King 2.0, HarmonyOS NEXT series, Door God series, HarmonyOS Camera series, 4G lifetime free flow products, etc., to form a full-scenario layout of "wired + wireless". It has built blockbuster wireless products including T9, T8, and C1, and refined the promotion strategy for Nightvision King, with monthly sales hitting record highs repeatedly. Products are clearly differentiated between online and offline lines, with exclusive offerings developed for e-commerce platforms, achieving full coverage of all sales channels.

Innovation and implementation of scenario-based solutions: Focusing on micro and small scenarios, the Company has launched a series of solutions including video traceability for e-commerce returns, mispick control at courier stations, and smart agriculture and fishery breeding. It has implemented 40 sub-scenario solutions and established 73 benchmark cases. Firmly following the path of "scenario-based products + supporting facilities for district- and county-level characteristic economic industries", it has achieved large-scale implementation across multiple scenarios.

3. Establishing a three-dimensional marketing system and build win-win partnership.

With the direction of full-service, full-link, and digitalization, the Company has built an integrated online-offline marketing and service system. Online, we have supported partners in building digital storefronts on local lifestyle platforms such as Amap, Baidu Maps, and Douyin, enhancing brand visibility and online customer acquisition capabilities. Offline, we have increased support for the construction and operation subsidies of district- and county-level specialty stores, urban exhibition halls, and storefronts, achieving comprehensive coverage of "small but exquisite" outlets.

The Company has built a full-chain service ecosystem covering "pre-sales, sales, and after-sales". It has continuously introduced high-quality small and medium-sized customers, assisted them in developing small and medium-sized scenarios and implementing small and medium-sized projects, and provided comprehensive technical and commercial support. This helps partners enhance their project service capabilities and profit margins. Through online marketing, online store operations, and online services, we have built a complete closed loop from traffic leads → order conversion → installation and delivery, achieving symbiotic win-win results and coordinated growth with channel partners.

4. Organizational and institutional safeguards to drive high-quality business development

Upgrading of organizational capabilities: The headquarters middle platform has shifted its role from serving regions to empowering and governing regions, with continuous improvement in professional competence. Regular training, combat exercises, optimization and replacement of provincial SMB directors have significantly strengthened overall team combat effectiveness. Multiple rounds of empowerment training have covered distribution customers and frontline penetration personnel across 31 provinces, solidifying frontline operational capabilities.

Improvement of operation mechanisms: Regular meeting systems have been established, including monthly distributor benchmarking meetings, provincial 360° business health analysis meetings, and quarterly agent inventory checks. Management measures such as the red and black list for on-site penetration performance and NP customer rotation have been implemented. Data-driven and transparent mechanisms ensure strategy implementation and healthy business operations.

In 2026, the Company will continue to deepen its presence in district- and county-level markets, strengthen technological and product innovation, and advance the development of the channel ecosystem. With higher-quality products, solutions and services, we will empower SMEs in their digital and intelligent transformation, achieving sustained, high-quality business growth.

4.1.4 Service Carrier Business

4.1.4.1 Business Overview

Leveraging its proprietary AIoT technological capabilities as a pillar, the Company fully aligns with the digital and intelligent transformation strategies of telecom operators. It has launched standardized products covering AI algorithms, large-model all-in-one devices and security protection, transforming single technological advantages into comprehensive scenario-based solutions. By closely aligning with service carriers' video network planning, both parties have formed a collaborative model of "joint technology R&D, joint product development, and joint market expansion." In the DICT and SME sectors, the Company joins hands with operators to integrate superior resources, achieving two-way empowerment in the DICT industry market and SME development. Through resource sharing and complementary strengths, the two parties jointly explore incremental markets.

4.1.4.2 Core Strategy

1. Jointly committed to the construction of new-type information infrastructure

Leveraging its leading technologies in visual IoT and ubiquitous connectivity, as well as its strong manufacturing capabilities, the Company deeply integrates the computing power network and connectivity advantages of operators to seamlessly link "edge-side perception" with "cloud computing power". Through the collaborative innovation of "hardcore manufacturing + flexible computing power",

both parties jointly developed future-oriented, deeply customized industry products, such as AI intelligent terminals, large model all-In-one devices, etc., building a solid visual and connectivity foundation for the digital economy.

2. Collaborative Innovation for New-Quality Productive Forces

The Company and operators have shifted from capability complementarity to value co-creation and deeply integrated Dahua's intelligent manufacturing and visual perception capabilities with the operators' connectivity and computing power networks by forging a new product paradigm of "hardware + software + AI". Both parties are no longer limited to traditional business cooperation; instead, they jointly create new business formats, new products, and new models, and together explore innovative development paths from "cloud-management-edge" to "scenario-based applications."

3. Promoting Business Integration and Expanding Emerging Markets

Facing the vast blue ocean of emerging markets, the company is deepening comprehensive business integration with service carriers by deeply coupling AIoT products, video AI capabilities, and service carriers' 5G and cloud computing resources to build an integrated "cloud-network-edge-end" collaborative solution. Cooperation with service carriers is no longer limited to traditional buyer-seller relationships; instead, it deeply integrates the company's intelligent sensing touchpoints with service carriers' communication networks and, through joint innovation laboratories, co-incubates intelligent applications tailored to market needs.

4.2 Overseas Business

4.2.1 Business Overview

The Company formulated a "going global" strategy to enter the international market in 2003, began to strengthen its own brand capability development in 2008, and started to set up local overseas locations and local business operations in 2014. Over the years, overseas operations have ensured a virtuous cycle of business development and long-term localized operations through measures such as comprehensive channel penetration, project expansion, technical support, supply and logistics systems, and after-sales service development. Continuous R&D investment and technological innovation have promoted product line innovation and solution optimization. Focusing on channel deepening has enhanced product competitiveness, solution capabilities and localized service levels, demonstrating professional quality, driving the growth of brand value, and laying a solid foundation for the accelerated expansion of overseas business. At present, the Company has established 75 overseas subsidiaries and branches around the world, covering more than 180 countries and regions. Faced with growing demand in the global AIoT market, the Company will continue to focus on

marketing upgrading, product innovation, industry development, and ecosystem cooperation to further expand the international market.

4.2.2 Core Strategy

1. Localized development and ecosystem construction under the globalization strategy

Adhering to the philosophy of steady development, the Company continuously optimizes and upgrades its global marketing and operation organizations. By strengthening regional matrix management and digital collaboration platforms, we improve the efficiency of global resource allocation and market response speed. In the face of ongoing changes in geopolitics, economic conditions and regulatory policies, we have continuously enhanced our in-depth understanding and flexible response capabilities toward national laws, regulations, policy directions and market dynamics. We implement a differentiated business strategy of "one country, one policy" to achieve more precise market positioning and resource allocation. Furthermore, we will further expand the breadth and depth of our global business coverage by continuously stepping up channel penetration, expanding integrator business, achieving industry breakthroughs and replication, and developing new business lines. In this process, the Company attaches great importance to the introduction and development of local talents, actively recruits professionals with diverse cultural backgrounds and expertise, and builds a versatile team with global vision and local insights, so as to promote the continuous optimization and upgrading of the organizational structure. In terms of localized operations, the Company will further enhance the local adaptation of talents, products and services. By leveraging artificial intelligence and big data analytics to dynamically identify regional demands, we will achieve a strategic transformation from "product delivery" to "building a localized service ecosystem", and establish a more complete supporting system to adapt to the volatile international environment. By continuously empowering local teams and expanding ecological cooperation, we are committed to achieving the deep integration of globalization and localization in the field of AIoT, so as to consolidate our competitive advantages in the international market.

2. Building an Agile Supply Service System

By integrating channel delivery and service systems, and deploying technical centers at the national level to provide integrated and differentiated services, the Company has established a supply center network covering six major regions including Europe, Southeast Asia, the Middle East and Latin America. It has also set up national central warehouses in multiple key countries, forming an agile three-tiered supply chain system: "headquarters – regional supply centers – national warehouses", which strongly supports rapid response and efficient delivery for global businesses. At the same time, a global service system has been built covering integrated delivery, technical support, operation and maintenance management, customer service, as well as training and certification. More than 120

professional service stations have been established overseas, with localized hotlines launched in over half of the countries, significantly improving global service coverage and response capability. The two systems operate in synergy, forming an end-to-end closed-loop ecosystem featuring "frontline market insight – middle-platform agile response – back-office efficient support". This has not only greatly shortened the delivery cycle of overseas business but also significantly improved customer satisfaction. Meanwhile, to cope with fluctuations in supply resources, an overseas self-service ordering platform has been launched and will be rapidly promoted in the future. To proactively manage import and export compliance risks, a global customs map engine has been deployed overseas, with greater focus on local customs empowerment to come. Faced with the global industrial chain restructuring and digital upgrading trend, the Company is actively promoting the intelligentization of its supply chain and the migration of services to the cloud. It is exploring innovative service models such as predictive maintenance and remote technical support based on IoT and AI, so as to continuously enhance operational resilience and overall competitiveness in the complex global environment.

3. Focus on core business, drive innovation, and promote high-quality business development

To meet the differentiated scenario needs of overseas regions, the company has, for many years, continuously invested in technological innovation and product R&D, steadily improved its service system, and gradually built localized operational capabilities to help its products and solutions maintain a leading position in overseas markets. The traditional video business maintained steady growth, and laid a solid foundation for the development of new businesses. As a typical example of digital and intelligent enterprises expanding globally, the Company has continuously broadened and enriched its innovative business categories in overseas markets. Innovative businesses including thermal imaging, graphics and imaging, intelligent buildings, fire protection, smart whiteboards, EV charging stations, and automotive electronics have achieved rapid growth. These offerings are deeply tailored to the diverse application needs of overseas smart cities, intelligent manufacturing, new energy, intelligent transportation and other sectors. At the same time, we deepen localization with overseas strategic partners, co-building a smart manufacturing center with partners in Saudi Arabia and focusing on AIoT infrastructure construction in the Middle East; in markets such as South Korea, we have launched customized innovative solutions like charging pile fire monitoring and high-end LED displays. Through the global expansion of innovation business subsidiaries such as HuaRay, PixFra, and Hirige, we are driving the penetration of each new business category across overseas sub-segment tracks. Combined with the localized operational capabilities of 75 overseas subsidiaries, we have built an overseas diversified business layout of "core innovative categories + regional customized solutions + local ecosystem collaboration," making innovative businesses the core driver of overseas performance growth and achieving a leap from exporting traditional security products to the global deployment of multi-track AIoT solutions.

4. Providing Complete Scenario-Based Solutions

Relying on the development path of "video-based foundation and innovative fission", the Company has achieved a strategic leap from a single security device supplier to an intelligent IoT solution provider. In recent years, collaborating with global partners, the Company has actively deepened its presence in vertical industries, embraced digital and intelligent trends, and promoted deep integration between global business operations and technological innovation. It has continuously strengthened its capabilities in delivering industry-specific solutions across key sectors including smart cities, public safety, transportation and logistics, ecological conservation, energy, education, retail, and manufacturing. Tailored to the market demands and industrial characteristics of different global regions, the Company has launched industry-focused solutions integrating AI, IoT, big data and other technologies. For example, across regions such as Africa, Latin America, the Middle East and the Asia-Pacific, the deployment of various intelligent monitoring systems and Skynet system has rapidly improved urban management efficiency, case clearance rates and early warning accuracy for accidents. Traffic accident rates have gradually declined, ensuring road safety and travel efficiency. In Europe, the focus is on the intelligent upgrading of high-end commercial and industrial sectors. Meanwhile, the Company's digital-intelligent education solutions have supported the digital transformation of education in some overseas regions. They have expanded access to high-quality educational resources to remote areas, facilitating remote sharing of teaching materials and promoting educational equity. Through the deep integration of innovative technologies and products such as machine vision, thermal imaging and radar with industry applications, the Company not only provides a richer portfolio of products, but also builds a value system oriented to solving customers' actual on-site challenges.

4.2.3 Social Value Practice

The Company has continuously deepened localized integration in fulfilling overseas social value, closely integrating technological innovation with regional sustainable development needs, and formed a multi-level, cross-cultural system of social responsibility practices.

In terms of technology enablement and digital inclusion, the company launched the "AI for Good" initiative in regions such as Southeast Asia, Africa, and Latin America, using the Open Platform, technical training, and scenario-based solutions to help local micro, small, and medium-sized enterprises, agricultural cooperatives, and public service institutions enhance their digital capabilities. In response to weak communication and power infrastructure in remote areas, the Company has developed low-power, easy-to-deploy IoT devices and offline AI applications, helping communities implement basic security, disaster early warning and resource management. In environmental protection and climate action, it has joined hands with overseas partners to launch a number of demonstration projects in urban smart water management, forest fire monitoring, marine ecological

protection and other fields. In Europe and North America, the Company participates in the development of zero-carbon parks and green building standards, providing energy efficiency management and carbon footprint tracking systems. At the same time, it promotes green initiatives across the global supply chain, requiring overseas suppliers to gradually adopt renewable energy and recycled materials. In terms of ethics and governance, the Company respects cultural differences, laws and regulations in various countries, and has established a cross-regional AI ethics review mechanism to ensure that products and services comply with local privacy protection, human rights safeguards and social customs. By publishing multilingual social responsibility reports and holding stakeholder dialogues, the Company transparently presents the progress and challenges of its overseas operations.

Driven by the dual wheels of technology and social responsibility, the Company not only exports AIoT capabilities but also deeply integrates into local needs. Through coordinated efforts in public welfare, ecological protection, industrial development and employment creation, it unifies commercial value and social value, and advances global sustainable development.

4.3 Innovative Business

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

4.3.1 Machine Vision and Mobile Robots

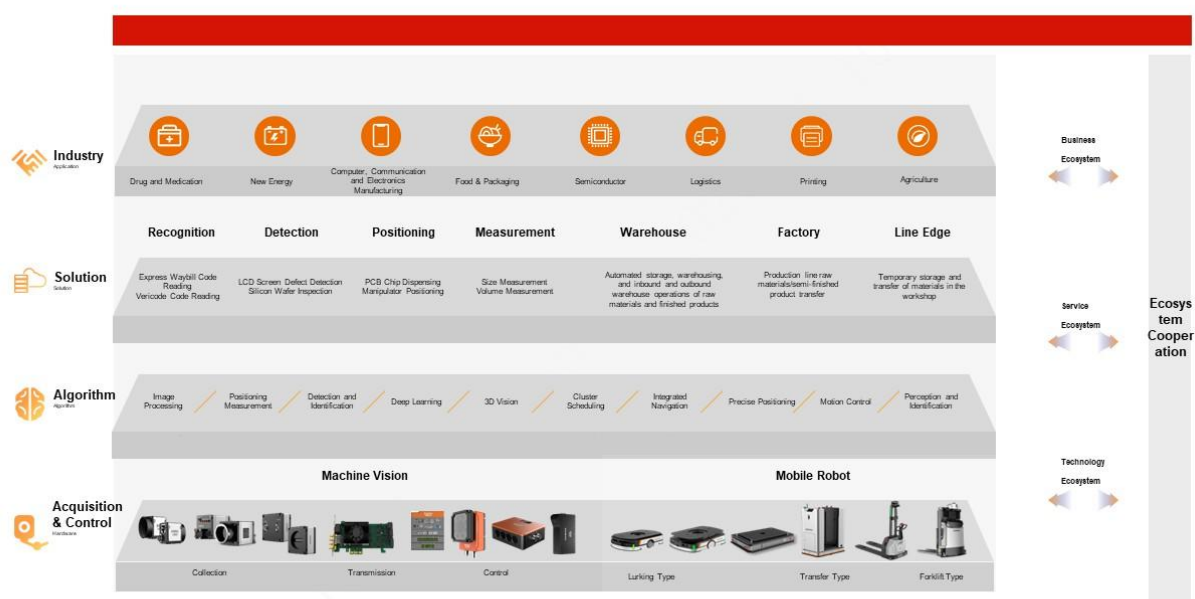
The group's subsidiary Zhejiang HuaRay Technology Co., Ltd. (hereinafter referred to as HuaRay Technology) is a global leading AI-enabled machine vision and mobile robot provider, driving digital intelligence upgrade across multiple industries worldwide with full-stack "AI + machine vision + robotics" technologies.

HuaRay Technology, through deep collaboration between its machine vision and mobile robot service boards, has built a complete technical platform covering "visual perception-decision-autonomous execution." The machine vision business provides core components and solutions as the "eye of intelligence", empowering intelligent manufacturing and quality traceability. The mobile robotics business, as the "hand of intelligence", enables comprehensive automation of in-plant logistics in

factories and warehouses. The two businesses share underlying technologies in AI and robotics, creating a strong synergistic advantage.

With long-term focus on strategic industries including new energy, semiconductors, automotive and electronic manufacturing, the company provides high-precision, high-reliability products and integrated solutions to its key customers, meeting their stringent demands for intelligent upgrading. Our products and solutions have served numerous well-known enterprises worldwide, maintaining high customer satisfaction and continuously expanding the application ecosystem into high-value industries such as pharmaceuticals and food processing.

The company's vision is to continue leading machine intelligence innovation, empowering global industries toward a more efficient and intelligent future. As a national high-tech enterprise and a specialized and innovative "little giant" enterprise, the company has always insisted on technological innovation. As of the end of 2025, the company has applied for more than 600 patents, including more than 300 invention patents, and has achieved patent layout in 11 key technology fields such as embedded software, image optimization, recognition algorithms, network transmission, navigation positioning, scheduling, and motion control.



The company's machine vision products form a core product matrix covering standard vision products, AI vision products, 3D vision products and AI algorithm platforms, creating a closed-loop ecosystem from underlying technologies to scenario-based applications. Its products and ecosystem partners deeply empower high-end manufacturing sectors including lithium batteries, logistics, 3C electronics, semiconductors and PCBs, committed to providing high-precision, high-reliability visual perception and decision-making support for industrial automation and intelligent transformation.

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

4.3.1.1 Machine Vision

HuaRay Technology has built a complete technological closed loop in the machine vision field, spanning from underlying industrial cameras and image acquisition devices to top-tier algorithm platforms, forming a comprehensive visual application ecosystem. Users can either build their own vision solutions based on "standard products + AI algorithm platforms", or choose integrated intelligent products such as AI smart code readers and 3D vision products. The rich product matrix is flexible enough to meet the personalized application needs of thousands of industries.

1. Standard Vision Products

Our standard vision products cover the full range of industrial cameras including small-format, large-format, and line scan cameras, as well as frame grabbers and vision controllers. Integrated with our AI algorithm platform, we cover all core components for a complete machine vision system: industrial cameras act as the "eyes", converting optical signals into digital images; frame grabbers serve as the "optic nerves"; vision controllers integrated with AI algorithm platforms function as the "brain".

As the system's "eyes", industrial cameras perform the signal switch from optical signals to digital images and, with built-in ISP algorithms, achieve precise image reproduction. Small area scan cameras focus on high-precision local detection; large area scan cameras are suitable for wide-field imaging; line scan cameras, like high-speed scanners, construct complete images by acquiring data line by line.

2. AI Vision Products

Unlike traditional solutions that rely on external industrial cameras for image capture and separate vision controllers for algorithm processing, our AI vision products are "cameras with built-in brains". They integrate image capture, processing, and analysis into a single compact device, enabling local visual perception, analysis, and decision-making. This design delivers greater deployment flexibility and enhanced ease of use.

Building on our deep expertise in proprietary AI algorithms and standard vision products, we have launched the AI vision product series — primarily including AI code readers and AI smart cameras. This product series deeply integrates AI models and edge computing capabilities with compact cameras, lenses, and lighting systems, achieving full-process functional coverage from "visual perception" to "intelligent analysis".

3. 3D Vision Products

Integrating self-developed high-precision 3D algorithms, leading AI capabilities, and mature standard vision technologies, HuaRay Technology has created a curated portfolio of 3D vision products. This includes intelligent stereoscopic 3D cameras, binocular structured light cameras, and 3D line laser profile sensors, driving the evolution of machine vision from 2D recognition to 3D spatial perception. Unlike 2D vision, which only captures planar features, 3D vision constructs stereoscopic morphological models containing depth and contour information. This empowers areas such as embodied intelligent robotics, high-precision industrial assembly, and inspection, enabling complex spatial tasks. The company continues to expand its 3D vision product portfolio to drive innovation across key strategic industries.

In practice, HuaRay Technology's 3D vision products have been widely deployed in industrial scenarios that rely on spatial perception, including critical dimension measurement of automotive components, welding quality and structural inspection of electronic components, as well as cargo positioning and sorting in logistics. With stable, reliable, and high-precision 3D data, they meet the stringent requirements of next-generation intelligent manufacturing.

4. AI Algorithm Platform

In an integrated machine vision system, machine vision software and algorithms act as the "brain", responsible for processing and analyzing imaging data, and forming the critical bridge between visual perception and action execution. The company provides a modular, visual AI algorithm platform for machine vision, supporting the full development workflow from zero-code rapid configuration to deep customization, enabling the leap from visual perception to intelligent analysis.

The platform consists of three core subsystems: MVP, MVK, and MVT. Specifically, MVP and MVK endow the system with complete visual processing, analysis, and decision-making capabilities. MVT focuses on AI model training, and the generated models can be deployed on MVP or MVK to address multi-feature visual analysis challenges in complex industrial environments, such as process deviations and unpredictable defects. The platform can be deployed in conjunction with the company's standard vision product portfolio to enhance the overall performance of integrated solutions. It also supports compatibility with a wide range of third-party devices, demonstrating high compatibility and scalability.

4.3.1.2 Mobile Robots

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

1. Mobile Robot Software Products

Huaray Technology RCS Scheduling System: The scheduling system employs self-developed scheduling algorithms, including dynamically switchable allocation algorithms under multiple constraints, multi-constraint path planning algorithms, a separating axis theorem-based safety detection algorithm, a multi-strategy fused multi-vehicle traffic control algorithm, and a Multi-Agent Path Finding (MAPF) deadlock resolution algorithm. Combined with self-developed AMR device perception and recognition algorithms, motion control algorithms, intelligent power electronics, and high-precision intelligent electric drive algorithms, the system enables ultra-large-scale map construction and millisecond-level path planning, and can support optimal allocation of over 1,000 concurrent tasks with multi-server cluster scheduling. The system provides multi-robot cluster path planning, yielding control, robot traffic management, intelligent task allocation, multi-vehicle collision avoidance, traffic flow balancing, system load balancing, intelligent charging management, safety monitoring, storage location management, intelligent operations and maintenance management, statistical reporting, and other functionalities. With deep roots in industry application scenarios, we have launched industry-specific scheduling systems centered on the core philosophy of "More Professional, Better Adapted, Faster Delivery", including RCS for loop production lines and RCS for internal cell production lines. For key overseas markets, we have established localized software platforms to advance the standardization of overseas projects.

Huaray Technology iWMS Warehouse Management System: The system is based on the RCS (Robot Control System) scheduling system and the goods-to-person concept, and enables goods-to-person picking, production-line delivery, point-to-point transport, line-side warehouse loading and unloading, and other automated warehousing and distribution scenarios. It optimizes storage and distribution through core automated strategies such as putaway strategies, allocation strategies, wave picking strategies, and mixed-storage strategies. Combined with wave algorithms, efficiency-first algorithms, load balancing algorithms, dense storage algorithms, data operation analysis, and business dashboards, it further streamlines business processes and inventory management to improve operational efficiency. Dense storage and pallet-on-pallet warehousing functions also significantly boost storage density in warehouses and line-side warehouses. It has been successfully applied in integrated manufacturing warehousing and distribution scenarios such as in-line and off-line logistics for lithium batteries, raw material and finished product logistics for photovoltaics, RDC for automotive final assembly, as well as full-site logistics covering SMT, raw materials, semi-finished products and finished products in the 3C industry.

HuaRay Technology MCS material management system: The system adopts a lightweight architecture to enable rapid deployment and flexible expansion. Centered on configurable process rules, it can quickly build numerous line-side pull scenarios by freely combining three core elements: task type, scheduling mode, and handling strategy, adapting to diverse production requirements. In addition, the system establishes a sophisticated inventory management system. Through multi-

dimensional data correlation such as material number, timestamp, and coordinate positioning, it records inventory changes in detail and realizes full-process traceability of materials from production completion to line reloading. This meets efficient and refined material pull demands and improves line-side logistics management efficiency.

2. Mobile Robot Hardware Products

HuaRay Technology's industrial handling robots, such as latent lifting, transfer, and fork-picking robots, are equipped with a rich variety of network systems and intelligent charging systems, and are widely used in modern warehousing management and production handling scenarios in various industries. In 2025, newly launched fork-type products such as the Tianzi Pallet Mini-Robot and outdoor counterbalance trucks have expanded the application boundaries of the fork-type product range. The latent (underride) product lineup covers typical load scenarios from 60 kg to 3,000 kg, with certified models complying with CE, UL and other international standards, which have been widely deployed in the global market featuring quicker installation and maintenance, as well as higher operational accuracy. For transfer-type products, the new-generation CTR (case-handling robot) has been introduced with richer navigation modes and flexible adaptability to diverse scenarios, catering to case-moving demands in the manufacturing industry. By deeply addressing industry-specific requirements, our high-precision dual-lift and single-cantilever products have been widely adopted by multiple lithium battery customers. Meanwhile, a variety of tow-type products have been launched to meet application needs in the automotive industry.

Our products support a full range of navigation modes, including laser SLAM navigation, visual navigation, inertial navigation, and multi-sensor fusion navigation. They are compatible with laser obstacle avoidance, visual obstacle avoidance, and TOF stereo obstacle avoidance. Through multi-dimensional perception, they achieve millimeter-level high-precision docking. 5G communications scheduling and control has low latency, enabling the expansion of services from indoor to outdoor, and has been widely applied in new energy, automotive parts, electronics manufacturing, steel, and food industries.

4.3.2 Thermal Imaging

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

In 2025, Pixfra Technology was recognized as: Hangzhou Industrial Design Center, Hangzhou Enterprise Technology Center, Zhejiang Industrial Design Center, Key Enterprise Research Institute of Zhejiang Province and Zhejiang High-Quality Manufacturing Enterprise. It also won the title of National Key "Little Giant" Enterprise in the second batch of national specialized, refined, distinctive, and innovative enterprises, and ranked 57th in the 2025 Zhejiang Province Top 500 High-Tech Enterprises by Innovation Capability.

4.3.2.1 Technological Breakthroughs

In 2025, Pixfra Technology continued to consolidate its technology foundation and maintain its leading position in core technologies in the industry. The company kept advancing the deep integration of thermal imaging and artificial intelligence. On the hardware side, the thermal + visible light dual-spectrum fusion technology has significantly improved target recognition in complex environments, while the semiconductor condensation self-cleaning technology effectively solves maintenance challenges for outdoor equipment in harsh conditions. On the algorithm side, core AI models including the PIPS 4.0 image algorithm, fire and smoke detection, perimeter protection, and ground feature detection have been successively deployed, enabling an upgrade from single-point detection to full-area perception and enhancing the intelligence of thermal imaging applications across industries. At the same time, the company's forward-looking deployment of embodied intelligence in the thermal imaging field establishes the product and technical foundation for product-form innovation and market expansion.

4.3.2.2 Product Innovation

Pixfra Technology continues to maintain its leading position in industry applications and deepen its deployment in segmented industry scenarios. In 2025, the company completed the development of a posture-sensing PTZ, further improving the positioning accuracy of forest fire prevention products. It developed a cooling surveillance system, extending the intelligent detection range of thermal imaging to the 20-kilometer level. A lightweight ME PTZ was launched to enhance product competitiveness in power industry scenarios. A multi-lens dome camera for power distribution was developed, enabling multiple functions in a single device and exploring applications in the power distribution sector. Additionally, large model-powered products were released to further improve detection range and detection rates.



In the field of core module products, Pixfra Technology has further improved its core product portfolio, covering network and digital core types while achieving full coverage of resolutions. With a more comprehensive product lineup, the company has laid a solid foundation for full-range cooperation with customers. Its products have been continuously applied in low-altitude economic integration, robot integration, industrial temperature measurement, security integration and other fields, steadily expanding its integrated business. Meanwhile, the company launched a smartphone plug-in thermal imaging product to explore applications in the consumer market.



In the field of personal vision products, the company further expanded its product portfolio width in 2025 and released a series of competitive personal vision products. Responding actively to the market demand for portability and light weight, the company has been making its products smaller and lighter. Examples include: Draco binoculars, Astral handheld all-in-one device, Cetus sight and Pegasus 2 sight.



4.3.2.3 Industry Focus

In 2025, Pixfra Technology focuses on two major industry areas: emergency management and industrial Temperature Monitoring.

1. Emergency Management

Building on its profound expertise in forest fire prevention, the company has continuously deepened its layout in the emergency management sector, achieving a strategic leap in capabilities from traditional forest and grassland scenarios to more segmented applications such as urban space and cultural heritage protection. The urban three-dimensional fire prevention solution targets fire monitoring in complex environments including high-rise buildings, urban residences and commercial areas. The cultural relics and ancient architecture protection solution addresses the safety protection

needs of non-renewable cultural heritage. These developments mark the diversified and in-depth expansion of the company's business.

In response to business needs, the company has launched innovative products such as the posture-sensing PTZ and large-model dual-spectrum cameras, and has developed multiple core solution systems for forest fire prevention and urban three-dimensional fire prevention, thereby establishing an integrated delivery capability spanning from hardware products to scenario-based applications. The large-model dual-spectrum camera can carry large-model intelligent analysis capabilities in a compact form factor. The high-precision positioning PTZ device integrates technologies such as spatial sensing, posture sensing, and semiconductor condensation self-cleaning to meet the high-precision positioning requirements of complex environments.

Thanks to dual breakthroughs in technological innovation and scenario application, the company's relevant businesses have achieved positive progress in both domestic and overseas markets. Overseas, it has successfully entered new sectors such as forest fire prevention and waste incineration supervision, with steady progress in its global layout. In the domestic market, the company has continued to deepen its presence in more than ten key provinces for forest fire prevention and implemented benchmark projects.

Going forward, the company will continue to conduct technology planning and product innovation centered on AI large models, deepen scenario understanding and solution capabilities in the emergency management sector, and drive its business to a higher level and broader scope.

2. Industrial Temperature Measurement

The company has continuously increased its R&D investment in the application of infrared thermal imaging technology in industrial temperature measurement scenarios, further consolidating its leading market position in traditional industrial fields such as electric power and petrochemicals. With the growing demand for smart manufacturing and predictive maintenance, the industrial temperature measurement market continues to expand, and thermal imaging applications are moving from auxiliary inspection to core production processes. Through non-contact, long-distance and large-scale real-time temperature monitoring, the technology converts invisible temperature distribution into visualized thermal images, enabling accurate perception and intelligent early warning of equipment status, process procedures and potential safety hazards.

In 2025, the company launched a series of innovative application solutions in the industrial temperature measurement sector, including photovoltaic panel inspection and wind turbine patrol management solutions for the new energy industry to effectively improve system efficiency and service life; applications such as body die-casting mold temperature monitoring and spray film quality inspection for automotive manufacturing to achieve precise control and defect prevention in the production process; intelligent monitoring solutions for key links such as production, testing and storage in the lithium-ion battery safety field; and a variety of products and solutions launched for

scenarios such as warehouses, charging piles and electric bicycles in the intelligent fire prevention field, which have achieved extensive results in practical applications.

4.3.3 Automotive Electronics

Hirige, a subsidiary of the Group, specializes in smart in-vehicle products and industry solutions. Leveraging its technological advantages in video, it focuses on video as the core and has laid out the direction of intelligent driving, combined with radar, AI, perception data analysis and processing and other technologies, and is committed to becoming an industry-leading supplier and solution provider of intelligent automotive electronic products with video technology as the core. To date, the company has obtained the IATF16949 quality management system certification. In terms of overall product development, it has successively acquired key industry certifications for product processes, including ISO 26262 functional safety certification, ISO/SAE 21434 road vehicle cybersecurity process certification, and ASPICE (Automotive Software Process Improvement and Capability Determination) Level 2 assessment. The product solutions comprehensively serve domestic and foreign passenger vehicle and commercial vehicle customers, as well as consumers and industry users at all levels.

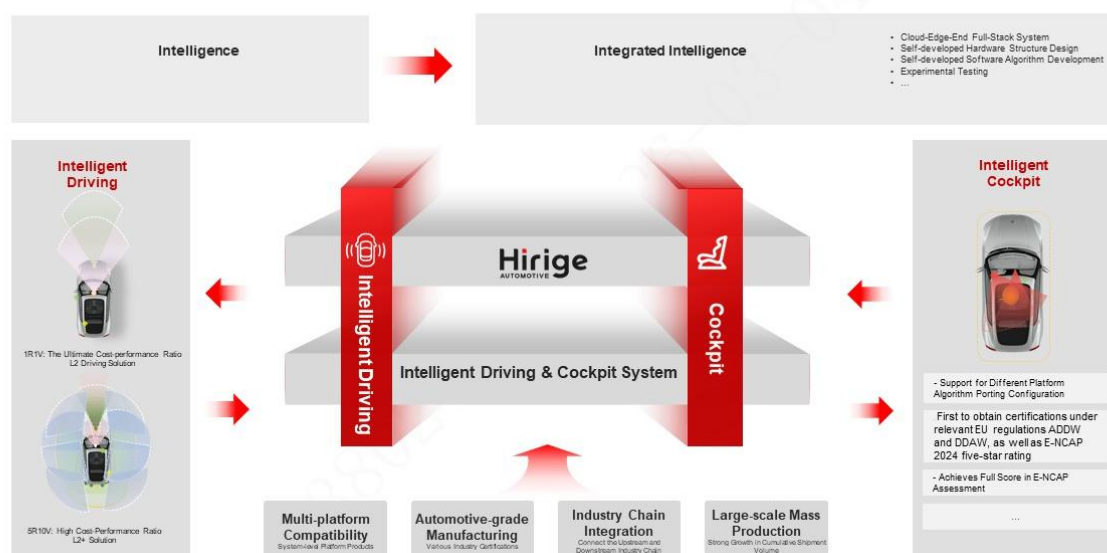
4.3.3.1 Passenger Vehicle Market

Passenger vehicle products are built around the two core capabilities of perception and intelligence, with four major product series: intelligent driving, intelligent cockpit, visual sensors, and millimeter-wave radar. Leveraging its full in-house R&D capability across the entire product portfolio, the company engages with customers in multi-dimensional cooperation ranging from products to solutions and from deep customization to technology empowerment, providing all-around advanced solutions for the automotive industry.

In the field of intelligent driving, Hirige has integrated cutting-edge autonomous driving technologies into the OEM market, launching and further optimizing front-view assisted driving solutions. Specifically, the cost-effective entry-level 1V solution has secured additional design wins from mainstream customers, achieving new breakthroughs in the intelligent driving business and laying a solid foundation for further in-depth development of intelligent driving technologies and product value. The flagship cost-effective L2+ driving solution 5R1V supports mapless high-speed NOA, blind spot monitoring, forward/reverse crossing detection, and meets the 5-star rating requirements of C-NCAP 2024. Meanwhile, it has also launched a lightweight driving-parking integrated solution, providing automakers with a more adaptable version of intelligent driving products for the upgrading of their intelligent systems. This solution can realize more complex and reliable driving-parking integrated functions, support active safety, HWA (Highway Driving Assist), APA (Automatic Parking Assist) and other functions, and is well-prepared for future upgrades to higher-level intelligent driving systems.

In the field of intelligent cockpits, the company has realized the development of cockpit safety systems and cockpit interaction systems, and has completed the mass production of various in-cabin visual sensors. DMS and OMS-related products both meet ASIL B functional safety requirements. The cockpit camera effectively avoids crosstalk between DMS and OMS. Meanwhile, the company is researching the technical feasibility of integrating intelligent driving, DMS, OMS and HUD. The cabin safety system supports driver fatigue detection, distraction alerts, dangerous driving monitoring and child presence detection. Together with customers, the company has successfully obtained the first EU regulatory certifications for ADDW and DDAW, as well as a 5-star rating in E-NCAP 2024. The cockpit interaction system supports functions such as rear occupant/forgotten object detection, gesture recognition, emotion recognition and heart rate detection, helping customers build distinctive intelligent cockpits and enhance the in-cabin riding experience.

System Solution



In the intelligent driving camera field, the company has achieved a comprehensive upgrade of its products, with camera pixels gradually moving toward high-definition. It has mass-produced and delivered a new generation of intelligent driving cameras featuring integrated front and rear housing, laser welding, active PCB alignment and other technologies, which effectively lower the production cost of automotive cameras while improving product stability and consistency, leading product iteration in the vision sensor industry. At the same time, the intelligent driving cameras meet the ecological requirements of mainstream algorithms such as Horizon and Momenta, supporting broader platform-based product iteration for customers. In 2025, the company further expanded its cooperation with leading domestic OEM automakers, securing supplier designations and achieving mass production for multiple projects, increasing market share and laying the foundation for subsequent performance leaps; as its product business expanded, the company also made

substantial investments in manufacturing plant construction, added multiple AA production lines, and continued to expand overall capacity to meet the needs of its rapid growth;

In the field of millimeter-wave radar, the company continued to increase investment to promote technological progress and innovation. In terms of forward radar and blind zone radar, the company launched improved microstrip antenna radar products with better performance and completed the development of a new generation of waveguide antenna radar products. The in-cabin vital signs radar has undergone a product iteration with higher performance and lower cost, achieving broader coverage of application scenarios while complying with the requirements of ENCAP 2026 regulations.

Passenger Vehicle Product Line | Roadmap



4.3.3.2 Commercial Vehicle Market

China's commercial vehicle ownership has exceeded 20 million units. As the backbone of road transportation, commercial vehicles serve as a critical supplement to air, rail and waterway transport, undertaking massive passenger and cargo transportation nationwide and being closely linked to people's livelihood security. At present, traffic accidents involving commercial vehicles occur frequently, with safety risks such as casualties and cargo damage becoming increasingly prominent, and serious and major accidents happening from time to time. In addition to speeding and fatigued driving, the proportion of accidents caused by blind spots continues to rise, making it a key issue for industry-wide governance.

Today, functions such as forward collision warning, lane departure warning, driver fatigue monitoring, and driving behavior analysis have become standard features in active safety and advanced driver assistance systems for commercial vehicles across regions. Hirige gains in-depth insights into actual

vehicle operating scenarios, and continuously optimizes algorithm performance and operational efficiency in combination with complex working conditions, so as to comprehensively improve system stability and intelligence. The company specializes in both OEM and aftermarket smart vehicle solutions. Through its core offerings such as active safety products, advanced driver assistance products, 360° panoramic around-view system, 1R1V solution and others, it fully enables the intelligent upgrading of commercial vehicles. To date, its products and solutions have been widely deployed in freight logistics, taxis and ride-hailing, long-distance & tourist coaches, dangerous goods transport vehicles, heavy-duty trucks, public transit, school buses, sanitation vehicles, mobile law enforcement and other sectors. The company provides high-quality automotive electronic products and integrated solutions to customers worldwide.

Commercial Vehicle Product Line | Roadmap



In 2025, the company fully ramped up its efforts in the commercial vehicle market. In the domestic market, focusing on core sectors such as public transit, taxis and ride-hailing, and freight logistics, the company continuously upgraded its solutions, built comprehensive core competitiveness, and successfully delivered a number of benchmark projects including Hangzhou Public Transit, China Post Freight, and Xiamen Heavy-duty Cargo Transport. In overseas markets, the company remains focused on key sectors including public transit, police vehicles, school buses and freight transportation. Going forward, it will prioritize the freight industry, launch dedicated new freight solutions to enter core overseas markets, fully explore new business growth drivers and build a new engine for expansion.

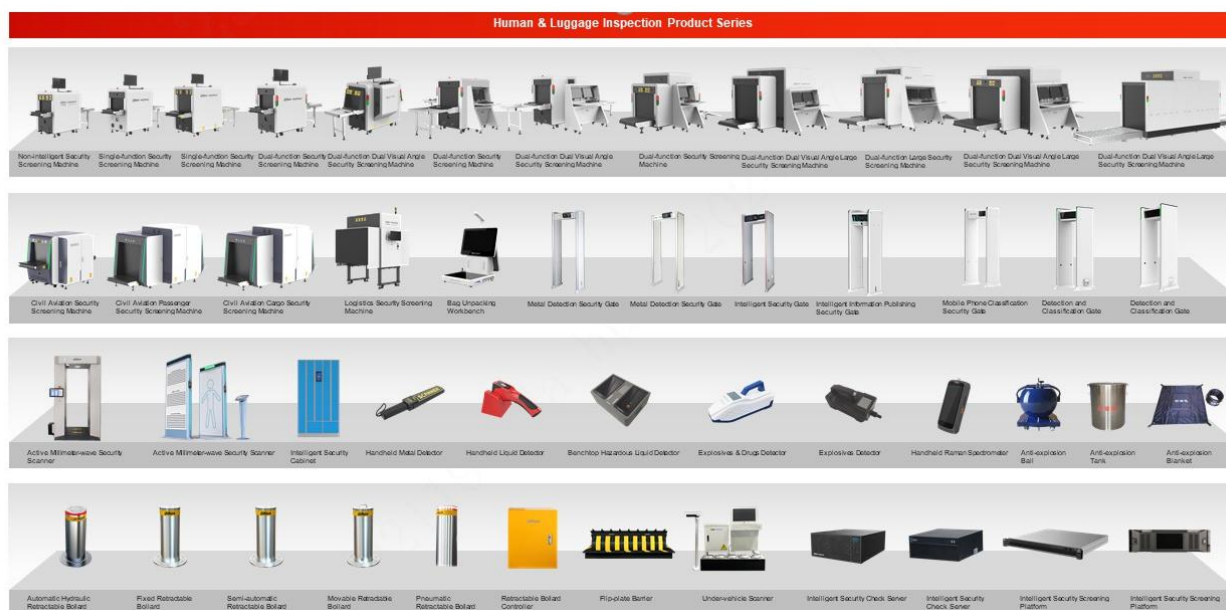
In the commercial vehicle market, the company will focus on the core strategy of "concentrating superior resources and deepening key industries", making multi-dimensional efforts to achieve

breakthroughs across the board: in the commercial vehicle OEM market, the company will focus on launching new national-standard solutions, 1R1V schemes, EU R151 regulatory components and 360° around-view systems, continuously improving its business layout while achieving breakthroughs in securing designated cooperation with multiple leading automakers; in the sectors of "long-distance & tourist coaches, dangerous goods transport vehicles, heavy-duty trucks" as well as freight transportation, it will closely follow the national Beidou-only policy direction, fully covering the Beidou replacement business in 32 provinces, and accelerating the large-scale application of the new national-standard three-piece suite (ministerial-standard equipment/ADAS/DSM); in the public transit market, it will achieve full coverage nationwide from the provincial to prefecture-level cities, and fully promote the implementation of the second-generation integrated public transit solution. This solution covers core functions such as public transit dispatching, active safety, blind spot monitoring, 360° panoramic view, passenger flow statistics and zebra crossing warning; in the taxi and ride-hailing market, it will complete the launch of a full-system product lineup. Taking the implementation of national ride-hailing administration regulations as an opportunity, it will further expand its market share in provincial capital cities.

4.3.4 Smart Security Inspection

Zhejiang Huajian Technology Co., Ltd., a subsidiary of the Group, is a provider and operator of comprehensive smart security inspection solutions. With advanced technologies including artificial intelligence, big data and the Internet of Things as its core, the company is committed to delivering reliable, convenient and intelligent security inspection equipment and services to global users, achieving in-depth innovative integration with the security inspection industry.

Its products and services cover intelligent walk-through metal detectors, multi-energy intelligent X-ray inspection systems, intelligent security inspection platforms, commercial anti-theft systems, intelligent bollards, hazardous chemicals detection systems, explosion-proof products, and others. These have been widely deployed in public venues including airports, rail transit, medical institutions, railway passenger stations, large-scale exhibitions, cultural relic sites, educational institutions, and industrial parks.



4.3.4.1 Security Screening Machine

Huajian Technology specializes in security inspection machines, taking independent R&D as its technical foundation and continuously driving industry innovation. The company has achieved successive breakthroughs in high-end security inspection technologies such as intelligent visual analysis, material identification, and civil aviation standards, committing to leading the technological evolution of security inspection equipment. To date, 10 of its models have obtained civil aviation certification, marking that its R&D capabilities have been recognized at the highest domestic level and signifying the company's official entry into the civil aviation security inspection market.

In image processing, Huajian Technology has launched a brand-new self-developed image engine – "BlueSky 3.0". Based on the full localization of core components, this engine has significantly improved the clarity and layering of imaging, and optimized the experience of human-computer interaction and image interpretation. Supported by advanced AI deep learning capabilities, the security inspection machines can not only accurately distinguish between organic substances, inorganic substances and mixtures, but also effectively identify certain types of high-risk contraband, such as drugs and explosives. In addition, the equipment supports intelligent networking, enabling real-time upload of X-ray baggage images and alarm information to the security inspection management platform, so as to realize centralized monitoring and data linkage and improve the overall efficiency of security inspection management.

4.3.4.2 Walk-Through Metal Detector

Huajian Technology boasts extensive expertise in walk-through metal detector technology. Leveraging its R&D accumulations and rich project experience, the company has achieved breakthroughs in the

integrated application of high-precision magnetic field detection and AI deep learning. Through intelligent analysis of magnetic field signals, the detector can accurately identify contraband such as mobile phones and knives, precisely meeting the core market demand for rapid high-throughput screening and shielding of common daily-use metals.

The company's independently developed array-integrated imaging millimeter wave walk-through metal detector has received Zhejiang Province's First (Set) Certification. Boasting strong penetration and being harmless to the human body, this product can efficiently identify personal items while ensuring safety. It significantly improves the comfort and passage efficiency of the inspection process, delivering a more user-friendly security experience for inspected personnel. In terms of the ability to detect tiny metal objects, Huajian Technology took the lead in introducing the "half paperclip" detection standard, earning wide market recognition with its extreme sensitivity.

4.3.5 Smart Fire Control

Group subsidiary Huaxiao Technology is a comprehensive integrated solutions and operations service provider for "safety–fire–electricity" that brings together advanced technology R&D, product systems, platform capabilities, and delivery services. With IoT, big data, cloud computing, video AI, and other technologies at its core, it is continuously dedicated to providing advanced, industry-wide safety products, solutions, and one-stop operational services to global individuals, enterprises, and government customers, enabling comprehensive safety management in areas such as fire alarm, gas detection, and smart power usage, and improving overall societal safety levels.

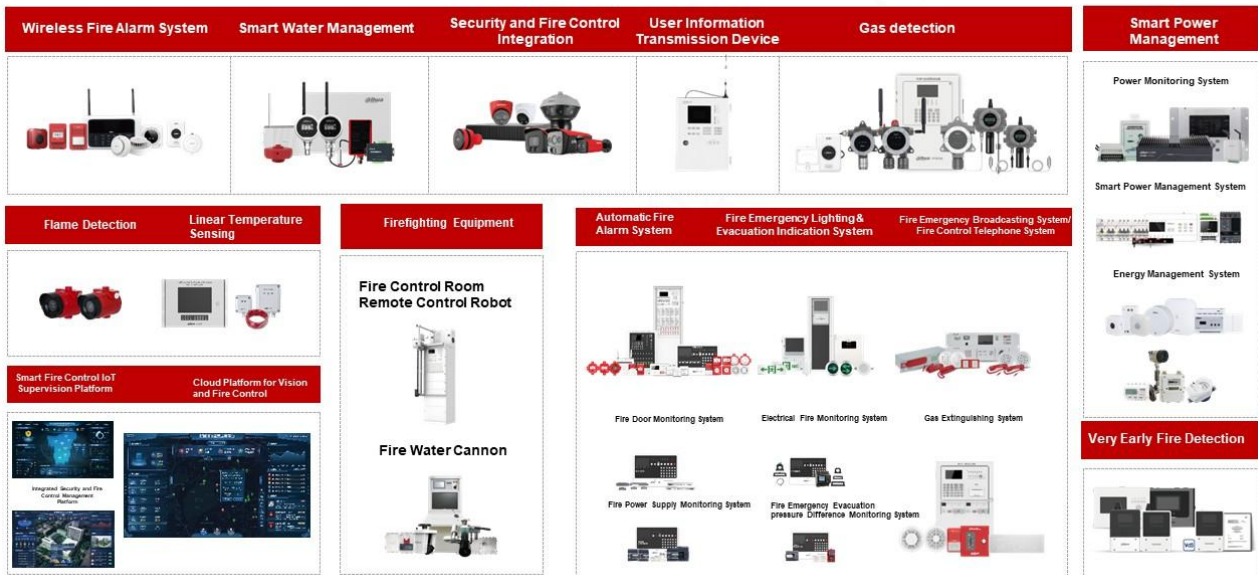
4.3.5.1 Fire Protection Products

In 2025, the company continued to upgrade the "Changlian" series firefighting product system, further enriching the integrated security and fire control product matrix and strengthening effective management of fire safety. For the industrial sector, the company focuses on key industry scenarios—power, energy storage, rail transit, and energy & chemical—and has developed and launched explosion-proof and intrinsic safety (IS) traditional fire-protection products, aspirating smoke fire detectors, multi-band flame detectors, multispectral temperature-sensing fire detectors, and other related products to meet the needs for early warning, early response, and remote monitoring and controllability in industrial environments, forming an integrated two-tier networked supervisory solution for the Group.

In terms of overseas business, the company has continuously expanded its presence in the household and commercial fire protection markets. Focusing on products such as AI safety and fire protection cameras, industrial special detectors and fire accessories, it has been building one-stop fire protection solutions based on cloud and localized services. In 2025, the company's self-developed aspirating smoke detector became one of the first products in China to obtain the

authoritative German VdS certification. Through continuous technological accumulation and innovation, the company's products have successively obtained extensive international fire protection certifications in Europe, the Middle East, Southeast Asia, and other regions, and the products' reliability and stability have also been increasingly recognized by an increasing number of countries, markets, and customers.

Domestic Product Series



Overseas Product Series



4.3.5.2 Solutions

In response to fire protection scenarios across various industries, the company took the lead in launching an integrated safety, fire protection and electrical solution. It promotes the technical architecture of "three-domain integration and three-level linkage" to facilitate the digital and intelligent upgrade of the integrated "safety + energy consumption + operation & maintenance" business, helping customers achieve the dual goals of safety management and green development.

Based on the strategic upgrade of the integrated safety, fire protection and electrical solution, the company has continuously advanced the cooperative model of urban operation service centers, deploying local service capabilities at the district and county levels. Relying on its products, solutions and localized comprehensive fire protection services, the company provides owners with one-stop services including safety design, construction, remote networking, operation on duty, maintenance, safety training, fire insurance and emergency response.

In the urban lifeline gas safety sector, the company focuses on four business scenarios: gas stations, pipelines, residential and commercial gas use, and bottled gas. It monitors and collects real-time data on leaks, pressure, flow, temperature, location, liquid level and vibration, while continuously upgrading its end-to-end overall solution covering the entire business chain. In the fields of finance, banking and social governance, the company has realized the intelligent upgrade of secondary and tertiary distribution boxes and deployed end-to-end electricity safety monitoring systems in state-owned banks, joint-stock commercial banks and rural credit cooperatives.

In the future, the Company will, in alignment with China's "dual-carbon goals," continue to deepen safe electricity solutions. With electrical safety as the foundation, the Company will continuously optimize and upgrade solutions for power monitoring, energy consumption management, energy and carbon management, near-zero parks, and zero-carbon park construction.

4.3.6 Intelligent Alarm

The company provides industry-leading intrusion alarm products and solutions in the alarm business sector. It has accumulated profound technical expertise in radio frequency, low-power design, passive infrared, microwave detection and other fields, and has been granted a number of core patents. The company also actively participates in the formulation of a number of national and industrial standards, continuously driving technological progress in the industry.

Based on long-term industry experience and technological accumulation, the company integrates AI technologies with traditional sensing technologies and has successfully launched the Aegis and Fortress series products, which have obtained the highest-level certification in China's alarm industry as well as the European EN50131 standard certification. In addition, leveraging its strengths in cloud services, the company has realized the integration and interconnection of alarm systems with video, access control, intercom and other systems, and integrated comprehensive security functions such as

fire alarm early warning. This forms an all-in-one solution that effectively enhances the overall operational capabilities of alarm service providers.

The alarm business covers three major areas: wireless alarm, wired alarm, and IoT alarm, providing customers with comprehensive products and solutions. In the wireless alarm segment, the company focuses on residential and SMB scenarios. Leveraging its self-developed wireless AirFly technology stack and low-power technology, it enables flexible deployment and long-term stable operation, while driving the rapid growth of overseas business. In the wired alarm segment, it provides stable and reliable medium and large-sized alarm system solutions for supermarkets, finance, buildings, cultural relics institutions and other industries. In the IoT alarm sector, the company focuses on deep industry applications. By integrating multiple communication protocols and IoT sensing technologies, it enables cross-system intelligent linkage of equipment, which has been successfully applied in various industry scenarios such as computer room power and environment monitoring, construction site environment monitoring, and water conservancy drainage management.



4.3.6.1 Wireless Alarm

The company continues to focus on its wireless business centered on cloud services, comprehensively upgrading the experience for end users, installers and operation and maintenance personnel through simplified deployment, optimized configuration and improved O&M efficiency. By refining core wireless capabilities, it has realized batch configuration of wireless devices, making installation 2.5 times more efficient; optimized device power management has extended battery life by 20%–30%.

Through continuous technological innovation, the company delivers more accurate identification and smarter experiences to users. By deeply integrating video AI algorithms, passive infrared, radar and

other multi-dimensional sensing technologies, detectors have significantly improved alarm accuracy in complex environments. The cloud platform, supported by the Xinghan large-scale AI models and integrated with low-code and operation & maintenance platforms, builds an efficient and intelligent cloud base. It delivers intelligent experiences for users including large-model false alarm filtering and AI O&M assistant.

The company has continuously improved the AirShield product portfolio, launched a variety of professional wireless detectors, and introduced hybrid alarm solutions to meet the needs of diverse scenarios. In the meantime, it has rolled out a converged solution centered on alarm operation, realizing the interconnection of video surveillance, alarm response and intercom systems to achieve integrated alarm receiving and verification.

4.3.6.2 Wired Alarm

Wired alarm products are closely aligned with industry characteristics and customer demands, with continuous performance iteration. The product family includes the Fortress series alarm control panels, wired detectors, expansion modules and other accessories, all designed and manufactured to industrial-grade standards. Featuring high concurrency, low latency and strong anti-interference capabilities, they meet the requirements of high-security-level deployment. Supported by a diverse detector matrix covering infrared, dual-tech, smoke detectors, glass-break detectors and more, the solutions are precisely tailored for key scenarios such as large commercial complexes, financial institutions and museums. They enable real-time perception and rapid response to intrusion alarms, forming a closed-loop protection system.

The perimeter protection product line focuses on high-level boundary security demands, building a solid physical defense line. The product portfolio covers three core systems: electronic fences, tension fences, and vibration optical fibers. Through seamless integration of physical barriers and intelligent early warning, it forms a full-link closed-loop management from intrusion detection, real-time alarm to linkage response. Perimeter products effectively make up for the shortcomings of traditional video surveillance in boundary blind spots, harsh weather, low-light night conditions and other scenarios, providing all-weather, full-coverage and highly reliable perimeter security.

4.3.6.3 IoT Alarm

As a key application integrating the Internet of Things and security management, IoT alarm technology is developing rapidly alongside technological iteration and upgraded security supervision requirements. Technologically, advances in networking, low-power design and AI algorithms continue to expand the application scenarios of alarm systems. Industrially, the growing demand for real-time early warning in smart cities, digital equipment rooms, forest fire prevention and other fields has made IoT alarm a security cornerstone in the digital transformation of various industries.

In security supervision fields such as emergency response, electric power and railway transportation, we deeply explore business scenario requirements, continuously optimize product performance, and launch a series of dedicated products including environmental monitoring all-in-one devices, equipment room inspection all-in-one devices, and IoT master controllers. These products can collect real-time data on power systems (mains power distribution, UPS, storage batteries), environmental parameters (temperature and humidity, water leakage, air conditioning and ventilation), and security data (fire protection, access control, intrusion alarms). Supported by intelligent algorithms, they enable remote monitoring and control, helping enterprises achieve energy conservation, automatic inspection, process optimization and safety supervision. This effectively improves the operational efficiency and security of data centers while significantly reducing operation and maintenance costs.

In water conservancy, water affairs, natural resources and other fields, we focus on core industry demands and provide precise digital and intelligent solutions. The urban drainage intelligent monitoring system enables real-time monitoring of pipeline network operation, providing decision support for urban waterlogging prevention and control. The dam safety intelligent monitoring system realizes dynamic early warning for dam structural safety. The rain and water regime dynamic sensing scheme provides real-time data support for flood control and drought relief command. The forest fire prevention intelligent monitoring and early warning system can detect fire hazards in a timely manner and realize early intervention. These solutions have comprehensively enhanced the intelligent monitoring level of relevant industries, providing solid technical support for the safe operation of cities, the scientific management of water resources, and the protection of the ecological environment.

Going forward, the company's alarm business will continue to focus on technological innovation and scenario application, deeply integrating key technologies such as multimodal sensing, AI visual analysis, and cloud large-model intelligent decision-making. It will further deepen its presence in home security, environmental safety, accident prevention and control, health monitoring and other scenarios. We will be committed to building more efficient, safer, and smarter alarm systems and solutions, with the mission of "technology-driven security," to provide protection for the safety management and better lives of customers worldwide and to promote the industry's continued development toward intelligence and integration.

4.4 Ecosystem Openness and Cooperation

Ecosystem cooperation is a long-term development strategy of the Company which has long been committed to building a win-win ecosystem and creating value together with its partners. The Company's purpose is to achieve customer success, anchoring on serving customer value realization, building comprehensive open capabilities from technology, business, to services, and being fully open to industry customers and developers through hardware, software, algorithms, services, and business ecosystems. We work with ecological partners to open up new areas, create new momentum, and

jointly create unlimited possibilities for industrial development, empower the digital and intelligent development of thousands of industries, and achieve co-creation, symbiosis, and win-win results.

4.4.1 Business Opening and Ecosystem Cooperation

4.4.1.1 Integrating Customers' Business Ecosystem

The Company continues to deepen the development of the integrator cooperation system and targeted resource investment, turning the win-win cooperation concept into implementable value creation actions, and fully promoting the capability upgrading and win-win business development of its partners. To further improve customer operation quality, optimize business structure and focus on high-quality growth, the Company has prioritized strengthening customer service support. On the one hand, digital tools are adopted to empower frontline teams, enabling rapid response to customer demands and improved efficiency in business opportunity conversion. On the other hand, more targeted industry resource packages are provided to core partners, so as to jointly deepen efforts in segmented sectors and upgrade cooperation from "project-based cooperation" to "strategic partnership".

The Company integrates full-link resources including product R&D, solutions, and marketing channels, and establishes a "hierarchical operation system for value customers". Dedicated service teams and resource prioritization mechanisms are allocated for corporate-level and provincial-level partners, achieving dual improvements in resource allocation efficiency and partnership stickiness. In terms of marketing and empowerment, the Company continues to promote Dahua Online, enriching promotion content for products and solutions. Offline, it regularly holds "circle activities" covering technology, business, service and other capabilities, promoting all-round in-depth integration with integrator partners in joint R&D, market expansion and service construction. The breadth and depth of cooperation have been significantly improved.

4.4.1.2 SMEs' Business Ecosystem

Facing the complex and changing market environment and continuously upgraded industry demands, the Company takes "local operation and district and county lower-tier" as the core of its SME ecosystem strategy, continuously enhanced customer value, expanded market coverage horizontally, deepened market penetrating power vertically, and continuously optimized the channel ecology. We have promoted the in-depth development of small and medium-sized enterprise business towards refinement, scenario-based, and digital and intelligent transformation. Leveraging AIoT technologies, we empower millions of SMEs in their digital and intelligent transformation, and build a symbiotic, prosperous and sustainable channel ecosystem.

4.4.1.3 Industry Customers' Business Ecosystem

The company focuses on government digital transformation, through comprehensive cooperation such as hardware openness, software collaboration, and service support, the company has formed an end-to-end closed-loop co-creation capability with ecosystem partners from product R&D to solution deployment, which both enhances the competitiveness of overall solutions and creates significant incremental business for partners. In the smart water conservancy sector, relying on an integrated "space-air-ground-water" sensing system, the Company integrates video surveillance with professional sensor data from ecosystem partners to realize intelligent monitoring of reservoirs, rivers, lakes and other scenarios, significantly reducing users' operation and maintenance costs. In smart agriculture, through in-depth cooperation with spectral technology partners, the Company has developed intelligent monitoring equipment with an observation radius of 300 meters that supports more than 10 spectral indices, providing accurate data support for crop growth analysis and other scenarios. In administrative services, focusing on scenarios such as gas station supervision and smart elderly care, the Company helps customers upgrade their businesses and expand fields through technology empowerment. In smart ports, the Company has joined hands with partners to launch special cameras for remote control of port machinery. With innovative designs including corrosion resistance, vibration resistance and ultra-low latency, these cameras outperform imported alternatives, facilitating the domestic substitution of port remote control systems. In the smart transportation sector, the Company has partnered with its partners to develop a comprehensive, multi-functional traffic monitoring station solution that integrates AI video and LiDAR data. The solution has been deployed across multiple provinces, significantly enhancing partners' competitiveness and market share.

For enterprises' digital and intelligent upgrading, the Company takes root in digital scenarios, integrates ecological capabilities in segmented fields, and serves scenario-based digitalization with the goals of "building a comprehensive security system, forging digital productivity, and enhancing operational decision-making". For instance, in the industrial and commercial business sector, it has joined hands with ecosystem partners to develop professional solutions for enterprise parks, logistics warehouses, digital workshops, digital stores, and intelligent marketing, empowering enterprises to build new quality productive forces and improve operational efficiency. In the financial sector, it collaborates with ecosystem partners to explore financial scenario applications, comprehensively upgrading service quality at bank branches and improving user experience. Meanwhile, leveraging its strengths in IoT sensing, artificial intelligence and other fields, the Company provides core foundational capabilities to ecosystem partners in segmented industries, supporting their industry application development and implementation. In the culture, education and healthcare sector, it offers comprehensive IoT and AI capabilities to partners, empowering industry digitalization through

technological and business cooperation. In the energy sector, it provides visual perception technologies to drive vision-based applications in scenarios such as hazardous operations, inspection and unattended monitoring.

4.4.2 Technology Opening and Ecosystem Cooperation

4.4.2.1 Software Open Platform and Ecosystem Cooperation

In its technology openness system, the Company relies on its core capabilities accumulated in the three key areas of IoT sensing, visual intelligence, and data intelligence. It continuously expands the boundaries of capability openness for software ISV partners, steadily enhances cooperation friendliness, and reduces the technical integration threshold for partners. Meanwhile, in response to partners' technical demands, the Company keeps optimizing the delivery of open capabilities and enriches its ecosystem of products and solutions. It has established a multi-level flexible open system of "interface-component-module-product-solution". Driven by both technology and market, the Company has built an integrated visual capability openness system tailored to diverse cooperation scenarios.

Regarding technical support, the Company provides partners with comprehensive technical services, empowerment support, training and certification programs, continuously lowering learning costs and helping partners efficiently absorb and apply openness system capabilities to achieve win-win cooperation. Through value co-creation and sharing mechanisms, the Company continuously deepens the breadth and depth of technical cooperation with partners, ultimately forming a highly trustworthy, stable and win-win technological ecosystem.

In terms of market collaboration, the Company precisely categorizes partners' needs based on regional, industrial and customer characteristics, engages in targeted cooperation, and continuously explores and refines efficient cooperation models to ensure sustained value creation for partners. By building tiered customer operation organizations, sharing channel resources, establishing an ecosystem product shelf, and conducting joint marketing and brand partnerships, the Company promotes the collaborative implementation of solutions and joint technological innovation between both parties. In addition, adhering to the "Partner First" principle, the Company provides early-stage R&D resource support, deepens close cooperation with various provinces, takes the initiative to engage in frontline ecosystem scenarios, communicates directly with partners, and shares technical insights, further consolidating long-term cooperative relationships.

In 2025, the Company set up a special team, which leveraged digital systems to deliver full-process support, facilitating the orderly rollout of software ISV ecosystem operations. Building on its prior business accumulation, the Company has realized the efficient replication and steady expansion of its

business model, with its business covering multiple core provinces nationwide, further consolidating its overall market layout.

4.4.2.2 Hardware Open Platform and Ecosystem Cooperation

The Company continues to advance its hardware ecosystem openness strategy, focusing on the two core dimensions of device operating system capability openness and device access capability openness. It comprehensively builds an independent, controllable, open and integrated technology foundation, accelerating the large-scale implementation and value release of the AIoT ecosystem.

1. Deepening the openness of device operating system capabilities and building a dual-drive system of independent controllability and ecological integration

The Company places equal emphasis on opening up its internally developed system capabilities and integrating with mature external open-source ecosystems, fully supporting the diverse needs of AIoT scenarios and accelerating industry digital transformation.

Opening up in-house system capabilities and building a hardware open platform with decoupled software and hardware: Based on a software-hardware decoupling architecture, the Company has built the Dahua Hardware Open Platform (DHOP), which fully opens up multiple foundational service capabilities including multimedia processing, system resource management, and AI acceleration engines. It is accompanied by a complete full-lifecycle development toolchain covering model conversion, compilation, packaging, debugging, and operation/maintenance, significantly lowering the integration barrier for third-party developers and improving ecosystem collaboration efficiency.

DHOP fully supports mainstream domestic chip systems, laying a solid foundation for independent and controllable localization, and achieving full coverage of the product matrix from front-end cameras and building terminals to storage devices. To date, DHOP has established in-depth cooperative relationships with numerous domestic and foreign industry ecosystem partners, jointly developing intelligent applications covering various industry scenarios such as public well-being, enterprise parks, and energy and power. These applications effectively meet the business needs of end-users, support the in-depth layout of vertical solutions across multiple product lines, and help drive sustained growth in sales volume and steady improvement in market penetration. Meanwhile, the Company actively participates in the development of national, industrial and group standards, takes the lead in or participates in the compilation of multiple equipment hardware open standards, continuously enhances the influence and discourse power of its open capabilities in the industry, and promotes the standardized and normalized development of the industry.

Integrating with mature open-source ecosystems and engaging in in-depth collaboration with openEuler and HarmonyOS ecosystems: Actively responding to the national strategy for information technology application innovation, the Company has fully integrated into mainstream open-source ecosystems such as openEuler and HarmonyOS.

With respect to the openEuler ecosystem, the Company has completed full-stack adaptation for more than 100 products and achieved large-scale deployment, fully supporting system switching across all scenarios. It deeply participates in community technical seminars and summit speeches, and engages in joint innovation around key technologies such as system migration, container mixed deployment, programmable kernels, large model training and inference optimization, and intelligent networks, significantly improving the performance and reliability of basic software and hardware. The Company has obtained multiple openEuler OSV and hardware compatibility certifications. Together with the China Financial Certification Authority (CFCA), it has launched a secure boot solution based on national cryptography algorithms, further consolidating the security foundation of the system. For its global layout, the Company joins hands with the openEuler community to advance its technology globalization strategy. Under the Belt and Road cooperation framework, it focuses on expanding into emerging markets such as the Middle East and South America, building overseas benchmark cases for domestic operating systems and supporting the international expansion of China's open-source ecosystem.

In terms of the HarmonyOS ecosystem, the Company actively participates in industry organizations including the OpenAtom Foundation and the HarmonyOS Ecosystem Promotion Committee, and deeply advances technical collaboration with hardware manufacturers and software service providers. By the end of 2025, 6 categories totaling 62 hardware products had passed open-source HarmonyOS certification, and 6 HarmonyOS apps were released, covering key scenarios for government, enterprises, end users, and engineering implementation; at the same time, multiple products passed proprietary industry HarmonyOS certification, enabling efficient support for the tendering and bidding requirements of multiple localization key projects. The Company continues to conduct technical pre-research on the HarmonyOS and build talent reserves, establishing a solid capability foundation for domestic substitution.

2. Deepening the opening-up of device access capabilities and building an integrated empowerment system of device-edge-cloud collaboration

Focusing on the device connection needs in diverse scenarios, the Company continuously promotes the standardization, platformization and ecologicalization of device access capabilities. Through cross-platform protocol system access and diverse integration paths, it realizes rapid device access, efficient cloud-device collaboration and agile business innovation.

Integrating an open-protocol system and building standardized, full-scenario device connectivity: The Company has built an access system centered on open protocols, forming a unified protocol system covering multiple scenarios such as video network devices, IoT devices, and cloud-edge collaboration.

Video network access protocol: Targeting platform-level integration scenarios, it provides basic interfaces such as device management, audio and video transmission, and intelligent analysis, as well as rich industry business interfaces (e.g., alarm linkage, access control, inspection scheduling, etc.). It comprehensively presents device capabilities, realizes safe, efficient and stable full-link connection, and significantly improves the docking efficiency of third-party systems and the efficiency of cloud-device collaboration.

IoT access protocol: In response to the heterogeneity and resource constraints of IoT devices, a lightweight thing-model mechanism has been designed to provide a unified, efficient, convenient and secure lightweight access solution. It supports a full-life-cycle engineering toolchain covering product design, development, testing and production, facilitating rapid integration and evolution of third-party devices.

Diversified integration methods and creation of flexible and scalable full-stack access paths: To meet diverse needs across different technology stacks, deployment modes and integration depths, the Company provides multi-level access modes.

Device network SDK: A cross-platform unified device network SDK has been provided, supporting local and remote control of the full range of hardware products. It empowers developers to implement remote control and in-depth integration such as device discovery and configuration management, helping ecosystem partners efficiently complete secondary development.

Device gateway: As a core data hub, the device gateway supports multi-protocol conversion and cross-platform data forwarding, enabling centralized management and data integration of heterogeneous devices. In 2025, it served nearly 1,000 security enterprises worldwide across 11 major overseas markets, further consolidating the Company's leading position in global security connectivity.

4.4.2.3 Algorithm Opening and Ecosystem Cooperation

In the wave of digital transformation, artificial intelligence has become the core driving force for promoting industrial upgrading, improving production efficiency, and enhancing innovation capability. To meet the growing scenario-based needs of customers and partners across various industries, the Company is committed to building an open and collaborative AI industrial ecosystem. Through algorithm openness and in-depth cooperation, we have established an industrial ecosystem featuring technology sharing, capability complementarity and value circulation. Together with more partners and industry customers, we help accelerate the intelligent transformation of all sectors.

1. Mature Algorithms and Ready to Use Out of the Box

Through long-term industrial practices, the Company has accumulated a wealth of mature and competitive algorithms featuring wide variety, excellent performance, ease of use and low hardware deployment costs, all available for direct use by ecological partners. Based on the business

development needs of ecological partners, the Company opens up general algorithms including object detection, object capture, license plate recognition, perimeter protection, animal detection and garbage detection to help partners with product deployment, and the Company also provides guidance on algorithm application and tuning based on its own business experience, enabling partners to rapidly expand their businesses.

2. AI open platform: empowering partners to build autonomous AI capabilities

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

3. AI open toolchain: accelerating the commercialization of partner algorithms

It is mainly aimed at customers who can develop algorithms themselves but cannot develop product hardware. Users can develop algorithms through self-research, and then use the "Genius AI Algorithm Deployment Platform" to deploy the developed algorithms to the Company's hardware products, and use DHOP to implement the development and implementation of business software products, and quickly productize the algorithms.

4. Introducing ecological algorithm partners to better meet industry-specific scenario algorithm needs

The company, while continuously consolidating its core algorithms and engineering capabilities, further improves its input-output efficiency according to business development needs, strengthening cooperation with ecosystem partners in industry subsegments and introducing third-party algorithms that have unique advantages within those subsegments. Relying on the Company's mature engineering platform, we rapidly integrate and deliver cost-effective intelligent products and solutions to efficiently meet the diverse algorithm needs of industry customers, creating value and sharing commercial success together with ecosystem partners.

4.4.3 Service Opening and Ecosystem Cooperation

The Company continues to build an open and win-win service ecosystem. It has established more than 300 school-enterprise cooperative training centers worldwide, cultivating and delivering skilled professionals in the AIoT field for the industry and ecosystem partners. This lays a solid talent and service foundation for the efficient implementation of customer requirements and the sound operation of the market. The Company has launched the Dahua Ecosystem Training Center, achieving a strategic upgrade from discrete technical empowerment to in-depth full-business enablement. It

comprehensively helps partners expand their business scope and improve project delivery efficiency, while continuously ensuring end-customer experience and satisfaction with professional capabilities. Meanwhile, the Company continues to strengthen the promotion and implementation of its service ecosystem, fully advancing the visualization and standardization of end-to-end operations, and steadily enhancing the capability and efficiency of ecological services. In the domestic market, the authorized service network covers more than 200 secondary offices with an overall coverage rate of over 90%, achieving full coverage in core regions. In overseas markets, the Company has steadily promoted the standardized and systematic operation of its service ecosystem, with core-region coverage increasing by more than 60% year-on-year. The global service network layout has been continuously improved, and its comprehensive service capabilities have achieved leapfrog growth.

II. Industry Overview during the Reporting Period

In 2025, the domestic market operating environment improved, the pace of digital and intelligent spending stabilized, and implementation of special-purpose bonds and key projects accelerated, effectively boosting demand for digital-intelligent transformation in the public sector and among enterprises; overseas markets still faced challenges such as regional trade restrictions and geopolitical volatility, but demand in emerging economies remained strong, and the deepening globalization of Chinese companies provided stable growth momentum for overseas business.

The new generation of artificial intelligence centered on large models, multi modality and end device-cloud collaborative cognitive intelligence, has entered the stage of large-scale industrial application, becoming the core growth engine for the digital economy and AIoT industries. Large models have evolved from technical demonstrations to scenario-based, lightweight applications and device-edge-cloud integrated deployment. Coupled with the rapid maturity of technologies such as RAG and Agent, they have significantly reduced the cost of intelligent implementation across industries, enhanced decision-making and autonomous capabilities, and driven the upgrade of AIoT from "passive sensing" to "active cognition and autonomous decision-making", thus unlocking substantial industrial value potential.

The AIoT industry is built on visual perception, centered on large models, and focused on industry scenarios. It deeply integrates the full-link capabilities of perception, cognition, decision-making, and execution, achieving large-scale penetration in urban governance, transportation, energy, manufacturing, and other sectors. The industry has shifted from peripheral system integration to the core of production, operation, management, and decision-making, with continuously strengthened technical and scenario-based barriers. Meanwhile, the market-oriented allocation of data factors is being accelerated. As a new factor of production, data has made substantial progress in compliant rights confirmation, circulation and trading, and value realization. This has driven the industry to

expand into data services and operation services, further upgrading its business connotation and business models.

With the implementation of policies such as the Digital China initiative and the new-type industrialization, demand for urban intelligent construction and enterprise digital-intelligent transformation has been further unleashed. Deep integration of AIoT with the real economy has shifted the industry from scale expansion to high-quality, high-efficiency and high-value growth, with broad long-term growth prospects.

III. Core Competitiveness Analysis

Faced with the increasingly diverse, fragmented and customized characteristics of the AIoT industry, the Company closely focuses on the digital and intelligent transformation needs of cities and enterprises. It continuously strengthens its technical capabilities to adapt to diversified scenarios, expands its product portfolio, optimizes marketing models, and deepens business penetration, forming a multi-dimensional coordinated development strategy. Through continuous iteration and optimization in R&D, marketing, supply chain, delivery and services, the Company has systematically built unique competitiveness adapted to the diversified and fragmented market. Together with its partners, it promotes the sustainable and high-quality development of the industry.

1. Upholding technological innovation as the driving force to facilitate the intelligent upgrading of industries

Amid the digital and intelligent transformation wave, technological evolution, industry demands and business models keep changing. The Company always takes technological innovation as its engine, continuously increases R&D investment, and fully builds holographic perception capabilities through multi-modal fusion of video, audio, text, thermal imaging, X-ray, IoT sensing and industrial interconnection, achieving a critical leap from "perceptual intelligence" to "cognitive intelligence". Anchored in "user demand definition and customer value closed-loop", the Company fully promotes the development of the large-model Infra system with deep industry penetration and the large-scale deployment of industry agents. This supports the construction of a modern urban smart governance system, empowers the digital and intelligent transformation of enterprises, and drives the industry to upgrade from business visibility to value insight.

2. Comprehensive Global Layout of Marketing and Service Systems

The Company has established a comprehensive global marketing and service system with extensive network coverage and continuously deepened operations. As of the end of 2025, the company had established 75 overseas subsidiaries in major countries across all continents, set up more than 200 domestic offices, and its products and solutions serve more than 180 countries and regions worldwide.

In the domestic market, the Company continues to expand customer coverage, push business penetration toward small and medium-sized enterprises, deepen engagement with key industry customers, and steadily eliminate service blind spots. By building a win-win ecosystem and focusing on developing diversified ecosystem partners, the Company helps partners achieve sustainable innovation and growth.

In overseas markets, the Company's extensive and in-depth distribution network has laid a solid foundation for the steady growth of its core business, while its brand influence continues to rise. Relying on localized sales networks, global logistics and after-sales service systems, the Company continuously explores new business opportunities, enhances the adaptability of its solutions to local markets, and steadily increases the proportion of solutions in overseas revenue. Through continuous development of its international business and management team, the Company improves localized operation and expansion capabilities, and deepens its global market layout and influence.

3. Continue to deepen intelligent manufacturing construction and promote ecosystem collaboration to facilitate efficient supply

Committed to the supply chain strategy of global layout, digital-driven, flexible manufacturing, and quality first, the Company builds an efficient, agile, and resilient smart supply chain system to support its rapid business growth. It delivers stable and reliable product supply and service assurance to customers, further consolidating its competitive advantages in the global market.

Relying on the global supply chain network, the Company links R&D, marketing and supply chain to form a collaborative delivery system. Through strategic inventory stocking, supplier diversification and risk early warning mechanisms, it effectively responds to market fluctuations and external uncertainties, ensuring stable and reliable delivery. It has deployed asset-light manufacturing centers and hub warehouses in key regions worldwide. Coupled with intelligent logistics route planning and multimodal transport, this ensures fast and accurate delivery of products to destinations across the globe.

In the field of smart manufacturing, the Company deeply integrates IOT, big data and AI technologies to continuously build automated and digitalized smart factories. It has established flexible production lines that can flexibly handle customized orders of diverse varieties and small batches, enabling quick line changeovers and efficient intelligent production scheduling. By introducing intelligent systems such as AGVs and vision equipment, the Company realizes full-process automatic delivery and real-time traceability from material distribution to finished product packaging, significantly improving operational efficiency and advancing smart logistics.

By aligning closely with customer needs and enhancing their quality experience, the Company continuously advances the integrated application of AI and digitalization to achieve outstanding product quality. It strictly controls material quality to strengthen full-process quality control capabilities and builds an end-to-end systematic foolproof quality system.

4. Improving Delivery and Service Capabilities and Delivering Great Client Experience

The Company has always been anchored in the core goal of building a globally leading, efficient and professional delivery platform, with the fundamental pursuit of creating ultimate delivery and service experiences. It continuously refines an integrated delivery and service system covering all markets and entire businesses, including four core segments: project delivery, technical support, customer service, and ecosystem enablement, realizing the systematic and standardized upgrading of full-link service capabilities. Supported by a three-tier service network—centered on the global delivery and service hub in Hangzhou, connected by provincial and regional service centers at home and abroad, and extended through city & district-level and national service touchpoints—the Company deeply integrates digital and intelligent delivery tools to provide global customers with precise, intelligent end-to-end services and customized solutions, comprehensively strengthening dual guarantees for service quality and delivery efficiency. To date, the Company's service network covers more than 180 countries and regions. It has strategically established over 10 spare parts distribution centers and more than 170 spare parts stations, with a professional delivery and service team of over 2,500 members. With globally distributed and locally rooted service capabilities, the Company fully ensures rapid response, efficient implementation and full-process control of delivery and service operations.

With the rapid evolution of AI engineering and its deeper industrial implementation, the technical complexity and scenario adaptation difficulty of project delivery continue to rise. To precisely match the growing demand for AI technology deployment and customized scenario requirements across industries, the Company has established an AI Engineering Delivery Capability Center in Hangzhou. This center enables agile response and efficient deployment to meet customers' diverse AI implementation needs, improving delivery efficiency, ensuring delivery quality, and enhancing scenario adaptability for AI engineering projects.

5. Continuously building a risk-oriented compliance management system that centers on legal entities carrying business operations and covers all employees, and effectively ensuring the compliant operation and steady development of the Company's businesses worldwide

Adhering to integrity in business operations, upholding commercial ethics, and complying with the laws and regulations of the countries where the business operates are the core concepts that the Company has always advocated and practiced. In the context of global business operations, the Company attaches great importance to compliance in business development and operational processes, and continuously enhances its risk governance level. In 2025, the Company successfully passed the recertification audit of the ISO 37301 Compliance Management System conducted by the British Standards Institution (BSI), further verifying the scientificity and effectiveness of its compliance management system. Meanwhile, aligning with the trends and dynamics of Chinese and foreign compliance regulations, the Company will continue to deepen its risk prevention and control and governance work in various compliance areas such as cyber security and data protection, export

controls and economic sanctions, anti-bribery and anti-corruption, science and technology ethics, anti-monopoly, and anti-money laundering, to ensure that the goals and focus of compliance work are in resonance with the risks and challenges brought to the Company by changes in the internal and external environment, and to effectively play the value of the compliance management system in safeguarding the steady development of the business.

As the Company's global business layout continues to expand, it has maintained a prudent business strategy. It has further strengthened its "one country, one policy" compliance risk management mechanism, enhanced risk control capabilities across all compliance areas, and improved the compliance management organizations and operating mechanisms of its domestic and overseas branches. By fostering a company-wide compliance culture, the Company continuously elevates its compliance capacity for global operations and effectively guards against major compliance risks.

IV. Main Business Analysis

1. Overview

The Company is a world-leading provider and operator of video-centric AIoT solutions and services. The company is driven by technological innovation and, focusing on the digital and intelligent transformation and upgrading of cities and enterprises, continuously promotes city operations to move from improving city management to efficient city governance; from ensuring orderly operations to autonomous city operation; from enhancing public safety to upgrading the safety system; and from ecological-environment monitoring to ecological collaborative governance. It advances enterprise operations from optimizing safety systems to building a comprehensive security system; from increasing production efficiency to forging digital and intelligent productivity; and from assisting business management to enhancing business decision-making capability. The company is committed to making society smarter and life better.

During the reporting period, despite the influence of various domestic and international factors, the company adhered to the business philosophy of refined management and high-quality development, achieving operating revenue of RMB 32.744 billion, an increase of 1.75% year-over-year; net profit attributable to shareholders of the listed company reached RMB 3.858 billion, an increase of 32.77% compared to the same period last year. Main business strategies of the Company include:

1. Prudent and solid growth, strategic transformation, commitment to high-quality development

The Company centers its efforts on the key priorities of promoting high-quality growth, adjusting structure, strengthening ecosystem, enhancing competitiveness, and improving workforce efficiency. It takes growth as the top priority while pursuing quality growth, exploring value customers and high-

value industries, and strengthening input-output management. It focuses on core self-developed, high-value AIoT products and solutions, and adjusts its product portfolio and customer structure. The Company adheres to a long-term ecosystem development strategy to achieve co-construction, coexistence and win-win results with partners. It promotes refined management, emphasizes execution, streamlines processes, and continuously improves organizational efficiency. With excellence as its working standard, the Company impresses customers with premium products and services to achieve scalable and replicable development.

2. Deepening business deployment by focusing on segmented scenarios for cities and enterprises

Against the backdrop of accelerated government digital transformation, the company, centered on four major objectives—public safety, orderly cities, improved governance efficiency, and a better quality of life—prioritizes deployment in new industry opportunities such as transportation infrastructure digital transformation, natural resources, smart water conservancy, and smart agriculture, gaining deep insights into industry scenario requirements and continuously building industry-leading product and solution capabilities. It also promotes the application of the Xinghan large-scale AI models in scenario-based industries including public security, smooth traffic, urban governance, and natural resources. By unlocking the core value of AI through scenario-based implementation, the Company injects sustained AI-driven momentum into urban digital innovation, improves urban management efficiency and scientific decision-making, and supports the government in achieving precise governance and efficient services.

The enterprise business has further penetrated into the core areas of operation, management, and production, achieving breakthroughs and large-scale deployment in key industries including electric power, petrochemicals, non-ferrous metals, industrial manufacturing, education, and cultural tourism. The Company firmly advances its dual-engine strategy of scenario cameras + large models, focuses on core corporate demands such as quality improvement, efficiency enhancement, green development, and safety, and continuously deepens its digital-intelligent upgrading service capabilities. We have built an integrated digital-intelligent capability system that covers full-domain data element perception, enhanced multimodal intelligent computing and cognitive capabilities, and full-dimensional data support for scientific decision-making. This provides a solid foundation for industrial digital transformation. In collaboration with partners across the ecosystem, we launch full-scenario, implementable and replicable products and solutions for various industries, effectively empowering the real economy and helping enterprises of all types achieve higher-quality and more sustainable development.

3. Upgrade large model capabilities and Promote AI industrialization and deployment

During the strategic transformation of AI technology from the training era to the inference era, the Company has strategically built a vision large model ecosystem with a forward-looking perspective, established three core capability series (V/M/L), and achieved a paradigm shift from perceptual

understanding to autonomous decision-making. Breaking the limitations of traditional single-point intelligence, the Company adopts a multi-agent collaborative architecture to develop digital employees equipped with industry cognition and execution capabilities, enabling AI to evolve from an auxiliary tool into a primary value creator. Based on its self-developed domestic Infra computing framework, the Company has built an edge-cloud elastic computing power network, achieving balanced computing power distribution and optimal inference efficiency. Facing the wave of industrial intelligent transformation, we focus on "small but sophisticated" vision model architectures and industry knowledge enhancement technologies. This enables large models to maintain high accuracy while reducing inference costs, truly achieving industrial-grade applications featuring high precision, low latency, and strong comprehension. Moving forward, the Company will continue to deepen its "Cognition + Action" dual-wheel drive strategy, accelerate the translation of large model breakthroughs into commercial applications, provide a solid intelligent foundation for the digital and intelligent transformation of all industries, and lead the AI industry into a new era of autonomous intelligence.

4. Strengthening digital intelligence middle platform capabilities to achieve a high-quality, sustainable software hub and closed-loop ecological value

Driven by the integration of the dual middle platforms to promote the capability leap of large models, the Company deeply integrates the digital intelligence middle platform and the vision middle platform to build an industry-specific intelligent infrastructure. Different from the generalization path of general-purpose large models, we focus on the full-link integration of vertical field algorithms, realizing an end-to-end closed loop from data collection, model training and optimization to inference deployment. This enables industry agents to accurately grasp business semantics and scenario logic. The digital intelligence middle platform deeply explores the industry data value chain, accelerates the transformation of data from "resource" to "productivity" through feature engineering and multi-modal fusion, and realizes the value transformation of data elements. The view middle platform breaks the limitations of single-point perception, integrates sequential logic and multi-dimensional data support, endows the system with the ability of autonomous decision-making, and lays a solid foundation for the digital and intelligent transformation of the industry. Based on a multi-level agent collaborative architecture, we have built a cloud-edge integrated intelligent decision-making system. Lightweight front-end models enable real-time perception, edge nodes realize precise analysis and judgment, and the cloud achieves global optimization, forming a closed loop of perception–decision–execution. We deeply collaborate to connect the entire business process, accelerate the evolution of industry agents from cognitive understanding to autonomous execution, and provide high-precision, low-latency, and strong-comprehension industrial-grade intelligent solutions for all industries.

5. Continuously incubating innovative businesses and expanding new growth drivers

In the innovative business, the Company, based on its in-depth understanding and accumulation in the AIoT business sector, will continue to explore and incubate emerging businesses, including machine vision and mobile robots, thermal imaging, automotive electronics, smart security inspection, smart fire protection, alarm systems and other innovative segments, so as to continuously expand new business growth drivers for the Company.

6. Hand in hand with partners to grow together and create an ecological environment of co-construction, symbiosis, and mutual benefit

Facing the broad and fragmented AIoT market, the Company firmly adheres to the ecological development strategy, continuously explores and practices together with ecosystem partners, and builds a comprehensive altruistic service platform integrating technology, products, solutions, operations, services, and operation management consulting to help partners achieve continuous innovative development.

Domestically, the Company promotes "local operations, county-level penetration," and expands market coverage horizontally while deepening market penetration vertically. The Company relies on AIoT technology to empower SMEs' digital and intelligent transformation and builds a sustainable channel ecosystem. It strengthens integrated customer service assurance through digital tool empowerment, industry resource sharing, and other initiatives, and integrates product R&D, solutions, and market-channel resources to establish a tiered value-customer operation system. Overseas focuses on value agents, drives continued business penetration, and leverages the Partner APP to improve value delivery efficiency; at the same time, strengthens investment in downstream customer resources and further reinforces customer service support through training and certification, segregation of value products, channel focus, stocking, and other measures.

2. Income and Costs

(1) Operating Revenue Structure

Unit: RMB

	2025		2024		Year-on-year Increase Or Decrease (Note 1)
	Amount	Proportion in Operating Revenue	Amount	Proportion in Operating Revenue	
Total Revenue	32,743,783,343.80	100.00%	32,180,931,827.17	100.00%	1.75%
By Industry					
AIoT Industry	32,743,783,343.80	100.00%	32,180,931,827.17	100.00%	1.75%
By product					
AIoT Products and Solutions	26,408,997,437.86	80.65%	25,775,422,871.14	80.09%	2.46%

Including: Software Business	1,832,591,919.52	5.60%	1,685,487,112.56	5.24%	8.73%
Innovative Business (Note 2)	5,670,492,055.81	17.32%	5,566,291,857.39	17.30%	1.87%
Others	664,293,850.13	2.03%	839,217,098.64	2.61%	-20.84%
By Region					
Domestic	16,752,032,126.82	51.16%	15,886,994,088.01	49.37%	5.44%
Overseas	15,991,751,216.98	48.84%	16,293,937,739.16	50.63%	-1.85%

Note 1: The relevant year-over-year increase/decrease figures are affected by changes in the scope of consolidation resulting from the disposal of subsidiaries in 2025.

Note 2: Innovative business mainly includes machine vision and mobile robots, smart living, thermal imaging, automotive electronics, smart security inspection, smart fire control and storage media, and other relevant businesses; the same as below.

Domestic Sub-Business Segment

Unit: RMB

	2025		2024		Year-on-year Increase Or Decrease
	Amount	Proportion in Domestic Operating Revenue	Amount	Proportion in Domestic Operating Revenue	
To G	4,119,857,827.46	24.59%	4,057,234,809.51	25.54%	1.54%
To B	9,700,882,198.65	57.91%	8,710,034,420.06	54.82%	11.38%
Others	2,931,292,100.71	17.50%	3,119,724,858.44	19.64%	-6.04%
Total	16,752,032,126.82	100.00%	15,886,994,088.01	100.00%	5.44%

(2) Industry, product, region, or sales model accounting for more than 10% of the Company's operating revenue or operating 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						
AIoT Industry	32,743,783,343.80	19,442,555,822.77	40.62%	1.75%	-1.21%	1.78%
By product						
AIoT Products and Solutions	26,408,997,437.86	15,201,037,475.03	42.44%	2.46%	0.09%	1.36%
Including: Software Business	1,832,591,919.52	635,354,985.52	65.33%	8.73%	7.67%	0.34%
Innovative	5,670,492,055.81	3,692,117,185.29	34.89%	1.87%	-1.94%	2.54%

Businesses						
By Region						
Domestic	16,752,032,126.82	10,894,153,685.79	34.97%	5.44%	2.93%	1.59%
Overseas	15,991,751,216.98	8,548,402,136.98	46.54%	-1.85%	-6.04%	2.37%
Domestic Sub-Business Segment						
To G	4,119,857,827.46	2,541,360,261.82	38.31%	1.54%	4.75%	-1.89%
To B	9,700,882,198.65	6,156,187,713.94	36.54%	11.38%	10.19%	0.69%
Others	2,931,292,100.71	2,196,605,710.03	25.06%	-6.04%	-14.56%	7.47%

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 Revenue Greater Than the Service Revenue?

☒ Yes ☐ No

Industry Classification	Item	Unit	2025	2024	Year-on-year Increase Or Decrease
AIoT Industry	Sales Volume	Unit/Set	89,375,686	89,318,564	0.06%
	Production Output	Unit/Set	93,262,233	91,286,526	2.16%
	Inventory Quantity	Unit/Set	13,356,583	11,908,069	12.16%

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 reporting period

☐ Applicable ☒ Not Applicable

(5) Operating Cost Structure

Industry and Product Classification

Unit: RMB

Industry Classification	Item	2025		2024		Year-on-year Increase Or Decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
AIoT Industry	Operating Cost	19,442,555,822.77	100.00%	19,681,686,604.51	100.00%	-1.21%

Unit: RMB

Product Classification	Item	2025		2024		Year-on-year Increase Or Decrease
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
AIoT Products and Solutions	Operating Cost	15,201,037,475.03	78.18%	15,187,851,740.07	77.17%	0.09%
Including: Software Business	Operating Cost	635,354,985.52	3.27%	590,089,111.30	3.00%	7.67%
Innovative Businesses	Operating Cost	3,692,117,185.29	18.99%	3,765,335,736.52	19.13%	-1.94%
Others	Operating Cost	549,401,162.45	2.83%	728,499,127.92	3.70%	-24.58%

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

☒Yes ☐No

(1) During the reporting period, the Company established four new domestic and overseas subsidiaries through direct investment: Qingdao Dahua Ruihai New Energy Operation Co., Ltd., PIXFRA (HONG KONG) CO., LIMITED, Wisualarm Technology (HK) Limited, and DaHua Opera. All four entities were included in the scope of consolidation for the reporting period.

(2) The Company's former subsidiary, Hangzhou Huacheng Network Technology Co., Ltd., was transferred during the current period. Consequently, Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries have been excluded from the consolidation scope effective from the transfer date.

(3) The Company's subsidiary, IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD, was dissolved during the current period and has been excluded from the consolidation scope effective from the dissolution date.

(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	3,508,528,580.71
Proportion of the total sales amount of the top five customers to the total annual sales	10.71%
Proportion of the total sales amount of the related parties in the top five customers to the total annual sales	5.91%

Profiles of the Company's Top Five Customers

No.	Name of Customer	Sales Amount (Yuan)	Proportion to the Annual Sales
1	Company 1	1,129,760,649.25	3.45%
2	Company 2 (Related Party)	957,130,675.30	2.92%
3	Zhejiang Leapmotor Technology Co., Ltd. (related party)	618,088,827.63	1.89%
4	Company 4	442,831,858.48	1.35%
5	China Mobile Communications Group Co., Ltd. (related party)	360,716,570.05	1.10%
Total	--	3,508,528,580.71	10.71%

Other Information Notes for Major Clients

☐ Applicable ☒ Not Applicable

Major Suppliers

Total Purchase Amount of Top Five Suppliers (yuan)	4,073,966,344.31
Proportion of the total purchase amount of top five suppliers to the total annual purchase amount	19.31%
Proportion of the total purchase amount of the related parties in top five suppliers to the total annual purchase amount	0.00%

Profiles of the Company's top five suppliers

No.	Supplier Name	Purchase Amount (Yuan)	Proportion to the Total Annual Purchase Amount
1	Company 1	1,352,452,223.15	6.41%
2	Company 2	1,017,340,849.20	4.82%
3	Company 3	668,464,762.37	3.17%
4	Company 4	571,884,552.19	2.71%
5	Company 5	463,823,957.40	2.20%
Total	--	4,073,966,344.31	19.31%

Other Information Notes for Major Suppliers

☐ Applicable ☒ Not Applicable

During the reporting period, the company's trade business revenue accounted for more than 10% of operating revenue.

☐ Applicable ☒ Not Applicable

3. Expenses

Unit: RMB

	2025	2024	Year-on-year Increase Or Decrease	Statement on Significant Changes
Sales Expenses	5,113,115,207.43	5,166,733,337.95	-1.04%	No major Changes
Administration Expenses	1,295,533,102.38	1,141,408,186.63	13.50%	No major Changes
Financial Expenses	-356,374,741.08	-389,890,980.61	8.60%	No major Changes

Research and Development Expense	4,336,016,982.76	4,213,255,565.73	2.91%	No major Changes

4. R&D Investment

☒Applicable ☐ Not Applicable

R&D personnel of the Company

	2025	2024	Change Ratio
Number of R&D Personnel	11,594	12,689	-8.63%
Percentage of R&D Personnel	52.39%	53.11%	-0.72%
Education Background of R&D Personnel			
Bachelor	7,568	8,196	-7.66%
Master's Degree	3,106	3,436	-9.60%
Age of R&D Personnel			
Under 30	4,874	6,205	-21.45%
30-40	5,800	5,729	1.24%

Company's R&D Investment

	2025	2024	Change Ratio
R&D Investment (Yuan)	4,336,016,982.76	4,213,255,565.73	2.91%
The Proportion of R&D Investment to Operating Income	13.24%	13.09%	0.15%
Capitalized R&D Investment	0.00	0.00	0.00%
Proportion of Capitalized R&D Investment to R&D Investment	0.00%	0.00%	0.00%

Causes and Effects of Significant Changes in the Composition of R&D Personnel

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

5. Cash Flow

Unit: RMB

Item	2025	2024	Year-on-year Increase Or Decrease
Subtotal of cash inflow from operating activities	39,887,792,102.02	37,318,848,649.22	6.88%
Total cash outflow from operating activities	35,979,993,936.74	34,608,611,039.92	3.96%
Net cash flow generated by operating activities	3,907,798,165.28	2,710,237,609.30	44.19%
Total cash inflow from investing activities	14,226,091,860.31	15,607,688,895.58	-8.85%
Total cash outflow from investing activities	17,320,883,976.55	20,439,774,518.31	-15.26%
Net amount of cash flow generated by investment activities	-3,094,792,116.24	-4,832,085,622.73	35.95%
Subtotal of cash inflow from financing activities	1,081,519,220.78	2,365,429,558.19	-54.28%
Total cash outflow from financing activities	4,440,169,366.46	5,168,848,978.07	-14.10%
Net Cash Flow Generated by Financing Activities	-3,358,650,145.68	-2,803,419,419.88	-19.81%
Net Increase in Cash and Cash Equivalents	-2,508,332,154.56	-4,819,128,778.67	47.95%

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

☒Applicable ☐ Not Applicable

1. Net cash flows from operating activities increased by 44.19% compared with the same period of the prior year, mainly due to the increase in cash collected from sales during the period compared with the same period of the prior year.

2. Net cash flows from investing activities increased by 35.95% compared with the same period of the prior year, mainly due to decreased payments for government bond reverse repurchase agreements and large-denomination certificates of deposit compared with the same period of the prior year.

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

☐ Applicable ☒ Not Applicable

V. Non-Main Business Analysis

☐ Applicable ☒ Not Applicable

VI. Analysis of Assets and Liabilities

1. Significant Changes in Assets Composition

Unit: RMB

	End of 2025		Beginning of 2025		Proportion Increase and Decrease	Statement on Significant Changes
	Amount	Proportion To Total Assets	Amount	Proportion To Total Assets		
Monetary Fund	8,655,402,920.75	16.47%	11,181,803,423.83	21.20%	-4.73%	Mainly due to dividends and the purchase of large-denomination certificates of deposit
Accounts Receivable	15,474,088,183.37	29.44%	17,046,094,518.79	32.32%	-2.88%	This was mainly due to higher collections during the period.
Contract Assets	63,320,727.97	0.12%	87,397,517.09	0.17%	-0.05%	No major Changes
Inventory	6,090,171,290.38	11.59%	5,203,560,771.25	9.87%	1.72%	No major Changes
Investment Property	128,753,117.16	0.24%	139,280,586.26	0.26%	-0.02%	No major Changes
Long-term Equity Investment	725,578,108.27	1.38%	722,241,568.57	1.37%	0.01%	No major Changes
Fixed Assets	6,136,201,592.87	11.67%	4,973,953,628.05	9.43%	2.24%	Mainly due to the conversion of construction in progress to fixed assets.
Construction in Progress	7,264,951.14	0.01%	1,254,554,187.36	2.38%	-2.37%	Mainly due to the conversion of construction in progress to fixed assets.
Right-of-use Assets	272,401,498.24	0.52%	232,124,277.86	0.44%	0.08%	No major Changes
Short-term Loan	203,714,311.58	0.39%	995,000,000.00	1.89%	-1.50%	No major Changes
Contract Liabilities	1,142,677,702.11	2.17%	1,282,204,348.75	2.43%	-0.26%	No major Changes

Lease Liabilities	165,399,173.65	0.31%	114,313,807.41	0.22%	0.09%	No major Changes
Other non-current Assets	7,095,917,123.71	13.50%	4,327,776,909.06	8.21%	5.29%	Mainly due to the purchase of large-denomination certificates of deposit

The proportion of overseas assets is relatively high

☐ Applicable ☒ Not Applicable

2. Assets and Liabilities Measured at Fair Value

☒ Applicable ☐ Not Applicable

Unit: RMB

Item	At the Beginning of the Reporting Period	Changes in Fair Value Gains and Losses in the Current Period	Cumulative Fair Value Changes in Equity	Impairment Loss of the Reporting Period	Purchase Amount of The Reporting Period	Sales Amount of the Reporting Period	Other Variations	At the End of the Reporting Period
Financial assets								
1. Trading Financial Assets (Derivative Financial Assets Excluded)	229,927,529.28	-118,077,090.83			377,657,882.12	180,350,448.67		309,157,871.90
2. Other Non-Current Financial Assets	1,274,697,490.87	573,428,414.43			142,000,000.00		-1,039,608.18 (Note 1)	1,989,086,297.12
3. Receivables Financing	841,815,267.43						260,719,786.46 (Note 2)	1,102,535,053.89
Financial Assets Subtotal	2,346,440,287.58	455,351,323.60			519,657,882.12	180,350,448.67	259,680,178.28	3,400,779,222.91
Total of the above Items	2,346,440,287.58	455,351,323.60			519,657,882.12	180,350,448.67	259,680,178.28	3,400,779,222.91
Financial Liabilities	4,268,603.52	-890,014.68				3,378,588.84		0.00

Other Variations

Note 1: The principal of other non-current financial assets was recovered in the current period.

Note 2: The change in the balance of receivables financing is mainly due to the difference between banker's acceptances received and paid during the period.

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, 2025, restricted assets of the Company are as follows:

Item	Book Value at the End of the Perion (RMB)	Cause of Restrictions
Monetary Fund	87,133,250.44	Guarantee Letter Security Deposit and Other Restricted Funds
Notes Receivable and Receivables Financing	952,005,844.59	Pledged notes used for issuing banker's acceptance, endorsed or discounted but not yet matured or terminated and recognized
Accounts Receivable	3,528,596.00	Factoring of Accounts Receivable
Fixed Assets	959,339,899.67	Fixed Assets Rented out under Operating Leases
Total	2,002,007,590.70	

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
86,432,866.71	210,210,937.44	-58.88%

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 V, 16. Utilization of Raised Funds"

4. Financial Assets Investment

(1) Securities Investment

☒Applicable ☐ Not Applicable

Unit: RMB

Variety of Securities	Code of Securities	Abbreviation of Securities	Initial Investment Cost	Accounting Measurement Model	Opening Balance on Book Value	Changes in Fair Value Gains and Losses in the Current Period	Cumulative Fair Value Changes in Equity	Purchase Amount of The Reporting Period	Sales Amount of the Reporting Period	Profits and Losses in the Reporting Period	Book Value at the End of the Period	Accounting Accounts	Capital Source
Domestic and Overseas Stocks	688213	SMA RTS ENS	56,773,148.37	Fair Value Measurement	149,726,569.64	-119,896,931.53		127,558,920.56	100,334,558.67	12,829,909.79	57,054,000.00	Trading Financial Assets	Equity Fund
Domestic and Overseas Stocks	000656	*ST Jinke		Fair Value Measurement		-1,117.47		83,071.56		-1,117.47	81,954.09	Trading Financial Assets	Debt Restructuring
Total			56,773,148.37	--	149,726,569.64	-119,898,049.00		127,641,992.12	100,334,558.67	12,828,792.32	57,135,954.09	--	--

(2) Derivatives Investment

☒Applicable ☐ Not Applicable

1) Derivatives Investments for Hedging Purposes During the Reporting Period

☒Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

Types of Derivatives Investment	Initial Investment Amount	Opening Balance	Changes in Fair Value Gains and Losses in the Current Period	Cumulative Fair Value Changes in Equity	Amount Purchased During the Reporting Period	Amount Sold During the Reporting Period	Closing Balance	Proportion of Investment Amount in the Company's Net Assets at End of the Reporting Period
Foreign Exchange Contract		14,600.00	105.80		561,228.82	575,828.82		0.00%
Total		14,600.00	105.80		561,228.82	575,828.82		0.00%
Explanation of whether the Company's hedging business accounting policies and specific accounting principles have changed significantly during the reporting period compared with the previous reporting period			The Company calculated and presented its foreign exchange derivatives trading business in accordance with Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments and other relevant provisions. Held-for-trading financial assets/held-for-trading financial liabilities were adopted for initial and subsequent measurements of the foreign exchange contracts. The fair values of the foreign exchange contracts were basically determined by referencing the different parameters of the financial institutions based on the then market conditions as well as the remaining term and duration of transaction, so as to be recognized as the held-for-trading financial assets or held-for-trading financial liabilities. There was no significant change in the fair values of the foreign exchange contracts compared with that in the previous reporting period.					
Description of actual profit and loss during the reporting period			During the reporting period, the actual loss amount was RMB 3,529,500.					
Descriptions of the effect of hedging			The Company carried out foreign exchange hedging business appropriately as the case may be, which could effectively reduce the risks in foreign exchange market and avoid exchange rate fluctuation risks.					
Sources of funds for derivatives investment			Equity Fund					
Risk analysis and description of control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)			For detailed information on risk analysis and control measures, please refer to the company's Announcement on Conducting Foreign Exchange Hedging Transactions disclosed on March 29, 2025 (Announcement No.: 2025-017).					
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 gain of foreign exchange contracts was RMB 1,058,000.					

Litigation involved (if applicable)	None
Disclosure date of the Board of Directors' announcement on the approval of derivatives investment (if any)	March 29, 2025

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.

VIII. Major Assets and Equity Sales

1. Major Assets Sales

☐ Applicable ☒ Not Applicable

No major assets were sold during the reporting period of the Company.

2. Major Equity Sales

☒ Applicable ☐ Not Applicable

Count erparty	Equity Sold	Sale Date	Transa ction Price (in RMB 10,000)	Net profit contrib uted by this equity to the listed compa ny from the beginn ing of the period to the date of sale (in RMB 10,000)	Impact of the sale on the Comp any	Propor tion of net profit contrib uted by the equity sale to the listed compa ny's total net profit	Pricing Princip les for the Equity Sale	Wheth er it is a related transa ction	Relatio nship with the Count erparty	Wheth er the equity involve d has been fully transfe rred	Wheth er it procee ded as sched uled. If not, the reason s and measu res taken by the Comp any should be explain ed	Date of Disclo sure	Disclo sure Index
Shang hai Zhiche ng Techn ology Co., Ltd.	32.732 1% equity of Hangz hou Huach eng Networ k Techn ology Co., Ltd.	June 20, 2025	71,683 .29	4,838. 85	This transa ction is not expect ed to have a materi al advers e impact on the Comp any's financi al or operati onal conditi on.	9.87%	Deter mined throug h negoti ation based on the asset apprai sal value.	No	Not Applic able	Yes	Procee ded as sched uled.	March 04, 2025	Jucha o Inform ation Networ k: http://cninfo.com.cn

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 asset	Net Assets	Operating Revenue	Operating Profit	Net Profit
Zhejiang Dahua Vision Technology Co., Ltd.	Subsidiary Company	Technology development, services, consultation, and transfer; manufacturing, sales, and system services of computer hardware and software; manufacturing and sales of security devices, mechanical and electrical devices, and photovoltaic devices; sales and technical services of IoT devices; charging pile sales; warehousing services, bonded warehouse operation.	1,306,810,000.00	25,613,968,639.97	2,682,656,622.79	24,948,100,870.37	164,730,057.25	118,245,629.54
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	1,885,800,000.00	6,344,200,613.74	1,698,052,591.07	5,631,839,892.32	85,734,282.23	66,067,862.82

		communication devices; leasing of self-owned houses; warehousing services; catering services; import and export of goods						

Acquisition and disposal of subsidiaries during the reporting period

☒ Applicable ☐ Not Applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Qingdao Dahua Ruihai New Energy Operation Co., Ltd.	Established with Investment	No significant impact on overall production, operation, and performance
PIXFRA (HONG KONG) CO., LIMITED	Established with Investment	No significant impact on overall production, operation, and performance
Wisualarm Technology (HK) Limited	Established with Investment	No significant impact on overall production, operation, and performance
DaHua Opera	New	No significant impact on overall production, operation, and performance
Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries	Equity transfer	No significant impact on overall production, operation, and performance
IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD	Cancellation	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

Looking ahead, the wave of global digital transformation and intelligent upgrading will continue to deepen. The integrated innovation of artificial intelligence, Internet of Things, big data and other technologies is accelerating the transformation of all industries, opening up broad space for the Company's high-quality development. The company will steadfastly focus on the main track of video-centric AIoT, drive technological innovation, market expansion, and management upgrades, and be committed to providing global customers with smarter, more reliable products and solutions, advancing society toward a safer, more efficient, and smarter future.

With respect to technological innovation and application, the Company will continue to increase R&D investment, consolidate its core technical advantages in video, and simultaneously promote the pre-

research and breakthrough of cutting-edge technologies, so as to build long-term core competitiveness through technological innovation. We will accelerate the large-scale deployment of large models and industry-specific agents, achieve full coverage of large model capabilities across device-edge-cloud products, raise penetration in core industries, and keep exploring emerging sectors to drive breakthroughs in large model-related businesses.

We will promote the mass rollout of validated agents in traffic management, transportation, work safety, urban governance and other fields, realizing the leap from "single-point pilots" to "full-industry replication". Explosive implementation will be focused on urban governance for the government sector and work safety for the enterprise sector. Meanwhile, we will complete lightweight SaaS packaging of agents and penetrate into small and medium-sized enterprise scenarios through the DoLink Enterprise and Yunlian Platform, expanding into long-tail scenarios such as chain retail and small and micro parks. Full coverage of large model capabilities will be realized across all device-edge-cloud products. On the device side, we will complete lightweight large-model adaptation for the full range of front-end equipment, pushing large-model capabilities down to lower-level computing devices, and fully replacing traditional small models in core scenarios such as perimeter security and traffic capture. On the edge side, we will upgrade the Shengsuan all-in-one device with multi-industry scenario kits to deliver out-of-the-box industry large models. On the center side, we will achieve deep adaptation to domestic-made chips, launch lightweight products for key digital infrastructure industries including energy and finance, and realize full domestic substitution of center-side products. We will improve the full-link AI engineering capabilities to enable one-click training and one-click deployment of large models, significantly reducing project delivery costs and cycles, and supporting the large-scale delivery of fully domestic projects. We will strive for breakthrough implementation in emerging fields. We will integrate large models with thermal imaging and radar technologies to expand into emerging scenarios such as low-altitude economy. Empowered by large models, we will boost the development of embodied intelligence and promote the large-scale application of industrial robots in intelligent manufacturing and smart logistics. In the meantime, we will deepen our presence in sectors including dual-carbon, zero-carbon parks and ecological protection, and expand into new scenarios such as carbon emission monitoring and energy efficiency management.

In terms of marketing and business operations, the Company will focus on core business scenarios in urban governance and enterprise digitalization, create high-quality end-to-end scenario-based solutions, and empower the implementation of value scenarios across all industries relying on AI large models. On the government side, relying on the reconstruction of a global multi-modal fusion perception foundation, the upgrade of decision-making hub with intelligent deduction, and the innovation of an active agent application model, the Company will comprehensively drive the historic leap of urban governance from "single-point applications" to "systematic intelligence". On the enterprise side, adhering to the core strategy of "scenario cameras + large models + ecosystem", and

integrating the Group's innovative business capabilities, the Company will expand "machine replacement" scenarios, focusing on key businesses such as industrial inspection, intelligent patrol, hidden danger detection, security-fire control-electrical integration, and the low-altitude economy. Meanwhile, the Company will further optimize its global marketing and service network, deepen its presence in key countries and emerging markets, and elevate its international brand influence. It will actively nurture and incubate promising innovative businesses, accelerate their productization and scenario-based implementation, and foster a second growth curve. The Company will adhere to an open ecosystem and cooperation strategy, continuously open up its business ecosystem, technology ecosystem and service ecosystem, and join hands with partners to build an industrial ecosystem featuring co-construction, win-win results and co-prosperity.

Regarding internal operations, the Company will further strengthen refined management and enhance organizational efficiency. It will continuously promote efficiency improvement through the integration of AI and digitalization, upgrade AI from an enabling tool to a core engine, and comprehensively enhance operational efficiency in core business functions including R&D, marketing, supply chain, and delivery services. The Company will invest sufficient computing resources and advanced tools to ensure the leading edge of technological applications. Meanwhile, it will free up employees' energy, enabling more people to engage in more valuable and creative work. The Company will adhere to the talent-driven strategy, improve talent training and incentive mechanisms, and build a high-quality, innovative global talent team. We will consistently pursue green low-carbon development and intelligent manufacturing, deepen the construction and capacity upgrading of the ESG system, and actively fulfill social responsibilities.

The Company will remain true to its mission of creating a safer society and a more intelligent life, stay customer-centric, innovation-driven, and compliance-focused, seize opportunities in the digital economy and industrial upgrading, continuously enhance our core competitiveness and sustainable development capabilities, and strive to build the world's preferred brand of AIoT.

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 28, 2025	Company Meeting Room	Field Investigation	Institution	13 institutions, including China International Capital Corporation and Minsheng Securities	Discuss the company's large model, cloud business, and sensing-end capabilities and product expansion.	CNINFO "Dahua Investor Relations Activity Record Form, March 05, 2025"

March 29, 2025	Company Meeting Room	Telephone communication	Others	109 institutions (including East Money, GF Securities) and 5 individual investors	2024 Company operating performance and 2025 strategic development plan	CNINFO "Dahua Investor Relations Activity Record Form, March 29, 2025"
April 21, 2025	Company Meeting Room	Field Investigation	Others	7 institutions (including Kaiyuan Securities and Great Wall Securities) and 6 individual investors	Focus on communicating and exchanging about the company's first-quarter business performance across each segment, its innovative business subsidiaries, and the development status of businesses such as large model, all-In-one device, etc.	CNINFO "Investor Relations Activity Record Form, April 22, 2025"
August 16, 2025	Company Meeting Room	Telephone communication	Others	82 institutions (including Guosheng Securities, Huatai Securities, and Guotai Haitong Securities) and 4 individual investors	Company's operating performance in the first half of 2025	CNINFO "Investor Relations Activity Record Form, August 16, 2025"
October 25, 2025	Company Meeting Room	Telephone communication	Others	JPMorgan Chase, Morgan Stanley, Caitong Securities, and 84 other institutional investors, as well as 8 individual investors.	Company operating performance for the first three quarters of 2025	CNINFO "Investor Relations Activity Record Form, October 25, 2025"

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

Whether the Company has established a market value management system.

☒Yes ☐No

Whether the Company has disclosed its valuation enhancement plan.

☐Yes ☒No

In order to strengthen the Company's market value management work, further standardize the Company's market value management behavior, and safeguard the legitimate rights and interests of the Company, investors, and other stakeholders, the Company has formulated a market value management system. The company will focus on its main business, improve operational efficiency and profitability, and, based on its own circumstances, comprehensively utilize mergers and acquisitions and restructuring, equity incentives, employee stock ownership plans, cash dividends, investor relations management, enhancement of information disclosure quality, share repurchases, and other lawful and compliant methods to increase the company's investment value.

XIV. Implementation status of the "Increase in Both Quality and Returns" action plan

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

☒Yes ☐No

See the company's [Announcement on the Implementation of the "Increase in Both Quality and Returns" Plan].

Section IV Company Governance, Environment, and Society

I. Basic Situation on Corporate Governance

During the reporting period, the Company strictly complied with the Company Law of the People's Republic of China, the Securities Law, the Governance Guidelines for Listed Companies, the Shenzhen Stock Exchange (SZSE) Listing Rules, SZSE Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation (Standardized Operation Guidelines), the Company's Articles of Association, and other applicable laws, regulations, and regulatory documents. The Company continuously improved its corporate governance structure, established and improved its internal control system, fulfilled its information disclosure obligations, and strived to improve its standardized operation level. The Company took effective measures to safeguard the legitimate rights and interests of the Company and all shareholders. As of the end of the reporting period, the company's actual corporate governance status basically complied with the requirements of relevant laws, regulations, and rules, and the specific situation is as follows:

(I) Shareholders and the General Meeting Of Shareholders

The company strictly complies with the Company Law, the Rules for the General Meeting of Shareholders of Listed Companies, the Articles of Association, and the Rules of Procedure for the General Meeting of Shareholders, and convenes and holds the General Meeting of Shareholders in a manner that ensures all shareholders can equally and fully exercise their rights, guaranteeing shareholders' right to information, the right to participate, and the voting right. During the reporting period, the company convened two General Meetings of Shareholders, using a combination of on-site voting and online voting to facilitate shareholders' participation in decision-making. At the same time, the company engaged lawyers to issue legal opinions on matters including the convening of the General Meeting of Shareholders, the qualifications of attendees, the qualifications of conveners, the voting procedures, and the voting results, to ensure that the operation mechanism of the General Meeting of Shareholders complies with relevant regulations and protects shareholders' legitimate rights and interests.

(II) Company and Controlling Shareholder

The company is independent of its controlling shareholder in business, personnel, assets, finance, and organizational structure; it maintains separate accounting and independently assumes responsibilities and risks. During the reporting period, the controlling shareholder strictly regulated its conduct and exercised shareholder rights in accordance with relevant laws and regulations and the Articles of Association; there was no abuse of its controlling position to harm the lawful rights and interests of the listed company and other shareholders, nor any non-commercial appropriation of the listed company's funds.

(III) Directors and Board of Directors

The Board of Directors currently comprises nine directors, including three independent directors, all of whom are experts in corporate management, financial accounting, and other fields. The number, composition, and appointment procedures of the Board of Directors comply with the requirements of applicable laws and regulations, the Articles of Association, and the Rules of Procedure for Board Meetings. During the reporting period, the company held 10 meetings of the Board of Directors; all directors, in accordance with the Articles of Association and the Rules of Procedure for Board Meetings and other relevant provisions, attended meetings of the Board of Directors, conscientiously reviewed each proposal, and performed their duties as directors. The Board of Directors has four specialized committees: the Strategy Committee, the Audit Committee, the Nomination Committee, and the

Remuneration and Assessment Committee, all of which carry out their work in accordance with the committees' rules of procedure and conscientiously perform their duties.

(IV) Supervisors and Board of Supervisors

The Board of Supervisors strictly complies with the provisions of the Company Law, the Articles of Association, and the Rules of Procedure for Supervisory Meetings, standardizing the procedures for convening, holding, and voting of the Board of Supervisors; supervising the Board of Directors' decision-making processes, resolutions, and the company's lawful operations; effectively overseeing the legality and compliance of the company's major matters, related-party transactions, and financial condition, as well as the performance of duties by the company's directors and senior management; and safeguarding the lawful rights and interests of the company and its shareholders.

To implement and comply with the latest provisions of the Company Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies, and other applicable laws, regulations, and normative documents, and taking into account the Company's actual circumstances, on November 28, 2025, the General Meeting of Shareholders reviewed and approved the abolition of the Board of Supervisors and the positions of supervisors. The Audit Committee of the Board of Directors assumed the functions and powers previously exercised by the Board of Supervisors. The Company's Rules of Procedure for the Board of Supervisors and other Board of Supervisors-related governance documents were accordingly repealed.

(V) Senior Management

Senior management have clear responsibilities and are able to strictly perform their duties in accordance with the Articles of Association and other management systems, earnestly implement and execute the resolutions of the Board of Directors, and effectively complete the company's production and business management work, etc.

(VI) Performance Evaluation and Incentive and Restrictive Mechanism

The company has gradually established and continuously improved an effective performance evaluation system and an incentive and restrictive mechanism for senior management, and the appointment of senior management is strictly carried out in accordance with relevant regulatory rules and the Articles of Association and other relevant provisions. To further establish and improve a long-term incentive mechanism, since its listing the company has repeatedly introduced equity incentive plans, with incentive instruments covering restricted shares and stock options, encompassing the company's senior management, middle management, and core personnel, fully mobilizing the enthusiasm and creativity of management and key employees, and promoting the company's stable, healthy, and long-term development.

(VII) Stakeholders

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

(VIII) Information Disclosure and Investor Relations

The company strictly complies with relevant laws and regulations and with its "Information Disclosure Management System" and "Investor Relations Management System", and it truthfully, accurately, timely, and completely fulfills its information disclosure obligations; it has designated the Securities Times and CNINFO (www.cninfo.com.cn) as the company's information disclosure media. (VII) Information Disclosure and Transparency: The Company performs obligations for truthful, accurate, timely, and complete information disclosure in strict accordance with the relevant laws and regulations and the Company's "Information Disclosure Management System", and designates Securities Times

and www.cninfo.com 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", the registration and reporting of insiders with knowledge of inside information have been properly carried out. 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, has established an investor relations management section on its official website, and responds to investor inquiries through the Shenzhen Stock Exchange investor interactive relations platform, the company's investor hotline, and other channels, keeping investor communication channels smooth, helping investors understand and get closer to the company, improving the company's transparency, and safeguarding the legitimate rights and interests of all shareholders.

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

☐ Yes ☒ No

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

II. The company's independence from the controlling shareholder and the actual controller in business, personnel, assets, organization, finance, etc.

Since its listing, the company has operated in strict accordance with the Company Law, the Securities Law, the Articles of Association and other laws, regulations and rules, and is independent from its controlling shareholder with respect to business, personnel, assets, organizational structure and finances, possessing independent and complete business operations and the ability to operate autonomously.

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. Staff 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 independent labor, human resources, and compensation management systems. Its production, operations, and administration are independent of the controlling shareholder, actual controller, and other entities controlled by them. The nomination, election, and appointment of the Company's directors and senior management are conducted independently through legally prescribed procedures. Senior management, including the President, Board Secretary, and Chief Financial Officer, do not hold positions other than director or supervisor at, or receive compensation from, entities controlled by the controlling shareholder or actual controller. The Company's financial personnel do not hold concurrent positions at such entities.

3. Asset Independence

The company's assets are independent from the controlling shareholders, actual controllers and other companies controlled by them. The Company's principal assets include the ownership of or rights to use the land, buildings, machinery and equipment, trademarks, patents, and non-patented technologies required for its principal business, as well as independent raw material procurement and product sales systems. The aforementioned assets have clear property rights and are completely independent of the controlling shareholder and major shareholders; the company has full control and disposal rights over all assets, and there is no circumstance in which assets or funds have been appropriated by the controlling shareholder or its related parties to the detriment of the company's interests.

4. Institutional Independence

The company's organizations are independent from the controlling shareholders, actual controllers and other companies controlled by them. The Company has established a sound organizational and institutional framework. The General Meeting of Shareholders, the Board of Directors, and the Board's specialized committees each operate independently and exercise their respective powers within their defined mandates. The Company has set up dedicated functional departments, each staffed with the requisite personnel, independently responsible for domestic and overseas sales, R&D, supply chain, delivery and service, quality and service, finance, legal affairs, securities, internal control and audit, human resources, administration, IT, and other functions. These departments operate under the leadership of the Board of Directors and the President in accordance with applicable rules and regulations, and exercise their respective operational and management responsibilities. There is no institutional overlap between the Company and entities controlled by the controlling shareholder or actual controller.

5. Financial Independence

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

III Horizontal Competition

☐ Applicable ☒ Not Applicable

IV. Directors and Senior Management

1. Basic Information

Name	Gender	Age	Title	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 Changes in Shares
Fu Liguang	Male	59	Chairman	Incumbent	April 01, 2005	September 10, 2026	1,023,868,980	0	0	0	1,023,868,980	Not Applicable
Wu Jun	Male	54	Vice Chairman	Incumbent	April 01, 2005	September 10, 2026	69,172,886	0	0	0	69,172,886	Not Applicable
Chen Ailing	Female	59	Director	Incumbent	April 01, 2005	September 10, 2026	71,262,813	0	0	0	71,262,813	Not Applicable
Zhao Yunying	Male	49	Director	Incumbent	March 06, 2023	September 10, 2026	1,312,600	0	0	-244,800	1,067,800	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Yuan Lihua	Male	58	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	Not Applicable
Zhang Xiaoming	Male	54	Director	Incumbent	September 11, 2023	September 10, 2026	0	0	0	0	0	Not Applicable
Liu Hanlin	Male	63	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	Not Applicable
Zhang Yuli	Male	61	Independent Director	Incumbent	August 12, 2020	September 10, 2026	0	0	0	0	0	Not Applicable
Cao Yanlong	Male	51	Independent Director	Incumbent	December 20, 2021	September 10, 2026	0	0	0	0	0	Not Applicable
Zhao Yunying	Male	49	President, former Executive President	Appointment and Dismissal	December 19, 2022	September 10, 2026						Not Applicable
Liu Ming	Male	45	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	805,500	0	0	-190,800	614,700	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.

Li Zhijie	Male	51	Senior Vice President	Incumbent	February 27, 2020	September 10, 2026	940,600	0	0	- 190,800	749,800	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Song Ke	Male	48	Senior Vice President	Incumbent	October 12, 2020	September 10, 2026	327,600	0	0	- 163,800	163,800	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Wu Jian	Male	52	Secretary of the Board of Directors, Senior Vice President	Incumbent	December 01, 2005	September 10, 2026	1,624,935	0	0	- 190,800	1,434,135	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Xu Qiaofen	Female	54	Senior Vice President, Chief Financial Officer	Incumbent	February 27, 2020	September 10, 2026	828,600	0	0	- 163,800	664,800	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Xu Zhicheng	Male	60	Senior Vice President	Incumbent	March 22, 2018	September 10, 2026	882,600	0	0	- 190,800	691,800	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Zhu Jiantang	Male	44	Senior Vice President	Incumbent	March 22, 2018	September 10, 2026	1,075,825	0	0	- 190,800	885,025	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Chen Qiang	Male	44	Senior Vice President	Incumbent	April 15, 2024	September 10, 2026	53,040	0	0	- 26,520	26,520	Participated in the company's equity incentive plan; some of the shares held were repurchased and canceled.
Fu Liquan	Male	59	President	Resigned	February 27, 2020	January 05, 2026						Not Applicable
Total	--	--	--	--	--	--	1,172,155,979	0	0	- 1,552,920	1,170,603,059	--

During the reporting period, did any directors or senior management leave office within their term of office?

☒Yes ☐No

To further improve the company's corporate governance structure and in line with the company's development, Mr. Fu Liquan applied to resign from his concurrent position as president on January 05, 2026; after resigning, he will continue to serve as the company's chairman, convener of the Board of Directors' Strategy Committee, member of the Remuneration and Assessment Committee, and member of the Nomination Committee. At the same time, upon review and approval at the 20th meeting of the eighth Board of Directors, the Board of Directors agreed to appoint Mr. Zhao Yuning as the company's president; he will no longer serve as the company's executive president and will be fully responsible for the company's day-to-day operations and management. For details, please refer to the company's "Announcement on the Change of the Company's President" disclosed on CNINFO.

Changes in the Company's directors and senior management

☒Applicable ☐ Not Applicable

Name	Title	Type	Date	Causes
Zhao Yuning	President, former Executive President	Appointment and Dismissal	January 05, 2026	Job Transfer
Fu Liquan	President	Dismissal	January 05, 2026	Job Transfer

2. Positions

Professional backgrounds, major work experiences, and current main responsibilities of the Company's incumbent directors and senior management

Mr. Fu Liquan, Chinese nationality, born in 1967, with an EMBA from Zhejiang University. As one of the main founders of the Company, he served as chairman and president of the Company and is currently the chairman of the Company. Has successively received honors such as "Top Ten Influential Zhejiang Entrepreneurs," "Model Worker of Zhejiang Province," "Outstanding Builder of Socialism with Chinese Characteristics in the New Era among Non-public Economic Figures of Zhejiang Province," "Outstanding Executive of Enterprises with Outstanding Contributions to the Industry and Information Economy," the "Ping An China, Craftsmanship Builds the Shield" Outstanding Achievement Award, the Global Security Contribution Award, Top Ten Security Leaders, and Forbes Best CEO among Listed Companies. 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, holds a bachelor's degree. As one of the main founders of the Company, served as a director of the Company in the past five years, and currently serves as a director of the Company.

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

Mr. Yuan Lihua, Chinese nationality, born in 1968, holds a master's degree. Previously served as Director and Deputy General Manager of China Mobile Communications Group Terminal Co., Ltd., and Deputy General Manager of the External Investment Management Department of China Mobile Communications Group Co., Ltd. Currently serves as a

director of the Company.

Mr. Zhang Xiaoming, Chinese nationality, born in 1972, holds a master's degree. Previously served as Deputy General Manager, Marketing Center, China Mobile Communications Group Beijing Co., Ltd.; Manager, Key Customer Section, Customer Department, China Mobile Communications Group Co., Ltd.; and Deputy General Manager, China Mobile Zhuowang Company (Aspire Holdings Limited). Currently serves as a director of the Company.

Mr. Cao Yanlong is a Chinese national, born in 1975, a member of the Communist Party of China, and holds a doctoral degree. Previously served as a lecturer/postdoctoral researcher at the School of Biological and Food Engineering, Zhejiang University; a visiting scholar at the Precision Measurement Center (CPT), University of Huddersfield, UK; and assistant to the director of the Hangzhou Municipal Commission of Economy and Information Technology. Currently a professor at the College of Mechanical Engineering, Zhejiang University. Concurrently serves as Director of the Zhejiang University Shandong Industrial Technology Research Institute and as the company's independent director.

Mr. Liu Hanlin, Chinese nationality, born in 1963, holds a postgraduate degree. Held successive positions as teaching assistant, lecturer, associate professor, and professor of accounting at Hangzhou Dianzi University, and formerly served as Associate Dean of the School of Finance and Economics and Party Secretary of the School of Accounting at Hangzhou Dianzi University. Currently a professor at Hangzhou Dianzi University, concurrently serves as a member of the Chinese Institute of Certified Public Accountants, a council member of the Electronic Division of the China Accounting Society, a council member and member of the academic committee of the Zhejiang Accounting Society, a standing council member of the Zhejiang Provincial Chief Accountants Association, deputy director of the Zhejiang Provincial Management Accounting Expert Advisory Committee, and an independent director of Zhejiang Weihua New Material Co., Ltd. and Zhejiang Great Shengda Packaging Co., Ltd. The company's independent directors.

Mr. Zhang Yuli, Chinese nationality, born in 1965, holds a doctoral degree. Previously served as Vice Dean of the Business School of Nankai University and Vice Dean of the Graduate School of Nankai University, among other positions. Currently a professor and PhD supervisor at Nankai University Business School, dean of the School of Innovation and Entrepreneurship at Nankai University, and an independent director of Tianjin Port Co., Ltd. and Tianjin Bailite Precision Electric Co., Ltd. The company's independent directors.

Mr. Wu Jian, Chinese nationality, born in 1974, holds a master's degree. During the past five years, served as the company's secretary of the Board of Directors and vice president; currently serves as the company's secretary of the Board of Directors and senior vice president.

Ms. Zu Qiaofen, Chinese nationality, born in 1972, holds a college degree. Served as Accounting Director of the Company's Financial Center from January 2015 to January 2017; served as Deputy General Manager of the Company's Financial Center from January 2017 to December 2017; has served as General Manager of the Company's Financial Center since December 2017. Currently serves as the Company's Finance Director, Senior Vice President, and President of the Financial Center.

Mr. Liu Ming, Chinese nationality, born in 1981, holds a master's degree. Joined the company in 2006, and in the past five years has successively served as Director of the Hardware Platform Development Department of the company's R&D center, General Manager of the Front-end Product Line of the R&D center, General Manager of the Product R&D Department of the R&D center, and Deputy General Manager of the R&D center. Since March 2020, has served as Executive Deputy General Manager of the R&D center. Currently serves as the company's Senior Vice President and President of the R&D center.

Mr. Li Zhijie, Chinese nationality, born in 1975, holds a master's degree. Served as technical engineer, director of the Delivery & Service Department of the Representative Office, national delivery representative, and Vice President of Regional Delivery at Huawei Technologies Co., Ltd. from March 2005 to August 2017; has served as General

Manager of the Company's Delivery & Service Center since September 2017. He now serves as senior vice president of the Company, president of the Delivery & Service Center, and general manager of Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.

Mr. Song Ke, Chinese nationality, born in 1978, holds a master degree, Formerly served as Information Technology Department Manager at Hangzhou H3C Communication Technology Co., Ltd., General Manager of the IT Center at Zhejiang Dahua Technology Co., Ltd., and company supervisor. Currently serves as the company's Senior Vice President and President of the Process IT Center.

Mr. Xu Zhicheng, Chinese nationality, was born in 1966 and has a junior college education. From September 2013 to June 2015, he has successively served as deputy general manager of marketing, general manager and supervisor of the Company. Currently serves as Senior Vice President of the Company and President of the Quality Management Center.

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

Mr. Chen Qiang, Chinese nationality, born in 1982, holds a master's degree. Joined the company in 2008 and has served successively as Vice President of the Overseas Marketing Center and Executive Vice President; currently serves as Senior Vice President of the company and President of the Overseas Marketing Center.

Situation of the controlling shareholder and actual controller simultaneously serving as the listed company's Chairman and General Manager

☒Applicable ☐ Not Applicable

The company, through the Articles of Association, the Rules of Procedure for the Board of Directors, the President's Work Rules, the Related-Party Transaction Management System, the System for Preventing the Appropriation of Company Funds by the Controlling Shareholder and Related Parties, and other governance systems, clearly defines the decision-making authorities and duty-performance procedures of the Board of Directors and the president, standardizes the conduct of the controlling shareholder and the actual controller, establishes an operating mechanism with clear responsibilities and authorities, standardized processes, and effective supervision, and thereby effectively safeguards the company's independence and protects the legitimate rights and interests of the company and all shareholders.

In order to further improve the company's corporate governance structure and in light of the company's development, Chairman Fu Liquan resigned from his concurrent post as president on January 05, 2026, to focus on coordinating the company's long-term strategic planning and development direction and to achieve sustained high-quality development.

Position Held in Shareholders Entities

☐ Applicable ☒ Not Applicable

Position Held in Other Entities

☒Applicable ☐ Not Applicable

Name	Name of Other Entity	Position held in Other Entities	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	Zhejiang Hyxi Technology Co., Ltd.	Director	No
Chen Ailing	Hangzhou Huaxi Information Technology Service Co., Ltd.	Executive Director and General Manager	No
Chen Ailing	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Chairman	No
Chen Ailing	Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Jikanglingyi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Ji Kang Ling No.2 Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Ji Kang Ling San Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Ji Kang Ling Si Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huazhen Equity Investment Partnership (limited partnership)	Executive Partner	No
Chen Ailing	Hangzhou Hua Xiao Ling Er Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Hua Xiao Ling Yi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Hangzhou Huatan Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Chen Ailing	Ningbo Huaqi Enterprise Management Partnership (Limited Partnership)	Executive Partner	No
Wu Jun	Zhoushan Xinhao Technology Development Co., Ltd.	Executive Director and General Manager	No
Yuan Lihua	Central Enterprises Rural Industry Investment Fund Co., Ltd.	Vice Chairman	No
Yuan Lihua	China Mobile Investment Holding Co., Ltd.	Director	No
Yuan Lihua	China Mobile Capital Holdings Co., Ltd.	Director	Yes
Cao Yanlong	Hangzhou Hanmo Industrial Group Co., Ltd.	Supervisor	No
Cao Yanlong	Zhejiang Xiwei New Energy Technology Co., Ltd.	Supervisor	No
Cao Yanlong	Hangzhou Hemu Intelligent Technology Partnership (Limited Partnership)	Executive Partner	No
Zhang Yuli	Tianjin TEDA Construction Group Co., Ltd.	Director	No
Zhang Yuli	Tianjin Port Co., Ltd.	Independent Director	Yes
Zhang Yuli	Tianjin Bailite Precision Electric Co., Ltd.	Independent Director	Yes

Liu Hanlin	Zhejiang Weihua New Materials Co., Ltd.	Independent Director	Yes
Liu Hanlin	Zhejiang Dashengda Packaging Co., Ltd.	Independent Director	Yes
Liu Hanlin	Hangzhou Zhaohua Electronics Co., Ltd.	Independent Director	Yes
Liu Hanlin	Zhejiang Lianxin Accounting Co., Ltd.	Director	No

Incumbent or outgoing directors and senior management during the reporting period that have been subject to administrative penalties by securities regulatory authorities in the last three years

☒Applicable ☐ Not Applicable

The spouse of the company's senior vice president Liu Ming sold company shares after exercising stock options, which constituted a short-swing transaction during the reporting period and violated Article 44 of the Securities Law. The Zhejiang Regulatory Bureau of the China Securities Regulatory Commission (CSRC) took the supervisory measure of issuing a warning letter to Liu Ming.

3. Remuneration of Directors and Senior Management

The decision-making procedures, determination basis, and actual payment of remuneration for directors and senior management

Decision-making procedures for directors' and senior management's remuneration: The company determines the remuneration of directors and senior management in accordance with the decision-making procedures stipulated in the Articles of Association and other relevant provisions.

Directors and senior management remuneration determination basis: Directors and senior management serving at the company are paid a basic monthly salary according to their position and job grade, and performance-based compensation is determined through an annual assessment based on company performance and the performance results of the organization they oversee. Independent director allowances are implemented according to the standards approved by the General Meeting of Shareholders, as fixed remuneration of RMB 280,000 per person per year (pre-tax), paid quarterly.

Actual payment of remuneration for directors and senior management: Directors and senior management serving in the company have their basic compensation paid monthly; the performance compensation of directors and senior management serving in the company is ultimately paid based on the results of company performance and organization performance, and a certain proportion of senior management's performance compensation will be paid after disclosure in the annual report.

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

Unit: Ten Thousand RMB

Name	Gender	Age	Title	Position Status	Total remuneration from the Company before tax	Whether to receive remuneration from related parties or not
Fu Liquan	Male	59	Chairman (Note)	Incumbent	452.59	No
Wu Jun	Male	54	Vice Chairman	Incumbent	9.62	No
Chen Ailing	Female	59	Director	Incumbent	0	No
Zhao Yuning	Male	49	Director, President (Note)	Incumbent	534.97	No
Yuan Lihua	Male	58	Director	Incumbent	0	Yes
Zhang Xiaoming	Male	54	Director	Incumbent	192.73	No
Liu Hanlin	Male	63	Independent Director	Incumbent	28	No
Zhang Yuli	Male	61	Independent Director	Incumbent	28	No

Cao Yanlong	Male	51	Independent Director	Incumbent	28	No
Liu Ming	Male	45	Senior Vice President	Incumbent	264.65	No
Li Zhijie	Male	51	Senior Vice President	Incumbent	239.91	No
Song Ke	Male	48	Senior Vice President	Incumbent	233.11	No
Wu Jian	Male	52	Secretary of the Board of Directors, Senior Vice President	Incumbent	236.64	No
Xu Qiaofen	Female	54	CFO, Senior Vice President	Incumbent	233.11	No
Xu Zhicheng	Male	60	Senior Vice President	Incumbent	250.60	No
Zhu Jiantang	Male	44	Senior Vice President	Incumbent	260.32	No
Chen Qiang	Male	44	Senior Vice President	Incumbent	347.69	No
Total	--	--	--	--	3,339.94	--

Basis for evaluating the actual remuneration received by all directors and senior management at the end of the reporting period.	The remuneration of directors and senior management is determined in accordance with the company's specific rules and regulations, compensation system, and performance appraisal system.
Completion status of the assessment of actual remuneration received by all directors and senior management at the end of the reporting period	In 2025, the independent director allowance received by independent directors and the director allowance received by directors who do not hold specific management positions are not subject to assessment. The assessment of other directors and senior management is organized and implemented in accordance with the Company's performance evaluation system.
Deferred payment arrangements for actual remuneration received by all directors and senior management at the end of the reporting period	Performance-based compensation for senior management has been deferred for payment at a certain proportion.
Status of suspension of payment and recovery of actual remuneration received by all directors and senior management as of the end of the reporting period	In 2025, the company had no reportable matters concerning the suspension and recovery of remuneration of directors and senior management.

Note: During the reporting period, Mr. Fu Liquan concurrently served as the company's president, and Mr. Zhao Yuning served as the company's executive president. On January 05, 2026, Mr. Fu Liquan resigned from his position as company president, and the company's Board of Directors appointed Mr. Zhao Yuning as company president.

Other information

☐ Applicable ☒ Not Applicable

V. The Performance of the Duties Of Directors during the Reporting Period

1. Attendance of directors at the Board of Directors meetings and the General Meetings of Shareholders

Attendance of directors at Board of Directors meetings and General Meetings of Shareholders							
Name of Director	Number of Board Meetings to Attend during the Reporting Period	Number of On-Site Attendance of Board Meetings	Number of Attendance of Board Meetings by Means of Telecommunications	Number of Attendance of Board Meetings by Entrustees	Number of Absence at Board Meetings	Whether absent from board meetings in person for two consecutive times	Number of attendances at the General Meeting of Shareholders
Fu Liquan	10	8	2	0	0	No	2
Chen Ailing	10	7	3	0	0	No	1
Wu Jun	10	8	2	0	0	No	2
Zhao Yuning	10	8	2	0	0	No	2
Yuan Lihua	10	0	10	0	0	No	0
Zhang Xiaoming	10	8	2	0	0	No	2
Cao Yanlong	10	8	2	0	0	No	2
Zhang Yuli	10	2	8	0	0	No	1
Liu Hanlin	10	8	2	0	0	No	2

Explanation for not attending the Board of Directors meetings in person for two consecutive times

Not Applicable

2. Objections of Directors to Related Issues of the Company

Whether the directors raised objections to matters concerning the company?

☐ Yes ☒ No

During the reporting period, directors did not raise objections to the company's related matters.

3. Other Information on Directors' Performance of Duties

Whether directors' proposals on the company issues are accepted

☒ Yes ☐ No

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

During the reporting period, the company's directors strictly complied with the Shenzhen Stock Exchange Stock Listing Rules and other relevant laws and regulations and the Articles of Association, conscientiously attended meetings of the Board of Directors and the General Meeting of Shareholders, diligently performed their duties, and put forward constructive opinions or suggestions on the company's development decisions. At the same time, proactively monitor the company's operational management information, financial condition, major matters, etc., and promote the sustained, stable, and healthy development of the company's production and business operations.

Independent directors diligently fulfilled their duties, actively staying informed about the company's operating

conditions, the establishment of the internal control system, and the implementation of resolutions of the Board of Directors and the General Meeting of Shareholders; they focused on exercising prudent supervision over related-party transactions, the profit distribution plan, and other matters, and expressed professional opinions. They actively and effectively performed their duties as directors, safeguarded the overall interests of the company and the lawful rights and interests of all shareholders, especially minority shareholders, and played a positive role in the company's standardized, stable, and healthy development.

VI. Status of the special committees under the Board of Directors during the reporting period

Committee Name	Member Information	Number of Meetings Held	Date of Conference	Meeting Content	Important Opinions and Suggestions Raised	Other matters Regarding the Performance of Duties	Details of Objections (If Any)
Audit Committee	Liu Hanlin, Chen Ailing, Cao Yanlong, Zhang Yuli, Yuan Lihua	6	March 19, 2025	Communicate with the audit firm regarding the draft audit report			
			March 27, 2025	Consideration of the 2024 annual report, internal control report, and other matters.			
			April 17, 2025	Review of the 2025 First Quarter Report, etc.			
			August 14, 2025	Consideration of the 2025 Semi-Annual Report and other matters			
			October 23, 2025	Review the 2025 third quarter report, revise <Internal Audit System>, etc.			
			December 31, 2025	Communicate and deliberate on the 2025 annual audit plan			
Strategy Committee	Fu Liquan, Zhang Yuli, Wu Jun, Zhao Yuning	2	February 28, 2025	Consider the sale of subsidiary equity			
			March 27, 2025	Consideration of 2025 development strategy and ESG report matters			
Nomination Committee	Cao Yanlong, Liu Hanlin, Fu Liquan	1	December 31, 2025	Review and verify the information of senior management candidates.			

Remuneration and Appraisal Committee	Zhang Yuli, Fu Liquan, Liu Hanlin	4	March 27, 2025	Review and determine the remuneration of directors, supervisors, and senior management, the repurchase and cancellation of shares under the equity incentive plan, the adjustment of exercise price, and other matters.			
			July 14, 2025	Consider the cancellation of equity incentive options			
			October 23, 2025	Consider the matter of liability insurance for directors, supervisors and senior management			
			November 14, 2025	Deliberation on the shareholding matters of certain directors, senior management and their related parties in the spin-off of a subsidiary			

VII. Audit Committee Work

Has the audit committee discovered any risk in the company during the supervision in the reporting period

☐ Yes ☒ No

The audit committee had no objection to the supervisory matters in the reporting period.

VIII. 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 (persons)	8,555
Number of employees in major subsidiaries at the end of the reporting period (persons)	13,576
Total number of employees in service at the end of the reporting period (persons)	22,131
Number of employees receiving salaries in current period (person)	22,131
Number of retired employees requiring the parent company and major subsidiaries to bear their costs	2

Profession Composition	
Type of Profession Composition	Number of Employees for Profession Composition (Person)
R&D Staff	11,594
Sales	4,592
Supply Chain	3,968
Management	441
Professional Support Staff	1,536
Total	22,131
Educational Background	
Type of Educational Background	Number of Employees (Person)
Master and above	4,030
Bachelor	12,824
College, Technical Secondary School	3,096
Others	2,181
Total	22,131

2. Remuneration Policies

In strict compliance with the Labor Law, the Labor Contract Law, and other relevant laws and regulations, departmental rules, and normative documents, the Company has established a comprehensive remuneration management system and incentive mechanism to provide employees with competitive remuneration. The Company links its remuneration system with the performance evaluation system and the Company's business performance, which fully motivates employees and effectively improves their execution capability and sense of responsibility, thereby better attracting and retaining talent and providing human resources support for the Company's sustainable and stable development.

3. Training plan

The Company has been dedicated to building the employee education and training system. It has established internal lecturer management measures, including new employee onboarding training and in-service employee training, and implemented a training credits management system to improve the overall quality of employees, create a positive learning atmosphere, and build a learning organization. The Company comprehensively helps employees improve their ability to meet future challenges and changes, provides strong talent support for the Company's sustained and rapid development, and achieves the joint development of employees and the Company.

4. Labor Outsourcing

☐ Applicable ☒ Not Applicable

IX. Distribution of profits of the company and capitalization of capital reserves into share capital

The formulation, implementation, or adjustment of profit distribution policies during the reporting period, in particular the cash dividend policy

☒ Applicable ☐ Not Applicable

During the reporting period, the company strictly reviewed and implemented profit distribution plans in accordance with the profit distribution policies related to the Articles of Association, with dividend criteria and dividend ratios clear and explicit, the relevant decision-making procedures and mechanisms complete, and, after the profit distribution plans were approved, implemented within the prescribed time, ensuring the interests of all shareholders. During the reporting period, the company did not make any changes to its profit distribution policy.

1. The Company held its 2024 Annual General Meeting of Shareholders on April 21, 2025, at which the 2024 profit distribution plan was reviewed and approved. The plan is as follows: based on a total share capital of 3,279,342,515 shares (after excluding 19,819,601 repurchased shares), the Company will distribute a cash dividend of RMB 4.58 (tax included) per 10 shares to all shareholders. The total cash dividend amounts to RMB 1,501,938,871.87 (tax included). No capitalization of capital reserve into share capital and no bonus shares will be issued in this distribution. The remaining undistributed profits will be retained for subsequent distribution. The profit distribution plan was completed on April 30, 2025.

On November 28, 2025, the company held the 2025 first extraordinary General Meeting of Shareholders and approved the profit distribution plan for the first three quarters of 2025: based on the company's share capital of 3,250,574,673 shares after deducting repurchased shares, a cash dividend of RMB 1.85 (tax included) will be distributed to all shareholders for every 10 shares, totaling RMB 601,356,314.51 in cash dividends. This distribution will not implement the conversion of capital reserves into share capital and will not distribute bonus shares; the remaining undistributed profit will be reserved for subsequent distribution. The profit distribution plan was fully implemented on December 9, 2025.

Special notes on cash dividend policies	
Whether they comply with the requirements of the Articles of Association or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standards and proportions are distinct and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due role:	Yes
If the company has not distributed a cash dividend, it shall disclose the specific reasons, and the measures it intends to take next to enhance investor returns:	Not Applicable
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:	No adjustments or changes were made to the cash dividend policy.

The Company's profits during the reporting period and the parent company's distributable profits available to shareholders were positive, but a cash dividend distribution plan was not proposed.

☐ Applicable ☒ Not Applicable

III. Profit Distribution and Capital Reserves 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)	3.70
Share capital base of the distribution plan (shares)	3,249,442,473
Cash dividend amount (RMB) (tax included)	1,202,293,715.01
Amount of cash dividend distributed in other ways (such as share repurchase) (yuan, note)	890,477,021.51
Total cash dividend (including other methods) (RMB)	2,092,770,736.52
Distributable Profit (RMB)	26,161,629,808.16
Proportion of total cash dividends (including other ways) to total profit distribution	100%
Latest Cash Dividend	
If the Company's development stage is not easy to define but there are significant capital expenditure arrangements, when the profits are being distributed, the proportion of the cash dividends in this profit distribution should be at least 20%	
Details of the preplans on profit distribution or capitalization of capital reserves	
Based on 3,249,442,473 shares after deducting the repurchased shares (37,313,101 shares), the Company distributed a cash dividend of RMB 3.70 per 10 shares (tax inclusive) to all shareholders, with total cash dividends amounting to RMB 1,202,293,715.01 (tax inclusive). No capital reserves were converted into share capital and no bonus shares were distributed. The remaining undistributed profits are retained for future distribution. If, prior to implementation of the distribution plan, the company's share capital entitled to profit distribution changes due to convertible bond conversions, share repurchase, exercise of equity incentive, listing of newly issued shares from refinancing, or other reasons, the company will, on the principle that the distribution ratio remains unchanged, use the total share capital on the record date for dividend distribution as the base (shares in the repurchase account do not participate in the distribution), and, after legally readjusting the total distributable amount, proceed with the distribution.	

Note: The cash dividend amount under other methods equals the sum of the cash dividends for the first three quarters of 2025 and the 2025 repurchase amount.

X. 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 March 28, 2025, the Company held the 11th meeting of the 8th Board of Directors and the 8th meeting of the 8th Board of Supervisors, and reviewed and approved the "Proposal on Adjustment of the Exercise Price of the 2022 Stock Option and Restricted Stock Incentive Plan". Due to the Company's 2024 annual equity distribution, in accordance with the provisions of the Stock Option and Restricted Share Incentive Plan (Draft Revised) for 2022, and with the authorization of the Company's 2021 Annual General Meeting of Shareholders, the exercise price of the stock options will be adjusted from RMB 15.473 per unit to RMB 15.015 per unit.

(2) On March 28, 2025, the Company held the 11th meeting of the 8th Board of Directors and the 8th meeting of the 8th Board of Supervisors, and reviewed and approved the "Proposal on Cancellation of Some Restricted Shares of 2022 Stock Options and Restricted Stock Incentive Plan". Pursuant to the relevant provisions of the 2022 stock option

and restricted share incentive plans, because the company's performance did not meet the conditions for lifting the sale restrictions and incentive recipients departed, the company proposes to repurchase and cancel 20,544,960 restricted shares still subject to sale restrictions held in aggregate by 3,837 incentive recipients, at a repurchase price of RMB 8.16 per share. On April 21, 2025, the Company held the 2024 Annual General Meeting of Shareholders, at which the "Proposal on Cancellation of Some Restricted Shares of 2022 Stock Options and Restricted Stock Incentive Plan" was reviewed and approved. During the reporting period, the company completed the repurchase and cancellation of the aforementioned restricted shares.

(3) On July 15, 2025, the company held the 14th meeting of the 8th Board of Directors and the 10th meeting of the 8th Board of Supervisors, during which the "Proposal on the Cancellation of Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan" was reviewed and approved. In accordance with the relevant provisions of the 2022 Stock Option and Restricted Share Incentive Plan and the authorization of the Company's 2021 Annual General Meeting of Shareholders, due to the expiration of exercise periods without exercise, the Company's performance failing to meet the exercise-period assessment targets, and the departure of certain incentive recipients, the Company proposes to cancel 25,696,010 stock options that have been granted but not yet exercised, held by 3,837 incentive recipients. During the reporting period, the company completed the cancellation of the aforementioned stock options.

1. The exercise conditions for the second exercise period of the company's 2022 stock option and restricted share incentive plan have been met. The exercise period is scheduled from July 11, 2024, to July 10, 2025, and the exercise method shall be voluntary. As of July 10, 2025, the second exercise period for the company's stock options has concluded. A total of 14,966,224 stock options were exercised during the exercise period, of which 11,670,801 stock options were exercised in 2025.

Equity incentives for the Company's directors and senior management

☒ Applicable ☐ Not Applicable

Unit: Share

Name	Title	Number of stock options held at the beginning of the year	Number of newly granted stock options during the reporting period	Number of vested 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 stock options held at the beginning of the period	Number of unlocated shares in this period	Number of restricted stock options newly granted during the reporting period	The granting price of restricted stock options (yuan/share)	Number of restricted stock options held at the end of the period
Zhao Yuning	Director, President	326,400	0	163,200	0	0	0	18.94	244,800	0	0	8.16	0
Liu Ming	Senior Vice President	254,400	0	127,200	0	0	0	18.94	190,800	0	0	8.16	0

Li Zhijie	Seni or Vice President	254,400	0	127,200	0	0	0	18.94	190,800	0	0	8.16	0
Song Ke	Seni or Vice President	218,400	0	109,200	0	0	0	18.94	163,800	0	0	8.16	0
Wu Jian	Secretary of the Board of Directors, Seni or Vice President	254,400	0	127,200	0	0	0	18.94	190,800	0	0	8.16	0
Xu Qiaofen	CFO, Seni or Vice President	218,400	0	109,200	0	0	0	18.94	163,800	0	0	8.16	0
Zhu Jiantang	Seni or Vice President	254,400	0	127,200	0	0	0	18.94	190,800	0	0	8.16	0
Xu Zhicheng	Seni or Vice President	254,400	0	127,200	0	0	0	18.94	190,800	0	0	8.16	0
Chen Qiang	Seni or Vice President	54,960	0	27,480	0	0	0	18.94	26,520	0	0	8.16	0
Total	--	2,090,160	0	1,045,080	0	--	0	--	1,552,920	0	0	--	0
Remarks (If Any)		Due to the company's failure to meet the conditions for lifting sale restrictions/exercise and the expiration of the exercise period, the company repurchased and canceled/canceled the restricted share(s) and stock option(s) held by directors and senior management during the reporting period.											

Evaluation and Incentive Mechanisms for Senior Management

The company's senior management are appointed by the Board of Directors and are accountable to the Board of Directors. The company's Board of Directors has established a Remuneration and Evaluation Committee, which is

responsible for evaluating senior management's professional competence, execution effectiveness, and the progress in completing responsibility targets.

The Company implements a senior management performance commitment system, and department managers and above are managed through an annual work-report performance appraisal. The management implements a term of office operational goal responsibility system, adopting an assessment model that combines company-level KPI commitments with individual performance commitments. During the term of office, the relevant personnel met the evaluation indicators and all satisfactorily completed their assigned tasks. The company will, based on target completion, grant salary increases or other corresponding incentives in a timely manner.

During the reporting period, the company's senior management, in strict accordance with the Company Law, the Articles of Association and other laws, regulations, and normative documents, faithfully and diligently performed their duties, actively implemented the resolutions of the General Meeting of Shareholders and the Board of Directors, satisfactorily completed this year's established operating tasks, and ensured the company's steady development and operation.

2. Implementation of Employee Stock Ownership Plan

☐ Applicable ☒ Not Applicable

3. Other Employee Incentive Measures

☒ Applicable ☐ Not Applicable

The Company upholds the core concept of "striving for the goal". On the basis of implementing long-term employee incentives using listed company equity, the Company has launched an employee co-investment incentive plan targeting specific innovative business subsidiaries. This initiative aims to deeply align the core interests of the company and its employees, fully stimulate employees' enthusiasm for innovation and entrepreneurship, and lay a solid foundation for the company to achieve sustainable, healthy, high-quality development.

XI. Construction and Implementation of Internal Control Systems During the Reporting Period

1. Internal Control Establishment and Implementation

In accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines, as well as other internal control regulatory requirements, and taking into account the Company's actual circumstances, the Company has established a comprehensive internal control system that has been effectively implemented. The system covers the rules of procedure for the Board of Directors, supervision and management of subsidiaries, seal management, investment and financing management, human resources management, information systems management, fund activities, procurement management, asset management, sales and collections management, cost and expense management, information system security management, and management of information disclosure affairs, encompassing all business processes related to financial reporting and information disclosure affairs in the Company's operational activities.

The company has established an audit committee under the Board of Directors to inspect and supervise the establishment and implementation of the company's internal controls, and to review the company's financial

information and its disclosure. The Company has established a risk management system framework that is "risk-oriented, system-based, process-linked, control-enabled, and IT-supported" to provide strong support for the realization of corporate strategies. By identifying risks and evaluating risk levels in terms of severity, likelihood, and effectiveness of existing measures, the Company improves the tiered decision-making authorization system according to its acceptable level of risk, establishes or optimizes systems and processes, promotes IT-enabled process development and other control activities, and refines process systems to comprehensively address foreseeable internal and external risks in production, operations, and other 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. During the reporting period, the Company organized and carried out internal control evaluation work in accordance with the procedures prescribed by the enterprise internal control standard system and the Company's internal control evaluation methods. The businesses, matters, and high-risk areas included in the scope of evaluation covered all major aspects of the Company's operational management, with no material omissions. Based on the Company's determination of material weaknesses in internal control over financial reporting, as of the benchmark date of the internal control evaluation report, there were no material weaknesses in internal control over financial reporting. Based on the Company's determination of material weaknesses in internal control over non-financial reporting, as of the benchmark date of the internal control evaluation report, no material weaknesses in internal control over non-financial reporting were found. The Board of Directors believes that the Company has maintained effective internal control over financial reporting and non-financial reporting in all material respects, in accordance with the requirements of the enterprise internal control standard system and relevant regulations.

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

☐ Yes ☒ No

XII. Management and control of the company's subsidiaries during the reporting period

There are anomalies in the management and control of subsidiaries.

☐ Yes ☒ No

XIII. 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 18, 2026
Full-text disclosure index for internal control assessment report	CNINFO http://www.cninfo.com.cn
Percentage of total asset from units included in the assessment out of the total asset from the company's consolidated financial statements	100.00%
The proportion of operating income of parties included in the assessment	100.00%

to the operating income from the Company's consolidated financial statements		
Defect identification criteria		
Category	Financial Report	Non-financial reports
Qualitative standards	Signs of material weakness in financial reporting include: (1) Corrupt practices of directors, supervisors and senior managers of the Company; (2) Material misstatements in the current Financial Report discovered by the Certified Public Accountants but not recognized by the internal control of the Company; (3) Invalid internal control and supervision of the External Financial Report and the Financial Report of the Company by the Audit Committee and the Audit Department. Signs of significant deficiencies in financial reporting include: (1) Failure to select and apply the accounting policies in accordance with the accepted accounting standards; (2) Failure to establish anti-fraud procedure and control measures; (3) No appropriate control mechanism established or appropriate compensating control implemented for accounting treatment of irregular or special transactions; (4) There are one or more defects in the control of final financial reporting process, and no reasonable guarantee that the financial statements can achieve the goal of being true and complete. General deficiencies refer to the control deficiencies other than the material deficiencies and important deficiencies described above.	The identification of non-financial report defects is mainly determined by the extent of their influence on validity of business process and the probability of occurrence. If the likelihood of occurrence is low and the deficiency may reduce work efficiency or effectiveness, increase the uncertainty of outcomes, or cause deviation from expected objectives, it is classified as a general deficiency. If the likelihood of a defect occurring is relatively high, and it would significantly reduce work efficiency or effectiveness, significantly increase the uncertainty of the outcome, or cause the outcome to significantly deviate from the expected objective, it is a major defect; if the likelihood of a defect occurring is high, and it would severely reduce work efficiency or effectiveness, severely increase the uncertainty of the outcome, or cause the outcome to severely deviate from the expected objective, it is a critical defect. Signs of material weaknesses in internal control over non-financial reporting include: (1) Company decision-making procedures are unscientific, such as decision-making errors that lead to failure to achieve expected objectives after mergers and acquisitions; (2) Violation of national laws and regulations, leading to investigations by relevant departments and regulatory authorities; (3) Management personnel or key technical personnel are leaving en masse; (4) Frequent negative media reports; (5) The results of the internal control evaluation, especially material or major defects, have not been rectified; (6) Important business activities lack institutional controls or there is a systemic failure of institutional systems.

Quantitative standards	Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators. If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but less than 1%, it is an important deficiency; If it exceeds 1% of the total asset, it is considered as a major deficiency.	The quantitative criteria is based on operating income and total assets. Losses which have been or may be incurred due to internal control deficiencies and are related to the profit statement should be measured by the operating income indicators. If the misreporting amount in the financial statement, which may be incurred by the deficiencies alone or together with other deficiencies, is less than 0.5% of the operating income, it is considered as a general deficiency; If it exceeds 0.5% of the operating income but is less than 1%, then it is an important deficiency; If it exceeds 1% of the operating income, then it is considered as a major deficiency. Losses which have been or may be incurred due to internal control deficiencies and are related to the asset management should be measured by the total asset indicators. If the misstated amount in the financial statement, which may be incurred by the deficiency alone or together with other deficiencies, is less than 0.5% of the total asset, it is considered as a general deficiency; If it exceeds 0.5% of the total asset but is less than 1%, then it is considered as an important deficiency; If it exceeds 1% of the total asset, it is considered as a major deficiency.
Number of material weakness in financial reports		0
Number of material weakness in non-financial reports		0
Number of significant deficiency in financial reports		0
Number of significant deficiency in non-financial report		0

2. Internal Control Audit Report

☒ Applicable ☐ Not Applicable

Deliberations Paragraph in the Internal Control Audit Report	
We believe that, as of December 31, 2025, Dahua maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standard for Enterprise Internal Control and related regulations.	
Disclosure of the internal control audit report	Disclosure
Date of full-text disclosure of the internal control audit report	April 18, 2026

Full-text disclosure index for internal control audit report	CNINFO 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

Was a non-standard audit opinion on internal control issued during the reporting period or the prior year?

☐ Yes ☒ No

XIV. Rectification status of issues identified during the special action self-inspection on listed company governance

Not Applicable

XV. Environmental Information Disclosure

Whether the listed company and its principal subsidiaries are included in the list of enterprises required to disclose environmental information according to law.

☒ Yes ☐ No

Number of enterprises included in the list of enterprises required to disclose environmental information (units)		1
No.	Enterprise name	Index for Querying Environmental Information Reports Disclosed in Accordance with the Law
1	Zhejiang Dahua Zhilian Co., Ltd.	For details, see the relevant information disclosed on the Zhejiang Provincial Department of Ecology and Environment - Enterprise Environmental Information Lawful Disclosure System. The query link is as follows: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search

XVI. Overview of Social Responsibilities

For details, please refer to the Company's 2025 Environmental, Social and Governance (ESG) Report, published on the same date on CNINFO (www.cninfo.com.cn).

XVII. Overview of consolidating and expanding the achievements in poverty alleviation and rural revitalization

During the reporting period, the company has not yet carried out targeted poverty alleviation or rural revitalization work.

Section V Significant Events

I. Performance of Commitments

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

☒ Applicable ☐ Not Applicable

Commitments	Party Making Commitments	Commitment Type	Content	Time	Commitment Period	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 twelve months after six months from the date he/she filed his/her resignation, 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	Performing Normally.
Commitments Made during Initial Public Offerings or Refinancing	All directors and Senior Management	Other Commitments	Commitment That Measures to Make Good on Returns Involved in the Non-public Offering of Shares Can Be Effectively Implemented	March 26, 2021	Long-Term	Performing Normally.
Commitments Made during Initial Public Offerings or Refinancing	Fu Liquan, Chen Ailing	Other Commitments	Commitment That Measures to Make Good on Returns Involved in the Non-public Offering of Shares Can Be Effectively Implemented	March 26, 2021	Long-Term	Performing Normally.
Commitments Made during Initial Public Offerings or Refinancing	China Mobile Communications Group Co., Ltd.	Commitment on restricted shares	From the date of completion of Dahua Technology's share issuance to specific subscribers (i.e., the first trading day of the newly issued shares), and for a period of 36 months thereafter, the company shall not in any manner transfer the Dahua	April 14, 2023	36 months	Performing Normally.

			Technology shares it subscribed for in this issuance, nor shall Dahua Technology conduct a share repurchase of that portion of the shares; after completion of this issuance, any additional Dahua Technology shares acquired by the company through this issuance as a result of Dahua Technology issuing bonus shares, increasing share capital, or for similar reasons shall also be subject to the foregoing restriction.			
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	Performing 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

3. Company-Related Performance Commitments

☐ 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 most recent "Non-Standard Audit Report"

☐ Applicable ☒ Not Applicable

V. Explanations made by the board of directors, independent directors (if any) on the "non-standard audit report" from the accounting firm during the reporting period

☐ Applicable ☒ Not Applicable

VI. Explanation of changes in accounting policies, accounting estimates and corrections of material accounting errors compared with the previous year's financial report

☐ Applicable ☒ Not Applicable

The company had no changes in accounting policies, accounting estimates, or corrections of material accounting errors during the reporting period.

VII. Changes in the scope of consolidated financial statements compared with the previous year's financial report

☒ Applicable ☐ Not Applicable

(1) During the reporting period, the Company established four new domestic and overseas subsidiaries through direct investment: Qingdao Dahua Ruihai New Energy Operation Co., Ltd., PIXFRA (HONG KONG) CO., LIMITED, Wisualarm Technology (HK) Limited, and DaHua Opera. All four entities were included in the scope of consolidation for the reporting period.

(2) The Company's former subsidiary, Hangzhou Huacheng Network Technology Co., Ltd., was transferred during the current period. Consequently, Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries have been excluded from the consolidation scope effective from the transfer date.

(3) The Company's subsidiary, IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD, was dissolved during the current period and has been excluded from the consolidation scope effective from the dissolution date.

VIII. Appointment and Dismissal of Accounting Firms

Currently appointed accounting firms

Names of domestic accounting firms	BDO China Shu Lun Pan CPAs (special general partnership)
Remuneration to domestic accounting firms (Unit: ten thousand yuan)	200
Years of continuous audit service of domestic accounting firms	22
Names of Certified Public Accountants from domestic accounting firms	Du Na, Wang Keping
The continuous period of audit service for certified public accountants in domestic accounting firms	Du Na has served continuously for 3 years, and Wang Keping has served continuously for 1 year.

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

During the reporting period, the company hired BDO China Shu Lun Pan CPAs (special general partnership) as the internal control audit accounting firm, and paid internal control audit fees of RMB 400,000.

IX. Situation concerning delisting after disclosure of the annual report

☐ Applicable ☒ Not Applicable

X. Bankruptcy Reorganization-Related Matters

☐ 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

Name	Type	Causes	Types of Investigation and Penalties	Conclusions (If Any)	Date of Disclosure	Disclosure Index
Liu Ming	Senior Management	Their spouse sold company stock after the exercise of stock options, constituting a short-swing trade during the reporting period.	The China Securities Regulatory Commission has taken administrative regulatory measures.	Zhejiang Securities Regulatory Bureau issued a warning letter to Liu Ming as a supervisory administrative measure.	April 29, 2025	

Rectification Explanation

☒Applicable ☐ Not Applicable

After the company became aware of the matter, it attached great importance to it and promptly investigated the relevant circumstances; Mr. Liu Ming and his spouse also actively cooperated, proactively rectified the situation, and remitted all proceeds from the transaction to the company.

After Mr. Liu Ming received the above warning letter, he took the issues pointed out in the warning letter very seriously. Mr. Liu Ming and his relatives have deeply recognized the seriousness of this short-term trading. Going forward, they will continue to strictly comply with the requirements of the regulatory authorities, strengthen their own and their close relatives' study of the Securities Law of the People's Republic of China, the Shenzhen Stock Exchange (SZSE) Listing Rules, and other relevant laws, regulations, and normative documents, strictly regulate their stock trading conduct, and prevent such incidents from occurring again.

The company will further urge all directors, supervisors, senior management, shareholders holding 5% or more of the company's shares, and other relevant departmental personnel to strengthen their study of the Securities Law, the Rules for the Management of Shares Held and Changes Thereof by Directors and Senior Management of Listed Companies, and other relevant laws, regulations, and normative documents; to reinforce awareness of compliant operations; to prevent such incidents from recurring; and to effectively safeguard the interests of the broad base of small and medium-sized shareholders.

XIII. Integrity of the Company, Its Controlling Shareholder and Actual Controller

☐ Applicable ☒ Not Applicable

XIV. Significant Related-party Transactions

1. Related Transactions Relevant to Daily Operations

☐ Applicable ☒ Not Applicable

No such case as significant related-party transactions connected with daily operations.

2. Related Transactions in Acquisition or Sale of Assets or Equities

☐ Applicable ☒ Not Applicable

No such case as related significant transactions in acquisition or sale of assets or equities in the reporting period.

3. Significant Related-party Transactions Arising from Joint Investments on External Parties

☐ Applicable ☒ Not Applicable

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

4. Related-party Creditor's Rights and Debts

☐ Applicable ☒ Not Applicable

The company had no significant related-party creditor's rights 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 March 28, 2025, the company held the 11th meeting of the 8th Board of Directors and approved the "Proposal on the Estimated Amount of Routine Related-Party Transactions for 2025." According to business development and daily operational needs, the company and its subsidiaries estimate that the total amount of routine related-party transactions with various related parties in 2025 will be RMB 1,927.52 million (excluding tax).

2. On April 18, 2025, the Company convened the 13th Meeting of the Eighth Board of Directors, which reviewed and approved the "Proposal on the Waiver of the Priority Right to Acquire Partial Equity Pan of the Controlling Subsidiary and Related Transactions." Other shareholders of the Company's controlling subsidiaries—Zhejiang Huayixin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., and Zhejiang Huajian Technology Co., Ltd.—intend to transfer their equity interests in said companies within the same controlling entity. Specifically, Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) will transfer its equity stakes in the three controlling subsidiaries to Ms. Chen Ailing, the Executive Partner. The Company has waived its priority to accept transfer regarding this equity transfer arrangement. Following the aforementioned equity transfer, the Company's proportional ownership interest in these controlling subsidiaries will not decrease, and there will be no change to the scope of consolidated statements.

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

Announcement Name	Disclosure Date	Website for the Disclosure
Announcement on the forecast of daily related-party transactions for 2025	March 29, 2025	CNINFO http://www.cninfo.com.cn
Announcement on the Waiver of the Priority Right to Acquire Partial Equity Pan of the Controlling Subsidiary and Related Transactions	April 19, 2025	CNINFO 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 and devices were used for rental, and there are no other leases of major property except for the leased real estate properties used for office, warehouse, and production workshops.

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

☐ Applicable ☒ Not Applicable

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

2. Significant Guarantees

☒ Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

External guarantees from the Company and its subsidiaries (excluding guarantees to the subsidiaries)								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees approved during the reporting period (A1)				Total actual amount of external guarantees incurred during the reporting period (A2)				
Total amount of external guarantees approved by the end of the reporting period (A3)				Total balance of external guarantees at the end of the reporting period (A4)				
Company's guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
Zhejiang Dahua Vision Technology Co., Ltd.	March 29, 2025	835,699.00	2017.10.13	22,000.00	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2018.09.21	28,115.2 (USD 40 million)	Joint liability guarantee	Two years after the maturity of the debts in the master contract	No	No
			2020.09.01	30,000.00	Joint liability guarantee	Five years upon expiration of debt period of master contract	Yes	No
			2022.07.22	20,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			2023.07.24	40,000.00	Joint liability guarantee	From the date of expiration of the performance period of each debt in the	No	No

						master contract until three years after the date of expiration of the performance period of the last due master debt under all master contracts		
			2023.09.26	90,000.00	Joint liability guarantee	From the date of signing the master contract for a single credit transaction until three years after the debtor's debt performance period under the master contract expires	Yes	No
			2023.09.26	33,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master claim contract	No	No
			2024.03.01	100,000.00	Joint liability guarantee	Three years from the next day after the expiry date of each type of financing business under the master contract	No	No
			2024.04.01	53,000.00	Joint liability guarantee	Two years from the expiration date of the debtor's performance period as agreed in the master	No	No

						contract		
			2024.06. 07	40,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period	Yes	No
			2024.07. 25	49,500.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No	No
			2024.08. 16	50,000.00	Joint liability guarantee	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the	Yes	No

						Credit Business Agreement.		
			2024.09.19	68,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes	No
			2024.12.13	20,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No	No
			2025.06.10	40,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance	No	No

						date of each advance within the credit extension period		
			2025.07.21	50,000.00	Joint liability guarantee	The guarantee period is from the effective date of the Maximum Amount Guarantee Contract until three years from the expiration date of the performance period of each debt under the Credit Business Agreement.	No	No
			2025.07.22	20,000.00	Joint liability guarantee	The guarantee period is three years from the expiration date of the period for performance of the debtor's obligations under the master contract, and the guarantee period under each specific business contract is calculated separately.	No	No
			2025.09.08	90,000.00	Joint liability guarantee	From the date of signing the contract for a single credit transaction until three years after the expiration of the	No	No

						period for performance of the debtor's obligations under the master contract		
			2025.09.19	80,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
Zhejiang Dahua Zhilian Co., Ltd.	March 29, 2025	260,000.00	2024.09.26	20,000.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.03.29	30,000.00	Joint liability guarantee	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No	No
			2024.06.07	16,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable	Yes	No

						claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period		
			2024.07.25	60,000.00	Joint liability guarantee	The guarantee period starts from the expiration date of the performance period of each principal debt under the master contract and ends three years after the expiration date of the performance period of the last due principal debt under all master contracts.	No	No
			2024.07.25	16,500.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No	No
			2024.09.19	15,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years	Yes	No

						after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).		
			2024.09.26	10,000.00	Joint liability guarantee	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No	No
			2025.06.10	16,000.00	Joint liability guarantee	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	No	No
			2025.01.02	1,000.00	Joint liability guarantee	One year commencing upon the expiration of Zhejiang Dahua Zhilian Co., Ltd.'s debt performance period.	Yes	No
			2025.05.09	20,000.00	Joint liability	2025.5.9-2025.8.24	Yes	No

					guarantee			
			2025.08.25	20,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.09.19	15,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
Zhejiang Dahua System Engineering Co., Ltd.	March 29, 2025	38,000.00	2024.09.26	500.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.06.10	4,000.00	Joint liability guarantee	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit	Yes	No

						extension period		
			2024.08. 16	5,000.00	Joint liability guarantee	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performanc e period of each debt under the Credit Business Agreement.	Yes	No
			2024.09. 03	1,000.00	Joint liability guarantee	The guarantee period is two years from the expiration date of the period for performanc e of the debtor's obligations as stipulated in the master contract.	Yes	No
			2025.06. 10	4,000.00	Joint liability guarantee	From the effective date of the commitmen t letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance	No	No

						date of each advance.		
			2025.05.09	500.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.07.21	5,000.00	Joint liability guarantee	The guarantee period is from the effective date of the Maximum Amount Guarantee Contract until three years from the expiration date of the performance period of each debt under the Credit Business Agreement.	No	No
			2025.08.25	500.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.09.08	2,000.00	Joint liability guarantee	Two years from the expiration date of the period for performance of the debtor's obligations as stipulated in the credit agreement	No	No
			2025.11.11	3,000.00	Joint liability guarantee	From the date of signing the master contract for a single credit transaction until three years after Dahua System Engineering's debt performance period under the master contract expires	No	No

Dahua Technology (HK) Limited	March 29, 2025	69,910.38	2024.04.22	2,108.64 (USD 3 million)	Joint liability guarantee	2024.4.22-2025.4.21	Yes	No
			2025.04.22	2,108.64 (USD 3 million)	Joint liability guarantee	2025.4.22-2026.4.21	No	No
			2025.01.15	14,057.6 (USD 20 million)	Joint liability guarantee	2025.01.15-2026.01.14	No	No
			2025.07.01	1,235.33(EUR 1.5 million)	Joint liability guarantee	2025.7.1-2026.7.1	No	No
Dahua Technology Mexico S.A. DE C.V	March 29, 2025	3,000.00	2024.10.18	702.88 (USD 1 million)	Joint liability guarantee	2024.10.18-2025.10.17	Yes	No
			2025.01.15	1,405.76 (USD 2 million)	Joint liability guarantee	Three years commencing from the day following the expiration of the loan term under the main agreement.	Yes	No
			2025.10.31	702.88 (USD 1 million)	Joint liability guarantee	2025.10.31-2026.10.30	No	No
Dahua Technology UK Limited	March 29, 2025	3,300.00	2020.08.12	1,094.41 (GBP 1.16 million)	Joint liability guarantee	2020.08.12 - Signature of notice of termination	No	No
			2024.03.04	702.88 (USD 1 million)	Joint liability guarantee	2024.3.4-2025.3.3	Yes	No
			2025.03.04	702.88 (USD 1 million)	Joint liability guarantee	2025.3.4-2026.3.3	No	No
Zhejiang Huayixin Technology Co., Ltd.	March 29, 2025	4,500.00	2022.04.29	1,000.00	Joint liability guarantee	Three years after the maturity of the debts in the master contract	Yes	No
			2024.09.26	200.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.09.26	1,000.00	Joint liability guarantee	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the	Yes	No

						creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.		
			2025.05.09	1,000.00	Joint liability guarantee	The guarantee period shall be three years starting from the day after the expiration of the debtor's performance period as stipulated in each specific financing contract.	Yes	No
			2025.05.09	200.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	200.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2024.09.26	10,000.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
Zhejiang Fengshi Technology Co., Ltd.	March 29, 2025	16,000.00	2024.09.03	3,000.00	Joint liability guarantee	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China	Yes	No

						Merchants Bank or the advances date of each advance;		
			2024.09.19	1,500.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes	No
			2025.05.09	10,000.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	10,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.09.19	1,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
			2025.10.09	3,000.00	Joint liability	From the effective	No	No

					guarantee	date of this commitment letter until the maturity date of each loan or other financing under the Credit Agreement, or the maturity date of the accounts receivable creditor's right assigned to China Merchants Bank Hangzhou Branch, or three years after the date of each advance.		
Jiangsu Huaruipin Technology Co., Ltd.	March 29, 2025	2,800.00	2024.09.26	800.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.09.19	1,500.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes	No
			2025.05.09	800.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2024.09.26	200.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
Zhejiang Huaxiao Technology Co., Ltd.	March 29, 2025	2,200.00	2025.06.	2,000.00	Joint	The	No	No

			27		liability guarantee	debtor's debt performanc e period stipulated in the master contract shall expire two years from the due date.		
			2025.05. 09	200.00	Joint liability guarantee	2025.5.9- 2025.8.24	Yes	No
			2025.08. 25	200.00	Joint liability guarantee	2025.08.25- 2030.08.24	No	No
Xi'an Dahua Zhilian Technology Co., Ltd.	March 29, 2025	20,000.00	2024.09. 19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performanc e period stipulated in the specific business credit contract (including early maturity of the debt).	Yes	No
			2024.09. 26	10,000.00	Joint liability guarantee	2024.09.26- 2025.05.08	Yes	No
			2024.12. 06	3,000.00	Joint liability guarantee	From the effective date of the commitmen t letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by	Yes	No

						the Xi'an Branch of China Merchants Bank or the advance date of each advance within the credit extension period;		
			2025.05.09	10,000.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	10,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.09.19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	March 29, 2025	10,000.00	2024.09.26	3,000.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.07.16	5,000.00	Joint liability guarantee	2024.07.16-2025.02.19	Yes	No
			2025.05.09	3,000.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.02.20	5,000.00	Joint liability guarantee	2025.02.20-2025.06.09	Yes	No
			2025.06.10	5,000.00	Joint liability guarantee	2025.06.10-2026.06.09	No	No
			2025.08.25	3,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
Chengdu Dahua Zhian	March 29, 2025	15,000.00	2024.07.16	8,000.00	Joint liability	2024.07.16-2025.02.19	Yes	No

Information Technology Service Co., Ltd.					guarantee			
			2025.02.20	10,000.00	Joint liability guarantee	2025.02.20-2025.06.09	Yes	No
			2025.06.10	10,000.00	Joint liability guarantee	2025.06.10-2026.06.09	No	No
Changsha Dahua Technology Co., Ltd.	March 29, 2025	8,000.00	2024.09.26	5,000.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2024.09.19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes	No
			2025.05.09	5,000.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	5,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.09.19	2,000.00	Joint liability guarantee	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early	No	No

						maturity of the debt).		
Zhejiang Pixfra Technology Co., Ltd.	March 29, 2025	3,000.00	2024.09.26	500.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2025.02.21	2,000.00	Joint liability guarantee	From the effective date of this contract until three years after the expiration date of the debt performance period under the specific credit under the master contract.	No	No
			2025.05.09	500.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	500.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
Zhejiang Huafei Intelligent Technology CO., LTD.	March 29, 2025	2,500.00	2024.09.26	200.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2025.05.09	1,000.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.06.27	1,500.00	Joint liability guarantee	The debtor's debt performance period stipulated in the master contract shall expire two years from the due date.	No	No
			2025.08.25	1,000.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
Zhejiang Huajian Technology Co., Ltd.	March 29, 2025	4,501.00	2024.09.26	200.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2025.05.09	200.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.08.25	200.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
			2025.08.25	3,000.00	Joint liability guarantee	2025.08.25-2028.08.24	No	No
			2025.12.19	96.37	Joint liability guarantee	2025.12.19-2028.12.16	No	No

			2025.12.19	1,204.63	Joint liability guarantee	2025.12.19-2026.12.31	No	No
Hangzhou Xiaohua Technology CO., LTD.	March 29, 2025	200.00	2024.09.26	200.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2025.05.09	200.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
Zhejiang Dahua Security Network Operation Service Co., Ltd.	March 29, 2025	500.00	2024.09.26	500.00	Joint liability guarantee	2024.09.26-2025.05.08	Yes	No
			2025.05.09	500.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
Dahua Technology France SAS	March 29, 2025	700.00	2023.12.07	119.98 (EUR 145,700)	Joint liability guarantee	2023.12.07-2029.08.31	No	No
Dahua Europe B.V.	March 29, 2025	16,000.00	2024.03.04	1,054.32 (USD 1.5 million)	Joint liability guarantee	2024.3.4-2025.3.3	Yes	No
			2025.03.04	1,757.2 (USD 2.5 million)	Joint liability guarantee	2025.3.4-2026.3.3	No	No
Dahua Technology Italy S.R.L.	March 29, 2025	2,000.00	2024.03.04	351.44 (USD 500,000)	Joint liability guarantee	2024.3.4-2025.3.3	Yes	No
			2025.03.04	351.44 (USD 500,000)	Joint liability guarantee	2025.3.4-2026.3.3	No	No
Zhejiang Huaruijie Technology Co., Ltd.	March 29, 2025	5,000.00	2025.05.09	200.00	Joint liability guarantee	2025.5.9-2025.8.24	Yes	No
			2025.06.27	1,500.00	Joint liability guarantee	The debtor's debt performance period stipulated in the master contract shall expire two years from the due date.	No	No
			2025.06.27	1,000.00	Joint liability guarantee	From the effective date of the commitment letter until the maturity date of each loan or other financing under the Credit Agreement, or the maturity date of the accounts receivable	Yes	No

						creditor's right assigned to China Merchants Bank Hangzhou Branch, or three years after the date of each advance.		
			2025.08.25	200.00	Joint liability guarantee	2025.08.25-2030.08.24	No	No
Yibin Huahui Information Technology Co., Ltd.	March 29, 2025	500.00	2025.01.02	475.42	Joint liability guarantee	2025.1.2-2025.12.31	Yes	No
Dahua Technology Singapore Pte. Ltd.	March 29, 2025	189.62	2025.04.30	89.62 (164,177.83 Singapore dollars)	Joint liability guarantee	2025.4.30-2028.1.30	No	No
Guangxi Dahua Information Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period					
Guangxi Dahua Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period					
Anhui Dahua Zhilian Information Technology Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period					
Chengdu Dahua Zhilian Information Technology Co., Ltd.	March 29, 2025	500.00	No such case during the reporting period					
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period					
Chengdu Zhichuang Yunshu Technology Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period					
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period					
Henan Dahua Zhilian Information Technology Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period					

Zhejiang Huaqi Intelligent Technology Co., Ltd.	March 29, 2025	500.00	No such case during the reporting period
Tianjin Dahua Information Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period
Yiwu Huaxi Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period
Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period
Zhejiang Huakong Software Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Japan LLC	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Poland Sp. z o.o.	March 29, 2025	800.00	No such case during the reporting period
Dahua Technology Hungary Kft.	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology India Private Limited	March 29, 2025	4,000.00	No such case during the reporting period
DAHUA TECHNOLOGY BRASIL COMÉRCIO E SERVIÇOS EM SEGURANÇA ELETRÔNICA LTDA	March 29, 2025	1,000.00	No such case during the reporting period
Dahua Technology Middle East FZE	March 29, 2025	1,000.00	No such case during the reporting period
Dahua Technology Perú S.A.C	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Australia PTY LTD	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology South Africa Proprietary Limited	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Canada INC.	March 29, 2025	100.00	No such case during the reporting period
Dahua	March	200.00	No such case during the reporting period

Guvenlik Teknolojileri Sanayi ve Ticaret A.S.	29, 2025		
Dahua Technology SRB d.o.o.	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Bulgaria EOOD	March 29, 2025	100.00	No such case during the reporting period
Dahua Iberia, S.L.	March 29, 2025	100.00	No such case during the reporting period
Dahua Security Malaysia SDN. BHD.	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Kazakhstan LLP	March 29, 2025	100.00	No such case during the reporting period
PT. Dahua Vision Technology Indonesia	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Korea Company Limited	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology S.R.L	March 29, 2025	100.00	No such case during the reporting period
Dahua Vision LLc	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology New Zealand Limited	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology GmbH	March 29, 2025	300.00	No such case during the reporting period
Dahua Technology Colombia S.A.S	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Panama S.A.	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Chile SpA	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Tunisia Limited Liability Company	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Kenya Limited	March 29, 2025	100.00	No such case during the reporting period
Dahua Technology Pakistan (private)	March 29, 2025	100.00	No such case during the reporting period

Limited								
Dahua Technology Morocco SARL	March 29, 2025	100.00	No such case during the reporting period					
Dahua Argentina S.A.	March 29, 2025	100.00	No such case during the reporting period					
Dahua Technology Czech s.r.o.	March 29, 2025	100.00	No such case during the reporting period					
Dahua Technology Denmark ApS	March 29, 2025	100.00	No such case during the reporting period					
Dahua Technology (Thailand) Co.,LTD.	March 29, 2025	100.00	No such case during the reporting period					
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	March 29, 2025	300.00	No such case during the reporting period					
Dahua Technology Belgium B.V.	March 29, 2025	100.00	No such case during the reporting period					
VISMEXTECH DHM SERVICIOS, S.A. DEC.V.	March 29, 2025	100.00	No such case during the reporting period					
DAHUA TECHNOLOGY INTERNATIONAL PTE. LTD.	March 29, 2025	1,500.00	No such case during the reporting period					
Dahua Technology Regional Headquarters	March 29, 2025	1,000.00	No such case during the reporting period					
Nanyang Dahua Intelligent Information Technology Co., Ltd.	March 29, 2025	100.00	No such case during the reporting period					
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		1,339,700.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)		503,287.77			
Total amount of guarantees to subsidiaries approved by the end of the reporting period (B3)		1,339,700.00	Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (B4)		894,436.18			
Subsidiaries' guarantees to subsidiaries								
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for related parties or not
HUARAY TECHNOLOGY KOREA	March 29, 2025	4,000.00	2024.12.09	166.92 (KRW 343.432	Joint liability guarant	The guarantee period is until HuaRay Korea	No (partially	No

COMPANY LIMITED				million)	ee	has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	compl eted)	
			2024.12.13	71.45 (KRW 147.000 million)	Joint liability guarant ee	The guarantee period is until HuaRay Korea has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No (partia lly compl eted)	No
			2025.04.11	60.28 (KRW 124.020 million)	Joint liability guarant ee	The guarantee period is until HuaRay Korea has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No (partia lly compl eted)	No
			2025.05.07	91.56(KRW 188.3864 million)	Joint liability guarant ee	The guarantee period is until HuaRay Korea has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No (partia lly compl eted)	No
			2025.06.25	206.04(KRW 423.926 million)	Joint liability guarant ee	The guarantee period is until HuaRay Korea has fulfilled its	No (partia lly compl	No

						responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	eted)	
			2025.07.10	14.27(KRW 29.356 million)	Joint liability guarant ee	The guarantee period is until HUARAY KOREA has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No (partially compl eted)	No
			2025.12.01	130.17(KRW 267.828 million)	Joint liability guarant ee	The guarantee period is until HUARAY KOREA has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No	No
			2025.12.01	6.98 (KRW 14.370 million)	Joint liability guarant ee	The guarantee period is until HUARAY KOREA has fulfilled its responsibilities and obligations under each business agreement. The specific guarantee period under each business contract is calculated separately.	No	No
Huaray technology	March 29, 2025	1,000.00	No such case during the reporting period					

GmbH HUARAY TECHNOLOG Y SINGAPORE PTE. LTD	March 29, 2025	3,000.00	No such case during the reporting period	
Total amount of guarantees to subsidiaries approved during the reporting period (C1)		8,000.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (C2)	509.31
Total quota of guarantees to subsidiaries approved by the end of the reporting period (C3)		8,000.00	Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (C4)	283.39
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)		1,347,700.00	Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)	503,797.08
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)		1,347,700.00	Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)	894,719.57
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets			23.70%	
Among them:				
Balance of guarantees provided to the shareholders, actual controllers, and their related parties (D)			0.00	
Balance of debt guarantees directly or indirectly offered to guaranteed objects with asset-liability ratio exceeding 70% (E)			846,327.54	
Amount of the portion of the total guarantee amount exceeding 50% of net assets (F)			0.00	
Total amount of the above three guarantees (D+E+F)			846,327.54	
Notes on unexpired guarantees with guarantee responsibilities occurred or possible joint liabilities within the reporting period (if any)			None	
Notes on providing external guarantees in violation of specified procedures (if any)			None	

Explanation of the use of composite guarantee method

Not Applicable

3. Entrusting Others to Manage Cash Assets

(1) Entrusted Wealth Management

☒Applicable ☐ Not Applicable

Entrusted financing during the reporting period

Unit: Ten Thousand RMB

Product category	Risk characteristics	Balance of entrusted wealth management during the reporting period	Overdue outstanding amount
Financial products of	Medium-high risk	100,000.00	0.00

securities companies			
Trust wealth management products	R4	25,000.00	0.00
Trust wealth management products	R3	10,000.00	0.00

Specific matters on high-risk entrusted wealth management where the Company acts as the sole entruster to commission financial institutions to conduct asset management, or investments with low safety and poor liquidity

☒ Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

Name of trustee organization (or name of trustee)	Trustee organization (or trustee) type	Risk characteristics	Product type	Amount	Starting date	Termination date	Investment direction	Actual profit and loss during the reporting period	Actual recovery of profits and losses during the reporting period	Item overview and related query index (if any)
Guosen Securities co., Ltd.	Securities	Medium-high risk	Asset Management Plan	100,000.00	February 10, 2021	February 09, 2031	Private equity fund products, fixed income assets, equity assets, public equity hybrid funds	57,560.18	Unexpired	
Yunnan International Trust Co., Ltd.	Trust	R4	Collective Fund Trust Plan	25,000.00	July 22, 2025	July 22, 2026	Asset management plans, financial products, trust plans, private equity fund products, money market instruments, trust industry protection fund	457.74	Dividends received quarterly, not yet due	
Yunnan International Trust Co., Ltd.	Trust	R3	Single-investor trust	10,000.00	December 22, 2025	December 22, 2045	Bank deposits, interbank certificates of deposit, bond	52.69	Unexpired	

							reverse repurchase, listed company stocks, Beijing Stock Exchange new-share subscription, trust industry protection fund			
Total				135,000.00	--	--	--	58,070.61	--	--

(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. Utilization of Raised Funds

☒ Applicable ☐ Not Applicable

1. Utilization of Raised Funds

☒Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

Year of Fund-raising	Way of Fund-raising	Listing Date	Total Amount of Funds Raised	Net Funds Raised (1)	The Amount of Funds Raised Used in the Current Period	Accumulated Aggregate Amount of Funds Raised Used (2)	Proportion of Raised Funds Used at the End of the Reporting Period (3) = (2) / (1)	Amount of Funds Raised in the Current Period That Were Repurposed	Aggregate Amount of Funds Raised as of the Current Period That Were Repurposed	Percentage of the Aggregate Amount of Funds Raised as of the Current Period That Were Repurposed	Amount of Funds Raised Not Yet Used	Purpose and use of the Funds Raised Not Yet Used	Amount of Funds Raised Put Aside for More Than Two Years
2023	Issuance of shares to specific objects	April 14, 2023	509,999.92	508,983.26	70,185.83	502,462.44	98.72 %	0	30,191.75	5.93 %	13,395.29 (Note)	Permanent replenishment of working capital	0
Total	--	--	509,999.92	508,983.26	70,185.83	502,462.44	98.72 %	0	30,191.75	5.93 %	13,395.29 (Note)	--	0

Notes on utilization of raised funds:

1. According to the "Reply on Approving the Non-public Issuance of Shares by Zhejiang Dahua Technology Co., Ltd." (Zheng Jian License [2022] No. 853) released by CSRC, the Company issued 293,103,400 shares to specific parties at an issue price of RMB 17.40 per share. The total amount of funds raised in this offering is RMB 5,099,999,160.00 and after deducting RMB 10,166,575.28 (excluding VAT), the cost associated with issuance, the actual net amount of funds raised is RMB 5,089,832,584.72, which has been verified by BDO China Shu Lun Pan CPAs (special general partnership) in the Capital Verification Report (Lixin Accounting Report [2023] No. ZF10231).

2. On August 23, 2024, the Company held the seventh meeting of the eighth Board of Directors and the sixth meeting of the eighth Board of Supervisors, and reviewed and approved the "Proposal on the Completion of Some Fundraising Projects and the Permanent Use of Surplus Fundraising Funds to Supplement Working Capital". In view of the fact that the Company's fundraising investment projects "AIoT Solution R&D and Industrialization Project" and "Supplementary

Working Capital Project" have been invested and completed, in order to improve the efficiency of the use of raised funds, with the approval of the Board of Directors and the Board of Supervisors, the Company used the surplus raised funds of the aforementioned fundraising projects and the general account of raised funds totaling RMB 17.7424 million (including interest income from bank deposits) to permanently supplement its working capital, and cancelled the relevant special accounts for raised funds.

On November 17 and 28, 2025, the Company respectively held the 18th meeting of the 8th Board of Directors and the 14th meeting of the 8th Board of Supervisors, and the First Extraordinary General Meeting of Shareholders in 2025, and reviewed and approved the "Proposal on the Completion of Raised Fund Investment Projects and Permanent Replenishment of Working Capital with Surplus Raised Funds", agreeing that the Company would complete the raised fund investment projects "Artificial Intelligence Technology R&D and Application Research Project", "5G, IoT and Multi-dimensional Perception Product Solution R&D Project" and "Phase II Construction Project of Hangzhou Intelligent Manufacturing Base", and use the surplus raised funds totaling RMB 133.9529 million (including deposit interest income) for permanent replenishment of working capital, and cancel the relevant special accounts for raised funds.

3. The company has cumulatively used raised funds of RMB 5,024,624,400, and the raised funds special account received net bank interest income of RMB 86,487,100. As of December 31, 2025, all the company's investment projects funded by the raised funds have been completed, and the surplus raised funds (including bank deposit interest income) have been permanently used to supplement working capital; the related special accounts for the raised funds have all been closed.

Note: During the reporting period, the surplus raised funds remaining after the completion of the company's fundraising investment projects totaled RMB 133,952,900 (including bank deposit interest income), and were all used during the reporting period to permanently replenish working capital.

2. Status of Projects Committed to be Funded by Raised Funds

☒ Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

Financing Project Name	Listing Date	Projects with pledged investments and investment directions of excess funds due to over subscription	Project Nature	Whether the Projects Have Been Changed (Including Partial Changes)	Total Pledged Investments Using Raised Funds	Total Adjusted Investments (1)	Amount Invested in the Current Reporting Period	Cumulative Investments as of the End of Reporting Period (2)	Investment Progress as of the End of Reporting Period (3)=(2)/(1)	The Date the Project Reaches Its Intended Usable Status	Benefits Realized During the Reporting Period	Cumulative Income As Of The End Of The Reporting Period	Whether Expected Benefits Have Been Achieved	Whether There Are Major Changes in Project Feasibility
Projects with pledged investments														
Issuance of shares to specific objects in 2023	April 14, 2023	Project of AIoT Solution R&D and Industrialization	Operation management project	No	92,990.00	92,990.00	0.00	92,990.00	100.00%	2023	7,818.02	12,521.30	No	No
		The phase II construction project of the smart manufacturing	Production and construction project	No	77,580.00	77,580.00	0.00	77,859.38	100.36% (Note 2)	2024	10,275.99	16,557.10	No	No

		uring base in Han gzho u												
		Artifi cial intelli genc e tech nolo gy rese arch and deve lopm ent and appli catio n rese arch proje ct	Rese arch and deve lopm ent proje ct	Yes	88,9 60.0 0	119, 151. 75	33,8 73.1 8	109, 823. 79	92.1 7%	2025	Not Appli cabl e	Not Appli cabl e	Not Appli cabl e	No
		5G, IoT and multi - dime nsio nal perc eptio n prod ucts and soluti ons R&D proje ct	Rese arch and deve lopm ent proje ct	Yes	100, 470. 00	70,2 78.2 5	36,3 12.6 5	71,6 77.2 7	101. 99% (Not e 2)	2025	Not Appli cabl e	Not Appli cabl e	Not Appli cabl e	No
		Repl enis hme nt of worki ng capit al	Flow Supp leme nt Proje ct	No	148, 983. 26	148, 983. 26	0.00	150, 111.9 9	100. 76% (Not e 2)	Not Appli cabl e	Not Appli cabl e	Not Appli cabl e	Not Appli cabl e	No

Subtotals for projects with pledged investments	--	508,983.26	508,983.26	70,185.83	502,462.44 (Note 1)	--	--	18,094.01	29,078.40	--	--
Investment directions of excess funds due to oversubscription											
Not Applicable											
Total	--	508,983.26	508,983.26	70,185.83	502,462.44 (Note 1)	--	--	18,094.01	29,078.40	--	--
Explain the circumstances and reasons for failing to achieve the planned progress and expected benefits for each project (including the reasons for selecting "Not applicable" for "Whether expected benefits have been achieved")	1. The AIoT solution R&D and industrialization project failed to achieve the expected benefits mainly because: (1) some product lines were adjusted to respond to market demand and to expand into niche scenarios, causing a decline in gross margin; (2) the company continuously increased investment in cloud computing and big data to maintain technological leadership and to reserve products, technologies, and other resources for addressing broader future markets, resulting in increased R&D investment. 2. The Phase II construction project of the Hangzhou intelligent manufacturing base did not achieve the expected benefits, mainly due to changes in the overall industry environment and the company's adjustment and optimization of its production capacity structure, which led to project revenue not reaching the preset level.										
Notes on major changes in project feasibility	Not Applicable										
The amount, purpose and progress of the use of the excess funds due to oversubscription	Not Applicable										
Involved unauthorized changes to the use of raised funds and improper occupation of raised funds.	Not Applicable										
Changes of the implementation location of the	Applicable Occurred in prior years See (3) Projects with Changes in the Use of Raised Funds.										

projects using raised funds	
Changes of the implementation method of the projects using raised funds	Applicable Occurred in prior years See (3) Projects with Changes in the Use of Raised Funds.
Advance investments and replacements of raised funds in projects	Not Applicable
Temporary replenishment of working capital with idle raised funds	Not Applicable
The amount and reasons for the balance of funds raised in the implementation of the project	1. On August 23, 2024, the Company held the seventh meeting of the eighth Board of Directors and the sixth meeting of the eighth Board of Supervisors, and reviewed and approved the Proposal on the Completion of Certain Fundraising Projects and the Permanent Use of Surplus Raised Funds to Supplement Working Capital. In view of the fact that the Company's fundraising investment projects, namely the "AIoT Solution R&D and Industrialization Project" and the "Supplementary Working Capital Project," have been fully invested and completed, in order to improve the efficiency of the use of raised funds, with the approval of the Board of Directors and the Board of Supervisors, the Company will use the surplus raised funds from the aforementioned fundraising projects and the general account of raised funds, totaling RMB 17.7424 million (including interest income from bank deposits), to permanently supplement its working capital. The surplus of proceeds from this fundraising was mainly due to interest income generated while the proceeds were deposited in the project's special account and the general account. 2. On November 17, 2025, and November 28, 2025, the Company respectively held the 18th meeting of the eighth session of the Board of Directors and the 14th meeting of the eighth session of the Board of Supervisors, and the First Extraordinary General Meeting of Shareholders in 2025, and reviewed and approved the "Proposal on the Completion of the Fundraising Projects and the Permanent Replenishment of Working Capital with Surplus Raised Funds," agreeing that the Company would complete the fundraising projects "Artificial Intelligence Technology R&D and Application Research Project," "5G, IoT and Multi-dimensional Perception Product Solution R&D Project," and "Phase II Construction Project of Hangzhou Intelligent Manufacturing Base," and use the surplus raised funds totaling RMB 133.9529 million (including deposit interest) for permanent replenishment of working capital. The surplus of the funds raised in this offering was mainly due to: (1) During the implementation of the projects funded by the offering, the company, after comprehensively considering factors such as the macroeconomic environment and market trend changes, strictly in accordance with relevant regulations on the management of raised funds, and guided by the principles of reasonableness, efficiency, and frugality, based on the actual needs of the projects and on the premise of ensuring project quality and controlling implementation risks, saved expenditures and reduced project costs and the amount of raised funds invested by reducing procurement of some devices through leasing, substituting domestically produced devices of the same type, reusing device resources, and other measures. (2) In accordance with relevant regulations, the company deposited the raised funds in a third-party supervised special account, and the raised funds earned certain interest income while held in the account.
The intended use and disposal of the unused funds	As of December 31, 2025, all investment projects funded with the funds raised have been completed, and the surplus funds raised (including interest income from bank deposits) have been permanently used to replenish working capital; all dedicated accounts for the funds raised have been closed.

raised	
Problems or other circumstances in the use and disclosure of the funds raised	On May 19, 2023, the Company held the 43rd meeting of the 7th Board of Directors and the 30th meeting of the 7th Board of Supervisors, and reviewed and approved the "Proposal on the Use of Acceptance Bills, Equity Funds, etc. to Pay Funds for Investment Projects and Replace them with Equal Amounts of Fundraised Funds", agreeing that during the implementation of the investment projects with raised funds, the Company would use acceptance bills (including endorsement transfers), own foreign exchange, supply chain bills, and equity funds to advance payment of part of the funds for investment projects, and regularly transfer equal amounts from the special account for raised funds to the Company's equity funds account. This part of the equal amount of replacement funds would be deemed as funds used for the investment projects.

Note 1: There are differences between the cumulative total amount of investment as of the period end and the total amount of various projects, which are caused by rounding.

Note 2: The interest income from bank deposits is the excess of the actual investment amount of the related projects over the total investments committed using raised funds.

3. Change of Projects That Use Raised Funds

☒ Applicable ☐ Not Applicable

Unit: Ten Thousand RMB

Financing Project Name	Way of Fund-raising	Changed projects	Corresponding original commitment projects	Total amount of funds raised to be invested in the changed projects (1)	Actual amount invested in the current reporting period	Actual total amount invested as of the end of reporting period (2)	Investment progress as of the end of reporting period (3)=(2)/(1)	The Date the Project Reaches Its Intended Usable Status	Benefits Realized During the Reporting Period	Whether Expected Benefits Have Been Achieved	Are there any major changes in feasibility of the changed projects?
Issuance of shares to specific objects in 2023	Issuance of shares to specific objects	Artificial intelligence technology research and development and application research project	Construction Project of Xi'an R&D Center	119,151.75	33,873.18	109,823.79	92.17%	2025	Not Applicable	Not Applicable	No
		5G, IoT and multi-dimensions	New project of South west	70,278.25	36,312.65	71,677.27	101.99% (Note 2)	2025	Not Applicable	Not Applicable	No

		ional percep tion produc ts and solutio ns R&D project	R&D Center of Dahua Co., Ltd.								
Total	--	--	--	189,43 0.00	70,185 .83	181,50 1.07 (Note 1)	--	--		--	--
Explanation of reasons for changes, decision-making procedures and information disclosure (by project)			1. Reasons for increasing the scale of investment of funds raised in the artificial intelligence technology research and development and application research project (formerly "Construction Project of Xi'an R&D Center"): With the launch of ChatGPT in November, 2022, artificial intelligence has gradually entered the development stage of big model in AGI (General Artificial Intelligence). The integrated development of digitalization and AGI will bring a new round of development cycle and transformation to the industry. The "industry brain" that fully combines industry experience in the visual field is the inevitable path for the real commercial landing of artificial intelligence model, and it is also one of the key research and development fields of many technology enterprises around the world. The company has accumulated a lot of experience in many industries concerning the government and enterprises. In the future, it needs to further increase R&D resources investment and talent echelon construction in large visual models in artificial intelligence, and trains the large visual model in artificial intelligence for industry landing application through the ability of the big model and the knowledge accumulated in industry segments, to promote the digital and intelligent business development of the government and the enterprise, and to further enhance the Company's core competitiveness. Therefore, the amount of the project investment and the investment scale of the funds raised are increased.								
			2. Reasons for reducing the investment scale of funds raised 5G, Internet of Things and multi-dimensional perception products and solutions R&D projects (formerly "New project of Southwest R&D Center of Dahua Co., Ltd."): Given that the R&D center in Hangzhou headquarters has quickly seized the R&D opportunities in the fields of 5G and multi-dimensional perception by using the existing technology precipitation, successively released more than ten integrated 5G products and more than 30 5G smart application solutions, and released the 6D omni-domain perception technology in full-time domain, full-space domain, full-color domain, and full-frequency domain by utilizing the advantages of the multi-dimensional perception technology, to lead the industry to continuously expand the boundaries of the perception capability, deeply practice the integration of visual intelligence and multi-dimensional perception, and accelerate the business innovation and application. Therefore, in the direction of "5G and multi-dimensional perception", the Company can carry out the research and development work quickly by reusing the resources and achievements of the R&D center at Hangzhou headquarter, seize the opportunities of the industry development, and optimize the use efficiency of the funds raised and the layout of the project investment. After the project has reused the resources of the R&D center at Hangzhou headquarters, the Company has reduced the investment amount in hardware and software of the special laboratory and R&D facilities to be set up as planned in Chengdu, taking into account such factors as saving operating costs and improving the use efficiency of the funds raised.								
			3. The Company held the 4th Meeting of the 8th Board of Directors and the 3rd Meeting of the 8th Board of Supervisors on January 12, 2024, and the First Extraordinary General Meeting of Shareholders of 2024 on January 29, 2024, during which the								

	"Proposal on Adjusting the Investment Amount and Investment Structure of Part of the Funds Raised Projects, and Increasing the Implementing Subjects and Implementation Locations" was considered and adopted. The Company also agreed to adjust the investment amount of the "Construction Project of Xi'an R&D Center" and the "New project of Southwest R&D Center of Dahua Co., Ltd.", the investment amount of the funds raised, internal investment structure, implementation method and subject, implementation locations, and project name.
Situations and reasons for failure to achieve planned progress or expected benefits (by project)	Not Applicable
Notes on major changes in project feasibility after change	Not Applicable

Note 1: There are differences between the cumulative total amount of investment as of the period end and the total amount of various projects, which are caused by rounding.

Note 2: The interest income from bank deposits is the excess of the actual investment amount of the related projects over the total investments committed using raised funds.

4. Verification opinions of intermediary institutions on the storage and use of the raised funds

☒Applicable ☐ Not Applicable

Upon verification, BDO China Shu Lun Pan CPAs (special general partnership) is of the opinion that the special report on the deposit, management, and use of the funds raised by Dahua in 2025 has been prepared, in all material respects, in accordance with the relevant provisions of the Rules for the Supervision of Raised Funds of Listed Companies (CSRC Announcement [2025] No. 10) of China Securities Regulatory Commission (CSRC), SZSE Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation (Standardized Operation Guidelines) and SZSE Guidelines No. 2 for Self-regulation of Listed Companies—Announcement Format and faithfully reflects the Company's deposit, management, and use of the funds raised in 2025.

After verification, the sponsor believes that Dahua's deposit and use of funds raised in 2025 comply with the Administrative Measures for Sponsorship Business of Securities Issuance and Listing, the Shenzhen Stock Exchange (SZSE) Listing Rules, the Rules for the Supervision of Raised Funds of Listed Companies, the SZSE Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation (Standardized Operation Guidelines), and other regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange concerning the management of raised funds. The Company has stored the raised funds in a dedicated account and used them for designated purposes. There is no disguised change in the use of the raised funds or damage to shareholders' interests, and there is no illegal use of the raised funds.

XVII. Explanations on Other Significant Matters

☒Applicable ☐ Not Applicable

The company held the twelfth meeting of the eighth Board of Directors on April 08, 2025, and reviewed and approved the "Proposal on the Plan to Repurchase Company Shares", agreeing that the company would repurchase, by centralized competitive bidding trading, part of the company's domestically issued RMB common stock (A shares) for cancellation in accordance with law to reduce registered capital. 4. From May 21, 2025 to April 17, 2026, the company

repurchased 17,493,500 shares through the special securities account for share repurchase via competitive bidding, with the highest transaction price at RMB 19.81 per share, the lowest transaction price at RMB 15.16 per share, and a total transaction amount of RMB 309,953,187 (excluding transaction fees). For details, please refer to the announcement published by the Company on the CNINFO (<http://www.cninfo.com.cn>).

XVIII. Significant Events of the Company's Subsidiaries

☒Applicable ☐ Not Applicable

The company held the 14th meeting of the 8th Board of Directors and the 10th meeting of the 8th Board of Supervisors on July 15, 2025, and reviewed and approved the "Proposal on Adjusting the Listing of the Controlling Subsidiary to Overseas Markets." Approved the adjustment of the proposed listing venue for the controlling subsidiary Zhejiang HuaRay Technology Co., Ltd. (hereinafter "HuaRay Technology") from a domestic stock exchange to The Stock Exchange of Hong Kong Limited (hereinafter "SEHK"). For detailed information, please refer to the announcement disclosed on July 16, 2025, on CNINFO (<http://www.cninfo.com.cn>).

2. On November 17, 2025, the Company held the 18th meeting of the eighth Board of Directors and the 14th meeting of the eighth Board of Supervisors, and on November 28, 2025 held the 2025 first extraordinary General Meeting of Shareholders, at which it reviewed and approved the "Plan of Zhejiang Dahua Technology Co., Ltd. on the Spin-off of Its Subsidiary Zhejiang HuaRay Technology Co., Ltd. for Listing on the Main Board of the Hong Kong Stock Exchange" and related proposals. The Company intends to spin off its controlling subsidiary Huaray Technology for listing on the Main Board of the Hong Kong Stock Exchange. Upon completion of this spin-off, Dahua Technology will continue to hold a controlling stake in HuaRay Technology, and both parties will focus on their respective core businesses to support the high-quality development of the industry. Please refer to the "plan on the spin-off and listing of subsidiary Zhejiang HuaRay Technology Co., Ltd. on the Main Board of the Hong Kong Stock Exchange" and other announcements published on CNINFO <http://www.cninfo.com.cn> on November 18, 2025, for details.

Section VI Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in Shares

Unit: Share

	Before the change		Increase or decrease in the change (+, -)					After the change	
	Quantity	Proportion	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Quantity	Proportion
I. Shares with Limited Sales Condition	1,191,426,894	36.15%	0	0	0	- 20,620,820	- 20,620,820	1,170,806,074	35.62%
1. Shares Held by State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares Held by State-owned Legal Persons	293,103,400	8.89%	0	0	0	0	0	293,103,400	8.92%
3. Other Domestic Shares	898,323,494	27.26%	0	0	0	- 20,620,820	- 20,620,820	877,702,674	26.70%
Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	898,323,494	27.26%	0	0	0	- 20,620,820	- 20,620,820	877,702,674	26.70%
4. Foreign Shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares Without Restrictions	2,104,202,839	63.85%	11,670,801	0	0	75,860	11,746,661	2,115,949,500	64.38%

1. RMB Ordinary Shares	2,104,202,839	63.85%	11,670,801	0	0	75,860	11,746,661	2,115,949,500	64.38%
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	3,295,629,733	100.00%	11,670,801	0	0	-20,544,960	-8,874,159	3,286,755,574	100.00%

Reasons for changes in shares

☒Applicable ☐ Not Applicable

1. During the reporting period, under the 2022 stock option and restricted share incentive plan, because the company's performance did not meet the conditions for release of the lock-up and incentive holders left the company, the company repurchased and cancelled 20,544,960 restricted shares held by incentive holders that had not yet been released from the lock-up;
2. During the reporting period, incentive recipients under the 2022 stock option and restricted share incentive plan voluntarily exercised options for a total of 11,670,801 shares;
3. According to relevant regulations, at the beginning of each year, the locked shares will be re-determined based on the shares held by directors, supervisors, and senior management. At the same time, for directors, supervisors, and senior management who have left their positions, their held shares will be locked at different stages and in varying proportions according to their departure time and the originally stipulated term of office.

Approval for changes in shares

☒Applicable ☐ Not Applicable

1. The Company's repurchase and cancellation of restricted shares has been approved by the 11th meeting of the 8th Board of Directors, the 8th meeting of the 8th Board of Supervisors, and the 2024 Annual General Meeting of Shareholders.
2. On June 19, 2024, the company held the sixth meeting of the eighth Board of Directors and the fifth meeting of the eighth Board of Supervisors, during which the "Proposal on Meeting the Conditions for Exercising the Second Exercise Period of 2022 Stock Options and Restricted Stock Incentive Plan" was reviewed and approved. Pursuant to authorization by the General Meeting of Shareholders and the Board of Directors, incentive recipients may carry out the voluntary exercise of stock options during the period from July 11, 2024, to July 10, 2025.

Transfer for changes in shares

☐ Applicable ☒ Not Applicable

Effects of changes in shares on the basic earnings per share ("EPS"), diluted EPS, net assets per share, attributable to common shareholders of the Company, and other financial indexes over the last year and last period

☒Applicable ☐ Not Applicable

During the reporting period, changes in share capital occurred due to the Company's repurchase and cancellation of restricted shares and the voluntary exercise by incentive recipients. The impact on the Company's basic earnings per

share, diluted earnings per share, and net assets per share attributable to ordinary shareholders for the most recent year and the most recent period is detailed 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 for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
China Mobile Communications Group Co., Ltd.	293,103,400	0	0	293,103,400	Issuance of restricted shares to specific objects	April 14, 2026
Chen Ailing	53,447,110	0	0	53,447,110	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Wu Jun	51,879,664	0	0	51,879,664	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Wu Jian	1,218,701	0	190,800	1,027,901	Lock-up shares for directors, supervisors	According to the relevant provisions on the

					and senior management	management of shares held by directors and senior management
Zhao Yuning	984,450	0	244,800	739,650	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Zhu Jiantang	806,869	0	190,800	616,069	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Li Zhijie	705,450	0	190,800	514,650	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Xu Zhicheng	661,950	0	190,800	471,150	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions on the management of shares held by directors and senior management
Other senior management, former supervisors and equity incentive recipients	20,717,565	0	19,612,820	1,104,745	Lock-up shares for directors, supervisors and senior management	According to the relevant provisions of shares management of directors, supervisors and senior management
Total	1,191,426,894	0	20,620,820	1,170,806,074	--	--

II. Issuance and Listing of Securities

1. Securities (Excluding Preferred Share) Issued in Reporting Period

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

During the reporting period, the total number of the company's shares and its shareholder structure both changed; for details, see this report's "Section VI Changes in Share Capital and Shareholders"—"I. Changes in Share Capital".

Changes in the company's asset and liability structure are detailed in the relevant parts of this report's "Section VIII Financial Report".

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	160,507	Total number of common shareholders at the end of previous month before the disclosure date of the annual report	179,787	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	
Shareholding situation of shareholders holding over 5% of shares or the top 10 shareholders (excluding shares lent through refinancing)								
Name of Shareholder	Nature of Shareholder	Shareholding Ratio	Number of shares held at the end of the reporting period	Changes in the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited sales condition	Pledges, Markings, Or Freezing	
							State of Shares	Quantity
Fu Liquan	Domestic Natural Person	31.15%	1,023,868,980	0	767,901,735	255,967,245	Not Applicable	0

China Mobile Communications Group Co., Ltd.	State-owned Legal Person	8.92%	293,103,400	0	293,103,400	0	Not Applicable	0
Zhu Jiangming	Domestic Natural Person	4.37%	143,720,360	- 12,507,200	0	143,720,360	Not Applicable	0
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	3.49%	114,827,577	49,693,345	0	114,827,577	Not Applicable	0
Chen Ailing	Domestic Natural Person	2.17%	71,262,813	0	53,447,110	17,815,703	Not Applicable	0
Wu Jun	Domestic Natural Person	2.10%	69,172,886	0	51,879,664	17,293,222	Not Applicable	0
Industrial Bank Co., Ltd. - Huaxia CSI Robotic Trading Open Index Securities Investment Fund	Others	1.88%	61,728,075	47,170,000	0	61,728,075	Not Applicable	0
China Securities Finance Co., Ltd.	Domestic Non-state-owned Legal Person	1.21%	39,611,241	0	0	39,611,241	Not Applicable	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	Others	0.99%	32,563,530	- 1,616,500	0	32,563,530	Not Applicable	0
Cathay Haitong	Others	0.78%	25,793,650	20,798,285	0	25,793,650	Not Applicable	0

Securities Co., Ltd. - Tianhong CSI Robotic Exchange Traded Open-End Index Securities Investment Fund							ble	
Strategic investors or general legal persons becoming shareholders of the top 10 common shares as a result of the placement of new shares (if any) (see Note 3)	Not Applicable							
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 not aware of whether other shareholders are associated with each other or are persons acting in concert.							
Explanation of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights	Not Applicable							
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (see Note 10)	As of the end of the reporting period, the repurchase-dedicated securities account of Zhejiang Dahua Technology Co., Ltd. held 36,180,901.00 shares of the company, representing 1.10% of the company's total share capital; such shares are not included in the above top ten shareholders list in accordance with requirements.							
Shareholding of the top 10 unlimited sale condition shareholders (excluding shares lent through refinancing and lock-up shares for senior management)								
Name of Shareholder	Number of shares held without limited sales condition at the end of the reporting period	Type of Shares						
		Type of Shares	Quantity					
Fu Liquan	255,967,245	RMB Common Stock	255,967,245					
Zhu Jiangming	143,720,360	RMB Common Stock	143,720,360					
Hong Kong Securities Clearing Co. Ltd.	114,827,577	RMB Common Stock	114,827,577					
Industrial Bank Co., Ltd. - Huaxia CSI Robotic Trading Open Index Securities Investment Fund	61,728,075	RMB Common Stock	61,728,075					
China Securities Finance Co., Ltd.	39,611,241	RMB Common Stock	39,611,241					

Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	32,563,530	RMB Common Stock	32,563,530
Cathay Haitong Securities Co., Ltd. - Tianhong CSI Robotic Exchange Traded Open-End Index Securities Investment Fund	25,793,650	RMB Common Stock	25,793,650
National Social Security Fund 103	24,000,000	RMB Common Stock	24,000,000
China Construction Bank Stock Corporation - E Fund CSI 300 Exchange Traded Open-End Index-Initiated Securities Investment Fund	23,244,743	RMB Common Stock	23,244,743
PICC Life Insurance Company Limited - dividend - individual insurance dividend	22,890,947	RMB Common Stock	22,890,947
Explanation on associated relationship or persons acting in concert among top ten shareholders without limited shares, and between top ten shareholders without limited shares and top ten shareholders	Mr. Fu Liquan and Ms. Chen Ailing are husband and wife. The Company is not aware of whether other shareholders are associated with each other or are persons acting in concert.		
Explanation on Top 10 common stock shareholders' participation in securities margin trading (If any) (see Note 4)	None		

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Yes ☒ No

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

2. Particulars about the Controlling Shareholder

Nature of the controlling shareholder: Natural person-owned

Type of the controlling shareholder: Natural person

Name of the controlling shareholder	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liquan	China	No
Main occupation and title	Chairman	
Shares held in other listed companies by controlling or holding in the reporting period	As of April 01, 2026, Mr. Fu Liquan directly held 7.48% of Leapmotor (HK.09863); Mr. Fu Liquan, Ms. Chen Ailing, together with Mr. Zhu Jiangming and Ms. Liu Yunzhen (Mr. Zhu Jiangming's spouse) constitute an acting-in-concert relationship regarding Leapmotor's shares and jointly and ultimately hold approximately 23.89% of Leapmotor's shares, making them Leapmotor's largest shareholder group.	

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

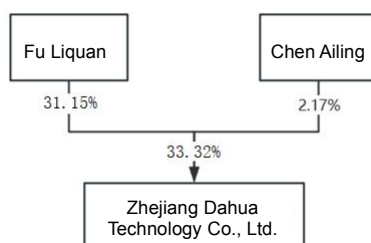
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Fu Liquan	Himself	China	No
Chen Ailing	Himself	China	No
Main occupation and title	Mr. Fu Liquan serves as Chairman of the Company; Ms. Chen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

Change of the actual controller in the reporting period

☐ Applicable ☒ Not Applicable

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

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



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

☐ Applicable ☒ Not Applicable

4. The cumulative number of pledged shares of the Company's controlling shareholder or the largest shareholder and their persons acting in concert accounts for 80% of the shares they hold in the Company

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

6. Restrictions on share reduction by the controlling shareholder, actual controller, restructuring party, and other commitment entities

☐ Applicable ☒ Not Applicable

IV. Specific implementation of the share repurchase during the reporting period

The progress on share repurchase

☒ Applicable ☐ Not Applicable

Plan disclosure time	Proposed number of shares to be repurchased (shares)	Proportion to total share capital	Proposed repurchase amount (10,000 RMB)	Proposed repurchase period	Purpose of repurchase	Number of shares repurchased (shares)	Proportion of repurchased shares in the target shares under the equity incentive plan (if any)
April 09, 2025	Based on the lower limit of the repurchase amount and the upper limit of the repurchase price, the estimated number of shares that can be repurchased is approximately 10,822,511 shares; based on the upper limit of the repurchase amount and the upper limit of the repurchase price, the estimated number of shares that can be repurchased is approximately 18,037,518 shares. The specific number of repurchased shares shall be subject to the actual number of shares repurchased when the repurchase	Based on the lower bound of the repurchase amount and the upper bound of the repurchase price, the repurchased shares are expected to account for approximately 0.33% of the company's total share capital; based on the upper bound of the repurchase amount and the upper bound of the repurchase price, the repurchased shares are expected to account for approximately 0.55% of the company's total	Not less than RMB 300 million (inclusive) and not more than RMB 500 million (inclusive)	The share repurchase implementation period shall be within 12 months from the date the General Meeting of Shareholders approves this repurchase plan.	Cancel and reduce registered capital in accordance with the law	16,361,300	

	period expires.	share capital.					

The progress in reduction and repurchase of shares by means of centralized competitive bidding

☐ Applicable ☒ Not Applicable

V. Preferred Stock Related Information

☐ Applicable ☒ Not Applicable

There are no preferred shares in the reporting period.

Section VII Bond-Related Information

☐ Applicable ☒ Not Applicable

Section VIII Financial Report

I. Audit Reports

Audit Opinion Type	Standard Unqualified Opinion
Signature Date of Audit Report	April 17, 2026
Name of Audit Institution	BDO China Shu Lun Pan CPAs (special general partnership)
Audit Report Ref.	Xin Kuai Shi Bao Zi [2026] No.ZF10343
Name of Certified Public Accountant	Du Na, Wang Keping

Audit Report Text

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

I. Audit opinion

We have audited the financial statements of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as Dahua Technology), including the consolidated and parent company balance sheet as of December 31, 2025, the consolidated and parent company income statement, the consolidated and parent company cash flow statement, and the consolidated and parent company statement of changes in owners' equity for the year 2025, as well as the notes to the relevant financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly reflect the consolidated and parent company financial position of Dahua Technology as of December 31, 2025 and the consolidated and parent company operating results and cash flows of Dahua Technology for the year 2025.

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 "Independence Standard No.1 — Requirements for Independence for Financial Statement Audit and Review Engagements" and the "Code of Ethics for Chinese Certified Public Accountants", we are independent of Dahua Technology and have fulfilled our other ethical responsibilities in accordance with the Code. We complied with the independence requirements for audits of public-interest entities during our audit. 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 we identified in the audit are summarized as follows:

Key Audit Matters	How the matter was addressed in the audit
(I) Recognition of Revenue	
Dahua Technology's operating revenue for 2025 was RMB 32,743,783,300. It is an important component of Dahua	The main audit procedures we performed with respect to the above key audit matters included: 1. Understand Dahua Technology's internal control systems and financial accounting systems related to revenue recognition, including their design and

Technology's income statement. Because operating revenue is one of Dahua Technology's key performance indicators, there is an inherent risk that management may manipulate the time point of revenue recognition to achieve specific targets or expectations. Therefore, we determined revenue recognition to be a key audit matter. For disclosures of revenue recognition policies, see Note 3 (26); for disclosures of operating revenue amounts, see Note 5 (45).	execution, and test the effectiveness of their operation; 2. Distinguish different types of sales, taking into account the actual circumstances of the specific business, check the provisions of the related contracts, and assess whether revenue recognition complies with the Accounting Standards for Business Enterprises; 3. Perform an analytical review to assess the reasonableness of changes in sales revenue and gross margin; 4. Perform confirmation procedures: On a sample basis, confirm with customers the annual sales amounts and year-end amounts not yet collected, and obtain customs statistics amount certificates for material revenue from overseas sales; 5. Sample testing for different types of revenue: for standard products sold domestically and for overseas sales by overseas subsidiaries, sample inspection of product outbound records, shipping orders, customer-signed records, and payment records; for standard products exported by domestic companies, sample inspection of outbound records, customs declaration forms, bills of lading, and payment records; for system integration sales, sample inspection of product delivery records, reconciliation of the shipping list with the contract list, installation and commissioning completion acceptance reports, and payment records; 6. Sample the transactions made before or after the balance sheet date and check their delivery records, customs declaration form, and other relevant supportive documents to confirm whether the revenues have been recognized in an appropriate accounting period.
(II) Recoverability of Accounts Receivable	
At the end of 2025, Dahua Technology's net accounts receivable amounted to RMB 15,474,088,200. Management needs to make significant judgments about the identification of accounts receivable impairment and the likelihood of future cash inflows from customers. Management's estimates and assumptions are subject to uncertainty. 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. For disclosures regarding the amount of accounts receivable, see Note 5 (4).	The main audit procedures we performed with respect to the above key audit matters included: 1. Understand the key internal controls over financial reporting established by management in relation to credit control, accounts receivable collection, and assessment of the receivables impairment provision; 2. Understand the company's customer credit management procedures and collection measures for overdue debts; 3. For accounts receivable for which expected credit loss is calculated by groupings of credit risk characteristics, review management's classification of the groupings and assess the reasonableness of the estimated expected credit loss rates based on historical credit loss rates, current conditions, and forecasts of future economic conditions. We assessed the reasonableness of the provision ratio with reference to the historical audit experience and prospective information, tested the accuracy of the portfolio classification and aging division of the accounts receivable, and recalculated the accuracy of the accrued amount of the expected credit loss; 4. We sampled the accounts receivable for which bad debt provision was recognized on an individual basis, and reviewed the basis for management's assessment of expected credit losses based on the financial position and creditworthiness of customers, historical repayment records, and projections of future economic conditions. We corroborated management's assessment against the evidence we obtained during the audit, including customer background information, past transaction history and collection status, and forward-looking considerations; 5. Check the collection status after the balance sheet date; 6. Select customer samples according to sampling principles, and confirm accounts receivable balances; 7. Analyze whether there are amounts of accounts receivable that are unrecoverable and require write-off.

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 Technology's 2025 annual report, but excludes the financial statements and our audit report.

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

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

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

V. Responsibilities of Management and Those Charged with Governance for the Financial 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 for designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing 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. Responsibilities of the CPA 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 responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Understand the internal controls related to the audit in order to design appropriate audit procedures.

(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 Technology 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 CPAs
(Special General Partnership)**

**Chinese CPA: Du Na
(Engagement Partner)**

Chinese certified public accountant: Wang Keping

Shanghai, China

April 17, 2026

II. Financial Statements

Units of financial reports in the notes: RMB

1. Consolidated Balance Sheet

Prepared by: Zhejiang Dahua Technology Co., Ltd.

December 31, 2025

Unit: RMB

Item	Closing Balance	Opening Balance
Current Asset:		
Monetary Fund	8,655,402,920.75	11,181,803,423.83
Deposit Reservation for Balance		
Loans To Banks and Other Financial Institutions		
Trading Financial Assets	309,157,871.90	229,927,529.28
Derivative Financial Assets		
Notes Receivable	781,468,637.01	777,750,260.09
Accounts Receivable	15,474,088,183.37	17,046,094,518.79
Receivables Financing	1,102,535,053.89	841,815,267.43
Prepayments	452,738,445.83	310,574,867.09
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	278,640,285.60	293,728,850.42
Including: Interest Receivable		
Dividends Receivable		
Buying Back the Sale of Financial Assets		
Inventory	6,090,171,290.38	5,203,560,771.25
Among Them: Data Resources		
Contract Assets	63,320,727.97	87,397,517.09
Held-for-sale Assets		
Non-current Assets Due within One Year	468,560,399.63	237,608,641.30
Other Current Assets	578,508,611.11	1,035,802,016.58
Total Current Assets	34,254,592,427.44	37,246,063,663.15
Non-current Asset:		
Granting of Loans and Advances		
Creditor's Right Investment		
Other Creditor's Right Investments		
Long-term Accounts Receivable	406,038,709.81	744,412,552.00
Long-term Equity Investment	725,578,108.27	722,241,568.57

Other Equity Instrument Investments		
Other Non-current Financial Assets	1,989,086,297.12	1,274,697,490.87
Investment Property	128,753,117.16	139,280,586.26
Fixed Assets	6,136,201,592.87	4,973,953,628.05
Construction in Progress	7,264,951.14	1,254,554,187.36
Productive Biological Asset		
Oil And Gas Assets		
Right-of-use Assets	272,401,498.24	232,124,277.86
Intangible Asset	556,559,379.70	578,035,438.59
Among Them: Data Resources		
Development Expenditure		
Among Them: Data Resources		
Goodwill	6,615,294.18	6,615,294.18
Long-term Deferred Expense	77,865,093.40	99,410,405.42
Deferred Income Tax Assets	901,731,191.20	1,136,746,080.45
Other non-current Assets	7,095,917,123.71	4,327,776,909.06
Total non-current assets	18,304,012,356.80	15,489,848,418.67
Total Assets	52,558,604,784.24	52,735,912,081.82
Current Liabilities:		
Short-term Loan	203,714,311.58	995,000,000.00
Borrowing from the Central Bank		
Borrowings from Banks and Other Financial Institutions		
Trading Financial Liabilities		4,268,603.52
Derivative Financial Liabilities		
Notes Payable	3,659,798,751.88	3,599,974,242.02
Accounts Payable	5,132,662,730.78	5,877,976,861.13
Advances from Customers		
Contract Liabilities	1,142,677,702.11	1,282,204,348.75
Proceeds from the Sale and Repurchase of Financial Assets		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Employee Benefits Payable	2,012,428,897.92	1,811,053,208.92
Taxes Payable	396,827,917.38	405,860,321.63
Other Payables	470,148,655.21	637,013,560.05
Including: Interest Payable		
Dividends PAYABLE		22,951,560.23
Payable Service Charges and		

Commissions		
Reinsurance Accounts Payable		
Liabilities Held for Sale		
Non-current Liabilities Due within One Year	246,856,805.30	117,227,812.08
Other Current Liabilities	167,754,385.11	160,151,530.23
Total Current Liabilities	13,432,870,157.27	14,890,730,488.33
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term Loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	165,399,173.65	114,313,807.41
Long-term Payables		
Long-term Employee Benefits Payable		
Expected Liabilities	205,416,324.68	268,194,691.24
Deferred Income	170,075,423.69	186,181,012.99
Deferred Income Tax Liabilities	58,695,790.95	19,162.22
Other non-current Liabilities	52,027,750.30	102,264,089.02
Total non-current Liabilities	651,614,463.27	670,972,762.88
Total Liabilities	14,084,484,620.54	15,561,703,251.21
Owner's Equity:		
Share Capital	3,286,755,574.00	3,295,629,733.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	7,233,189,509.62	7,156,767,235.86
Less: Treasury Share	709,079,918.27	564,654,524.63
Other Comprehensive Income	123,340,202.22	104,358,460.57
Special Reserve		
Surplus Reserves	1,647,814,866.50	1,647,814,866.50
General Risk Reserve		
Undistributed Profits	26,175,119,977.18	24,388,130,399.78
Total Equity Attributable to the Parent Company's Shareholders	37,757,140,211.25	36,028,046,171.08
Minority Shareholders' Equity	716,979,952.45	1,146,162,659.53
Total Owners' Equity	38,474,120,163.70	37,174,208,830.61
Total Liabilities and Shareholders' Equity	52,558,604,784.24	52,735,912,081.82

Legal Representative: Fu Liquan

Person in Charge of Accounting Work: Xu Qiaofen

Head of Accounting Department: Zhu Zhuling

2. Balance Sheet of the Parent Company

Unit: RMB

Item	Closing Balance	Opening Balance
Current Asset:		
Monetary Fund	3,869,028,263.97	5,897,243,923.06
Trading Financial Assets	309,157,871.90	229,927,529.28
Derivative Financial Assets		
Notes Receivable	34,287,312.73	46,362,406.21
Accounts Receivable	4,804,032,357.71	4,139,497,263.56
Receivables Financing	1,028,367,050.09	719,599,879.51
Prepayments	7,535,881.46	16,906,692.15
Other Receivables	14,419,762,765.91	13,384,626,871.41
Including: Interest Receivable		
Dividends Receivable		
Inventory	274,292,584.81	284,771,384.52
Among Them: Data Resources		
Contract Assets	10,404,926.63	11,494,282.17
Held-for-sale Assets		
Non-current Assets Due within One Year	265,686,734.81	3,807,555.80
Other Current Assets	52,150,488.33	538,541,006.72
Total Current Assets	25,074,706,238.35	25,272,778,794.39
Non-current Asset:		
Creditor's Right Investment		
Other Creditor's Right Investments		
Long-term Accounts Receivable	16,867,520.16	1,954,398.82
Long-term Equity Investment	8,059,152,598.16	8,162,278,853.75
Other Equity Instrument Investments		
Other Non-current Financial Assets	1,922,146,297.12	1,249,757,490.87
Investment Property	17,601,790.19	19,105,162.49
Fixed Assets	1,641,975,098.18	1,727,649,143.59
Construction in Progress	1,881,260.65	3,656,082.30
Productive Biological Asset		
Oil And Gas Assets		
Right-of-use Assets	67,685,894.76	65,543,667.49
Intangible Asset	123,926,707.86	128,466,583.90
Among Them: Data Resources		
Development Expenditure		
Among Them: Data Resources		
Goodwill		
Long-term Deferred Expense	35,014,336.52	51,808,153.67
Deferred Income Tax Assets		193,183,542.15
Other non-current Assets	5,471,914,876.79	3,122,186,359.68

Total non-current assets	17,358,166,380.39	14,725,589,438.71
Total Assets	42,432,872,618.74	39,998,368,233.10
Current Liabilities:		
Short-term Loan	1,598,602.00	
Trading Financial Liabilities		776,841.98
Derivative Financial Liabilities		
Notes Payable	604,401,336.52	654,898,101.96
Accounts Payable	1,107,265,780.24	998,713,006.78
Advances from Customers		
Contract Liabilities	149,069,472.22	127,382,878.88
Employee Benefits Payable	1,176,600,774.89	1,115,800,008.44
Taxes Payable	200,782,347.92	170,444,725.36
Other Payables	1,616,965,525.04	1,350,481,637.98
Including: Interest Payable		
Dividends PAYABLE		22,951,560.23
Liabilities Held for Sale		
Non-current Liabilities Due within One Year	30,155,334.29	35,716,560.18
Other Current Liabilities	30,510,459.35	25,720,588.07
Total Current Liabilities	4,917,349,632.47	4,479,934,349.63
Non-current Liabilities:		
Long-term Loan		
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	34,103,799.33	23,992,169.41
Long-term Payables		
Long-term Employee Benefits Payable		
Expected Liabilities	47,960,042.35	39,764,161.76
Deferred Income	28,380,113.01	30,091,476.57
Deferred Income Tax Liabilities	55,988,750.49	
Other non-current Liabilities	2,643,146.35	44,307.49
Total non-current Liabilities	169,075,851.53	93,892,115.23
Total Liabilities	5,086,425,484.00	4,573,826,464.86
Owner's Equity:		
Share Capital	3,286,755,574.00	3,295,629,733.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	6,959,326,804.35	6,888,762,462.22
Less: Treasury Share	709,079,918.27	564,654,524.63
Other Comprehensive Income		
Special Reserve		

Surplus Reserves	1,647,814,866.50	1,647,814,866.50
Undistributed Profits	26,161,629,808.16	24,156,989,231.15
Total Owners' Equity	37,346,447,134.74	35,424,541,768.24
Total Liabilities and Shareholders' Equity	42,432,872,618.74	39,998,368,233.10

3. Consolidated Income Statement

Unit: RMB

Item	Fiscal Year 2025	Fiscal Year 2024
I. Total Operating Revenue	32,743,783,343.80	32,180,931,827.17
Among them: operating revenue	32,743,783,343.80	32,180,931,827.17
Interest Income		
Earned Premiums		
Service Charge and Commission Income		
II. Total Operating Cost	30,092,180,267.03	30,034,509,485.68
Including: Operating Cost	19,442,555,822.77	19,681,686,604.51
Interest Expense		
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	261,333,892.77	221,316,771.47
Sales Expenses	5,113,115,207.43	5,166,733,337.95
Administration Expenses	1,295,533,102.38	1,141,408,186.63
Research and Development Expense	4,336,016,982.76	4,213,255,565.73
Financial Expenses	-356,374,741.08	-389,890,980.61
Including: Interest Expenses	-21,982,366.93	45,574,086.20
Interest Income	281,626,532.36	420,512,502.16
Add: Other Income	1,128,559,648.89	1,007,110,693.00
Investment Income (Mark "-" for Loss)	634,527,324.20	464,818,698.59
Including: investment income from joint ventures and joint ventures	31,405,872.43	14,958,434.46
Profits from recognition termination of financial assets at amortized cost	-32,933,054.03	-1,428,980.24
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		

Incomes From Changes in Fair Value (Mark "-" for Loss)	456,241,338.28	-43,415,404.28
Credit Impairment Losses (Mark "-" for Loss)	-344,518,177.83	-487,985,185.36
Asset Impairment Losses (Mark "-" for Loss)	-170,170,693.27	-107,759,438.82
Asset Disposal Income (Mark "-" for Loss)	919,283.62	805,684.66
III. Operating Profit (Mark "-" for Loss)	4,357,161,800.66	2,979,997,389.28
Add: non-operating Revenue	20,098,798.19	19,028,847.26
Less: non-operating Expense	14,666,784.91	9,556,681.90
IV. Total Profit (Mark "-" for Total Loss)	4,362,593,813.94	2,989,469,554.64
Less: Income Tax Expense	480,336,123.28	70,297,282.61
V. Net Profit (Mark "-" for Net Loss)	3,882,257,690.66	2,919,172,272.03
(I) Classified by Operation Continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	3,882,257,690.66	2,919,172,272.03
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	3,857,923,611.86	2,905,728,684.03
2. Minority Shareholders' Profit and Loss	24,334,078.80	13,443,588.00
VI. Other Comprehensive Income, Net of Tax	19,139,221.01	37,679,325.95
Other comprehensive income, net of tax, attributable to the parent company owners	18,981,741.65	38,365,439.74
(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	18,981,741.65	38,365,439.74
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of other		

creditor's right investments		
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. Foreign currency translation differences of financial statements	18,981,741.65	38,365,439.74
7. Others		
Net amount of other comprehensive incomes after tax attributable to minority shareholders	157,479.36	-686,113.79
VII. Total Comprehensive Income	3,901,396,911.67	2,956,851,597.98
Total comprehensive income attributable to the parent company's owners	3,876,905,353.51	2,944,094,123.77
Comprehensive income attributable to minority shareholders	24,491,558.16	12,757,474.21
VIII. Earnings per Share		
(I) Basic Earnings per Share	1.18	0.90
(II) Diluted Earnings per Share	1.18	0.90

Legal Representative: Fu Liquan

Person in Charge of Accounting Work: Xu Qiaofen

Head of Accounting Department: Zhu Zhuling

4. Income Statement of the Parent Company

Unit: RMB

Item	Fiscal Year 2025	Fiscal Year 2024
I. Operating Revenue	9,895,145,943.53	7,518,191,042.08
Less: Operating Cost	1,522,212,574.95	1,465,137,970.11
Taxes and Surcharges	147,063,864.90	111,825,883.38
Sales Expenses	2,320,819,158.45	2,431,702,053.58
Administration Expenses	679,638,807.88	635,934,038.09
Research and Development Expense	3,178,007,111.78	3,065,795,148.03
Financial Expenses	-183,451,623.08	-287,777,462.98
Including: Interest Expenses	2,487,841.38	31,357,085.45
Interest Income	203,790,709.21	260,649,260.35
Add: Other Income	888,795,923.28	811,362,856.47
Investment Income (Mark "-" for Loss)	820,241,804.25	302,148,808.75
Including: investment income from joint ventures and joint ventures	-9,005,045.91	-34,908,353.35
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)	-2,701,007.12	-2,965,408.15
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes From Changes in Fair Value	456,128,165.58	-42,997,536.67

(Mark "-" for Loss)		
Credit Impairment Losses (Mark "-" for Loss)	-37,036,585.14	-41,819,656.19
Asset Impairment Losses (Mark "-" for Loss)	-22,962,094.07	-912,196.39
Asset Disposal Income (Mark "-" for Loss)	301,975.76	-173,915.70
II. Operating Profit (Mark "-" for Loss)	4,336,325,238.31	1,123,181,772.14
Add: non-operating Revenue	2,308,486.50	4,086,587.52
Less: non-operating Expense	2,825,413.07	2,141,311.75
III. Total Profit (Mark "-" for Total Loss)	4,335,808,311.74	1,125,127,047.91
Less: Income Tax Expense	260,233,700.27	-434,676,316.89
IV. Net Profit (Mark "-" for Net Loss)	4,075,574,611.47	1,559,803,364.80
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	4,075,574,611.47	1,559,803,364.80
(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 other creditor's right investments		
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. Foreign currency translation differences of financial statements		
7. Others		
VI. Total Comprehensive Income	4,075,574,611.47	1,559,803,364.80
VII. Earnings per Share		

(I) Basic Earnings per Share	1.25	0.48
(II) Diluted Earnings per Share	1.25	0.48

5. Consolidated Cash Flow Statement

Unit: RMB

Item	Fiscal Year 2025	Fiscal Year 2024
I. Cash Flow Generated by Operational Activities:		
Cash from sales of merchandise and provision of services	37,166,485,140.34	34,669,187,205.38
Net increase in customer 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	1,161,835,960.16	1,155,885,839.76
Cash received from other operating activities	1,559,471,001.52	1,493,775,604.08
Subtotal of cash inflow from operating activities	39,887,792,102.02	37,318,848,649.22
Cash paid for goods and services	23,589,297,705.08	21,837,355,751.06
Net increase in customer loans and advances		
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	7,881,079,660.99	7,891,665,626.88
Taxes and fees paid	2,161,872,449.15	2,369,366,594.70

Other paid cash related to operational activities	2,347,744,121.52	2,510,223,067.28
Total cash outflow from operating activities	35,979,993,936.74	34,608,611,039.92
Net cash flow generated by operating activities	3,907,798,165.28	2,710,237,609.30
II. Cash Flow from Investment Activities:		
Cash arising from disposal of investments	13,888,767,865.31	15,446,431,122.05
Cash received from investment income	48,130,564.60	24,092,429.23
Net cash recovered from disposal of fixed assets, intangible assets, and other long-term assets	4,863,819.67	1,760,730.93
Net cash received from disposal of subsidiaries and other business units	273,925,550.12	90,212,801.88
Cash received from other activities related to investing	10,404,060.61	45,191,811.49
Total cash inflow from investing activities	14,226,091,860.31	15,607,688,895.58
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	673,228,356.90	907,507,733.38
Cash paid for investment activities	16,635,622,584.65	19,513,379,638.01
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		12,269,004.98
Cash paid for other investment activities	12,033,035.00	6,618,141.94
Total cash outflow from investing activities	17,320,883,976.55	20,439,774,518.31
Net amount of cash flow generated by investment activities	-3,094,792,116.24	-4,832,085,622.73
III. Cash flow from Financing Activities:		
Cash Arising from Absorbing Investments	176,854,909.20	50,992,358.19
Among them: cash received by subsidiaries from minority shareholder investments		
Cash arising from borrowings	904,664,311.58	2,314,437,200.00
Other received cash related to financing activities		
Subtotal of cash inflow from financing activities	1,081,519,220.78	2,365,429,558.19
Cash paid for debt repayment	1,695,950,000.00	3,061,814,753.64
Cash paid for distribution of dividends, profits, or interest payments	2,097,667,033.56	1,891,030,117.80
Among them: dividends and profits paid by subsidiaries to minority shareholders		7,978,707.94

Cash paid for other financing activities	646,552,332.90	216,004,106.63
Total cash outflow from financing activities	4,440,169,366.46	5,168,848,978.07
Net Cash Flow Generated by Financing Activities	-3,358,650,145.68	-2,803,419,419.88
IV. Impact of Exchange Rate Fluctuations on Cash and Cash Equivalents	37,311,942.08	106,138,654.64
V. Net Increase In Cash and Cash Equivalents	-2,508,332,154.56	-4,819,128,778.67
Add: beginning balance of cash and cash equivalents	11,061,530,816.28	15,880,659,594.95
VI. Ending Balance of Cash and Cash Equivalents	8,553,198,661.72	11,061,530,816.28

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	Fiscal Year 2025	Fiscal Year 2024
I. Cash Flow Generated by Operational Activities:		
Cash from sales of merchandise and provision of services	9,297,340,598.37	10,850,756,525.93
Tax refund		
Cash received from other operating activities	1,066,120,545.03	1,125,632,790.31
Subtotal of cash inflow from operating activities	10,363,461,143.40	11,976,389,316.24
Cash paid for goods and services	1,489,200,982.06	968,711,350.46
Cash paid to and for employees	3,910,630,166.64	4,402,936,109.00
Taxes and fees paid	1,134,208,667.99	1,449,599,709.32
Other paid cash related to operational activities	1,213,951,590.38	1,358,974,968.97
Total cash outflow from operating activities	7,747,991,407.07	8,180,222,137.75
Net cash flow generated by operating activities	2,615,469,736.33	3,796,167,178.49
II. Cash Flow from Investment Activities:		
Cash arising from disposal of investments	14,551,566,767.41	15,426,645,123.37
Cash received from investment income	2,773,105.54	10,967,181.79
Net cash recovered from disposal of fixed assets, intangible assets, and other long-term assets	10,123,593.02	13,649,372.37
Net cash received from disposal of subsidiaries and other business units		
Cash received from other activities related to investing	14,600.00	12,992,141.32
Total cash inflow from investing activities	14,564,478,065.97	15,464,253,818.85
Cash paid for the acquisition and construction of fixed assets,	127,171,773.68	205,035,322.18

intangible assets, and other long-term assets		
Cash paid for investment activities	15,989,274,984.65	18,381,974,779.81
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid for other investment activities	2,000.00	
Total cash outflow from investing activities	16,116,448,758.33	18,587,010,101.99
Net amount of cash flow generated by investment activities	-1,551,970,692.36	-3,122,756,283.14
III. Cash flow from Financing Activities:		
Cash Arising from Absorbing Investments	176,854,909.20	50,992,358.19
Cash arising from borrowings	101,598,602.00	
Other received cash related to financing activities	1,434,643,442.54	1,290,399,680.88
Subtotal of cash inflow from financing activities	1,713,096,953.74	1,341,392,039.07
Cash paid for debt repayment	100,000,000.00	1,350,000,000.00
Cash paid for distribution of dividends, profits, or interest payments	2,094,630,120.40	1,862,686,225.19
Cash paid for other financing activities	2,601,228,591.31	2,597,195,502.26
Total cash outflow from financing activities	4,795,858,711.71	5,809,881,727.45
Net Cash Flow Generated by Financing Activities	-3,082,761,757.97	-4,468,489,688.38
IV. Impact of Exchange Rate Fluctuations on Cash and Cash Equivalents	-11,577,198.45	56,956,344.12
V. Net Increase In Cash and Cash Equivalents	-2,030,839,912.45	-3,738,122,448.91
Add: beginning balance of cash and cash equivalents	5,843,167,456.41	9,581,289,905.32
VI. Ending Balance of Cash and Cash Equivalents	3,812,327,543.96	5,843,167,456.41

7. Consolidated Statement of Changes in Owners' Equity

Amount of This Period

Unit: RMB

Item	Fiscal Year 2025														
	Equity Attributable to the Parent Company Owners													Minority Shareholders' Equity	Total Owners' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Income	Special Reserve	Surplus Reserves	General Risk Reserve	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	3,295,629,733.00				7,156,767,235.86	564,654,524.63	104,358,460.57		1,647,814,866.50		24,388,130,399.78		36,028,046,171.08	1,146,162,659.53	37,174,208,830.61
Add: Change in accounting policies															
Correction of Errors in the Previous Period															
Others															
II. Balance at the Start of This Year	3,295,629,733.00				7,156,767,235.86	564,654,524.63	104,358,460.57		1,647,814,866.50		24,388,130,399.78		36,028,046,171.08	1,146,162,659.53	37,174,208,830.61
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-8,874,159.00				76,422,273.76	144,425,393.64	18,981,741.65				1,786,989,577.40		1,729,094,040.17	-429,182,707.08	1,299,911,333.09
(I) Total							18,981,				3,857,923,		3,876,90	24,491,5	3,901,39

Comprehensive Income							741.65					611.86		5,353.51	58.16	6,911.67
(II) Owner Contributions and Capital Reductions	-8,874,159.00				86,228,599.70	144,425,393.64								-67,070,952.94	30,644,238.72	-36,426,714.22
1. Common stock invested by the owner	-8,874,159.00				18,037,610.94	144,425,393.64								-135,261,941.70		-135,261,941.70
2. Capital Invested by Holders of Other Equity Instruments																
3. Amount of Share-based Payments Recorded into Shareholders' Equity					68,190,988.76									68,190,988.76	30,644,238.72	98,835,227.48
4. Others																
(III) Profit Distribution												-2,070,934,034.46		-2,070,934,034.46		-2,070,934,034.46
1. Appropriation of Surplus Reserves																
2. Appropriation of General Risk Reserves																
3. Distribution to Owners (or Shareholders)												-2,070,934,034.46		-2,070,934,034.46		-2,070,934,034.46

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					- 9,806,325.94								- 9,806,325.94	- 484,318,503.96	- 494,124,829.90
IV. Balance at the End of This Period	3,286,755,574.00				7,233,189,509.62	709,079,918.27	123,340,202.22		1,647,814,866.50		26,175,119,977.18		37,757,140,211.25	716,979,952.45	38,474,120,163.70

Amount of Previous Period

Unit: RMB

Item	Fiscal Year 2024														
	Equity Attributable to the Parent Company Owners													Minority Shareholders' Equity	Total Owners' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Income	Special Reserve	Surplus Reserves	General Risk Reserve	Undistributed Profits	Others	Subtotal		
		Preferred Stocks	Perpetual Bonds	Others											
I. Balance at the End of Last Year	3,294,468,990.00				7,124,125,996.49	746,699,863.45	65,993,020.83		1,647,234,495.00		23,334,051,186.55		34,719,173,825.42	1,164,920,573.58	35,884,094,399.00
Add: Change in accounting policies															
Correction of Errors in the Previous Period															
Others															

II. Balance at the Start of This Year	3,294,468,990.00				7,124,125,996.49	746,699,863.45	65,993,020.83		1,647,234,495.00		23,334,051,186.55		34,719,173,825.42	1,164,920,573.58	35,884,094,399.00
III. Increases or Decreases in This Period (Mark "-" for Decreases)	1,160,743.00				32,641,239.37	-182,045,338.82	38,365,439.74		580,371.50		1,054,079,213.23		1,308,872,345.66	-18,757,914.05	1,290,114,431.61
(I) Total Comprehensive Income							38,365,439.74				2,905,728,684.03		2,944,094,123.77	12,757,474.21	2,956,851,597.98
(II) Owner Contributions and Capital Reductions	1,160,743.00				31,133,000.42	-182,045,338.82							214,339,082.24	26,793,587.40	241,132,669.64
1. Common stock invested by the owner	1,160,743.00				32,412,626.39	-182,045,338.82							215,618,708.21		215,618,708.21
2. Capital Invested by Holders of Other Equity Instruments															
3. Amount of Share-based Payments Recorded into Shareholders' Equity					-1,279,625.97								-1,279,625.97	26,793,587.40	25,513,961.43
4. Others															
(III) Profit Distribution									580,371.50		-1,851,649,470.80		-1,851,069,099.30	-7,978,707.94	-1,859,047,807.24

1. Appropriation of Surplus Reserves									580,371.50		- 580,371.50				
2. Appropriation of General Risk Reserves															
3. Distribution to Owners (or Shareholders)											- 1,851,069,099.30	- 1,851,069,099.30	- 7,978,707.94	- 1,859,047,807.24	
4. Others															
(IV) Internal Carry-forward of Shareholders' Equity															
1. Capital Reserves Transferred into Capital (or Share Capital)															
2. Surplus Reserves Transferred into Capital (or Share Capital)															
3. Surplus Reserves Covering Losses															
4. Carry-forward															

retained earnings of the variation of the defined benefit plan															
5. Other Carry-forward Retained Earnings of the Comprehensive Income															
6. Others															
(V) Special Reserves															
1. Withdrawal in This Period															
2. Used in This Period															
(VI) Others					1,508,238.95								1,508,238.95	-50,330,267.72	-48,822,028.77
IV. Balance at the End of This Period	3,295,629,733.00				7,156,767,235.86	564,654,524.63	104,358,460.57		1,647,814,866.50		24,388,130,399.78		36,028,046,171.08	1,146,162,659.53	37,174,208,830.61

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

Amount of This Period

Unit: RMB

Item	Fiscal Year 2025											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Income	Special Reserve	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	3,295,629,733.00				6,888,762,462.22	564,654,524.63			1,647,814,866.50	24,156,989,231.15		35,424,541,768.24
Add: Change in accounting policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,295,629,733.00				6,888,762,462.22	564,654,524.63			1,647,814,866.50	24,156,989,231.15		35,424,541,768.24
III. Increases or Decreases in This Period (Mark "-" for Decreases)	-8,874,159.00				70,564,342.13	144,425,393.64				2,004,640,577.01		1,921,905,366.50
(I) Total Comprehensive Income										4,075,574,611.47		4,075,574,611.47
(II) Owner	-8,874,159.00				61,381,923.26	144,425,393.64						-

Contributions and Capital Reductions												91,917,629.38
1. Common stock invested by the owner	-8,874,159.00				18,037,610.94	144,425,393.64						- 135,261,941.70
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity					43,344,312.32							43,344,312.32
4. Others												
(III) Profit Distribution										-2,070,934,034.46		- 2,070,934,034.46
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)										-2,070,934,034.46		- 2,070,934,034.46
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1. Capital												

Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry- forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1. Withdrawal in This Period												
2. Used in This Period												
(VI) Others					9,182,418.87							9,182,418.87

IV. Balance at the End of This Period	3,286,755,574.00				6,959,326,804.35	709,079,918.27			1,647,814,866.50	26,161,629,808.16		37,346,447,134.74

Amount of Previous Period

Unit: RMB

Item	Fiscal Year 2024											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Income	Special Reserve	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferred Stocks	Perpetual Bonds	Others								
I. Balance at the End of Last Year	3,294,468,990.00				6,881,563,679.88	746,699,863.45			1,647,234,495.00	24,448,835,337.15		35,525,402,638.58
Add: Change in accounting policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This Year	3,294,468,990.00				6,881,563,679.88	746,699,863.45			1,647,234,495.00	24,448,835,337.15		35,525,402,638.58
III. Increases or Decreases in This Period (Mark "-" for Decreases)	1,160,743.00				7,198,782.34	-182,045,338.82			580,371.50	-291,846,106.00		-100,860,870.34
(I) Total Comprehensive Income										1,559,803,364.80		1,559,803,364.80
(II) Owner Contributions	1,160,743.00				3,857,141.61	-182,045,338.8						187,063,223.43

and Capital Reductions						2						
1. Common stock invested by the owner	1,160,743.00				32,412,626.39	182,045,338.82						215,618,708.21
2. Capital Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity					-28,555,484.78							-28,555,484.78
4. Others												
(III) Profit Distribution									580,371.50	-1,851,649,470.80		-1,851,069,099.30
1. Appropriation of Surplus Reserves									580,371.50	-580,371.50		
2. Distribution to Owners (or Shareholders)										-1,851,069,099.30		-1,851,069,099.30
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity												
1. Capital Reserves												

Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special Reserves												
1. Withdrawal in This Period												
2. Used in This Period												
(VI) Others					3,341,640.73							3,341,640.73
IV. Balance at the End of This Period	3,295,629,733.00				6,888,762,462.22	564,654,524.63			1,647,814,866.50	24,156,989,231.15		35,424,541,768.24

III. Basic Information about the Company

Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the "Company" or "this Company") was established as a joint-stock company in June 2002 with the approval of the Zhejiang Provincial People's Government Work Leading Group for Enterprise Listing under document Zhe Listing [2002] No. 18. It was formed through the overall restructuring of the original Hangzhou Dahua Information Technology Co., Ltd., jointly initiated by five natural persons: 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, 2025, the Company has cumulatively issued a total of 3,286,755,574 shares, with registered capital of RMB 3,286,755,574.00. The registered address is No. 1187, Bin'an Road, Binjiang District, Hangzhou, and the headquarters address is No. 1399, Binxing Road, Binjiang District, Hangzhou.

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

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

This financial statement has been approved by the Board of Directors on April 17, 2026.

IV. Basis for Preparing the Financial Statements

1. Basis for the Preparation

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

2. Going Concern

This financial statement has been prepared based on the going concern.

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

V. Significant Accounting Policies and Accounting Estimates

The Company follows the principle of materiality when preparing and disclosing this financial statement and determines the importance of the disclosed matters in terms of both nature and amount based on actual circumstances.

Notes to specific accounting policies and accounting estimates:

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

1. Statement on Compliance with Accounting Standards for Business Enterprises

This financial statement complies with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and truthfully and completely reflects the consolidated and parent company financial position of the company as of December 31, 2025, as well as the consolidated and parent company operating result and cash flow for the year 2025.

2. Accounting Period

The fiscal year is from January 01 to December 31 of the Gregorian calendar.

3. Operating Cycle

The Company's operating cycle is 12 months.

4. Functional Currency

The Company's domestic operating units and the overseas entities Dahua Technology (HK) Limited and PIXFRA (HONG KONG) CO., LIMITED use Renminbi as their functional currency. The other overseas operating entities take the appropriate currency as the functional currency on the basis of the currency in the major economic environment in which they operate. This financial statement is presented in RMB.

5. Determination Method and Selection Basis of Importance Standard

☒Applicable ☐ Not Applicable

Item	Importance Standards
Accounts receivable with significant single provision for bad debt reserves	Individual accruals of 0.5% of total assets at the end of the period
Significant amount of recovered or reversed bad debt provision of accounts receivable in this period	Bad debts recovered or reversed of the individual receivables in the period in excess of 0.5% of the total assets at the end of the period
Write-off of important accounts receivable	Write-off of individual receivables in excess of 0.5 per cent of total assets at the end of the period
Important Projects under Construction	Project investment budget in excess of 0.5% of total assets

Significant prepayments aged over 1 year	Prepayments over 1 year in excess of 0.1% of total assets
Significant accounts payable aged over 1 year	Payables over 1 year in excess of 0.5% of total assets
Other significant payable aged over 1 year	Receivables over 1 year in excess of 0.5% of total assets
Significant contractual liabilities over 1 year	Contractual liabilities over 1 year in excess of 0.5% of total assets
Cash Flow from Significant Investment Activities	Projects with cash flow exceeding 5% of total assets
Significant overseas operating entities	Overseas operating entities with one of their total assets/total revenues/total profits exceeding 15% of the Group's
Important non-wholly owned subsidiaries	Non-wholly owned subsidiaries with one of their total assets/total revenues/total profits exceeding 15% of the Group's
Important joint ventures or associates	Income from investments in joint ventures or associates exceeding 10% of the latest audited net profit of the listed company

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

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

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

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

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

(1) Criteria for Control Judgment

The scope of consolidation of the consolidated financial statement is determined based on control, and the consolidation scope includes the company and all its 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) Method of Preparing the Consolidated Financial Statements

The Company regards the entire corporate group as a single accounting entity and prepares the consolidated financial statements in accordance with uniform accounting policies to reflect the overall financial position, operating results, and cash flows of the corporate group. 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 Addition of Subsidiaries or Businesses

During the reporting period, if subsidiaries or businesses are added through business combinations under common control, the operating results and cash flows of the subsidiaries or businesses from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statement. At the same time, adjustments shall be made to the opening balances of the consolidated financial statement and the related items in the comparative statements, treating the combined reporting entity as having existed continuously from the time point when the ultimate controlling party began to exercise control.

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 Businesses

a. General Handling Method

When control over the investee is lost due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be remeasured at its fair value on the date 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. Stepwise Disposal of Subsidiaries

When equity investment in a subsidiary is disposed of step by step through multiple transactions until control is lost, and the terms, conditions, and economic effects of each transaction disposing of the equity investment in the subsidiary meet one or more of the following situations, it generally indicates that these multiple transactions constitute a package deal:

- These transactions are achieved at the same time or the mutual effects on each other are considered;
- A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- Occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

If multiple transactions are recognized as a package deal, these transactions shall be subject to accounting treatment as a transaction to dispose of the subsidiaries and lose control. The differences between the price on each disposal and disposal of investment on the subsidiary's net assets shall be recognized in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

If the transactions are not a package deal, accounting treatment for partial disposal of equity investments of the subsidiary without losing control shall be applied before control is lost. When the control is lost, general accounting treatment for disposal of a subsidiary shall be used.

③ Purchase of minority equity in subsidiaries

The difference between the newly acquired long-term equity investment from the purchase of minority equity and the share of net assets of the subsidiary continuously calculated from the purchase date or consolidation date based on the increased shareholding ratio shall be adjusted in the stock premium under the capital reserve in the consolidated balance sheet. If the stock premium under the capital reserve is insufficient to offset, retained earnings shall be adjusted.

④ Partial disposal of equity investment in a subsidiary without loss of control

The difference between the disposal proceeds and the net asset share of the subsidiary continuously calculated from the purchase date or the merger date corresponding to the disposed long-term equity investment shall be used to adjust the stock premium in the capital reserve of the consolidated balance sheet. If the stock premium in the capital reserve is insufficient for offset, retained earnings shall be adjusted.

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 Business

Foreign currency business uses the spot exchange rate on the transaction date or a rate determined by a reasonable system method that approximates the spot exchange rate on the transaction date (hereinafter referred to as the approximate spot exchange rate) as the conversion rate to translate foreign currency amounts into functional currency amounts.

The balances of foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on that date. The resulting exchange differences, except for those arising from foreign currency-specific borrowings related to the acquisition and construction of assets meeting capitalization criteria—which are treated according to the borrowing cost capitalization principle—are all recognized in the current profit or loss.

(2) Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate on the balance sheet date; equity items, except for the "undistributed profit" item, are translated using the spot exchange rate at the time of occurrence. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date or the appropriate exchange rate of the spot exchange rate.

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

For disposal of overseas operation, the translation difference as stated in the foreign currency financial statements relating to overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

11. Financial Instruments

A financial asset, financial liability or equity instrument is recognized when the Company becomes a party to the financial instrument contract.

(1) Classification of Financial Instruments

According to the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified at initial recognition as: financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value with changes recognized in other comprehensive income, and financial assets measured at fair value with changes recognized in profit or loss for the current period.

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 aims to collect contractual cash flow;
 ② Contractual cash flow refers only to payments of principal and interest based on the outstanding principal amount.
 The company shall classify financial assets (debt instruments) measured at fair value with changes recognized in other comprehensive income if they simultaneously meet the following conditions and are not designated as financial assets measured at fair value with changes recognized in profit or loss for the current period:

- ① The business model is both to collect contractual cash flow and to sell the financial asset;
 ② The contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

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 This designation can eliminate or significantly reduce accounting mismatch; ② The management and performance evaluation of the financial liability portfolio or the financial asset and financial liability portfolio are based on fair value according to the formally documented enterprise risk management or investment strategy, and reports are made internally to key management personnel on this basis; ③ The financial liability contains embedded derivatives that need to be separated.

(2) Recognition Basis and Measurement Methods of Financial Instruments

① Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, creditor's rights investments, etc. They are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable without significant financing components and accounts receivable for which the company decides not to consider financing components not exceeding one year are 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 (debt instruments) measured at fair value with changes included in other comprehensive income
 Financial assets (debt instruments) measured at fair value with changes included in other comprehensive income include receivables financing, other creditor's right investments, etc., initially measured at fair value, with related transaction costs included in the initial recognition amount. 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 (equity instruments) measured at fair value with changes included in other comprehensive income
Financial assets (equity instruments) measured at fair value with changes included in other comprehensive income include other equity instrument investments and are initially measured at fair value, with related transaction costs included in the initial recognition amount. 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 with changes recognized in current profit or loss
Financial assets measured at fair value with changes recognized in current profit or loss include trading financial assets, derivative financial assets, and other non-current financial assets. They are initially measured at fair value, and related transaction costs are recognized in 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 measured at fair value through profit or loss
Financial liabilities measured at fair value through profit or loss include transactional financial liabilities, derivative financial liabilities, etc. They are initially measured at fair value, and related transaction costs are recognized in profit or loss for the current 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 measured at amortized cost

Financial liabilities measured at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term debt, bonds payable, and long-term payables. They are initially measured at fair value, and related transaction costs are included in the initial recognition amount.

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

The company shall derecognize a financial asset when one of the following conditions is met:

- ① Termination of the contractual right to receive the cash flow of the financial asset;
- ② The financial asset has been transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- ③ The financial asset has been transferred, although the company has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset, control over the financial asset has not been retained.

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

The financial assets when transferred will not be derecognized if the Company has retained nearly all the risks and rewards related to the ownership of the financial assets.

The substance-over-form principle shall be adopted while making judgment on whether the transfer of financial assets

satisfies the above conditions for termination of recognition.

The transfer of financial assets can be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

- ① The book value of the transferred financial asset;
- ② The sum of the consideration received due to the transfer and the cumulative amount of fair value changes directly recognized in owners' equity (in cases where the transferred financial asset is a debt instrument measured at fair value with changes recognized in other comprehensive income).

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 consideration of the derecognized portion, plus the amount corresponding to the derecognized portion in the cumulative fair value changes originally directly recorded in owners' equity (involving transferred financial assets measured at fair value with changes included in other comprehensive income for financial assets (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

If the present obligation of a financial liability is fully or partially discharged, the financial liability or the relevant part shall be derecognized; if the company enters into an agreement with the creditor to replace the existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the existing financial liability, the existing financial liability shall be derecognized, and the new financial liability shall be recognized simultaneously.

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 for Determining the Fair Value of Financial Assets and Financial Liabilities

For financial instruments with active markets, their fair value is determined based on quotations 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) Methods for Testing Impairment of Financial Assets and Accounting Treatment

The company applies impairment accounting based on expected credit loss for financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value with changes recognized in other comprehensive income, and 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 resulting from transactions governed by "Accounting Standard for Business Enterprises No.21 — Leasing", the Company will always measure the loss provision for the accounts receivable, by the amount of the expected credit loss throughout the duration.

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

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

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

If the credit risk of this financial instrument has been significantly increased upon initial recognition, the Company measures its loss provision in accordance with the amount equivalent to the expected credit loss of the financial instrument throughout the duration; if the credit risk of this financial instrument is not significantly increased upon initial recognition, the Company will measure the loss provision of this financial instrument by the amount of its expected credit loss in the 12 months to come. The increased or reversed amount of the loss provision resulting therefrom is included in the current profit or loss as the impairment loss or profit. For financial assets (debt instruments) at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in current profits or losses, without reduction in the book value of the financial asset as stated in the balance sheet.

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

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

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

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

12. Notes Receivable

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

13. Accounts Receivable

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

14. Receivables Financing

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

15. Other Receivables

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

16. Contract Assets**(1) Recognition Methods and Criteria for Contract Assets**

The company presents contract assets or contractual liabilities in the balance sheet based on the relationship between the fulfillment of 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 of Expected Credit Loss on Contract Assets

For details, please refer to this section of the financial report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial Instruments.

17. Inventory**(1) Classification of Inventory**

Inventory is classified as: raw materials, work-in-progress, finished goods, contract performance cost, entrusted processing materials, etc.

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) Valuation method for issued inventory

Inventory is valued using the weighted average method when issued.

(3) Basis for Determining the Net Realizable Value of Inventories in Different Categories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventories is higher than their net realizable value, reserve for stock depreciation shall be accrued. The net realizable value means the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of inventories in the daily activities.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated sales less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be

calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the exceeding part shall be calculated on the ground of general selling price.

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

Combination Categories of Inventories	Determination Basis for Combination	Basis for the Determination of Net Realizable Value
Raw materials	Categories of Inventories	Estimated selling price of inventories - Estimated costs until completion - Estimated selling expenses - Related taxes
Work-in-progress	Categories of Inventories	
Finished goods	Categories of Inventories	
Contract Performance Costs	Categories of Inventories	

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 Counting System

The perpetual inventory system is adopted.

(5) Amortization Method 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 Methods

Assets classified as held for sale are primarily non-current assets or disposal groups whose book value is recovered mainly through sale (including non-monetary asset exchanges with commercial substance) rather than through continued use.

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 According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current conditions;
- ② The sale is highly likely to occur, meaning the company has already made a resolution on a sale plan and obtained a definite purchase commitment, with the sale expected to be completed within one 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) Criteria for the Recognition and Reporting Method of Discontinued Operation

A discontinued operation is a separately identifiable component that meets one of the following conditions and has been disposed of by the company or classified by the company as held for sale:

- ① This component represents an independent major business or a separate main place of business;
- ② This component is part of a related plan to dispose of an independent major business or a separate main place of business;
- ③ This component is a subsidiary acquired specifically for resale.

The profit or loss from going concern and the profit or loss from discontinued operation will be separately presented in the income statement. The operating profit or loss and the profit or loss from disposal, including impairment loss and reversed amount from discontinued operation, will be presented as the profit or loss from discontinued operation. For the discontinued operation presented in the current period, the Company will present the information previously presented as the profit or loss from going concern as the profit or loss from discontinued operation during the comparable accounting period.

19. Long-term Receivables

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

20. Long-term Equity Investments

(1) Criteria for Joint Control and Significant Influence

Joint control refers to shared control over an arrangement according to relevant agreements, where decisions on the arrangement's related activities require the unanimous consent of all parties sharing control. 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 investment formed by enterprise mergers

For long-term equity investments in subsidiaries formed by enterprise mergers under common control, the initial investment cost of the long-term equity investment on the merger date shall be based on the share of the book value of the acquired party's owners' equity in the consolidated financial statement of the ultimate controlling party. 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 means other than business combinations

Long-term equity investments acquired by cash payment shall be recognized at the actual purchase price paid as the initial investment cost.

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 Profit and Loss Recognition Methods

① Long-term equity investments accounted for using the cost method

The company's long-term equity investments in subsidiaries are accounted for using the cost method, unless the investments meet the criteria for held-for-sale classification. 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 investments accounted for using the equity method

Long-term equity investments in joint ventures and joint ventures are accounted for using the equity method. Where the initial investment cost of the long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to the profit or loss for the current period. At the same time, the cost of the long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the book value of long-term equity investment; The book value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes in the owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee (hereinafter referred to as "Changes in Other Owner's Equity"), the book value of the long-term equity investment shall be adjusted and included in owner's equity.

When determining the amount of proportion of net profit or loss, other comprehensive income and other changes in the owner's equity in the investee which it entitles, the fair value of each identifiable net assets of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, adjustment shall be made to the net profit and other comprehensive income of the investee.

The unrealized profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in proportion to the investor's equity interest of investee, based on which investment income or loss shall be recognized, except for those assets invested or sold constituting a business. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized.

The net loss incurred by the Company to the joint ventures or affiliates is capped when the carrying amount of long-term equity investment and the long-term equity that substantially constitutes the net investment in the joint ventures or affiliates have been written down to zero, except to the extent that the Company has an additional loss obligation. If the joint ventures or affiliates later realize net profit, the Company will resume recognition of the income share after the income share makes up the unrecognized loss share.

③ Disposal of long-term equity investments

The difference between the book value of the disposed long-term equity investment and the actual consideration

received is recognized in the current period 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.

When disposing of equity investments in a subsidiary step by step through multiple transactions until control is lost, if these constitute a package deal, all transactions shall be accounted for as a single disposal of the equity investment in the subsidiary resulting in loss of control; before the loss of control, the difference between the disposal proceeds of each transaction and the book value of the corresponding long-term equity investment shall, in the individual financial statement, first be recognized as other comprehensive income and then transferred in full to the current profit or loss upon loss of control. If it is not a package deal, each transaction shall be subject to accounting treatment.

21. Investment Properties

Investment property refers to the real estate held to generate rental income or capital appreciation, or both, including leased land use rights, land use rights held for transfer after appreciation, and leased buildings (including buildings that are leased after completion of self-construction or development activities and buildings in construction or development that are used for rental in the future).

The Company adopts the cost mode to measure the existing investment property. The subsequent expenditure related to the investment property will be included in the cost of the investment property when relevant economic benefits are likely to flow in and costs can be measured reliably, or otherwise be included in the current profit or loss when occurred. Investment property measured at cost - buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

22. Fixed Assets

(1) Conditions of Recognition

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a service life of more than one fiscal year. Fixed asset is recognized when it meets the following conditions: ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise; ② Its cost can be reliably measured.

The fixed assets are initially measured at cost (with the impact of predicted discard expense taken into account).

The subsequent expenditure related to the fixed assets will be included in the cost of the fixed assets when the economic benefits in connection therewith are likely to flow in and costs can be measured reliably; the book value of the replaced part will be derecognized; all other subsequent expenditure will be included in the current profit or loss when occurred.

(2) Methods for Depreciation

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

The depreciation methods, depreciation periods, residual ratios, and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciation method	Useful lives of depreciation	Residual Ratio	Annual depreciation rate
Housing and building	Straight-line method	20	5%	4.75%
Machinery and equipment	Straight-line method	5-10	5%	19.00%-9.50%
Means of transport	Straight-line method	4-8	5%	23.75%-11.88%
Electronic and other equipment	Straight-line method	3-5	5%	31.67%-19.00%

(3) Disposal of Fixed Assets

When fixed assets are disposed of or when no economic benefits can be expected through use or disposal thereof, such fixed assets will be derecognized. The income from disposal of the fixed assets through sale, transfer, scrapping or damage with the book value thereof and relevant taxes deducted is included in the current profit or loss.

23. Construction in Progress

The projects under construction are measured at the actual cost. The actual cost comprises the building cost, installation cost, borrowing cost qualified for capitalization and other necessary expenditures incurred to bring the projects under construction to the conditions before they are made ready for the intended use. The projects under construction will be converted into fixed assets when they are ready for intended use and will be depreciated from the next month on; those transferred into intangible assets will begin amortization from the current month. The standards and time points for converting the Company's projects under construction into fixed assets and intangible assets are as follows:

Category	The standards and time points for converting into fixed asset and intangible asset
Housing and building	The main construction works and supporting works have been substantially completed and have reached the intended usable state.
Device	The equipment installation and debugging is completed and is ready for use.
Software	Software development and testing have been completed, and it can be used normally.

24. Borrowing Costs

(1) Principles for the Capitalization of Borrowing Cost

Borrowing costs incurred by the company that can be directly attributed to the acquisition, construction, or production of qualifying assets shall be capitalized and included in the cost of the related assets; other borrowing costs shall be recognized as expenses when incurred and charged to the current profit or loss.

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 Cost

The capitalization period refers to the time point from when the borrowing cost begins to be capitalized to when the capitalization stops. Periods during which the borrowing cost capitalization is suspended are not included.

Borrowing costs begin to be capitalized when the following conditions are met simultaneously:

- ① Asset expenditures have already occurred. Asset expenditures include payments made in cash, transfers of non-cash assets, or the assumption of borrowing costs incurred for the purchase, construction, or production of assets that meet capitalization criteria;
- ② Borrowing costs have already been incurred;
- ③ The purchase, construction, or production activities necessary to bring the asset to its intended use or saleable condition have already 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 Period of Capitalization

If a qualifying asset experiences an abnormal interruption during its acquisition or production process, and the interruption lasts continuously for more than 3 months, borrowing cost capitalization shall be suspended; if the interruption is due to necessary procedures for the acquired or produced qualifying asset to reach the predetermined usable or saleable status, borrowing cost capitalization 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 Method for Capitalization Rate and Capitalized Amount of Borrowing Cost

For specific borrowings incurred to purchase or produce assets that meet capitalization criteria, the capitalized amount of borrowing cost is determined by taking the actual borrowing cost incurred during the current period for the specific borrowings, minus the interest income earned from depositing the unused borrowed funds in banks or the investment income obtained from temporary investments.

General borrowings for the acquisition, construction or production of assets qualified for capitalization, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

During the capitalization, the difference between the principal and interest of special borrowings in foreign currency shall be capitalized and included in the cost of assets qualified for capitalization. The difference between the principal and interest of the borrowings in foreign currency other than the special borrowings in foreign currency shall be included in the current profit or loss.

25. Intangible Assets

(1) Service Life, Determination Basis, Estimation, Amortization Method or Review Procedures

① Valuation method of intangible assets

a. The company initially measures intangible assets at cost upon acquisition

The cost of purchased intangible assets includes the purchase price, related taxes, and other expenditures directly attributable to bringing the asset to its intended use.

b. Subsequent measurement

Analyze and determine the service life when acquiring intangible assets.

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 to 5 years	Expected benefited period
Trademark rights	10 years	Expected benefited period
Software copyright	10 years	Expected benefited period

At the end of each fiscal year, review the service life and amortization method of intangible assets with limited service life.

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 Judgment basis for intangible assets with uncertain service life and procedures for reviewing their service life

As of the balance sheet date, the company has no intangible assets with uncertain service life.

(2) The scope of R&D Expenditure Collection and Related Accounting Treatment Methods

① Scope of R&D Expenditure Collection

The expenses incurred by the company during the research and development process include related employee compensation for personnel engaged in R&D activities, consumed materials, related depreciation and amortization expenses, and other related costs.

② Specific criteria for dividing the research phase and the development phase

The company's internal research and development project expenditures are divided into research phase expenditures and development phase expenditures.

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 conditions for capitalization of development stage expenditures

Expenditures during the research stage are recognized in the current period profit or loss as incurred. The expenses in the development phase are recognized as intangible assets if the following conditions are fulfilled, and are included in the current profit or loss if following conditions are not fulfilled:

- a. Complete the intangible asset to make it technically feasible for use or sale;
- b. Have the intention to complete the intangible asset and use or sell it;
- c. The way the intangible asset generates economic benefits, including the ability to demonstrate the existence of a market for products produced using the intangible asset or a market for the intangible asset itself; for intangible assets intended for internal use, the ability to demonstrate their usefulness;
- d. Have sufficient technical, financial, and other resources to support the completion of the intangible asset's development and the capability to use or sell the intangible asset;
- e. Expenditures attributable to the development phase of the intangible asset can be reliably measured.

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 Set the contribution plan

The company pays basic pension insurance and unemployment insurance for employees in accordance with the relevant local government regulations. During the accounting period in which employees provide services to the company, the payable amount is calculated based on the local prescribed contribution base and rate, recognized as a liability, and included in the current period's profit or loss or related asset costs.

② Defined benefit plan

The company allocates the benefit obligations arising from defined benefit plans to the periods of employee service based on the formula determined by the projected unit credit method and recognizes them in the current profit or loss or the cost of related assets.

(3) Accountant Treatment of Termination Benefits

For the dismissal welfare provided to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: (1) When the Company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; (2) When the Company determines the costs or expenses associated with the restructuring involving the payment of dismissal welfare.

30. Estimated Liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities, when all of the following conditions are satisfied:

- (1) The obligation is a current 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 contingent matters involving a single item, determine based on the most likely amount;
- (2) For contingent matters involving multiple items, determine based on the calculation of various possible outcomes and their related probabilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognized as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the book value of the estimated liability.

The Company will review the book value of the estimated liabilities on the balance sheet date, and if there are concrete evidences that such book value cannot reflect the current best estimate, the book value will be adjusted according to the current best estimate.

31. Share-based Payment

The Company's share-based payment refers to a transaction in which an enterprise determines the liabilities on the basis of equity instruments granting or bearing for the acquisition of service from its employees or other parties. The Company's share-based payment is equity-settled.

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. The share-based payment transactions vested immediately

after the date of grant will be included in the relevant cost or expense based on the fair value of the equity instrument on the date of grant, and the capital reserve will be increased accordingly. For the services within the waiting period or the share-based payment transactions that may only be vested when the specified performance conditions are met after the date of grant, the Company will include the services obtained in the current period in relevant cost or expense and increase the capital reserve at the fair value on the date of grant according to the best estimate of the number of the exercisable equity instruments on each balance sheet date in the waiting period.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognized as an increase in the service received.

If the equity instruments vested are canceled during the waiting period, the Company will take the vested equity instruments canceled as accelerated exercise, and immediately include the amount to be recognized during the waiting period in the current profit or loss. At the same time, the capital reserve will be recognized. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to canceled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

32. Income

(1) Accounting Policies for Revenue Recognition and Measurement

The company recognizes revenue upon fulfilling the performance obligations in the contract, that is, when the customer obtains control of the related goods 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 obtains and consumes the economic benefit brought by the company's performance simultaneously with the company's fulfillment of the contract;
- ② The customer is able to control the goods under construction during the company's performance process;
- ③ The goods produced during the company's performance process have irreplaceable uses, and the company has the right to collect payment for the cumulative completed performance portion throughout the entire contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period of time, except that the performance progress cannot be reasonably determined. The Company will determine the performance progress through the output or input method by taking into account the nature of commodities or services. If the performance progress cannot be reasonably recognized and the costs incurred are expected to be compensated, the Company will recognize the revenue according to the amount of costs incurred until the performance progress can be reasonably recognized.

For the performance obligations performed at a certain point of time, the Company will recognize the revenue when the customer acquires the right of control over relevant commodities or services. While determining whether the customer has acquired the control over the commodities or services, the Company shall take the following into consideration:

- ① The company has the current right to receive payment for the goods or services, meaning the customer has an existing payment obligation for the goods or services;
- ② The company has transferred the legal title of the goods to the customer, meaning the customer has obtained the legal title of the goods;
- ③ The company has physically transferred the goods to the customer, meaning the customer has physical possession of the goods;
- ④ The company has transferred the major risks and rewards of ownership of the goods to the customer, meaning the customer has obtained the major risks and rewards of ownership of the goods;
- ⑤ The customer has accepted the goods or services.

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

- (2) Disclosure of specific revenue recognition methods and measurement approaches by business type
- ① Principles for recognizing sales revenue of standard products for domestic sales: The company sells standard products through a combination of direct selling and distributors. That is, the company signs sales contracts with customers and delivers goods to customers according to the delivery terms stipulated in the sales contracts, or customers pick up the goods themselves. The company recognizes sales revenue after the customer receives the goods;
 - ② Principles for recognizing revenue from overseas sales of standard products: For direct exports by domestic companies, sales revenue is mainly recognized under FOB and CIF terms after the products are declared for customs export. For overseas subsidiaries' sales abroad, revenue is recognized after the goods are delivered to the customer according to the agreed delivery method or after the customer picks up the goods and receives them;
 - ③ Principles for recognizing sales revenue from system integration: sales of the company's system integration products include providing customers with solution design, supporting products, installation, commissioning, and pilot run services, with sales revenue recognized after acceptance and qualification;

④ Principles for recognizing revenue from labor services: revenue is recognized at the time 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) The remaining consideration expected to be obtained from the transfer of goods or services related to the asset;
- (2) The estimated costs to be incurred for transferring the related goods 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 obtained by the company from the government without compensation. 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) Recognition time point

Government grants are recognized when the company meets the attached conditions and is able to receive them.

(3) Accounting treatment

Government grants related to assets are used to offset the book value of the related assets or recognized as deferred income. Deferred income is recognized and amortized into current profit or loss over the service life of the related assets using a reasonable and systematic method (if related to the company's daily activities, it is included in other income; if unrelated to the company's daily activities, it is included in non-operating revenue);

Government grants related to income that are used to compensate for relevant costs, expenses, or losses in future

periods are recognized as deferred income and included in current profit or loss during the periods when the related costs, expenses, or losses are recognized (if related to the company's daily activities, included in other income; if unrelated to the company's daily activities, included in non-operating revenue) or offset against the related costs, expenses, or losses; government grants used to compensate for relevant costs, expenses, or losses already incurred by the company are directly included in current profit or loss (if related to the company's daily activities, included in other income; if unrelated to the company's daily activities, included in non-operating revenue) or offset against the related costs, 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 When the finance department allocates discount interest funds to the lending bank, and the lending bank provides loans to the company at a preferential interest rate under policy, the company shall use the actual loan amount received as the entry value of the borrowing and calculate the related borrowing cost based on the principal and the preferential interest rate;
- ② When the finance department allocates discount interest funds directly to the company, the company shall offset the corresponding discount interest against the related borrowing cost.

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 goodwill;
- (2) Transactions or events that are neither business combinations nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence.

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 has the legal right to net settlement of current income tax assets and current income tax liabilities;
- (2) Deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax authority on the same taxpayer, or related to different taxpayers, but during each future period in which the deferred income tax assets and liabilities of material significance are reversed, the involved taxpayers intend to net settle the current income tax assets and liabilities or simultaneously realize the assets and settle the liabilities.

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 consideration of the lease after the concession is reduced or remains basically unchanged compared to before the concession, where the lease consideration may be undiscounted or discounted using the discount rate before the concession;
- (2) After comprehensively considering qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

(1) Accounting Treatment of Leases as a Lessee

① Right-of-use asset

On the lease term commencement date, the company recognizes right-of-use assets for leases other than short-term leases and low-value asset leases. The right-to-use assets are initially measured at cost. which includes:

- A. The initial measurement amount of the lease liability;
- b. Lease payments made on or before the lease term commencement date, less any lease incentives received;
- c. Initial direct costs incurred by the company;
- d. Costs expected to be 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 condition required by the lease terms, excluding costs incurred for producing 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 liability

On the lease term commencement date, the company recognizes lease liabilities for leases other than short-term leases and low-value asset leases. Lease liabilities shall be initially measured at the present value of the unpaid lease payments. Lease payments include:

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

The interest rate implicit in lease is applied by the Company as the discount rate. If the interest rate implicit in lease cannot be reasonably determined, the Company's interest rate on incremental borrowings is applied as the discount rate.

The Company shall calculate the interest expense of the lease liabilities during each period of the lease term at a fixed periodic interest rate and include it in the current profit or loss or relevant asset cost.

The variable lease payment which is not included in the measurement of lease liabilities shall be included in the current profit or loss or relevant asset cost when actually incurred.

If any of the following circumstances happens on commencement of the lease term, the Company will remeasure the lease liabilities and adjust the corresponding right-of-use assets, and if the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the current profit or loss:

- A. When the assessment results of the purchase option, renewal option, or termination option change, or when the actual exercise of the aforementioned options is inconsistent with the original assessment results, the company shall remeasure the lease liability at the present value calculated using the changed lease payment and the revised discount rate;
- b. When the substantive fixed payment changes, the expected payable amount of the guaranteed residual value changes, or the index or rate used to determine the lease payment changes, the company shall remeasure the lease liability at the present value calculated using 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 leases and low-value asset leases

The company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and the related lease payments are recognized on a straight-line basis over the lease term in the current period's profit or loss or the cost of the related assets. 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 Modification

If a lease modification occurs and simultaneously meets the following conditions, the company will account for the lease modification as a separate lease:

- a. The lease modification expands the lease scope by adding the right to use one or more leased assets;
- b. The increased consideration is equivalent to the standalone price of the expanded lease scope portion, adjusted according to the contract conditions.

If the lease change is not taken as a separate lease for accounting treatment, on the effective date of the lease change, the Company will re-apportion the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value worked out according to the changed lease payment and the revised discount rate.

If the lease change results in narrower scope of lease or shorter lease term, the Company will reduce the book value of the right-of-use assets accordingly, and will include relevant gain or loss from partial or full termination of the lease in the current profit or loss. If other lease changes result in re-measurement of the lease liabilities, the Company will adjust the book value of the right-to-use assets accordingly.

(2) Accounting Treatment of Leases as a Lessor

On commencement of the lease term, the Company will divide the lease into financial lease and operating lease.

Financial lease means the lease that has substantially transferred almost all the risks and rewards related to the title of the leased assets, whether or not the title will be finally transferred. Operating lease means any lease other than financial lease. When the Company serves as a lessor of the sublease, the sublease will be classified on the basis of the right-to-use assets resulting from the original lease.

① Operating Lease Accounting Treatment

Rental income from operating leases is recognized on a straight-line basis over 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 Finance Lease Accounting Treatment

On the lease commencement date, the company recognizes the finance lease receivable and derecognizes the leased asset. 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. This change expands the lease scope by adding the right to use one or more leased assets;
- b. The increased consideration is equivalent to the adjusted amount of the standalone price for the expanded lease scope under the contract conditions.

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 As the lessee

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the company, as the lessee, measures the right-of-use asset arising from the sale and leaseback based on the portion of the original asset's book value related to the right obtained through the leaseback, and recognizes only the gain or loss related to the rights transferred to the lessor; if the asset transfer in the sale and leaseback transaction does not qualify as a sale, the company, as the lessee, continues to recognize the transferred asset and simultaneously recognizes a financial liability equal to the transfer proceeds. For accounting treatment of the financial liabilities, refer to this section Financial Report - V. Significant Accounting Policies and Accounting Estimates - 11. Financial Instruments.

② As the lessor

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the company, as the lessor, accounts for the asset purchase and applies the accounting treatment for asset leasing in accordance with the aforementioned policy under "(2) Accounting treatment for leasing as the lessor." If the asset transfer in a sale and leaseback transaction does not qualify as a sale, the company, as the lessor, does not recognize the transferred asset but recognizes a financial asset equal to the transfer proceeds. 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

When the company repurchases its shares for reasons such as reducing registered capital or rewarding employees, the actual amount paid shall be treated as treasury shares, and the repurchase shall be registered for record. If the

repurchased shares are canceled, the difference between the total nominal value calculated by the nominal value of the canceled shares and the number of canceled shares and the actual amount paid for the repurchase shall be offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be offset; if the repurchased shares are granted to the company's employees as share-based payment settled in equity, when employees exercise the right to purchase the company's shares and pay the consideration, the cost of treasury shares delivered to employees and the accumulated amount of capital reserve (other capital reserve) during the waiting period shall be written off, and at the same time, the capital reserve (stock premium) shall be adjusted according to their difference.

(2) Debt Restructuring

① The Company as a Creditor

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

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

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

② As the debtor,

the company derecognizes the debt when the present obligation of the debt is discharged.

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

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

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

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

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

38. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in Significant Accounting Policies

☐ Applicable ☒ Not Applicable

(2) Changes in Significant Accounting Estimates

☐ Applicable ☒ Not Applicable

(3) Adjustment of relevant items in the financial statement at the beginning of the year for the first-time adoption of new accounting standards starting in 2025

☐ 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 Huaruijie Technology Co., Ltd.	15%
Zhejiang Huayixin Technology Co., Ltd.	15%
Zhejiang Huajian Technology Co., Ltd.	15%
Zhejiang Pixfra Technology Co., Ltd.	15%
Jiangsu Huarupin 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.	20%
Zhejiang Dahua Ju'an Technology Co., Ltd.	20%
Guangxi Dahua Technology Co., Ltd.	20%
Zhejiang Huakong Software Co., Ltd.	20%
Dahua Technology (HK) Limited	16.50%
Hangzhou Xiaohua Technology CO., LTD.	20%
Chengdu Zhichuang Yunshu Technology Co., Ltd.	20%
Chengdu Huishan Smart Network Technology Co., Ltd.	20%
Guizhou Huayi Shixin Technology Co., Ltd.	20%
Zhejiang Zhoushan Digital Development Operation Co. Ltd.	20%
Tianjin Dahua Information Technology Co., Ltd.	20%
Mianyang Huacheng Zhiyuan Technology Co., Ltd.	20%
Chengdu Dahua Wisdom Information Technology Co., Ltd.	20%
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	20%
Nanyang Dahua Intelligent 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%
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	20%
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	20%
Tianjin Huajian Technology Co., Ltd.	20%
Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd.	20%
Shandong Dahua Digital Intelligence Technology Co., Ltd.	20%
Yiwu Huaxi Technology Co., Ltd.	20%
Fujian Dahua Qingchuang Digital Technology Co., Ltd.	20%
Zhejiang HJ Technology Co., Ltd.	20%
Zhejiang Shuhang Intelligent Technology Co., Ltd.	20%
Jilin Dahua Zhilian Technology Co., Ltd.	20%
Zhengzhou Airport Economy Zone Huao Technology Co., Ltd.	20%
Hainan Dahua Huizhi Technology Co., Ltd.	20%

Other domestic companies	25%
Other overseas companies	Applicable to local tax rate

2. Preferential Tax Rate

(1) According to the Notice on the Filing and Publicity of High-tech Enterprises Certified by the Certification Body of Zhejiang Province in 2023 issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 28, 2023, our subsidiaries Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Hangzhou Huacheng Software Co., Ltd. and Zhejiang Dahua System Engineering Co., Ltd. were certified as high-tech enterprises, with validity for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(2) According to the "Announcement on the Recording of High-tech Enterprises Recognized and Reported by the Certification Authorities in Zhejiang Province in 2024" issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 26, 2024, the subsidiaries Zhejiang HuaRay Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., and Zhejiang Huayixin Technology Co., Ltd. have been recognized as high-tech enterprises. The validity period of the certification is 3 years, and the corporate income tax for this year is calculated and paid at a reduced rate of 15%.

(3) According to the "Announcement on the Recording of High-tech Enterprises Recognized and Reported by the Certification Authorities in Zhejiang Province in 2023" issued by the Office for the Administration of the Certification of National High-tech Enterprises on December 28, 2023, the subsidiary Zhejiang PixFra Technology Co., Ltd. was recognized as a high-tech enterprise, with a validity period of 3 years. The corporate income tax for this year is calculated and paid at a reduced rate of 15%.

(4) According to the "Announcement on the Filing for Record of High-tech Enterprises Recognized by Zhejiang Province's Recognizing Authorities in 2025" issued by the Office for the Administration of the Certification of National High-tech Enterprises on January 09, 2026, the subsidiaries Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., and Zhejiang Dahua System Engineering Co., Ltd. have been recognized as high-tech enterprises. The validity period of the recognition is three years, and corporate income tax for the year is to be calculated and paid at a reduced tax rate of 15%.

(5) According to the Notice on the Filing and Publicity of High-tech Enterprises Certified by the Certification Body of Jiangsu Province in 2023 issued by the Office for the Administration of the Certification of National High-tech Enterprises on Thursday, January 04, 2024, our subsidiaries Jiangsu Huaruipin Technology Co., Ltd. was certified as high-tech enterprises, with validity for 3 years. The corporate income tax for this year was paid at a reduced rate of 15%.

(6) According to the Announcement on Further Supporting Tax and Fee Policies for the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Ministry of Finance, State Taxation Administration Announcement 2023 No. 12) and the Ministry of Finance and State Taxation Administration's Announcement on Preferential Income Tax Policies for Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Ministry of Finance, State Taxation Administration Announcement [2023] No. 6), the subsidiaries Zhejiang Dahua Ju'an Technology Co., Ltd., Guangxi Dahua Technology Co., Ltd., Zhejiang Huakong Software Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Chengdu Zhichuang Yunshu Technology Co., Ltd., Chengdu Huishan Smart Network Technology Co., Ltd., Guizhou Huayi Shixin Technology Co., Ltd., Zhejiang Zhoushan Digital Development Operation Co. Ltd., Tianjin Dahua Information Technology Co., Ltd., Mianyang Huacheng Zhiyuan Technology Co., Ltd., Chengdu Dahua Wisdom Information Technology Co., Ltd., Luoyang Dahua Zhiyu Information Technology Co., Ltd., Nanyang Dahua Intelligent Information Technology Co., Ltd., Guangdong

Huaxiyue Intelligent Technology Co., Ltd., Guangxi Dahua Yunlian Information Technology Co., Ltd., Zhejiang Huajie New Energy Operation Service Co., Ltd., Beijing Huayue Shangcheng Information Technology Service Co., Ltd., Shanghai Huashang Chengyue Information Technology Service Co., Ltd., Tianjin Huajian Technology Co., Ltd., Qingdao Dahua Ruifa Intelligent Internet of Things Technology Co., Ltd., Shandong Dahua Digital Intelligence Technology Co., Ltd., Guizhou Meitan Dahua Information Technology Co., Ltd., Yiwu Huaxi Technology Co., Ltd., Fujian Dahua Qingchuang Digital Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Zhejiang Shuhang Intelligent Technology Co., Ltd., Jilin Dahua Zhilian Technology Co., Ltd., Zhengzhou Airport New Town Huao Technology Co., Ltd., and Hainan Dahua Huizhi Technology Co., Ltd. are entitled to include 25% of the portion of annual taxable income not exceeding RMB 3 million in their taxable income, and pay corporate income tax at a rate of 20%.

(7) According to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (C.S.H.G. [2011] No. 58) and the Announcement of the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission on the Continuation of the Western China Development Corporate Income Tax Policy (Announcement of the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission [2020] No. 23), the subsidiaries Inner Mongolia Dahua Zhimeng Information Technology Co., Ltd., Guangxi Dahua Zhicheng Co., Ltd., and Guangxi Huacheng Technology Co., Ltd. are eligible for Western China Development tax preferential policies from 2011 to 2030. Therefore, the corporate income tax for this year is calculated and paid at a reduced tax rate of 15%.

(8) According to the Notice on Value-added Tax Policies for Software Products (Cai Shui [2011] No.100) issued by the Ministry of Finance and the State Administration of Taxation, Zhejiang Dahua Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Hangzhou Xiaohua Technology Co., Ltd., Zhejiang Huafei Intelligent Technology Co., Ltd., Jiangsu Huarupin Technology Co., Ltd., Zhejiang Huaruijie Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., Zhejiang PixFra Technology Co., Ltd., Zhejiang HuaRay Technology Co., Ltd. shall first calculate and pay value-added tax at a tax rate of 13% on the sales of self-developed software products, and the portion of the actual tax burden exceeding 3% shall be refunded after review by the competent tax authority.

(9) Pursuant to the "Announcement on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises" (Announcement on the Additional Value-Added Tax ("VAT") Credit Policy for Advanced Manufacturing Enterprises) of the Ministry of Finance and the State Taxation Administration, from January 01, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to reduce their VAT payable by an additional 5% of the deductible input VAT for the current period. Zhejiang HuaRay Technology Co., Ltd. has enjoyed the preferential tax treatment under the VAT Additional Deduction Policy for advanced manufacturing enterprises for the periods in which it meets the policy requirements.

VII. Notes to the Items in the Consolidated Financial Statement

1. Cash and Bank Balances

Unit: RMB

Item	Closing Balance	Opening Balance
Cash on Hand	2,726.44	2,584.78
Bank Balance	8,547,853,566.50	10,946,929,688.16

Other Cash and Bank Balances	107,546,627.81	234,871,150.89
Total	8,655,402,920.75	11,181,803,423.83
Including: Total Amount Deposited in Overseas Banks	1,687,221,554.15	1,423,057,560.40
Funds held overseas with restrictions on remittance.	4,128,151.49	2,657,263.82

2. Trading Financial Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Financial assets at fair value through profit or loss in this period	309,157,871.90	229,927,529.28
Among them:		
Financial products	252,021,917.81	80,200,959.64
Investment in equity instruments	57,135,954.09	149,726,569.64
Total	309,157,871.90	229,927,529.28

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Acceptance Notes	663,138,917.20	636,567,044.09
Commercial Acceptance Notes	118,329,719.81	141,183,216.00
Total	781,468,637.01	777,750,260.09

(2) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad debt Provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Notes Receivable with the Bad Debt Provision Accrued Based on Combinations	801,224,476.91	100.00 %	19,755,839.90	2.47%	781,468,637.01	797,002,021.69	100.00 %	19,251,761.60	2.42%	777,750,260.09

Among them:										
Bank Acceptance Notes	671,091,374.94	83.76%	7,952,457.74	1.19%	663,138,917.20	643,969,978.30	80.80%	7,402,934.21	1.15%	636,567,044.09
Commercial Acceptance Notes	130,133,101.97	16.24%	11,803,382.16	9.07%	118,329,719.81	153,032,043.39	19.20%	11,848,827.39	7.74%	141,183,216.00
Total	801,224,476.91	100.00%	19,755,839.90		781,468,637.01	797,002,021.69	100.00%	19,251,761.60		777,750,260.09

Bad debt provision on a portfolio basis: RMB 19,755,839.90

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Bank Acceptance Notes	671,091,374.94	7,952,457.74	1.19%
Commercial Acceptance Notes	130,133,101.97	11,803,382.16	9.07%
Total	801,224,476.91	19,755,839.90	

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

☐ Applicable ☒ Not Applicable

(3) Provision for Bad Debts Accrued, Recovered Or Reversed in This Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bank Acceptance Notes	7,402,934.21	555,892.73			-6,369.20	7,952,457.74
Commercial Acceptance Notes	11,848,827.39		45,445.23			11,803,382.16
Total	19,251,761.60	555,892.73	45,445.23		-6,369.20	19,755,839.90

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	412,362,305.64
Total	412,362,305.64

(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		29,430,244.47
Total		29,430,244.47

4. Accounts Receivable

(1) Disclosure by Aging

Unit: RMB

Aging	Closing Balance	Opening Balance
Within 1 year (including 1 year)	13,663,038,886.36	15,089,860,120.54
1 to 2 years	1,645,640,085.55	1,830,327,585.83
2 to 3 years	912,562,556.60	934,561,606.86
3 years or above	2,439,645,289.02	2,452,808,503.88
3 to 4 years	627,675,903.47	646,840,898.86
4 to 5 years	459,609,172.31	507,603,962.50
5 years or above	1,352,360,213.24	1,298,363,642.52
Total	18,660,886,817.53	20,307,557,817.11

(2) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad debt provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Accounts receivables with the bad debt provision accrued based on single item	174,409,741.39	0.93%	167,513,847.33	96.05%	6,895,894.06	180,133,348.24	0.89%	169,137,414.11	93.90%	10,995,934.13
Among them:										
Accounts receivable with	174,409,741.39	0.93%	167,513,847.33	96.05%	6,895,894.06	180,133,348.24	0.89%	169,137,414.11	93.90%	10,995,934.13

insignificant single amount but accrued for separate provision of bad debt										
Accounts receivables with the bad debt provision accrued based on combinations	18,486,477,076.14	99.07%	3,019,284,786.83	16.33%	15,467,192,289.31	20,127,424,468.87	99.11%	3,092,325,884.21	15.36%	17,035,098,584.66
Among them:										
Aging Analysis Portfolio	18,486,477,076.14	99.07%	3,019,284,786.83	16.33%	15,467,192,289.31	20,127,424,468.87	99.11%	3,092,325,884.21	15.36%	17,035,098,584.66
Total	18,660,886,817.53	100.00%	3,186,798,634.16		15,474,088,183.37	20,307,557,817.11	100.00%	3,261,463,298.32		17,046,094,518.79

Bad debt provision on an individual basis: RMB 167,513,847.33

Unit: RMB

Name	Opening Balance		Closing Balance			
	Book Balance	Bad Debt Provision	Book Balance	Bad Debt Provision	Accrued Ratio	Reason for making bad debt provision
Customer 1	49,001,963.55	49,001,963.55	48,810,663.55	48,810,663.55	100.00%	Expected to be unable to recover
Customer 2	36,676,477.42	36,676,477.42				Expected to be unable to recover
Customer 3	20,596,426.50	20,596,426.50	20,596,426.50	20,596,426.50	100.00%	Expected to be unable to recover
Customer 4			17,364,187.02	17,364,187.02	100.00%	Expected to be unable to recover
Customer 5			14,869,091.58	14,869,091.58	100.00%	Expected to be unable to recover
Other sporadic	73,858,480.77	62,862,546.64	72,769,372.74	65,873,478.68	90.52%	Expected to be partially

customers						unrecoverable
Total	180,133,348.24	169,137,414.11	174,409,741.39	167,513,847.33		

Bad debt provision based on combinations RMB 3,019,284,786.83

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Within 1 year (including 1 year)	13,662,302,508.87	683,115,386.64	5.00%
1 to 2 years	1,631,278,923.30	163,127,892.33	10.00%
2 to 3 years	896,487,409.47	268,946,222.84	30.00%
3 to 4 years	605,509,769.50	302,754,884.75	50.00%
4 to 5 years	447,790,323.62	358,232,258.89	80.00%
5 years or above	1,243,108,141.38	1,243,108,141.38	100.00%
Total	18,486,477,076.14	3,019,284,786.83	

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	3,261,463,298.32	340,157,789.30	4,496,227.70	345,253,529.21	-65,072,696.55	3,186,798,634.16
Total	3,261,463,298.32	340,157,789.30	4,496,227.70	345,253,529.21	-65,072,696.55	3,186,798,634.16

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

None

(4) Accounts Receivable Actually Written Off in This Period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	345,253,529.21

Write-off of important accounts receivable:

None

(5) Accounts Receivable and Contract Assets of the Top Five Closing Balances Collected by Debtors

Unit: RMB

Name of Unit	Accounts receivable closing balance	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	As a percentage of accounts receivables and total ending balance	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Customer 1	872,613,963.61		872,613,963.61	4.64%	43,630,698.18
Customer 2	565,687,976.12		565,687,976.12	3.01%	28,284,398.81
Customer 3	413,575,783.00	3,049,705.42	416,625,488.42	2.22%	125,732,860.77
Customer 4	333,533,107.03		333,533,107.03	1.77%	203,804,282.32
Customer 5	291,257,184.55		291,257,184.55	1.55%	17,833,873.74
Total	2,476,668,014.3 ₁	3,049,705.42	2,479,717,719.7 ₃	13.19%	419,286,113.82

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	15,041,352.56	152,441.81	14,888,910.75	25,290,931.34	361,398.92	24,929,532.42
O&M service	6,997,228.51	69,972.29	6,927,256.22	7,456,278.33	75,407.79	7,380,870.54
Quality guarantee deposit	48,526,974.86	7,022,413.86	41,504,561.00	66,497,257.70	11,410,143.57	55,087,114.13
Total	70,565,555.93	7,244,827.96	63,320,727.97	99,244,467.37	11,846,950.28	87,397,517.09

(2) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad Debt Provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Provision of bad debts based on combination	70,565,555.93	100.00%	7,244,827.96	10.27%	63,320,727.97	99,244,467.37	100.00%	11,846,950.28	11.94%	87,397,517.09

Among them:										
Combination of nature of the funds	70,565,555.93	100.00 %	7,244,827.96	10.27%	63,320,727.97	99,244,467.37	100.00 %	11,846,950.28	11.94%	87,397,517.09
Total	70,565,555.93	100.00 %	7,244,827.96	10.27%	63,320,727.97	99,244,467.37	100.00 %	11,846,950.28	11.94%	87,397,517.09

Bad debt provision on a portfolio basis: RMB 7,244,827.96

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Combination of nature of the funds	70,565,555.93	7,244,827.96	10.27%
Total	70,565,555.93	7,244,827.96	

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

☐ Applicable ☒ Not Applicable

(3) Provision for Bad Debts Accrued, Recovered Or Reversed in This Period

Unit: RMB

Item	Provisions of this period	Recovered or reversed during the period	Write-off in this period	Others	Causes
Completed but unsettled assets		208,957.11			
O&M service		5,435.50			
Quality guarantee deposit		4,383,496.51		-4,233.20	
Total		4,597,889.12		-4,233.20	—

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

None

6. Receivables Financing

(1) Disclosure of Receivables Financing

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Acceptance Notes	1,102,535,053.89	841,815,267.43
Total	1,102,535,053.89	841,815,267.43

(2) Financing of Accounts Receivable Pledged by the Company at the End of The Period

Unit: RMB

Item	Pledged amount by the end of period
Bank Acceptance Notes	515,418,549.93
Total	515,418,549.93

(3) Financing of accounts receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Unit: RMB

Item	Derecognised amount at the end of period	Not derecognised amount at the end of period
Bank Acceptance Notes	183,761,542.74	
Total	183,761,542.74	

7. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Other Receivables	278,640,285.60	293,728,850.42
Total	278,640,285.60	293,728,850.42

(1) Other Receivables

1) Other Receivables Categorized by the Nature of the Funds

Unit: RMB

Nature of the Funds	Closing Balance	Opening Balance
Deposits	128,012,257.88	151,154,514.69
Prepaid or advance expense	93,857,582.93	122,639,225.03
Equity transfer fund	85,651,915.72	31,149,666.32
Employee home loan	63,390,368.00	78,949,911.00
Others	380,286.52	6,034,131.37
Export tax rebate		106,247.36
Total	371,292,411.05	390,033,695.77

2) Disclosure by Aging

Unit: RMB

Aging	Closing Balance	Opening Balance
Within 1 year (including 1 year)	211,656,636.96	191,651,180.73
1 to 2 years	39,709,164.90	41,084,974.35
2 to 3 years	23,092,584.92	72,462,850.86
3 years or above	96,834,024.27	84,834,689.83
3 to 4 years	40,476,195.33	39,666,543.22
4 to 5 years	27,126,624.82	20,632,422.94
5 years or above	29,231,204.12	24,535,723.67
Total	371,292,411.05	390,033,695.77

3) Disclosure by Bad Debt Provision Method

☒Applicable ☐ Not Applicable

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book Value	Book Balance		Bad debt provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Provision of bad debts based on combination	371,292,411.05	100.00%	92,652,125.45	24.95%	278,640,285.60	390,033,695.77	100.00%	96,304,845.35	24.69%	293,728,850.42
Among them:										
Aging Analysis Portfolio	371,292,411.05	100.00%	92,652,125.45	24.95%	278,640,285.60	390,033,695.77	100.00%	96,304,845.35	24.69%	293,728,850.42
Total	371,292,411.05	100.00%	92,652,125.45		278,640,285.60	390,033,695.77	100.00%	96,304,845.35		293,728,850.42

Bad debt provision accrued on a portfolio basis: RMB 92,652,125.45

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Within 1 year (including 1 year)	211,656,636.96	10,582,831.84	5.00%
1 to 2 years	39,709,164.90	3,970,916.49	10.00%
2 to 3 years	23,092,584.92	6,927,775.48	30.00%
3 to 4 years	40,476,195.33	20,238,097.67	50.00%
4 to 5 years	27,126,624.82	21,701,299.85	80.00%
5 years or above	29,231,204.12	29,231,204.12	100.00%
Total	371,292,411.05	92,652,125.45	

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

Unit: RMB

Bad Debt Provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance as of January 01, 2025	44,105,647.95	44,799,045.68	7,400,151.72	96,304,845.35
Balance as of January 01, 2025, in this period				
--Transfer to phase two	-2,254,183.69	2,254,183.69		

--Transfer to phase three	-41,478.39	-212,810.66	254,289.05	
Provisions of this period	260,743.16	11,644,016.29	619,028.22	12,523,787.67
Write off in this period	994,333.02	3,434,841.49	7,791,414.57	12,220,589.08
Other Variations	-2,288,966.94	-1,623,951.55	-43,000.00	-3,955,918.49
Balance as of December 31, 2025	38,787,429.07	53,425,641.96	439,054.42	92,652,125.45

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

☐ Applicable ☒ Not Applicable

4) Provision for Bad Debts Accrued, Recovered Or Reversed in This Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Resale or write-off	Others	
Bad debt provision	96,304,845.35	12,523,787.67		12,220,589.08	-3,955,918.49	92,652,125.45
Total	96,304,845.35	12,523,787.67		12,220,589.08	-3,955,918.49	92,652,125.45

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

None

5) Accounts Receivable Actually Written Off in This Period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	12,220,589.08

Write-off of other important receivables:

None

6) Other Receivables of the Top Five Closing Balances Collected by Debtors

Unit: RMB

Name of Unit	Nature of the Funds	Closing Balance	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Shanghai Zhicheng Technology Co., Ltd.	Equity Transfer Fund	71,683,294.00	Within 1 year	19.31%	3,584,164.70

Lorex Holdings	Equity Transfer Fund	13,968,621.72	3 to 4 years	3.76%	6,984,310.86
Longquanyi District Finance Bureau, Chengdu	Deposits	11,832,000.00	4 to 5 years	3.19%	9,465,600.00
Shaoxing Municipal Public Security Bureau	Deposits	4,355,930.00	5 years or above	1.17%	4,355,930.00
Daozhen Gelao and Miao Autonomous County Public Security Bureau	Deposits	3,600,000.00	1–2 years RMB 400,000.00, over 5 years RMB 3,200,000.00	0.97%	3,240,000.00
Total		105,439,845.72		28.40%	27,630,005.56

8. Prepayments

(1) Aging Analysis of Prepayments is as Follows

Unit: RMB

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	416,743,268.21	92.05%	276,949,733.43	89.17%
1 to 2 years	25,351,403.65	5.60%	15,277,764.29	4.92%
2 to 3 years	3,103,159.09	0.68%	9,380,618.43	3.02%
3 years or above	7,540,614.88	1.67%	8,966,750.94	2.89%
Total	452,738,445.83		310,574,867.09	

(2) Advance Payment of the Top Five Closing Balances by Prepayment Parties

The aggregate closing balance of the top five prepayments by counterparty concentration amounted to RMB 319,757,204.21, representing 70.63% of the total closing balance of prepayments.

9. Inventory

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

No

(1) Categories of Inventories

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book Value	Book balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book Value
Raw materials	2,105,052,108.29	93,727,777.62	2,011,324,330.67	1,775,556,159.22	75,056,394.19	1,700,499,765.03
Work-in-progress	625,385,790.49	11,118,787.84	614,267,002.65	460,827,771.31	11,280,157.80	449,547,613.51
Finished goods	2,500,547,098.63	102,099,530.18	2,398,447,568.45	2,309,288,663.59	78,001,025.54	2,231,287,638.05
Contract Performance Costs	932,642,222.55	23,365,327.20	909,276,895.35	623,434,238.29	19,687,088.95	603,747,149.34
Outsourced work-in-progress	156,855,493.26		156,855,493.26	218,478,605.32		218,478,605.32
Total	6,320,482,713.22	230,311,422.84	6,090,171,290.38	5,387,585,437.73	184,024,666.48	5,203,560,771.25

(2) Provision for Impairment of Inventories and Provision for Impairment of Contract Performance Cost

Unit: RMB

Item	Opening Balance	Increase amount for this period		Decreased in the Current Period		Closing Balance
		Accrued	Others	Reversals or write-offs	Others	
Raw materials	75,056,394.19	50,302,855.25		28,519,423.33	3,112,048.49	93,727,777.62
Work-in-progress	11,280,157.80	6,552,723.44		5,406,230.51	1,307,862.89	11,118,787.84
Finished goods	78,001,025.54	60,960,614.60		30,815,637.40	6,046,472.56	102,099,530.18
Contract Performance Costs	19,687,088.95	16,384,889.79		12,706,651.54		23,365,327.20
Total	184,024,666.48	134,201,083.08		77,447,942.78	10,466,383.94	230,311,422.84

10. Non-current Assets Due within 1 Year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term accounts receivables due within 1 year	209,488,927.52	237,608,641.30
Large-denomination certificates of deposit maturing within one year	259,071,472.11	
Total	468,560,399.63	237,608,641.30

11. Other Current Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Not deducted input tax	459,100,592.23	404,856,368.72
Prepaid enterprise income tax	41,218,310.03	36,722,593.44
Return cost receivable	10,440,716.33	12,991,543.19
Government bond reverse repurchase	19,110,391.10	530,974,219.56
Short-term large-denomination certificates of deposit	46,572,294.52	50,257,291.67
Issue expenses	2,066,306.90	
Total	578,508,611.11	1,035,802,016.58

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	410,547,702.13	4,508,992.32	406,038,709.81	752,811,851.80	8,399,299.80	744,412,552.00	
Including: Unrealized Financing Income	40,351,529.69		40,351,529.69	87,118,128.29		87,118,128.29	3.69%-5.88%
Total	410,547,702.13	4,508,992.32	406,038,709.81	752,811,851.80	8,399,299.80	744,412,552.00	

(2) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad Debt Provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Provision of bad debts based on combination	450,899,231.82	100.00%	4,508,992.32	1.00%	446,390,239.50	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29
Among them:										
Combination of nature of the funds	450,899,231.82	100.00%	4,508,992.32	1.00%	446,390,239.50	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29
Total	450,899,231.82	100.00%	4,508,992.32	1.00%	446,390,239.50	839,929,980.09	100.00%	8,399,299.80	1.00%	831,530,680.29

Bad debt provision on a portfolio basis: RMB 4,508,992.32

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Combination of nature of the funds	450,899,231.82	4,508,992.32	1.00%
Total	450,899,231.82	4,508,992.32	

(3) Provision for Bad Debts Accrued, Recovered Or Reversed in This Period

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Resale or write-off	Others	
Bad debt provision	8,399,299.80		3,890,307.48			4,508,992.32
Total	8,399,299.80		3,890,307.48			4,508,992.32

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

None

13. Long-term Equity Investments

Unit: RMB

The invested entity	Openi ng balan ce (book value)	Openi ng balan ce of provisi on for impair ment	Decrease/Increase in the current period								Closin g balan ce (book value)	Closin g balan ce of provisi on for declin e in value
			Invest ments increa sed	Invest ment decre ased	Invest ment profit and loss recogn ized under the equity metho d	Adjust ment on other compr ehens ive incom e	Other chang es in equity	Cash divide nds or profit declar ed to distrib ute	Provis ion for impair ment accru ed	Other s		
I. Joint Ventures												
II. Joint Venture												
Intelbras S.A.	506,9 21,40 6.57				43,09 4,162. 26			44,85 2,959. 06		17,01 0,077. 33	522,1 72,68 7.10	
Ruicity Digital Technology Co., Ltd.	52,80 3,494. 38				- 8,129, 557.9 9				19,88 6,629. 20		24,78 7,307. 19	19,88 6,629. 20
Guangdong Zhishi Digital Technology Co., Ltd.					- 61,96 5.38					61,96 5.38		
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	67,62 6,764. 60				9,713, 409.9 6						77,34 0,174. 56	
Dezhou Shuzhi Information Technology Co., Ltd.	3,598, 959.6 7				- 195,5 58.48						3,403, 401.1 9	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	960,2 55.07			634,6 68.33	- 325,5 86.74							
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	689,0 82.81				26,32 9.02			17,00 0.00			698,4 11.83	

Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	1,139,404.79				-2,409,073.08					1,269,668.29		
Zhejiang Huachuang Vision Technology Co., Ltd.	88,502,200.68				-10,067,752.66		9,182,418.87				87,616,866.89	
Huahongchang Intelligent Technology (Jiangsu) Co., Ltd.					-297,876.17					297,876.17		
Shenzhen Aohua Urban Operation and Development Co., Ltd.			1,700,000.00		-160,714.72					-82.18	1,539,203.10	
Rudong Jintianhua Security Technology Co., Ltd.			900,000.00		26,674.01						926,674.01	
Bozhou Boda Yongshun Technology Co., Ltd.			100,000.00		-23,061.12						76,938.88	
Zhejiang Gaohua AIoT Technology Co., Ltd.			6,800,000.00		216,443.52						7,016,443.52	
Subtotal	722,241,568.57		9,500,000.00	634,668.33	31,405,872.43		9,182,418.87	44,869,959.06	19,886,629.20	18,639,504.99	725,578,108.27	19,886,629.20
Total	722,241,568.57		9,500,000.00	634,668.33	31,405,872.43		9,182,418.87	44,869,959.06	19,886,629.20	18,639,504.99	725,578,108.27	19,886,629.20

14. Other Non-current Financial Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Investment in equity instruments	80,563,656.86	42,303,530.71
Investment in financial products	1,908,522,640.26	1,232,393,960.16
Total	1,989,086,297.12	1,274,697,490.87

15. Investment Properties

(1) Investment Properties Measured by Cost Method

☒ Applicable ☐ Not Applicable

Unit: RMB

Item	Buildings and Constructions	Total
I . Original Book Value		
1. Opening Balance	193,163,818.23	193,163,818.23
2. Increased in the Current Period	41,423,446.67	41,423,446.67
(1) Purchase	10,389,993.94	10,389,993.94
(2) Transfer of Fixed Assets\Intangible Assets	31,033,452.73	31,033,452.73
(3) Acquisition		
3. Decreased in the Current Period	1,823,173.88	1,823,173.88
(1) Disposal		
(2) Transfer to Fixed Assets/Intangible Assets	1,823,173.88	1,823,173.88
(3) Other Transfer-out		
4. Closing Balance	232,764,091.02	232,764,091.02
II. Accumulated Depreciation and Accumulated Amortization		
1. Opening Balance	53,883,231.97	53,883,231.97
2. Increased in the Current Period	22,683,057.68	22,683,057.68
(1) Accrual or Amortization	9,923,171.62	9,923,171.62
(2) Transfer of Fixed Assets\Intangible Assets	12,759,886.06	12,759,886.06
(3) Acquisition		
3. Decreased in the Current Period	1,052,109.41	1,052,109.41
(1) Disposal		
(2) Transfer to Fixed Assets/Intangible Assets	1,052,109.41	1,052,109.41
(3) Other Transfer-out		
4. Closing Balance	75,514,180.24	75,514,180.24
III. Impairment Provision		
1. Opening Balance		
2. Increased in the Current Period	28,496,793.62	28,496,793.62
(1) Accrual	28,496,793.62	28,496,793.62
3. Decreased in the Current Period		
(1) Disposal		
(2) Other Transfer-Out		
4. Closing Balance	28,496,793.62	28,496,793.62
IV. book value		
1. Closing Balance on Book Value	128,753,117.16	128,753,117.16
2. Opening Balance on Book Value	139,280,586.26	139,280,586.26

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

☒Applicable ☐ Not Applicable

Unit: RMB

Item	Book Value	Recoverable Amount	Impairment Amount	Determination of fair value and disposal costs	Key Parameters	Basis for determining key parameters
Nanning Jiuzhou International Office Building	108,401,793.62	79,905,000.00	28,496,793.62	Market approach	Market prices of comparable transactions	Market inquiry
Total	108,401,793.62	79,905,000.00	28,496,793.62			

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

☐ Applicable ☒ Not Applicable

(2) Investment Properties Measured at Fair Value

☐ Applicable ☒ Not Applicable

(3) Investment Property With Certificate of Title Not Yet Completed

Unit: RMB

Item	Book Value	Reasons for Certificates of Title not Granted
Donghe Xingcheng Commercial	10,031,052.01	Processing

16. Fixed Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Fixed Assets	6,136,201,592.87	4,973,953,628.05
Fixed asset disposal		
Total	6,136,201,592.87	4,973,953,628.05

(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	4,803,607,377.19	642,845,153.13	30,163,801.91	2,363,589,952.65	7,840,206,284.88
2. Increased in the Current Period	1,589,922,061.48	112,685,260.16	2,975,659.01	193,063,231.62	1,898,646,212.27
(1) Purchase	6,515,027.76	81,729,507.95	2,975,659.01	190,665,489.99	281,885,684.71

(2) Transferred From Construction in Progress	1,581,583,859.84	30,955,752.21		2,397,741.63	1,614,937,353.68
(3) Acquisition					
(4) Transfer of Investment Properties	1,823,173.88				1,823,173.88
3. Decreased in the Current Period	89,451,432.14	28,267,294.23	2,666,694.19	496,018,924.94	616,404,345.50
(1) Disposal or Scrapping	1,567,020.06	10,852,578.39	2,574,149.37	461,613,294.24	476,607,042.06
(2) Transfer to Investment Real Estate	31,033,452.73				31,033,452.73
(3) Disposal of Subsidiaries	56,850,959.35	17,414,715.84	92,544.82	34,405,630.70	108,763,850.71
4. Currency Translation Difference	339,894.83	173,363.34	350,521.59	3,069,085.86	3,932,865.62
5. Closing Balance	6,304,417,901.36	727,436,482.40	30,823,288.32	2,063,703,345.19	9,126,381,017.27
II. Accumulated Depreciation					
1. Opening Balance	968,032,057.78	262,293,553.77	23,251,818.41	1,612,675,226.87	2,866,252,656.83
2. Increased in the Current Period	269,124,991.52	65,223,275.16	3,247,928.71	286,413,431.75	624,009,627.14
(1) Accrual	268,072,882.11	65,223,275.16	3,247,928.71	286,413,431.75	622,957,517.73
(2) Transfer of Investment Properties	1,052,109.41				1,052,109.41
3. Decreased in the Current Period	16,501,535.50	9,770,719.74	2,065,363.44	474,603,752.26	502,941,370.94
(1) Disposal or Scrapping	12,018.11	8,329,589.89	2,045,215.62	454,707,488.83	465,094,312.45
(2) Transfer to Investment Real Estate	12,759,886.06				12,759,886.06
(3) Disposal of Subsidiaries	3,729,631.33	1,441,129.85	20,147.82	19,896,263.43	25,087,172.43
4. Currency Translation Difference	100,460.42	173,159.18	295,402.52	2,289,489.25	2,858,511.37
5. Closing Balance	1,220,755,974.22	317,919,268.37	24,729,786.20	1,426,774,395.61	2,990,179,424.40
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	5,083,661,927.14	409,517,214.03	6,093,502.12	636,928,949.58	6,136,201,592.87
2. Opening Balance on Book Value	3,835,575,319.41	380,551,599.36	6,911,983.50	750,914,725.78	4,973,953,628.05

(2) Fixed assets Rent Out Under Operating Leases

Unit: RMB

Item	Book Value at the End of the Period
Buildings and constructions	940,182,329.88
Electronic and other equipment	19,157,569.79

(3) Fixed Assets with Certificates of Title Not Granted

Unit: RMB

Item	Book Value	Reasons for certificates of title not granted
Wuzhou Building in Guangxi	35,488,477.74	In the process of obtaining the real estate certificates

17. Construction in Progress

Unit: RMB

Item	Closing Balance	Opening Balance
Construction in Progress	7,264,951.14	1,254,554,187.36
Total	7,264,951.14	1,254,554,187.36

(1) Construction in Progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
New project of Southwest R&D Center of Dahua Co., Ltd.				322,402,380.64		322,402,380.64
New projects of Southwestern China Operation Center of Dahua				386,439,622.10		386,439,622.10
Henan AIoT base of Dahua				168,946,600.69		168,946,600.69
Construction project of Dahua intelligent products manufacturing base				341,740,284.37		341,740,284.37
Others	7,264,951.14		7,264,951.14	35,025,299.56		35,025,299.56
Total	7,264,951.14		7,264,951.14	1,254,554,187.36		1,254,554,187.36

(2) Changes in Significant Construction in Progress

Unit: RMB

Item Name	Budget	Opening Balance	Increase amount for this period	Amount of fixed assets transferred in the current period	Other amounts decreased in current period	Closing balance	Project accumulative investment as a percentage of the budget	Project Progress	Accumulated capitalized interest amount	Including: capitalized interest amount in the current period	Capitalization rate of the interest in the current period	Capital Source
New project of Southwest R&D Center of Dahua Co., Ltd.	RMB 395 million	322,402,380.64	35,907,573.09	358,309,953.73			98.20%	100.00%				Equity funds/raised funds

New projects of Southwest ern China Operation Center of Dahua	RM B 462 million	386,439,622.10	39,986,565.87	426,426,187.97			100.63%	100.00%			Equity Fund
Constructio n project of Dahua intelligent products manufactur ing base	RM B 600 million	341,740,284.37	204,241,290.93	545,981,575.30			99.19%	100.00%			Equity Fund
Total		1,050,582,287.11	280,135,429.89	1,330,717,717.00							

(3) Impairment Test of Construction in Progress

☐ Applicable ☒ Not Applicable

18. Right-of-use Assets

(1) Right-of-use Assets

Unit: RMB

Item	Buildings and Constructions	Machinery and Equipment	Total
I . Original Book Value			
1. Opening Balance	515,887,254.07	8,996,601.81	524,883,855.88
2. Increased in the Current Period	196,966,140.91		196,966,140.91
(1) Leased during the Year	196,966,140.91		196,966,140.91
(2) Acquisition			
3. Decreased in the Current Period	240,699,784.53	331,243.07	241,031,027.60
(1) Expiration or Early Termination of Lease Contracts	229,835,034.99		229,835,034.99
(2) Disposal of Subsidiaries	10,864,749.54		10,864,749.54
3. Other decreases		331,243.07	331,243.07
4. Currency Translation Difference	8,893,314.00		8,893,314.00
5. Closing Balance	481,046,924.45	8,665,358.74	489,712,283.19
II. Accumulated Depreciation			
1. Opening Balance	289,890,128.13	2,869,449.89	292,759,578.02
2. Increased in the Current	138,903,063.13	922,224.49	139,825,287.62

Period			
(1) Accrual	138,903,063.13	922,224.49	139,825,287.62
(2) Acquisition			
3. Decreased in the Current Period	218,776,489.98		218,776,489.98
(1) Expiration or Early Termination of Lease Contracts	210,728,461.46		210,728,461.46
(2) Disposal of Subsidiaries	8,048,028.52		8,048,028.52
4. Currency Translation Difference	3,502,409.29		3,502,409.29
5. Closing Balance	213,519,110.57	3,791,674.38	217,310,784.95
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	267,527,813.88	4,873,684.36	272,401,498.24
2. Opening Balance on Book Value	225,997,125.94	6,127,151.92	232,124,277.86

19. Intangible Assets

(1) Details of Intangible Assets

Unit: RMB

Item	Land Use Rights	Non-patented Technology	Software	Software Copyright	Total
I . Original Book Value					
1. Opening Balance	629,977,655.56	68,560,225.68	191,930,081.04	4,000,000.00	894,467,962.28
2. Increased in the Current Period	100,179.19	3,875,305.20	16,231,227.45		20,206,711.84
(1) Purchase	100,179.19	3,875,305.20	7,873,707.69		11,849,192.08
(2) Internal Research And Development					
(3) Acquisition					
(4) Construction in Progress Transferred in			8,357,519.76		8,357,519.76
(5) Transfer of Investment Properties					

3. Decreased in the Current Period		240,000.00	8,850,841.37		9,090,841.37
(1) Disposal		240,000.00	2,863,498.91		3,103,498.91
(2) Transfer to Investment Real Estate					
(3) Disposal of Subsidiaries			5,987,342.46		5,987,342.46
4. Currency Translation Difference	35,490.00		58,628.56		94,118.56
5. Closing Balance	630,113,324.75	72,195,530.88	199,369,095.68	4,000,000.00	905,677,951.31
II. Cumulative Amortization					
1. Opening Balance	84,725,147.08	62,737,857.37	164,969,519.24	4,000,000.00	316,432,523.69
2. Increased in the Current Period	14,068,771.81	1,253,236.53	22,452,576.49		37,774,584.83
(1) Accrual	14,068,771.81	1,253,236.53	22,452,576.49		37,774,584.83
(2) Transfer of Investment Properties					
3. Decreased in the Current Period		89,461.56	5,059,679.48		5,149,141.04
(1) Disposal		89,461.56	2,859,652.76		2,949,114.32
(2) Transfer to Investment Real Estate					
(3) Disposal of Subsidiaries			2,200,026.72		2,200,026.72
4. Currency Translation Difference			60,604.13		60,604.13
5. Closing Balance	98,793,918.89	63,901,632.34	182,423,020.38	4,000,000.00	349,118,571.61
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	531,319,405.86	8,293,898.54	16,946,075.30		556,559,379.70
2. Opening Balance on Book Value	545,252,508.48	5,822,368.31	26,960,561.80		578,035,438.59

(2) No Land Use Right Without the Certificate of Title at the End of the Period**20. Goodwill****(1) Original Book Value of Goodwill**

Unit: RMB

The invested entity or matters which formed goodwill	Opening Balance	Increased in the current period		Decreased in the current period		Closing Balance
		Generated from business combination		Disposal		
Dahua Technology Italy S.R.L.	6,615,294.18					6,615,294.18
Total	6,615,294.18					6,615,294.18

(2) Impairment Provision for Goodwill

Unit: RMB

The invested entity or matters which formed goodwill	Opening Balance	Increased in the current period		Decreased in the current period		Closing Balance
		Accrued		Disposal		
Dahua Technology Italy S.R.L.	0.00					0.00
Total	0.00					0.00

(3) Information about the Asset Group Or Asset Group Combination Where the Goodwill Is Located

Name	Composition and basis of the asset group or its combination	Operational subsection and basis	Is it consistent with the previous year?
Dahua Technology Italy S.R.L.	The asset group relating to the goodwill generated for the acquisition of the 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, 2025.	Recognition is based on whether the main cash inflow generated is independent of other asset groups or their combinations.	Yes

(4) Determination Method of Recoverable Amount

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

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Number of years of the forecast period	Key parameters of the forecast period	Key parameters of the steady period	Determination basis of key parameters in the steady period
Dahua Technology S.R.L.	145,317,771.61	196,354,990.99	0.00	2026–2030	Revenue growth rate of 7%-9% over the forecast period; discount rate of 15.60%	Revenue growth rate of 0% over the steady period; discount rate of 15.60%	Predict cautiously as the income will not increase in the steady period.
Total	145,317,771.61	196,354,990.99	0.00				

(5) Completion of performance commitment and corresponding goodwill impairment situation

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

☐ Applicable ☒ Not applicable

21. Long-term Deferred Expenses

Unit: RMB

Item	Opening Balance	Increase amount for this period	Prepaid Expenses in This Period	Other Amounts Decreased	Closing Balance
Improvement expenditure of fixed assets leased by operating lease	45,238,803.07	27,161,268.52	32,588,249.21	-1,419,844.34	41,231,666.72
Renovation Cost	54,171,602.35	6,343,104.78	23,858,382.09	22,898.36	36,633,426.68
Total	99,410,405.42	33,504,373.30	56,446,631.30	-1,396,945.98	77,865,093.40

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	2,804,515,864.11	520,366,877.00	3,025,825,450.60	562,296,401.85

Unrealized Profit from Internal Transactions	640,351,975.11	134,358,284.38	541,607,785.16	111,639,987.98
Deductible Losses	523,267,541.35	92,650,683.58	1,920,226,766.23	291,618,935.89
Expected Liabilities	288,239,468.47	54,998,023.73	213,777,948.61	36,535,893.26
Employee Benefits Payable	241,829,839.91	39,682,411.41	252,223,316.91	41,492,918.94
Costs from Tax Increase Due to Absence of Invoice	426,348,718.14	83,239,280.17	583,649,029.08	112,966,247.86
Changes in fair value gains and losses			3,733,125.73	559,968.86
Book-tax difference of lease liabilities	166,556,488.57	31,294,834.36	144,796,421.88	27,085,343.71
Investments in non-monetary assets	412,737,806.42	61,910,670.96	466,573,172.48	69,985,975.87
Others	130,123,763.46	22,755,216.95	113,506,566.35	18,209,927.86
Total	5,633,971,465.54	1,041,256,282.54	7,265,919,583.03	1,272,391,602.08

(2) Non-offset Deferred Income Tax Liabilities

Unit: RMB

Item	Closing Balance		Opening Balance	
	Taxable Temporary Difference	Deferred income tax liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities
The gross profit of sales by installments	45,047,427.13	7,643,637.83	52,101,542.99	8,882,673.02
Changes in fair value gains and losses	812,175,389.67	121,826,308.45	335,149,352.80	50,272,402.92
Book-tax difference of right-of-use assets	161,709,026.53	30,386,416.87	139,677,335.23	26,194,630.77
Investments in non-monetary assets	215,410,998.78	32,311,649.82	323,116,498.20	48,467,474.73
Others	26,366,901.59	6,052,869.32	12,316,682.73	1,847,502.41
Total	1,260,709,743.70	198,220,882.29	862,361,411.95	135,664,683.85

(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	139,525,091.34	901,731,191.20	135,645,521.63	1,136,746,080.45
Deferred Income Tax Liabilities	139,525,091.34	58,695,790.95	135,645,521.63	19,162.22

(4) Deferred Income Tax Assets Or Liabilities Listed by Net Amount After Offset

Unit: RMB

Item	Closing Balance	Opening Balance
Deductible temporary difference	800,065,765.51	601,482,814.06
Deductible Losses	2,991,708,946.76	2,023,883,256.99
Total	3,791,774,712.27	2,625,366,071.05

(5) Details of Unrecognized Deferred Income Tax Assets

Unit: RMB

Year	Closing Balance	Opening Balance	Notes
2025		213,836,146.31	
2026	344,395,503.51	348,424,975.65	
2027	403,418,350.40	498,989,378.85	
2028	382,931,671.61	449,525,076.81	
2029	93,880,949.56	116,634,608.22	
The year 2030 and beyond	1,767,082,471.68	396,473,071.15	
Total	2,991,708,946.76	2,023,883,256.99	

23. Other Non-current Assets

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract Acquisition Costs	7,301,643.57		7,301,643.57	7,585,925.51		7,585,925.51
Contract Assets	60,266,927.20	5,769,879.03	54,497,048.17	83,145,926.80	5,446,542.16	77,699,384.64
Large-denomination certificates of deposit from banks	6,989,749.581.88		6,989,749,581.88	4,203,178,761.72		4,203,178,761.72
Prepayments for purchase of engineering equipments	30,118,385.76		30,118,385.76	37,521,356.48		37,521,356.48
Prepayments for acquisition of real estate	14,071,551.00		14,071,551.00	1,791,480.71		1,791,480.71
Others	178,913.33		178,913.33			
Total	7,101,687,002.74	5,769,879.03	7,095,917,123.71	4,333,223,451.22	5,446,542.16	4,327,776,909.06

24. Assets whose Ownership or Rights to Use is Restricted

Unit: RMB

Item	Book Value at the End of the Period	Opening Balance on Book Value	Type of Restriction	Restrictions
Monetary Fund	87,133,250.44	107,576,703.27	Guarantee Letter Security Deposit and Other Restricted Funds	Restricted use
Fixed Assets	959,339,899.67	787,890,801.32	Fixed Assets Rented out under Operating Leases	Restricted use
Notes Receivable and Receivables Financing	952,005,844.59	987,102,426.21	Pledged notes used for issuing banker's acceptance, endorsed or discounted but not yet matured or terminated and recognized	Restricted use
Accounts Receivable	3,528,596.00		Factoring of Accounts Receivable	Restricted use
Total	2,002,007,590.70	1,882,569,930.80		

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

Unit: RMB

Item	Closing Balance	Opening Balance
Pledged loans	200,000,000.00	995,000,000.00
Factoring loans in the supply chain finance	3,714,311.58	
Total	203,714,311.58	995,000,000.00

Description of the categories of short-term loan:

The secured borrowings refer to the acceptance bill and letters of credit issued between the affiliates within the scope of consolidation, and are discounted and listed as a short-term loan at the level of the consolidated statement.

(2) No unpaid short-term loans that have been overdue at the end of this period.**26. Trading Financial Liabilities**

Unit: RMB

Item	Closing Balance	Opening Balance
Trading Financial Liabilities		4,268,603.52
Among them:		
Derivative Financial Liabilities		1,058,039.73
Contingent consideration		3,210,563.79
Total		4,268,603.52

27. Notes Payable

Unit: RMB

Types	Closing Balance	Opening Balance
Commercial acceptance bill	2,158,881,943.09	2,189,843,859.93

Banker's Acceptance	1,500,916,808.79	1,410,130,382.09
Total	3,659,798,751.88	3,599,974,242.02

28. Accounts Payable

(1) Details of Accounts Payable

Unit: RMB

Item	Closing Balance	Opening Balance
Payment for purchase of materials	4,830,006,948.39	5,514,821,691.83
Payment for engineering equipments	302,655,782.39	363,155,169.30
Total	5,132,662,730.78	5,877,976,861.13

(2) Significant Accounts Payable Aged Over 1 Year Or Overdue

No significant accounts payable aged over 1 year or overdue.

(3) Are there any overdue payments to SMEs that remain unpaid?

Is it a large enterprise?

☒Yes ☐No

Are there any overdue unpaid payments to SMEs?

☐Yes ☒No, there is no situation of a large enterprise unreasonably delaying payments to an SME.

29. Other Payables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends PAYABLE		22,951,560.23
Other Payables	470,148,655.21	614,061,999.82
Total	470,148,655.21	637,013,560.05

(1) Dividends Payable

Unit: RMB

Item	Closing Balance	Opening Balance
Equity Incentive Restricted Stock Dividend		22,951,560.23
Total		22,951,560.23

(2) Other Payables**1) Other Payables Listed by Nature Of Funds**

Unit: RMB

Item	Closing Balance	Opening Balance
Temporarily borrowed and advance payments	326,933,622.05	316,774,319.18
Deposits	127,017,737.92	130,208,683.89
Others	16,197,295.24	22,383,683.39
Restricted share repurchase obligations		144,695,313.36
Total	470,148,655.21	614,061,999.82

2) Other Significant Accounts Payable with Aging Over 1 Year Or Overdue

No significant other payables with aging over 1 year or overdue

30. Contract Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Payments for sales of goods	486,271,439.35	367,888,058.92
Pre-payments from construction projects	629,106,483.73	512,577,027.01
Sales of points	27,200,670.29	29,975,336.23
Service expense collected in advance	99,108.74	371,763,926.59
Total	1,142,677,702.11	1,282,204,348.75

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	1,801,465,071.64	7,445,019,772.67	7,256,584,717.77	1,989,900,126.54
II. Post-Employment Benefits – Establishment of Contribution Plan	7,193,487.63	561,301,834.29	552,270,171.35	16,225,150.57
III. Dismissal Welfare	2,394,649.65	76,133,743.03	72,224,771.87	6,303,620.81
Total	1,811,053,208.92	8,082,455,349.99	7,881,079,660.99	2,012,428,897.92

(2) Details of Short-term Remuneration

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
1. Wages or Salaries, Bonuses, Allowances and Subsidies	1,504,317,660.94	6,468,224,971.00	6,274,818,730.38	1,697,723,901.56
2. Staff Welfare		121,629,828.76	121,629,828.76	
3. Social Insurance Contributions	2,268,494.56	308,444,987.60	307,602,295.54	3,111,186.62
Including: medical insurance	2,144,762.22	292,996,636.63	292,635,137.59	2,506,261.26
Work injury insurance premium	111,462.72	13,909,631.83	13,490,796.65	530,297.90
Maternity insurance fee	12,269.62	1,538,719.14	1,476,361.30	74,627.46
4. Housing Funds	1,681,808.82	433,571,996.23	435,098,708.99	155,096.06
5. Labor Union and Education Funds	293,197,107.32	113,147,989.08	117,435,154.10	288,909,942.30
Total	1,801,465,071.64	7,445,019,772.67	7,256,584,717.77	1,989,900,126.54

(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	6,511,573.90	537,676,009.59	529,179,034.99	15,008,548.50
2. Unemployment Insurance	681,913.73	23,625,824.70	23,091,136.36	1,216,602.07
Total	7,193,487.63	561,301,834.29	552,270,171.35	16,225,150.57

32. Taxes and Fees Payable

Unit: RMB

Item	Closing Balance	Opening Balance
VAT	209,342,805.30	196,774,063.10
Enterprise Income Tax	86,080,351.68	108,441,794.06
Personal income tax	29,727,426.88	37,096,806.99
Urban Maintenance and Construction Tax	13,112,366.70	12,215,258.91
Education surcharges (including local education surcharges)	9,383,151.61	8,733,186.86
Stamp duty	7,563,794.73	6,307,924.45
Property tax	33,767,374.83	30,548,302.26
Others	7,850,645.65	5,742,985.00
Total	396,827,917.38	405,860,321.63

33. Non-current Liabilities Due Within One Year

Unit: RMB

Item	Closing Balance	Opening Balance
Lease liabilities due within 1 year	103,124,582.64	117,227,812.08
Estimated liability due within one year	143,732,222.66	
Total	246,856,805.30	117,227,812.08

34. Other Current Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	25,278,160.33	28,016,863.95
To-be-transferred sales taxes of contract liabilities	113,045,980.31	90,175,362.12
Notes not derecognised	29,430,244.47	41,959,304.16
Total	167,754,385.11	160,151,530.23

35. Lease Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Lease payments	284,143,141.96	245,019,254.27
Less: Unrecognized financing costs	15,619,385.67	13,477,634.78
Less: Lease liabilities due within 1 year	103,124,582.64	117,227,812.08
Total	165,399,173.65	114,313,807.41

36. Estimated Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance	Causes
Pending litigation	75,104,167.89	64,828,324.97	Pending litigation
Others	2,264,406.23	2,674,923.66	Loss-making contract
Expected after-sales maintenance cost	128,047,750.56	180,635,396.82	After-sales maintenance
Expected return amount after the period		20,056,045.79	Expected sales return
Total	205,416,324.68	268,194,691.24	

37. Deferred Income

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance	Causes
Government subsidies	181,225,246.29	5,275,166.00	16,424,988.60	170,075,423.69	Received government subsidies related to assets
Government subsidies	4,955,766.70	1,371,100.00	6,326,866.70		Received government subsidies related to income
Total	186,181,012.99	6,646,266.00	22,751,855.30	170,075,423.69	--

38. Other Non-current Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred sales taxes in installments	50,758,345.65	88,891,691.43
Others	1,269,404.65	13,372,397.59
Total	52,027,750.30	102,264,089.02

39. Share Capital

Unit: RMB

	Opening Balance	Increased or decreased amount in this period (+/-)					Closing Balance
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total shares	3,295,629,733.00	11,670,801.00			-20,544,960.00	-8,874,159.00	3,286,755,574.00

Other notes:

(1) According to the resolution of the 11th meeting of the 8th Board of Directors of the Company and the amended Articles of Association, and authorized by the Company's 2024 Annual General Meeting of Shareholders, the Company applied to repurchase and cancel 20,544,960 restricted RMB ordinary shares (A shares) that had been granted to 3,837 equity incentive recipients but not yet unlocked, reducing the registered capital by RMB 20,544,960.00. The registered capital after the change was RMB 3,271,789,350.00. The above capital reduction has been verified by Verification Report Lixin Accounting Report [2025] No. ZF11079 issued by BDO China Shu Lun Pan CPAs (special general partnership). The registration filed with Administration for Industry and Commerce was completed in June 2025 by the Company.

(2) Pursuant to the resolution approved at the 44th meeting of the seventh Board of Directors on June 16, 2023, the Company approved the "Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Revised Draft) and

Its Summary" and the "Proposal on the Implementation Assessment Management Measures of the 2022 Stock Option and Restricted Share Incentive Plan (Revised Draft)." The exercise conditions for the second exercise period of the Company's 2022 stock option and restricted share incentive plan were met. Stock options were granted to 3,798 incentive recipients, with 20,184,927 exercisable options. In 2025, options for a total of 11,670,801 shares were exercised, increasing registered capital by RMB 11,670,801.00. The Company completed the industrial and commercial registration change in December 2025.

40. Capital Reserve

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
Capital premium (capital share premium)	6,929,139,615.49	188,543,021.58	172,659,385.17	6,945,023,251.90
Other capital reserves	227,627,620.37	108,017,646.35	47,479,009.00	288,166,257.72
Total	7,156,767,235.86	296,560,667.93	220,138,394.17	7,233,189,509.62

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

- (1) During this period, the company repurchased and canceled 20,544,960 restricted shares held by equity incentive recipients that had been granted but not yet unlocked, reducing the share capital by RMB 20,544,960.00 and decreasing the capital reserves (stock premium) by RMB 147,101,913.60.
- (2) The exercise conditions for the second exercise period of the Company's 2022 stock option and restricted share incentive plan were met. In 2025, employees voluntarily exercised options for a total of 11,670,801 shares, increasing capital reserves (share premium) by RMB 165,184,108.20.
- (3) The total capital reserves (stock premium) decreased by RMB 18,988,744.81 in this period, due to the purchase and disposal of minority shareholders' equity in subsidiaries, the reduction of capital by minority shareholders of subsidiaries, and the increase of capital by minority shareholders of subsidiaries.
- (4) The Company recognized employee service amounts of RMB 98,607,867.44 in this period through share-based payment, increasing capital reserves (other capital reserves) by RMB 98,607,867.44. The portion of equity-settled share-based payment attributable to minority shareholders was RMB 30,644,238.72, which decreased capital reserves (other capital reserves) by RMB 24,120,095.62 and decreased capital reserves (share premium) by RMB 6,524,143.10.
- (5) Share-based payments of RMB 23,358,913.38 arising from employees of the Company and subsidiaries acquiring equity in Huacheng Network via capital increases or direct/indirect share transfers. Following the Company's disposal of its equity interest in Huacheng Network during the period, this amount was reclassified from capital reserves (other capital reserves) to capital reserves (stock premium).
- (6) During this period, under the equity method, the Company's share of changes in other owners' equity of associates increased capital reserves (other capital reserves) by RMB 9,182,418.87.
- (7) Some employees of the company indirectly acquired part of the equity of Zhejiang Huanuokang Technology Co., Ltd., which is controlled by the actual controller, involving share-based payment. The related share-based payment expenses are recorded as capital investment and included in the capital reserves (other capital reserves) in the amount of RMB 227,360.04.

(8) Transaction costs of RMB 44,583.66 related to the Company's share repurchases and employee option exercises during the period, decreasing capital reserves (stock premium) by RMB 44,583.66.

41. Treasury Share

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
Restricted shares	144,695,313.36	32,361,151.92	177,056,465.28	
Share repurchase	419,959,211.27	289,120,707.00		709,079,918.27
Total	564,654,524.63	321,481,858.92	177,056,465.28	709,079,918.27

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

(1) During this period, the company repurchased 20,544,960 granted but unvested restricted shares, reducing share capital by RMB 20,544,960.00, reducing capital reserve (stock premium) by RMB 147,101,913.60, and simultaneously reducing the corresponding treasury share amount by RMB 167,646,873.60.

(2) The cash dividends distributed during the period to restricted share shareholders reduced treasury stock by RMB 9,409,591.68.

(3) During the reporting period, the Company repurchased granted but not yet unlocked restricted shares. The escrowed cash dividends corresponding to the portion not yet unlocked were recovered, increasing treasury stock by RMB 32,361,151.92.

(4) The company repurchased 16,361,300 shares during this period, with a total repurchase cost of RMB 289,151,183.25 (including transaction fees of RMB 30,476.25), increasing treasury stock by RMB 289,120,707.00.

42. Other Comprehensive Incomes

Unit: RMB

Item	Opening Balance	Amount Occurred in the Current Period						Closing Balance
		Before tax balance in this period	Less: recorded into other comprehensive 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 income in current period	Less: Income Tax Expense	Attributable to the Company after tax	Attributable to the minority shareholders after tax	
Other Comprehensive	104,358,460.57	18,564,188.70	-575,032.31			18,981,741.65	157,479.36	123,340,202.22

Income That Will Be Reclassified into P/L								
Including: Foreign currency financial statement translation difference	104,358,460.57	18,564,188.70	-575,032.31			18,981,741.65	157,479.36	123,340,202.22
Total other comprehensive income	104,358,460.57	18,564,188.70	-575,032.31			18,981,741.65	157,479.36	123,340,202.22

43. Surplus Reserves

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the current period	Closing Balance
Statutory surplus reserve	1,647,814,866.50			1,647,814,866.50
Total	1,647,814,866.50			1,647,814,866.50

44. Undistributed Profits

Unit: RMB

Item	Current Period	Previous Period
Undistributed Profit before Adjustment at the End of Previous Period	24,388,130,399.78	23,334,051,186.55
Undistributed Profit after Adjustment at the Start of the Period	24,388,130,399.78	23,334,051,186.55
Add: net profit attributable to parent company's owner in current period	3,857,923,611.86	2,905,728,684.03
Less: withdrawal for statutory surplus reserve		580,371.50
Dividends payable on common stock	2,103,295,186.38	1,853,061,050.97
Add: Common stock dividends corresponding to repurchase and cancellation of restricted stocks	32,361,151.92	1,991,951.67
Undistributed Profit at the End of the Period	26,175,119,977.18	24,388,130,399.78

45. Operating Revenue and Operating Cost

(1) Operating Revenue and Operating Cost

Unit: RMB

Item	Amount Occurred in the Current Period		Amount Occurred in the Previous Period	
	Income	Cost	Income	Cost
Main Business	32,285,785,767.66	19,131,475,203.02	31,733,745,338.87	19,369,796,361.49
Other businesses	457,997,576.14	311,080,619.75	447,186,488.30	311,890,243.02
Total	32,743,783,343.80	19,442,555,822.77	32,180,931,827.17	19,681,686,604.51

During the reporting period, the lowest of audited total profit, net profit, and net profit after deducting non-recurring gains or 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
AIoT Products and Solutions	26,408,997,437.86	15,201,037,475.03
Including: Software Business	1,832,591,919.52	635,354,985.52
Innovative Businesses	5,670,492,055.81	3,692,117,185.29
Others	664,293,850.13	549,401,162.45
Total	32,743,783,343.80	19,442,555,822.77

(3) Information Related to Operating Revenue and Operating Cost (by Region)

Unit: RMB

Item	Amount Occurred in the Current Period	
	Income	Cost
Domestic	16,752,032,126.82	10,894,153,685.79
Overseas	15,991,751,216.98	8,548,402,136.98
Total	32,743,783,343.80	19,442,555,822.77

Information about performance of obligations:

The Company fulfills its performance obligations in a timely manner as agreed in the contract and recognizes the related income when the customer obtains control of the relevant goods, which is mainly divided into fulfilling the performance obligations at a certain point in time and fulfilling the performance obligations within a certain period of time.

The Company recognizes income from the sales of goods when control of the goods passes, i.e., when the goods are delivered to the counterparty's designated location, or to the counterparty's designated carrier, or when they are delivered to the counterparty for acceptance.

The Company identifies part of the business as a performance obligation to be fulfilled within a certain period of time according to the nature of the business. The Company shall recognize the income according to the performance progress within that period of time, except where the performance progress cannot be reasonably recognized. The Company employs the output method or input method to determine the performance progress. If the performance progress cannot be reasonably recognized and the costs incurred are expected to be compensated, the income shall be recognized according to the amount of costs incurred until the performance progress can be reasonably recognized.

46. Taxes and Surcharges

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Urban Maintenance and Construction Tax	95,393,937.00	80,739,976.26
Education surcharges (including local education surcharges)	68,168,759.78	57,688,592.35
Property tax	58,120,576.06	48,344,533.53
Land usage tax	8,039,183.53	8,011,191.78
Vehicle and vessel use tax	41,944.87	41,456.25
Stamp duty	27,440,538.09	21,492,876.32
Others	4,128,953.44	4,998,144.98
Total	261,333,892.77	221,316,771.47

47. Administrative Expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	820,036,881.23	695,667,184.18
Depreciation cost and asset amortization	153,112,194.48	143,209,091.42
Administrative expenses	86,421,117.13	92,194,684.99
Consumables and service fees	76,906,717.06	72,024,189.22
Knowledge resource fee	106,891,256.31	82,606,146.49
Traveling expense	12,356,515.76	11,840,135.09
Business entertainment	15,240,521.97	15,791,767.91
Others	24,567,898.44	28,074,987.33
Total	1,295,533,102.38	1,141,408,186.63

48. Sales Expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,377,687,100.95	3,201,553,137.07
After-sales service expense	248,937,243.54	317,453,694.36
Transportation and vehicle expenses	52,840,128.71	52,881,241.84

Marketing expense	404,022,824.72	527,292,675.53
Administrative expenses	178,343,866.37	172,778,528.19
Traveling expense	293,597,637.20	295,323,610.34
Business entertainment	212,667,291.67	250,886,259.63
Taxation and insurance expense	45,769,878.59	51,716,229.07
Communication expense	28,788,165.26	24,597,267.10
Knowledge resource fee	49,349,724.75	49,818,336.36
Depreciation cost and asset amortization	173,737,235.53	173,793,863.72
Others	47,374,110.14	48,638,494.74
Total	5,113,115,207.43	5,166,733,337.95

49. R&D Expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,747,981,113.52	3,679,962,388.01
Research consumables and service fees	300,521,482.59	259,199,018.43
Depreciation cost and asset amortization	169,628,732.90	155,396,412.58
Traveling expense	51,970,294.14	57,484,535.70
Administrative expenses	43,978,636.37	42,126,496.50
Others	21,936,723.24	19,086,714.51
Total	4,336,016,982.76	4,213,255,565.73

50. Financial Expenses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest expense	-21,982,366.93	45,574,086.20
Including: Interest expenses on lease liability	9,606,058.59	12,307,800.57
Less: interest income	281,626,532.36	420,512,502.16
Foreign exchange gains and losses	-71,844,241.18	-36,740,087.01
Others	19,078,399.39	21,787,522.36
Total	-356,374,741.08	-389,890,980.61

51. Other Incomes

Unit: RMB

Sources of Other Incomes	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Government subsidies	1,114,243,722.83	987,842,683.73
Input tax credits	4,817,640.67	8,314,696.17
Handling fee for withholding tax of personal income	6,662,878.14	6,894,163.10
Others	2,835,407.25	4,059,150.00
Total	1,128,559,648.89	1,007,110,693.00

52. Income from Changes in Fair Value

Unit: RMB

Source of the Income From Changes in Fair Value	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Trading Financial Assets	-118,077,090.83	-206,254,198.57
Trading Financial Liabilities	890,014.68	-1,194,709.59
Other Non-current Financial Assets	573,428,414.43	164,033,503.88
Total	456,241,338.28	-43,415,404.28

53. Investment Income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income measured by equity method	31,405,872.43	14,958,434.46
Investment income from disposal of long-term equity investment	501,470,729.99	106,248,112.69
Investment income from trading financial assets during the holding period	2,667,979.29	1,243,275.00
Investment income from disposal of trading financial assets	131,402,165.72	335,321,351.24
Gain on debt restructuring	-32,512,136.39	-394,660.00
Investment income of other non-current financial assets during the holding period	-49,372.45	6,235,327.82
Investment income from government bond reverse repurchase	1,743,563.91	2,275,761.53
Profits from recognition termination of financial assets	-1,601,478.30	-1,068,904.15
Total	634,527,324.20	464,818,698.59

54. Credit Impairment Loss

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Bad debt losses of notes receivable	-510,447.50	2,507,175.29
Bad debt losses of accounts receivable	-335,661,561.60	-476,978,994.38
Bad debt losses of other receivables	-12,523,787.67	-16,657,632.76
Bad debt losses of long-term receivables	4,177,618.94	3,144,266.49
Total	-344,518,177.83	-487,985,185.36

55. Asset Impairment Losses

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
I. Loss from Impairment of Inventories and Impairment Of Performance Cost	-126,052,747.63	-111,546,305.16
II. Impairment Losses on Long-Term Equity Investments	-19,886,629.20	
III. Impairment Losses on Investment Property	-28,496,793.62	
IV. Impairment Losses on Contract Assets	4,265,477.18	3,786,866.34
Total	-170,170,693.27	-107,759,438.82

56. Asset Disposal Income

Unit: RMB

Sources of the Asset Disposal Income	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Income from disposal of fixed assets	-494,918.89	750,706.46
Income from the disposal of right-of-use assets	1,414,202.51	54,978.20
Total	919,283.62	805,684.66

57. Non-operating Revenue

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount recorded into non-recurring profit and loss in current period
Government subsidies	1,853,252.75		1,853,252.75
Gains and losses of non-current asset retirement	3,027,558.99	1,909,799.81	3,027,558.99
Others	15,217,986.45	17,119,047.45	15,217,986.45
Total	20,098,798.19	19,028,847.26	20,098,798.19

58. Non-operating Expenditures

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period	Amount recorded into non-recurring profit and loss in current period
Donations	2,217,531.25	602,799.95	2,217,531.25
Water conservancy fund	809,917.27	643,752.02	
Gains and losses of non-current asset retirement	6,096,355.99	4,615,137.70	6,096,355.99

Others	5,542,980.40	3,694,992.23	5,542,980.40
Total	14,666,784.91	9,556,681.90	13,856,867.64

59. Income Tax Expense

(1) Income Tax Expense Statement

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Current income tax expense	201,836,414.99	-63,939,616.18
Deferred income tax expense	278,499,708.29	134,236,898.79
Total	480,336,123.28	70,297,282.61

(2) Adjustment Process of Accounting Profit and Income Tax Expenses

Unit: RMB

Item	Amount Occurred in the Current Period
Total Profit	4,362,593,813.94
Income tax expense calculated at statutory/applicable tax rate	654,389,072.09
Impact by applying different tax rates to subsidiaries	39,726,387.87
Impact of income tax before adjustment in this period	88,393,652.43
Impact of Non-taxable Revenue	-4,991,178.82
Impact of the non-deductible costs, expenses and losses	15,091,582.10
Impact of Deductible Losses from Unrecognized Deferred Income Tax Assets in the Previous Period	-7,404,715.65
Impact of Deductible Temporary Difference or Deductible Losses from Unrecognized Deferred Income Tax Assets in the Current Period	232,093,685.93
Impact of additional deduction of the research and development expenses	-539,908,408.28
Others	2,946,045.61
Income Tax Expense	480,336,123.28

60. Other Comprehensive Incomes

See Note 42 for details.

61. Items of Cash Flow Statement

(1) Cash Relating to Operating Activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Interest Income	138,073,964.66	311,169,510.84
Government subsidies	1,137,712,253.53	1,007,312,023.68
Tender and performance guarantee deposit	105,242,632.41	38,622,713.36
Incomings and outgoings and advances	41,093,002.00	32,317,680.72
House rent	90,921,676.84	84,103,431.19
Others	46,427,472.08	20,250,244.29
Total	1,559,471,001.52	1,493,775,604.08

Other cash payments relating to operating activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cash paid for expenses	2,222,348,274.35	2,385,562,005.78
Tender and performance guarantee deposit	112,949,426.01	83,206,276.39
Incomings and outgoings and advances	6,997,092.10	38,804,513.85
Others	5,449,329.06	2,650,271.26
Total	2,347,744,121.52	2,510,223,067.28

(2) Cash Relating to Investing Activities

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Receipts of cash from forward exchange contracts	8,503,556.47	22,337,798.22
Recovered frozen funds relating to the investment		10,407,241.34
Net cash paid for acquisition of subsidiaries	1,900,504.14	7,763,130.61
Receipts of loans from non-financial institutions		4,683,641.32
Total	10,404,060.61	45,191,811.49

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Maturity of government bond reverse repurchase investments	13,493,842,007.54	14,884,041,418.30
Total	13,493,842,007.54	14,884,041,418.30

Other cash payments related to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Cash paid for forward exchange contracts	12,033,035.00	1,451,036.60
Paid frozen funds relating to the investment		5,167,105.34
Total	12,033,035.00	6,618,141.94

Significant cash payments related to investing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Purchase of large-denomination certificates of deposit	3,116,534,763.07	4,330,850,703.38
Investment income from government bond reverse repurchase	12,979,996,428.03	15,154,408,876.40
Total	16,096,531,191.10	19,485,259,579.78

(3) Cash Relating to Financing Activities

Other cash receipts related to financing activities

None

Other cash payments related to financing activities

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Leasing fees paid	156,926,608.41	158,146,419.17
Cash paid for purchasing minority equity	6,061,549.35	40,436,077.68
Equity repurchase cash paid	456,798,056.85	17,418,988.80
Cash paid for capital reduction of subsidiaries	25,750,435.51	
Others	1,015,682.78	2,620.98
Total	646,552,332.90	216,004,106.63

Changes in liabilities arising from financing activities

☒ Applicable ☐ Not Applicable

Unit: RMB

Item	Opening Balance	Increased in the current period		Decreased in the current period		Closing Balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term Loan	995,000,000.00	904,664,311.58		1,695,950,000.00		203,714,311.58
Dividends PAYABLE	22,951,560.23		2,093,885,594.70	2,093,885,594.70	22,951,560.23	
Lease Liabilities	114,313,807.41		186,503,679.44	32,293,730.56	103,124,582.64	165,399,173.65
Non-current Liabilities Due within One Year	117,227,812.08		246,856,805.30	117,227,812.08		246,856,805.30
Other payables (restricted share repurchase obligations)	144,695,313.36		22,951,560.24	167,646,873.60		
Total	1,394,188,493.08	904,664,311.58	2,550,197,639.68	4,107,004,010.94	126,076,142.87	615,970,290.53

62. Supplementary Information on Cash Flow Statement

(1) Supplementary Information about the Cash Flow Statement

Unit: RMB

Supplementary Information	Amount of This Period	Amount of Previous Period
1. Reconciliation of net profit to operational activity cash flow		
Net Profit	3,882,257,690.66	2,919,172,272.03
Add: provision for impairment of assets	514,688,871.10	595,744,624.18
Depreciation of fixed assets, oil and gas assets, productive biological assets	632,880,689.35	611,795,984.29
Depreciation of Right-of-use Assets	139,825,287.62	144,045,931.05
Amortization of Intangible Assets	37,774,584.83	39,185,300.46
Long-term deferred expense amortization	56,446,631.30	66,984,132.00
Losses on disposal of fixed assets, intangible assets and other long-term assets (mark "-" for incomes)	-919,283.62	-805,684.66
Losses on scrapping of fixed assets (mark "-" for incomes)	3,068,797.00	2,705,337.89
Losses on fair value changes (mark "-" for incomes)	-456,241,338.28	43,415,404.28

Financial expenses (mark "-" for incomes)	-54,252,488.11	8,833,999.19
Losses on investment (mark "-" for incomes)	-668,640,938.89	-466,282,262.74
Decrease on deferred income tax assets (mark "-" for increases)	219,823,079.56	166,676,397.92
Increase on deferred income tax liabilities (mark "-" for decreases)	58,676,628.73	-31,911,987.74
Decrease on inventories (mark "-" for increases)	-1,311,828,270.13	-24,264,745.21
Decrease on operational receivables (mark "-" for increases)	600,352,082.44	-889,965,851.98
Increase on operational payables (mark "-" for decreases)	155,050,914.24	-507,711,956.51
Others	98,835,227.48	32,620,714.85
Net cash flow generated by operating activities	3,907,798,165.28	2,710,237,609.30
2. Major investing and financing activities that do not involve cash receipts and payments		
Conversion of Debt into Capital		
Convertible corporate bonds maturing within one year		
Fixed Assets under Finance Lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	8,553,198,661.72	11,061,530,816.28
Less: opening balance of cash	11,061,530,816.28	15,880,659,594.95
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net Increase in Cash and Cash Equivalents	-2,508,332,154.56	-4,819,128,778.67

(2) Net Cash Paid for Disposal of Subsidiaries in the Current Period

Unit: RMB

	Amount
Cash or cash equivalents paid for disposal of subsidiaries in the current period	645,149,638.00
Among them:	
Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries	645,149,638.00

Less: Cash and cash equivalents held by subsidiaries on the day of loss of control	396,584,508.31
Among them:	
Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries	396,584,508.31
Add: Cash or cash equivalents received from disposal of subsidiaries in previous periods in this period	25,360,420.43
Among them:	
Lorex corporation, Lorex Technology UK Limited, Lorex Technology Inc.	11,700,743.16
Dahua Technology USA Inc.	13,659,677.27
Net cash paid for disposal of subsidiaries	273,925,550.12

(3) Composition of Cash and Cash Equivalents

Unit: RMB

Item	Closing Balance	Opening Balance
I . Cash	8,553,198,661.72	11,061,530,816.28
Including: cash on hand	2,726.44	2,584.78
Bank deposit for payment at any time	8,525,976,684.96	10,902,292,934.60
Other monetary funds available for payment at any time	27,219,250.32	159,235,296.90
II. Balance of Cash and Cash Equivalents at the End of the Period	8,553,198,661.72	11,061,530,816.28

(4) Monetary Funds That Are Not Cash and Cash Equivalents

Unit: RMB

Item	Amount of This Period	Amount of Previous Period	Reasons for not being cash and cash equivalents
Bank Balance	15,071,008.59	12,695,904.28	Unexpired bank deposit interest is shown in monetary funds
Bank Balance	6,805,872.95	31,940,849.28	Frozen funds, restricted use
Other Cash and Bank Balances	80,327,377.49	75,635,853.99	Performance guarantee security deposit, usage restricted
Total	102,204,259.03	120,272,607.55	

63. Monetary Items in Foreign Currencies

(1) Monetary Items in Foreign Currencies

Unit: RMB

Item	Closing Balance in Foreign Currencies	Exchange Rate for Conversion	Closing Balance Converted into RMB
Monetary Fund			
Including: USD	346,220,553.33	7.0288	2,433,515,025.25
EUR	81,100,252.66	8.2355	667,901,130.78
HKD	142,159,670.54	0.9032	128,401,454.67
INR	1,208,529,778.43	0.0783	94,625,303.87
AED	48,038,028.40	1.9071	91,612,843.58
GBP	7,006,421.72	9.4346	66,102,786.36
Total amount of other currencies			374,935,294.56
Accounts Receivable			
Including: USD	476,023,345.02	7.0288	3,345,872,887.48
EUR	117,528,557.93	8.2355	967,906,438.83
HKD	5,779,179.92	0.9032	5,219,870.77
AED	225,230,618.41	1.9071	429,535,060.06
PLN	79,427,435.25	1.9497	154,862,847.60
INR	1,829,644,845.71	0.0783	143,257,288.80
Total amount of other currencies			653,366,318.06
Long-term Loan			
Including: USD			
EUR			
HKD			
Accounts Payable			
Including: USD	124,143,480.86	7.0288	872,579,698.27
EUR	2,342,335.60	8.2355	19,290,304.83
Indonesian rupiah	15,237,976,471.24	0.0004	6,360,393.56
INR	62,406,588.46	0.0783	4,886,302.76
HKD	3,538,592.47	0.9032	3,196,127.42
AED	1,615,858.32	1.9071	3,081,587.24
Total amount of other currencies			20,463,089.09

(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

Among the Company's overseas operating entities, Dahua Technology (HK) Limited and PIXFRA (HONG KONG) CO., LIMITED are an extension of the Company's operating activities and constitute a component of the enterprise's

business operations, with RMB as the functional currency. HuaRay Singapore primarily settles transactions with counterparties in USD. To more objectively and fairly reflect the relevant financial position and operating results, and taking into account HuaRay Singapore's actual operating conditions and future development plans, the functional currency was changed to USD. This change in functional currency is accounted for using the prospective application method, requiring no retrospective adjustment. 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.

64. Lease

(1) The Company as a Lessee

☒Applicable ☐ Not Applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☒Not Applicable

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

☒Applicable ☐ Not Applicable

Item	Amount of This Period	Amount of Previous Period
Interest expenses on lease liabilities	9,606,058.59	12,307,800.57
Simplified rental expenses for short-term leases or low-value asset leases included in the cost of related assets or current profit or loss	72,793,593.44	73,151,916.01
Total cash outflows relating to leases	229,720,201.85	231,298,335.18

(2) The Company as the Lessor

As the lessor in operating leases

☒Applicable ☐ Not Applicable

Unit: RMB

Item	Rental Income	Income from the variable lease payments that are not included in the lease receivables.
House leasing	107,977,482.91	
Equipment leasing	47,292,600.63	
Total	155,270,083.54	

As the lessor in financial leases

☐ Applicable ☒Not Applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☒Not Applicable

(3) Recognition of Profits and Losses On Sales Under Finance Leases as A Manufacturer Or Distributor

☐ Applicable ☒Not Applicable

VIII. R&D Expenditures

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Labor cost	3,747,981,113.52	3,679,962,388.01
Research consumables and service fees	300,521,482.59	259,199,018.43
Depreciation cost and asset amortization	169,628,732.90	155,396,412.58
Traveling expense	51,970,294.14	57,484,535.70
Administrative expenses	43,978,636.37	42,126,496.50
Others	21,936,723.24	19,086,714.51
Total	4,336,016,982.76	4,213,255,565.73
Including: Expenses for R&D expenditures	4,336,016,982.76	4,213,255,565.73

IX. Changes in the Scope of Consolidation

1. There were no business combinations not under common control during the current period.

2. There were no business combinations under common control during the current period.

3. No reverse purchases during the period

4. Disposal of Subsidiaries

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

☒Yes ☐No

Unit: RMB

Name of Subsidiaries	Disposal price at time point of loss of control	Proportion of disposals at time point of loss of control	Disposal method at time point of loss of control	Time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of the net assets of the subsidiary enjoyed at the	The proportion of remaining equity on the day control is lost	The book value of the remaining equity at the consolidated financial statement level on the day of loss of control	The fair value of remaining equity at the consolidated financial statement level on the day of loss of control	Gain or loss from re-measurement of residual equity at fair value	Determination method and main assumptions of the fair value of remaining equity at the consolidated financial	The amount of other comprehensive income related to equity investments in subsidiary companies and

						consolidated financial statement level corresponding to the disposal of investment					al statement level on the day of loss of control	transferred to investment profit or loss or retained earnings
Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	716,832,932.00	32.7321%	Equity transfer	June 20, 2025	Signed the equity transfer agreement and completed the property rights delivery	485,120,623.52	0.00%	0.00	0.00	0.00		-575,032.31

Is there a situation where control over a subsidiary was lost during this period due to multiple transactions involving step-by-step disposal of the investment in the subsidiary?

☐ Yes ☒ No

5. 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) During the reporting period, the Company established four new domestic and overseas subsidiaries through direct investment: Qingdao Dahua Ruihai New Energy Operation Co., Ltd., PIXFRA (HONG KONG) CO., LIMITED, Wisualarm Technology (HK) Limited, and DaHua Opera. All four entities were included in the scope of consolidation for the reporting period.

(2) The Company's subsidiary, IMOU NETWORK TECHNOLOGY AUSTRALIA PTY LTD, was dissolved during the current period and has been excluded from the consolidation scope effective from the dissolution date.

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 Ratio		Acquisition Method
					Direct	Indirect	
Dahua System Engineering	RMB 500 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Vision Technology	RMB 1,306.81 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Security Network	RMB 100 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua Ju'an	RMB 10 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	51.00%		Establishment
Guangxi Dahua Information	RMB 66.80 million	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	100.00%		Establishment
Guangxi Yunlian	RMB 20 million	Qingxiu District, Nanning	Qingxiu District, Nanning	Service	100.00%		Establishment
Hangzhou Xiaohua	RMB 10 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	78.00%		Establishment
Dahua Zhilian	RMB 1,885.80 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	100.00%		Establishment
Dahua investment management	RMB 300 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Investment & investment management	100.00%		Establishment
Guangxi Zhicheng	RMB 109.5429 million	Youjiang District, Baise	Youjiang District, Baise	Electronics and information	65.00%		Establishment
HuaRay Technology	RMB 78.264756 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Sci-tech popularization and application services industry	32.58% (Note)		Establishment
Fuyang Hua'ao	RMB 10 million	Fuyang District, Hangzhou	Fuyang District, Hangzhou	Electronics and information	51.00%		Establishment
Huafei Intelligent	RMB 50 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Guizhou Huayi	RMB 22.5 million	Guanshanhu District, Guiyang	Guanshanhu District, Guiyang	Electronics and information	100.00%		Establishment
Guangxi Huacheng	RMB 35.80 million	Wuzhou, Guangxi	Wuzhou, Guangxi	Electronics and information		90.00%	Establishment
Meitan Dahua Technology	RMB 10 million	Zunyi, Guizhou	Zunyi, Guizhou	Electronics and information		100.00%	Establishment

Inner Mongolia Zhimeng	RMB 20 million	New District, Bai County, Chahar Right Wing Back Banner	New District, Bai County, Chahar Right Wing Back Banner	Electronics and information		95.00%	Establishment
Tianjin Dahua	RMB 36 million	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Dahua Zhilong	RMB 39.48 million	Shuangpai County, Yongzhou City	Shuangpai County, Yongzhou City	Electronics and information		90.00%	Establishment
Vision Technology	RMB 10 million	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	100.00%		Establishment
Huaxiao Technology	RMB 70 million	Fuyang District, Hangzhou City, Zhejiang Province	Fuyang District, Hangzhou City, Zhejiang Province	Electronics and information	51.00%		Establishment
Xi'an Dahua	RMB 989.60 million	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Electronics and information	100.00%		Establishment
Huaruipin	RMB 25.5 million	Wuxi City, Jiangsu Province	Wuxi City, Jiangsu Province	Electronics and information	100.00%		Establishment
Beijing Huayue	RMB 10 million	Fengtai District, Beijing	Fengtai District, Beijing	Electronics and information	100.00%		Establishment
Shanghai Huashang	RMB 1 million	Putuo District, Shanghai	Putuo District, Shanghai	Electronics and information	100.00%		Establishment
Dahua Jinzhi	RMB 10 million	Wucheng District, Jinhua City, Zhejiang Province	Wucheng District, Jinhua City, Zhejiang Province	Electronics and information	100.00%		Establishment
Zhoushan Operation	RMB 100 million	Zhoushan City, Zhejiang Province	Zhoushan City, Zhejiang Province	Electronics and information	62.40%		Establishment
Guangxi Dahua Technology	RMB 100 million	Liuzhou City, Guangxi Zhuang Autonomous Region	Liuzhou City, Guangxi Zhuang Autonomous Region	Electronics and information	100.00%		Establishment
Huayixin	RMB 80 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	62.60%		Establishment
Hirige	RMB 156 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Automotive Electronics	49.04% (Note)		Establishment
Chengdu Zhilian	RMB 600 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhian	RMB 554.70 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Zhishu	RMB 50 million	Longquanyi District,	Longquanyi District,	Electronics and	100.00%		Establishment

		Chengdu	Chengdu	information			
Chengdu Zhichuang	RMB 15 million	Longquanyi District, Chengdu	Longquanyi District, Chengdu	Electronics and information	100.00%		Establishment
Chengdu Smart Network	RMB 50 million	Dayi County, Chengdu	Dayi County, Chengdu	Electronics and information	90.00%		Establishment
Huakong Software	RMB 50 million	Wuyi County, Jinhua City	Wuyi County, Jinhua City	Electronics and information	100.00%		Establishment
Henan Dahua	RMB 30 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Huajian Technology	RMB 50 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information	45.00%(Note)		Establishment
Zhengzhou Dahua Zhian	RMB 30 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information	100.00%		Establishment
Dahua International	RMB 1 million	Singapore	Singapore	Electronics and information	100.00%		Establishment
Anhui Zhilian	RMB 30 million	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Anhui Zhishu	RMB 30 million	Hefei, Anhui	Hefei, Anhui	Electronics and information	100.00%		Establishment
Changsha Dahua	RMB 100 million	Changsha, Hunan	Changsha, Hunan	Electronics and information	100.00%		Establishment
Tianjin Huajian	RMB 30 million	Hexi District, Tianjin	Hexi District, Tianjin	Electronics and information		100.00%	Establishment
Zhejiang Pixfra	RMB 442.140448 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	75.11%		Establishment
Yiwu Huaxi	RMB 10 million	Yiwu City, Zhejiang Province	Yiwu City, Zhejiang Province	Electronics and information		100.00%	Establishment
Dahua Operation	RMB 100 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information	100.00%		Establishment
Nanyang Intelligent	RMB 10 million	Nanyang City, Henan Province	Nanyang City, Henan Province	Electronics and information	100.00%		Establishment
Yibin Huahui	RMB 20 million	Yibin City, Sichuan Province	Yibin City, Sichuan Province	Electronics and information	100.00%		Establishment
Mianyang Huacheng	RMB 10 million	Chengdu City, Sichuan Province	Chengdu City, Sichuan Province	Electronics and information	100.00%		Establishment
Luoyang Zhiyu	RMB 10 million	Luoyang City, Henan Province	Luoyang City, Henan Province	Electronics and information	100.00%		Establishment
Huaqi Intelligence	RMB 100 million	Binjiang District, Hangzhou	Binjiang District, Hangzhou	Electronics and information		100.00%	Establishment
Chengdu Information	RMB 20 million	Chongzhou City, Chengdu City	Chongzhou City, Chengdu City	Electronics and information	100.00%		Establishment
HJ Technology	RMB 20 million	Binjiang District,	Binjiang District,	Electronics and		100.00%	Business combinat

		Hangzhou	Hangzhou	information			ion not under common control
Shuhang Intelligent	RMB 10 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Electronics and information		100.00%	Establishment
Huaxiyue	RMB 10 million	Haizhu District, Guangzhou	Haizhu District, Guangzhou	Electronics and information	100.00%		Establishment
Huajie Operation	RMB 50 million	Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	New energy operations		100.00%	Establishment
Qingdao Ruifa	RMB 7 million	Qingdao, Shandong	Qingdao, Shandong	Electronics and information		100.00%	Establishment
Shandong Digital Intelligence	RMB 10 million	Jinan, Shandong	Jinan, Shandong	Electronics and information		100.00%	Establishment
Fujian Qingchuang	RMB 10 million	Qingliu County, Fujian	Qingliu County, Fujian	Electronics and information		100.00%	Establishment
Jilin Zhilian	RMB 10 million	Changchun, Jilin Province	Changchun, Jilin Province	Electronics and information		100.00%	Establishment
Zhengzhou Huaao	RMB 10 million	Zhengzhou, Henan	Zhengzhou, Henan	Electronics and information		100.00%	Establishment
Hainan Huizhi	RMB 10 million	Hainan Province	Hainan Province	Electronics and information		100.00%	Establishment
Qingdao Ruihai	RMB 5 million	Qingdao, Shandong	Qingdao, Shandong	Electronics and information		100.00%	Establishment
Dahua (HK) Limited	RMB 669.68734 7 million	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Europe	EUR 200,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Middle East	AED 1 million	United Arab Emirates	United Arab Emirates	Electronics and information		100.00%	Establishment
Dahua Mexico	MXN 90 million	Mexico	Mexico	Electronics and information		100.00%	Establishment
Dahua Chile	CLP 360 million	Chile	Chile	Electronics and information		100.00%	Establishment
Dahua Colombia	COP 4616.7090 16 million	Columbia	Columbia	Electronics and information		100.00%	Establishment
Dahua Australia	AUD 150,000	Australia	Australia	Electronics and information		100.00%	Establishment
Dahua Singapore	USD 220,000	Singapore	Singapore	Electronics and information		100.00%	Establishment
Dahua South Africa	ZAR 5 million	South Africa	South Africa	Electronics and information		100.00%	Establishment
Dahua Peru	PEN 2.2 million	Peru	Peru	Electronics and information		100.00%	Establishment

Dahua Brazil	BRL 41.334811 million	Brazil	Brazil	Electronics and information		100.00%	Establishment
Dahua Russia	RUB 30 million	Russia	Russia	Electronics and information		100.00%	Establishment
Dahua Canada	CAD 250,000	Canada	Canada	Electronics and information		100.00%	Establishment
Dahua Panama	USD 10,000	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Hungary	HUF 303 million	Hungary	Hungary	Electronics and information		100.00%	Establishment
Dahua Poland	PLN 2.2 million	Poland	Poland	Electronics and information		100.00%	Establishment
Dahua Tunisia	USD 89,000	Tunisia	Tunisia	Electronics and information		100.00%	Establishment
Dahua Kenya	KES 15 million	Kenya	Kenya	Electronics and information		100.00%	Establishment
Dahua UK	GBP 100,000	UK	UK	Electronics and information		100.00%	Establishment
Dahua Bulgaria	BGN 350,000	Bulgaria	Bulgaria	Electronics and information		100.00%	Establishment
Dahua Serbia	RSD 23 million	Serbia	Serbia	Electronics and information		100.00%	Establishment
Dahua Germany	EUR 150,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Malaysia	MYR 1,000,000	Malaysia	Malaysia	Electronics and information		100.00%	Establishment
Dahua Korea	KRW 1,500 million	South Korea	South Korea	Electronics and information		100.00%	Establishment
Dahua Indonesia	IDR 10 billion	Indonesia	Indonesia	Electronics and information		100.00%	Establishment
Dahua India	INR 234 million	India	India	Electronics and information		100.00%	Establishment
Dahua Turkey	TRY 840,000	Turkey	Turkey	Electronics and information		100.00%	Establishment
Dahua Czech	CZK 5.4 million	Czech Republic	Czech Republic	Electronics and information		100.00%	Establishment
Dahua Argentina	ARS 49.686361 million	Argentina	Argentina	Electronics and information		100.00%	Establishment
Dahua Spain	EUR 150,000	Spain	Spain	Electronics and information		100.00%	Establishment
Dahua Kazakhstan	KZT 23 million	Kazakhstan	Kazakhstan	Electronics and information		100.00%	Establishment
Dahua	DKK 1.5	Denmark	Denmark	Electronics		100.00%	Establishment

Denmark	million			and information			ment
Dahua France	EUR 100,000	France	France	Electronics and information		100.00%	Establishment
Hong Kong Yihua	HKD 500,000	Hong Kong	Hong Kong	Electronics and information	100.00%		Establishment
Dahua Morocco	AED 500,000	Morocco	Morocco	Electronics and information		100.00%	Establishment
Dahua Italy	EUR 12,000	Italy	Italy	Electronics and information		100.00%	Business combination not under common control
Dahua Uzbekistan	UZS 10,559,825,239	Uzbekistan	Uzbekistan	Electronics and information		100.00%	Establishment
Dahua Netherlands	EUR 10,000	Netherlands	Netherlands	Electronics and information		100.00%	Establishment
Dahua Sri Lanka	LKR 48 million	Sri Lanka	Sri Lanka	Electronics and information		100.00%	Establishment
Dahua Pakistan	PKR 100 million	Pakistan	Pakistan	Electronics and information		100.00%	Establishment
Dahua New Zealand	NZD 300,000	New Zealand	New Zealand	Electronics and information		100.00%	Establishment
Dahua Thailand	THB 25 million	Thailand	Thailand	Electronics and information		99.98%	Establishment
Dahua Romania	RON 1 million	Romania	Romania	Electronics and information		100.00%	Establishment
Dahua Nigeria	NGN 100 million	Nigeria	Nigeria	Electronics and information		100.00%	Establishment
Dahua Israel	USD 300,000	Israel	Israel	Electronics and information		100.00%	Establishment
Dahua Mexico Service	1,000.00 Mexican pesos	Mexico	Mexico	Electronics and information		100.00%	Establishment
Dahua Japan	JPY 6 million	Japan	Japan	Electronics and information		100.00%	Establishment
Dahua Qatar	QAR 2.184 million	Qatar	Qatar	Electronics and information		100.00%	Establishment
Dahua Pacific	USD 10,000	Panama	Panama	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia	SAR 500,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Bengal	BDT 5 million	Bangladesh	Bangladesh	Electronics and information		100.00%	Establishment
HuaRay Singapore	USD 100,000	Singapore	Singapore	Electronics and		100.00%	Establishment

				information			
HuaRay Korea	KRW 100 million	South Korea	South Korea	Electronics and information		100.00%	Establishment
HuaRay Germany	EUR 25,000	Germany	Germany	Electronics and information		100.00%	Establishment
Dahua Belgium Co.	EUR 100,000	Belgium	Belgium	Electronics and information		100.00%	Establishment
Dahua Saudi Arabia Co.	SAR 750,000	Saudi Arabia	Saudi Arabia	Electronics and information		100.00%	Establishment
Dahua Argentina Co.	USD 200,000	Azerbaijan	Azerbaijan	Electronics and information		100.00%	Establishment
Dahua Vietnam Co., Ltd.	VND 2,363.6 million	Vietnam	Vietnam	Electronics and information		100.00%	Establishment
Dahua Angola	AOA 176.303 million	Angola	Angola	Electronics and information		100.00%	Establishment
Hirige Technology MaLaysia	MYR 2,000.00	Malaysia	Malaysia	Automotive Electronics		100.00%	Establishment
Dahua Egypt	USD 100,000	Egypt	Egypt	Electronics and information		100.00%	Establishment
DAHUA Abu Dhabi	AED 100,000	Abu Dhabi	Abu Dhabi	Electronics and information		100.00%	Establishment
PixFra Hong Kong	HKD 1 million	Hong Kong	Hong Kong	Electronics and information		100.00%	Establishment
Zhejiang Huaxiao Technology Co., Ltd. (Wisualarm Technology) Hong Kong	HKD 5 million	Hong Kong	Hong Kong	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:

In May 2025, Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) transferred its entire 35% equity stake in Zhejiang Huajian Technology Co., Ltd. to Ms. Chen Ailing. The company directly holds a 45% equity interest in Huajian Technology, and according to the agreement, Chen Ailing has granted the company the right to exercise 35% of the voting right she holds. The company actually holds 80% of the voting right of Huajian Technology, constituting actual control and including it within the consolidation scope.

Basis for holding half or fewer voting rights but still controlling the investee, as well as holding more than half of the voting rights but not controlling the investee:

As of December 31, 2025, the company holds 32.5817% equity in Zhejiang HuaRay Technology Co., Ltd. The company is the largest shareholder of HuaRay Technology, while the shareholding ratios of other shareholders are relatively low and dispersed. Therefore, HuaRay Technology remains the company's controlling subsidiary and is included within the company's consolidated scope.

(2) As of December 31, 2025, the Company held 49.0385% equity in Zhejiang Huaruijie Technology Co., Ltd., and,

through provisions in the articles of association, arrangements by the Board of Directors, and other measures, was able to determine Hirige's financial and operating policies and obtain the primary benefits thereof, which in substance constituted control over Hirige and brought it within the Company's 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 2025, Jiangsu Huaruipin Technology Co., Ltd. reduced its registered capital; its shareholders Zhejiang Huashi Investment Management Co., Ltd., Hangzhou Ruipin Enterprise Management Partnership (Limited Partnership), and Shen Huiliang withdrew their investments. After the withdrawal, the company's shareholding ratio in Jiangsu Huaruipin Technology Co., Ltd. increased from 51% to 100%.
- 2) In December 2025, the company acquired 8.10% equity in Zhejiang Huayixin Technology Co., Ltd. held by Ningbo Huagu Enterprise Management Partnership (Limited Partnership) for a consideration of RMB 1,580,000.00, and acquired 3.50% equity in Zhejiang Huayixin Technology Co., Ltd. held by Zhou Ling for a consideration of RMB 1,680,000.00. After the equity acquisitions, the company's shareholding ratio in Zhejiang Huayixin Technology Co., Ltd. increased from 51% to 62.60%.
- 3) In July 2025, the minority shareholder of the subsidiary Zhejiang Huaruijie Technology Co., Ltd. made a capital contribution; after the capital increase, the company's shareholding ratio in Zhejiang Huaruijie Technology Co., Ltd. decreased from 51% to 49.0385%.

(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

	Jiangsu Huaruipin Technology Co. Ltd.	Zhejiang Huayixin Technology Co., Ltd.	Zhejiang Huaruijie Technology Co., Ltd.
Purchase cost/Disposal consideration	25,750,435.51	3,260,000.00	
-- Cash	25,750,435.51	3,260,000.00	
-- Fair value of non-cash assets			
Purchase cost/ Total disposal consideration	25,750,435.51	3,260,000.00	
Less: the share of net assets of the subsidiary calculated based on the ratio of equity obtained/disposed	25,806,144.13	-15,848,365.16	63,911.73
Difference	-55,708.62	19,108,365.16	-63,911.73
Among them: adjust the capital reserve	55,708.62	-19,108,365.16	63,911.73
Adjusted surplus reserve			
Adjusted undistributed profits			

3. Equity in Joint Ventures or Joint Ventures

(1) Financial Summary of Non-essential Joint Ventures and Affiliates

Unit: RMB

	Closing balance / current period amount	Opening balance / amount occurred in the previous period
Joint ventures:		
The total count of the following items based on the shareholding ratios		
Affiliates:		
Total book value of investments	725,578,108.27	722,241,568.57
The total count of the following items based on the shareholding ratios		
--Net profit	31,405,872.43	14,958,434.46
--Other comprehensive income	17,010,077.33	-7,514,266.44
--Total comprehensive income	48,415,949.76	7,444,168.02

XI. Government Subsidies

1. Government Grants Recognized as Accounts Receivable at The End Of the Reporting Period

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

2. Projects Related to Government Subsidies

☒ Applicable ☐ Not Applicable

Unit: RMB

Accounting Accounts	Opening Balance	The amount of new subsidies in this period	Amount recorded as non-operating revenue in this period	Amounts transferred to other gains in the current period	Other changes in the current period	Closing Balance	Related to assets/earnings
Deferred Income	181,225,246.29	5,275,166.00		16,424,988.60		170,075,423.69	Related to assets
Deferred Income	4,955,766.70	1,371,100.00		6,326,866.70			Related to income

3. Government Subsidies Recorded Into Current Profits and Losses

☒Applicable ☐ Not Applicable

Unit: RMB

Subsidy items	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Value-added tax refund upon collection	817,125,550.47	738,177,005.43
Special grants	338,545,545.11	249,665,678.30

XII. Risks Relating to Financial Instruments

1. Various Risks Arising from Financial Instruments

The company faces various financial risks in its operations: credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks).

The overall objective of the Company's risk management is to formulate risk management policies that can minimize risks without affecting the Company's competitiveness and adaptability to changes too much.

(I) Credit Risk

Credit risk refers to the risk of financial loss to the company resulting from a counterparty's failure to fulfill 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 that an enterprise will experience a shortage of funds when fulfilling obligations settled by delivering 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, 2025		
	Within 1 year	1 years or above	Total
Short-term Loan	203,714,311.58		203,714,311.58
Notes Payable	3,659,798,751.88		3,659,798,751.88
Accounts Payable	5,132,662,730.78		5,132,662,730.78
Other Payables	470,148,655.21		470,148,655.21
Non-current Liabilities Due within One Year	254,018,259.03		254,018,259.03
Lease Liabilities		173,857,105.59	173,857,105.59
Total	9,720,342,708.48	173,857,105.59	9,894,199,814.07

Item	December 31, 2024		
	Within 1 year	1 years or above	Total
Short-term Loan	995,000,000.00		995,000,000.00
Notes Payable	3,599,974,242.02		3,599,974,242.02
Accounts Payable	5,877,976,861.13		5,877,976,861.13
Other Payables	637,013,560.05		637,013,560.05
Non-current Liabilities Due within One Year	124,348,757.02		124,348,757.02
Lease Liabilities		120,670,497.25	120,670,497.25
Total	11,234,313,420.22	120,670,497.25	11,354,983,917.47

(III) Market Risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to changes in market prices, including exchange rate risk, interest rate risk, and other price risks.

1. Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. 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

Exchange rate risk refers to the risk that the fair value of a financial instrument or its future cash flow will fluctuate due to changes in foreign exchange rates. The Company will try its best to match the revenues with the expenses in foreign currency, to lower the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks.

The exchange rate risk faced with by the Company is mainly from financial assets and liabilities in USD. The amounts of assets and liabilities in foreign currencies and converted into RMB are listed as below:

Item	Closing balance			Opening Balance		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary Fund	2,433,515,025.25	1,423,578,813.82	3,857,093,839.07	2,177,690,323.36	1,222,643,014.06	3,400,333,337.42
Accounts Receivable	3,345,872,887.48	2,354,147,824.12	5,700,020,711.60	4,082,571,616.81	2,667,735,918.53	6,750,307,535.34
Accounts Payable	872,579,698.27	57,277,804.90	929,857,503.17	831,712,779.40	276,142,582.65	1,107,855,362.05

XIII. Disclosure of Fair Value

1. Fair Values of The Assets and Liabilities at the End of The Period

Unit: RMB

Item	Fair values at period-end			
	Level 1 fair value measurement	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant Measurement at Fair Value	--	--	--	--
(I) Trading Financial Assets	57,135,954.09	252,021,917.81		309,157,871.90
1. Financial assets at fair value through profit or loss in this period	57,135,954.09	252,021,917.81		309,157,871.90
(1) Investment in Equity Instruments	57,135,954.09			57,135,954.09
(2) Others		252,021,917.81		252,021,917.81
(II) Receivables Financing		1,102,535,053.89		1,102,535,053.89
(III) Other Non-current Financial Assets		1,908,522,640.26	80,563,656.86	1,989,086,297.12
1. Financial assets at fair value through profit or loss in this period		1,908,522,640.26	80,563,656.86	1,989,086,297.12
(1) Investment in Equity Instruments			80,563,656.86	80,563,656.86
(2) Others		1,908,522,640.26		1,908,522,640.26
Total assets constantly measured at fair value	57,135,954.09	3,263,079,611.96	80,563,656.86	3,400,779,222.91
(IV) Transactional Financial Liabilities				

Derivative Financial Liabilities				
Others				
Total amount of liabilities constantly measured at their fair values				

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

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

3. For the continuous and non-continuous second-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

Derivative financial assets/derivative financial liabilities are basically measured and recognized at fair value with reference to different parameters of financial institutions based on market conditions at the time, as well as the remaining term and duration of the transaction.

Due to the short remaining term of the receivables financing, the book value is close to the fair value, and the nominal amount is used as the fair value.

Other non-current financial assets are valued on the basis of quotations provided by financial institutions.

The valuation of trading financial assets is indirectly measured according to the product description.

4. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

Evaluate the value and net book assets based on the income method and asset-based method.

5. The Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

The fair value of financial assets and financial liabilities measured by the Company at amortized cost is equivalent to the book value.

XIV. Related Parties and Related-party Transactions

1. The Company's Parent Company

Name of parent company	Registered Address	Business Nature	Registered Capital	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
Fu Liquan		Controlling shareholder, actual controller		31.15%	31.50%
Chen Ailing		Actual controller		2.17%	2.19%

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. Equity in Other Entities".

3. Information about the Company's Joint Ventures and Affiliates

For details of important associates or joint ventures of the Company, see Note "X. Equity in Other Entities".

Here is the information about other joint ventures and affiliates that have related-party transactions with the Company in the current period or have balance from related-party transactions with the Company in the previous period:

Names of Joint Ventures and Affiliates	Relationship with the Company
Intelbras S.A.	Affiliate
Guangdong Zhishi Digital Technology Co., Ltd.	Affiliate
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Affiliate
Dezhou Shuzhi Information Technology Co., Ltd.	Affiliate
Rudong Jintianhua Security Technology Co., Ltd.	Affiliate
Zhejiang Huachuang Vision Technology Co., Ltd.	Affiliate
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Affiliate
Huahongchang Intelligent Technology (Jiangsu) Co., Ltd.	Affiliate
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Affiliate
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	Affiliate
Zhejiang Gaohua AIoT Technology Co., Ltd.	Affiliate

4. Information About Other Related Parties

Names of Other Related Parties	Relationship between the Company and Other Related Parties
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Enterprise controlled by the actual controller
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Enterprise controlled by the actual controller
Zhejiang Hyxi Technology Co., Ltd.	Enterprise controlled by the actual controller
Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership)	Enterprise controlled by the actual controller
Ningbo Huaqi Enterprise Management Partnership (Limited Partnership)	Enterprise controlled by the actual controller

Ningbo Huagu Enterprise Management Partnership (Limited Partnership)	Enterprise controlled by the actual controller
Jiaxing Huayan Chuangrui Venture Capital Investment Partnership (Limited Partnership)	Enterprise controlled by the actual controller
Hangzhou Xianmai Technology Co., Ltd.	Enterprises controlled by relatives of the actual controller
Zhejiang Lancable Technology Co., Ltd.	Enterprises where the actual controller has significant influence
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Enterprises where the actual controller has significant influence
China Mobile Communications Group Co., Ltd. and its affiliates	Shareholders holding more than 5% of the shares
Beijing Haitian Ruisheng Science Technology Ltd.	Enterprises where the Company's former supervisors serve as directors
Beijing Saimu Technology Co., Ltd.	Enterprises where the Company's former supervisors serve as directors
Company A and other companies under its control	Related parties
Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	Subsidiaries controlled during the past 12 months (Note 1)

Other notes:

Note 1: The Company's former subsidiary, Hangzhou Huacheng Network Technology Co., Ltd., was transferred during the current period. Consequently, Hangzhou Huacheng Network Technology Co., Ltd. and its controlled subsidiaries have been excluded from the consolidation scope effective from the transfer date.

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	237,852,190.75		No	251,120,672.03
China Mobile Communications Group Co., Ltd. and its affiliates	Material procurement, acceptance of services	90,760,664.03		No	69,439,293.57
Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	Material procurement, acceptance of services	81,816,453.59		No	
Zhejiang Huachuang Vision Technology Co., Ltd.	Purchase of materials	41,540,010.38		No	41,355,588.69

Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Material procurement, acceptance of services	13,793,419.08		No	5,890,244.00
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Material procurement, acceptance of services	593,723.96		No	1,753,437.75
Zhejiang Lancable Technology Co., Ltd.	Acceptance of services	15,938.19		No	
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Purchase of materials			No	8,517,077.21
Intelbras S.A.	Purchase of materials			No	135,122.60
Beijing Haitian Ruisheng Science Technology Ltd.	Acceptance of services			No	130,230.19
Zhejiang Lancable Technology Co., Ltd.	Purchase of materials			No	2,548.68

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	957,130,675.30	1,272,280,696.42
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Sales of goods and provision of services	617,697,412.32	405,417,599.67
China Mobile Communications Group Co., Ltd. and its affiliates	Sales of goods and provision of services	360,716,570.05	189,924,499.42
Zhejiang Hyxi Technology Co., Ltd.	Sales of goods and provision of services	5,207,082.84	2,383,310.22
Rudong Jintianhua Security Technology Co., Ltd.	Sales of merchandise	3,432,491.14	
Dezhou Shuzhi Information Technology Co., Ltd.	Sales of merchandise	3,223,988.88	9,665,438.58
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Sales of merchandise	2,734,959.16	1,628,266.86
Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Sales of merchandise	2,727,791.22	2,786,571.83
Hangzhou Huacheng Network Technology Co.,	Sales of goods and provision of services	2,696,175.20	

Ltd. and its subsidiaries			
Guangdong Zhishi Digital Technology Co., Ltd.	Sales of merchandise	2,407,327.91	5,696,670.05
Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	Sales of merchandise	1,611,955.74	414,132.75
Zhejiang Gaohua AIoT Technology Co., Ltd.	Sales of merchandise	1,061,803.02	
Beijing Saimu Technology Co., Ltd.	Sales of merchandise	541,592.92	
Zhejiang Huachuang Vision Technology Co., Ltd.	Sales of goods and provision of services	428,408.98	996,525.68
Huahongchang Intelligent Technology (Jiangsu) Co., Ltd.	Sales of merchandise	10,442.48	
Hangzhou Xianmai Technology Co., Ltd.	Sales of merchandise	4,335.40	
Ruicity Digital Technology Co., Ltd. And its subsidiaries	Sales of merchandise	-46,757.87	6,370,044.11
Zhejiang Lancable Technology Co., Ltd.	Sales of merchandise		-9,204.38

(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
Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	Buildings and constructions	7,931,219.68	
Zhejiang Hxyi Technology Co., Ltd.	Buildings and constructions	2,964,645.61	2,231,731.00
Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	Buildings and constructions	1,791,391.45	1,773,201.45
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Buildings and constructions	237,981.70	268,976.15
Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Buildings and constructions	93,489.60	93,212.07
Zhejiang Gaohua AIoT Technology Co., Ltd.	Buildings and constructions	31,906.82	
Zhejiang Huachuang Vision Technology Co., Ltd.	Buildings and constructions	20,091.72	20,091.72
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Device	153,433.61	

Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.	Transport Device		14,115.04

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	200,433.97	214,842.27		

(3) Related Guarantee

The Company being the guarantor:

Unit: RMB

Secured Parties	Guarantee Amount	Starting date	Maturity Date	Guarantee Fulfilled Completely or Not
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. (guaranteed currency: USD)	40,000,000.00	September 21, 2018	Two years after the maturity of the debts in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	300,000,000.00	September 01, 2020	Five years upon expiration of debt period of master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	July 22, 2022	Three years after the maturity of the debts in the master contract	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	July 24, 2023	From the date of expiration of the performance period of each debt in the master contract until three years after the	No

			date of expiration of the performance period of the last due master debt under all master contracts	
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 26, 2023	From the date of signing the master contract for a single credit transaction until three years after the debtor's debt performance period under the master contract expires	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	330,000,000.00	September 26, 2023	Three years from the expiration date of the debtor's performance period as agreed in the master claim contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	1,000,000,000.00	March 01, 2024	Three years from the next day after the expiry date of each type of financing business under the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	530,000,000.00	April 01, 2024	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 07, 2024	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	495,000,000.00	July 25, 2024	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	August 16, 2024	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	680,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	December 13, 2024	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No
Zhejiang Dahua Vision Technology Co., Ltd.	400,000,000.00	June 10, 2025	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period	No
Zhejiang Dahua Vision Technology Co., Ltd.	500,000,000.00	July 21, 2025	The guarantee period is from the effective date of the Maximum Amount Guarantee Contract until three years from the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua Vision Technology Co., Ltd.	200,000,000.00	July 22, 2025	The guarantee period is three years from the expiration date of the period for performance of the debtor's obligations under the master contract, and the guarantee period under each specific business contract is calculated separately.	No
Zhejiang Dahua Vision Technology Co., Ltd.	900,000,000.00	September 08, 2025	From the date of signing the contract for a single credit transaction until three years after the expiration of the period for performance of the debtor's obligations under the master	No

			contract	
Zhejiang Dahua Vision Technology Co., Ltd.	800,000,000.00	September 19, 2025	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Dahua Zhilian Co., Ltd.	300,000,000.00	March 29, 2024	Two years from the expiration date of the debtor's performance period as agreed in the master contract	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 07, 2024	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period	Yes
Zhejiang Dahua Zhilian Co., Ltd.	600,000,000.00	July 25, 2024	The guarantee period starts from the expiration date of the performance period of each principal debt under the master contract and ends three years after the expiration date of the performance period of the last due principal debt under all master contracts.	No
Zhejiang Dahua Zhilian Co., Ltd.	165,000,000.00	July 25, 2024	Three years from the expiration date of the debtor's performance period as agreed in each specific financing contract	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes
Zhejiang Dahua Zhilian Co., Ltd.	100,000,000.00	September 26, 2024	Three years from the expiration date of the debtor's performance period as agreed in the master contract.	No
Zhejiang Dahua Zhilian Co., Ltd.	160,000,000.00	June 10, 2025	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	No
Zhejiang Dahua Zhilian Co., Ltd.	10,000,000.00	January 02, 2025	One year commencing upon the expiration of Zhejiang Dahua Zhilian Co., Ltd.'s debt performance period.	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Dahua Zhilian Co., Ltd.	200,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Dahua Zhilian Co., Ltd.	150,000,000.00	September 19, 2025	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2024	From the effective date of the Commitment Letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the accounts receivable	Yes

			claims granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance within the credit extension period	
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	August 16, 2024	The guarantee period is three years from the effective date of the Maximum Amount Guarantee Contract until the expiration date of the performance period of each debt under the Credit Business Agreement.	Yes
Zhejiang Dahua System Engineering Co., Ltd.	10,000,000.00	September 03, 2024	The guarantee period is two years from the expiration date of the period for performance of the debtor's obligations as stipulated in the master contract.	Yes
Zhejiang Dahua System Engineering Co., Ltd.	40,000,000.00	June 10, 2025	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	No
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Dahua System Engineering Co., Ltd.	50,000,000.00	July 21, 2025	The guarantee period is from the effective date of the Maximum Amount Guarantee Contract until three years from the expiration date of the performance period of each debt under the Credit Business Agreement.	No
Zhejiang Dahua System Engineering Co., Ltd.	5,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Dahua System Engineering Co., Ltd.	20,000,000.00	September 08, 2025	Two years from the expiration date of the period for performance of the debtor's obligations as stipulated in the credit agreement	No
Zhejiang Dahua System Engineering Co., Ltd.	30,000,000.00	November 11, 2025	From the date of signing the master contract for a single credit transaction until three years after Dahua System Engineering's debt performance period under the master contract expires	No
Dahua Technology (HK) Limited(guarantee currency: USD)	3,000,000.00	April 22, 2024	April 21, 2025	Yes
Dahua Technology (HK) Limited(guarantee currency: USD)	3,000,000.00	April 22, 2025	April 21, 2026	No
Dahua Technology (HK) Limited(guarantee currency: USD)	20,000,000.00	January 15, 2025	January 14, 2026	No
Dahua Technology (HK) Limited(guarantee currency: EUR)	1,500,000.00	July 01, 2025	July 01, 2026	No
Dahua Technology Mexico S.A. DE C.V (guaranteed currency: USD)	1,000,000.00	October 18, 2024	October 17, 2025	Yes
Dahua Technology Mexico S.A. DE C.V (guaranteed currency: USD)	2,000,000.00	January 15, 2025	Three years commencing from the day following the expiration of the loan term under the main agreement.	Yes
Dahua Technology	1,000,000.00	October	October 30, 2026	No

Mexico S.A. DE C.V (guaranteed currency: USD)		31, 2025		
Dahua Technology UK Limited (guaranteed currency: GBP)	1,160,000.00	August 12, 2020	Sign the Termination Notice Letter	No
Dahua Technology UK Limited (guarantee currency: USD)	1,000,000.00	March 04, 2024	March 03, 2025	Yes
Dahua Technology UK Limited (guarantee currency: USD)	1,000,000.00	March 04, 2025	March 03, 2026	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	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	September 26, 2024	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advance date of each advance.	Yes
Zhejiang Huayixin Technology Co., Ltd.	10,000,000.00	May 09, 2025	The guarantee period shall be three years starting from the day after the expiration of the debtor's performance period as stipulated in each specific financing contract.	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huayixin Technology Co., Ltd.	2,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Fengshi Technology Co., Ltd.	100,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Fengshi Technology Co., Ltd.	30,000,000.00	September 03, 2024	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Hangzhou Branch of China Merchants Bank or the advances date of each advance;	Yes
Zhejiang Fengshi Technology Co., Ltd.	15,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes
Zhejiang Fengshi Technology Co., Ltd.	100,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Fengshi Technology Co., Ltd.	100,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Fengshi Technology Co., Ltd.	10,000,000.00	September 19, 2025	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Fengshi Technology Co., Ltd.	30,000,000.00	October 09, 2025	From the effective date of this commitment letter until the maturity date of each loan or other financing under the Credit Agreement, or the maturity date of the accounts receivable creditor's right assigned to China Merchants Bank Hangzhou Branch, or three years after the date of each advance.	No
Jiangsu Huaruipin Technology Co. Ltd.	8,000,000.00	September 26, 2024	May 08, 2025	Yes
Jiangsu Huaruipin	15,000,000.00	September	The guarantee period is from the effective	Yes

Technology Co. Ltd.		19, 2024	date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	
Jiangsu Huaruipin Technology Co. Ltd.	8,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Huaxiao Technology Co., Ltd.	20,000,000.00	June 27, 2025	The debtor's debt performance period stipulated in the master contract shall expire two years from the due date.	No
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huaxiao Technology Co., Ltd.	2,000,000.00	August 25, 2025	August 24, 2030	No
Xi'an Dahua Zhilian Technology Co., Ltd.	20,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	September 26, 2024	May 08, 2025	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	30,000,000.00	December 06, 2024	From the effective date of the commitment letter to three years after the maturity date of each loan or other financing under the Credit Agreement or of the creditor's rights granted by the Xi'an Branch of China Merchants Bank or the advance date of each advance within the credit extension period;	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	May 09, 2025	August 24, 2025	Yes
Xi'an Dahua Zhilian Technology Co., Ltd.	100,000,000.00	August 25, 2025	August 24, 2030	No
Xi'an Dahua Zhilian Technology Co., Ltd.	20,000,000.00	September 19, 2025	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	July 16, 2024	February 19, 2025	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	February 20, 2025	June 09, 2025	Yes
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	50,000,000.00	June 10, 2025	June 09, 2026	No
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00	August 25, 2025	August 24, 2030	No
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	80,000,000.00	July 16, 2024	February 19, 2025	Yes
Chengdu Dahua	100,000,000.00	February	June 09, 2025	Yes

Zhian Information Technology Service Co., Ltd.		20, 2025		
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	100,000,000.00	June 10, 2025	June 09, 2026	No
Changsha Dahua Technology Co., Ltd.	50,000,000.00	September 26, 2024	May 08, 2025	Yes
Changsha Dahua Technology Co., Ltd.	20,000,000.00	September 19, 2024	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	Yes
Changsha Dahua Technology Co., Ltd.	50,000,000.00	May 09, 2025	August 24, 2025	Yes
Changsha Dahua Technology Co., Ltd.	50,000,000.00	August 25, 2025	August 24, 2030	No
Changsha Dahua Technology Co., Ltd.	20,000,000.00	September 19, 2025	The guarantee period is from the effective date of the specific business credit contract to three years after the expiration of the debt performance period stipulated in the specific business credit contract (including early maturity of the debt).	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Pixfra Technology Co., Ltd.	20,000,000.00	February 21, 2025	From the effective date of this contract until three years after the expiration date of the debt performance period under the specific credit under the master contract.	No
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Pixfra Technology Co., Ltd.	5,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Huafei Intelligent Technology CO., LTD.	2,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	10,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huafei Intelligent Technology CO., LTD.	15,000,000.00	June 27, 2025	The debtor's debt performance period stipulated in the master contract shall expire two years from the due date.	No
Zhejiang Huafei Intelligent Technology CO., LTD.	10,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	September 26, 2024	May 08, 2025	Yes
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huajian Technology Co., Ltd.	2,000,000.00	August 25, 2025	August 24, 2030	No
Zhejiang Huajian Technology Co., Ltd.	30,000,000.00	August 25, 2025	August 24, 2028	No
Zhejiang Huajian Technology Co., Ltd.	963,702.40	December 19, 2025	December 16, 2028	No
Zhejiang Huajian Technology Co., Ltd.	12,046,280.00	December 19, 2025	December 31, 2026	No
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	September 26, 2024	May 08, 2025	Yes
Hangzhou Xiaohua Technology CO., LTD.	2,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Dahua	5,000,000.00	September	May 08, 2025	Yes

Security Network Operation Service Co., Ltd.		26, 2024		
Zhejiang Dahua Security Network Operation Service Co., Ltd.	5,000,000.00	May 09, 2025	August 24, 2025	Yes
Dahua Technology France SAS (guarantee currency: EUR)	145,690.20	December 07, 2023	August 31, 2029	No
Dahua Europe B.V. (guarantee currency: USD)	1,500,000.00	March 04, 2024	March 03, 2025	Yes
Dahua Europe B.V. (guarantee currency: USD)	2,500,000.00	March 04, 2025	March 03, 2026	No
Dahua Technology Italy S.R.L. (guarantee currency: USD)	500,000.00	March 04, 2024	March 03, 2025	Yes
Dahua Technology Italy S.R.L. (guarantee currency: USD)	500,000.00	March 04, 2025	March 03, 2026	No
Zhejiang Huaruijie Technology Co., Ltd.	2,000,000.00	May 09, 2025	August 24, 2025	Yes
Zhejiang Huaruijie Technology Co., Ltd.	15,000,000.00	June 27, 2025	The debtor's debt performance period stipulated in the master contract shall expire two years from the due date.	No
Zhejiang Huaruijie Technology Co., Ltd.	10,000,000.00	June 27, 2025	From the effective date of the commitment letter until the maturity date of each loan or other financing under the Credit Agreement, or the maturity date of the accounts receivable creditor's right assigned to China Merchants Bank Hangzhou Branch, or three years after the date of each advance.	Yes
Zhejiang Huaruijie Technology Co., Ltd.	2,000,000.00	August 25, 2025	August 24, 2030	No
Yibin Huahui Information Technology Co., Ltd.	4,754,237.19	January 02, 2025	December 31, 2025	Yes
Dahua Technology Singapore Pte. Ltd. (guarantee currency: SGD)	164,177.83	April 30, 2025	January 30, 2028	No

(4) Asset Transfer and Debt Restructuring of Related Parties

Unit: RMB

Related Parties	Content of the Related - Party Transaction	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	Procurement of fixed assets	2,041,170.69	
Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	Procurement of fixed assets	93,649.38	
Zhejiang Hyxi Technology Co., Ltd.	Procurement of fixed assets	61,946.77	

Zhejiang Huachuang Vision Technology Co., Ltd.	Procurement of fixed assets	25,424.78	33,671.84

(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	34,761,340.55	32,004,911.06

(6) Other Related-party Transactions

(1) In April 2025, the Company held the 13th meeting of the eighth Board of Directors, and reviewed and approved the "Proposal on the Company's Waiver of the Pre-emptive Right in Respect of the Equity Transfer of Certain Controlling Subsidiaries and Related-Party Transactions." Other shareholders of the Company's controlling subsidiaries Huayixin, Hirige, and Huajian Technology intended to transfer their equity in the aforementioned companies among entities under common control. Specifically, Ningbo Hualing Venture Capital Investment Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Hualing") would transfer its 37.40% equity in Huayixin (paid-in capital of RMB 29.92 million) to the executive partner Ms. Chen Ailing at a price of RMB 29.92 million; Ningbo Hualing would transfer its 14.00% equity in Hirige (paid-in capital of RMB 14.00 million) to the executive partner Ms. Chen Ailing at a price of RMB 15.93 million; and Ningbo Hualing would transfer its 35.00% equity in Huajian Technology (paid-in capital of RMB 17.50 million) to the executive partner Ms. Chen Ailing at a price of RMB 17.50 million. The Board of Directors agreed to waive the pre-emptive right regarding the equity transfer matters. Following the aforementioned equity transfer, the Company's proportional ownership interest in the controlling subsidiary will not decrease, and there will be no change to the scope of consolidation.

(2) During the reporting period, pursuant to a resolution of the General Meeting of Shareholders of the controlling subsidiary Huaruipin, Huaruipin's registered capital was reduced from RMB 50,000,000 to RMB 25,500,000, of which the shareholder and related party Zhejiang Huashi Investment Management Co., Ltd. reduced its subscribed capital by RMB 17,000,000, and Hangzhou Ruipin Enterprise Management Partnership (Limited Partnership) reduced its subscribed capital by RMB 5,750,000. Post-reduction, Huaruipin became a wholly-owned subsidiary of the Company.

(3) During the reporting period, the company acquired 8.10% equity of Huayixin held by related party Ningbo Huagu Enterprise Management Partnership (Limited Partnership) for a consideration of RMB 1.58 million, and acquired 3.50% equity of Huayixin held by other original shareholders for a consideration of RMB 1.68 million. After the equity acquisitions, the company's shareholding ratio in Huayixin increased from 51% to 62.60%.

(4) During the reporting period, the shareholder of the subsidiary Hirige, Ningbo Huaqi Enterprise Management Partnership (Limited Partnership), increased Hirige's capital by RMB 6,000,000 at a price of RMB 1 per unit of registered capital, and the Company waived its pro rata capital increase rights. After the capital increase, the company's equity in Hirige decreased from 51% to 49.04%.

(5) During the reporting period, the subsidiary Zhejiang Dahua Investment Management Co., Ltd., together with related party Jiaxing Huayan Chuangrui Venture Capital Partnership (Limited Partnership) and other third-party investors, made a capital injection in Shenzhen Xinzhan Su Technology Development Co., Ltd. After the capital increase, Zhejiang Dahua Investment Management Co., Ltd. holds a 9.99% equity stake in Shenzhen Xinzhan Su Technology Development Co., Ltd. (corresponding registered capital of RMB 700,000).

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.	565,687,976.12	28,284,398.81	591,354,065.58	29,567,703.28
Accounts Receivable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	243,469,945.87	12,324,275.05	264,675,710.56	13,357,368.51
Accounts Receivable	China Mobile Communications Group Co., Ltd. and its affiliates	173,723,159.41	22,141,300.67	153,789,928.68	21,308,153.74
Accounts Receivable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	17,805,860.20	3,880,447.61	17,669,453.04	1,408,576.57
Accounts Receivable	Zhejiang Hyxi Technology Co., Ltd.	7,191,816.06	364,839.65	2,049,201.90	102,460.10
Accounts Receivable	Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	6,667,394.03	333,369.70		
Accounts Receivable	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	3,439,910.01	191,774.60	2,642,556.01	132,127.80
Accounts Receivable	Guangdong Zhishi Digital Technology Co., Ltd.	3,439,407.34	210,046.12	7,550,832.13	2,958,999.91
Accounts Receivable	Zhejiang Huachuang Vision Technology Co., Ltd.	2,183,552.25	359,414.32	2,602,776.37	201,453.69
Accounts Receivable	Rudong Jintianhua Security Technology Co., Ltd.	1,682,416.30	84,120.82		
Accounts Receivable	Zhejiang Gaohua AIoT Technology Co., Ltd.	1,063,799.06	53,189.95		

Accounts Receivable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries	593,647.84	29,682.39	291,210.78	14,560.54
Accounts Receivable	Guangxi FTZ Huaqin Wisdom Park Technology Research Institute Co., Ltd.	586,250.00	29,312.50	31,170.00	1,558.50
Accounts Receivable	Dezhou Shuzhi Information Technology Co., Ltd.	578,356.99	28,917.85	6,231,962.01	311,598.10
Accounts Receivable	Beijing Saimu Technology Co., Ltd.	361,600.00	18,080.00		
Accounts Receivable	Company A and other companies under its control			315,750.18	252,847.40
Prepayments	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	4,274,499.53			
Prepayments	Company A and other companies under its control	118,580.39		747,840.52	
Prepayments	China Mobile Communications Group Co., Ltd. and its affiliates	86,914.16		376,505.05	
Contract Assets	China Mobile Communications Group Co., Ltd. and its affiliates	4,665,386.88	1,140,507.11	5,745,492.32	747,625.61
Contract Assets	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	258,828.00	12,941.40		
Contract Assets	Zhejiang Gaohua AIoT Technology Co., Ltd.	37,816.45	1,890.82		
Contract Assets	Ruicity Digital Technology Co., Ltd. And its subsidiaries			155,050.00	44,122.80
Contract Assets	Zhejiang Hyxi Technology Co., Ltd.			90,160.20	4,508.01
Other Receivables	China Mobile Communications Group Co., Ltd. and its affiliates	2,564,089.07	457,039.70	3,199,859.09	573,371.54

Other Receivables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	44,850.00	13,455.00	244,850.00	14,485.00

(2) Payables

Unit: RMB

Item Name	Related Parties	Closing Balance	Opening Balance
Accounts Payable	Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	82,757,252.69	
Accounts Payable	China Mobile Communications Group Co., Ltd. and its affiliates	24,800,225.13	36,039,551.28
Accounts Payable	Zhejiang Huachuang Vision Technology Co., Ltd.	6,152,886.04	9,010,272.07
Accounts Payable	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	2,483,997.04	1,735,191.79
Accounts Payable	Ruicity Digital Technology Co., Ltd. And its subsidiaries	315,937.12	2,324,793.29
Accounts Payable	Company A and other companies under its control	216,602.02	
Accounts Payable	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries		107,500.00
Contract Liabilities	China Mobile Communications Group Co., Ltd. and its affiliates	12,657,755.06	9,457,312.09
Contract Liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	5,268,695.73	2,375,139.56
Contract Liabilities	Hangzhou Huacheng Network Technology Co., Ltd. and its subsidiaries	460,176.99	
Contract Liabilities	Intelbras S.A.	242,409.47	3,033,496.96
Contract Liabilities	Zhejiang Gaohua AIoT Technology Co., Ltd.	153,325.22	
Contract Liabilities	Ruicity Digital Technology Co., Ltd. And its subsidiaries	13,274.34	
Contract Liabilities	Huayan Capital (Hangzhou) Private Equity Fund Management Co., Ltd.		107.09
Other Payables	China Mobile Communications Group Co., Ltd. and its affiliates	12,105,552.27	10,647,937.20
Other Payables	Ningbo Hualing Venture Capital Investment	10,926,042.47	13,727,591.82

	Partnership (Limited Partnership)		
Other Payables	Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	4,683,641.32	4,683,641.32
Other Payables	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	50,000.00	300,000.00
Other Payables	Zhejiang Huachuang Vision Technology Co., Ltd.		200,816.89
Other Payables	Zhejiang Huanuokang Technology Co., Ltd. and its subsidiaries		63,070.00
Lease Liabilities	Zhejiang Leapmotor Technology Co., Ltd. and its affiliates	6,358,130.27	6,550,386.06

XV. Share-based Payment

1. Overview of Share-based Payment

☒ Applicable ☐ Not Applicable

Unit: RMB

Category of Granted Recipients	Granted in the Current Period		Exercising in the Current Period		Unlocked in the Current Period		Lapsed in the Current Period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior management, other management, and key business personnel			11,670,801.00	22,758,061.95			46,240,970.00	235,090,839.30
Total			11,670,801.00	22,758,061.95			46,240,970.00	235,090,839.30

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

☐ Applicable ☒ Not Applicable

Other notes:

(1) The company and its subsidiaries' employees hold equity in the subsidiary HuaRay Technology through capital increase or direct or indirect equity transfer. Share-based payment expenses of RMB 68,503,483.47 were recognized in this period.

(2) The company and its subsidiaries' employees hold equity in the subsidiary Huacheng Network through capital increase or direct or indirect equity transfer. Share-based payment expenses of RMB 10,838,268.39 were recognized in this period.

(3) The company and its subsidiaries' employees hold equity in the subsidiary Pixfra Technology through capital increase or direct or indirect equity transfer. Share-based payment expenses of RMB 19,266,115.58 were recognized in this period.

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	Determined based on the most recent external investor's investment price on the grant date or assessed using the income method.
The basis for determining the amount of exercisable equity instruments	Estimated according to equity instruments held by the employees
Reason for the significant difference between the estimation of current period and the previous period	None
The accumulated amount of equity-settled share-based payment counted into the capital reserve	252,640,515.69
Amount of equity-settled share-based payment confirmed in current period	98,607,867.44

3. Situation of Cash-settled Share-based Payment

☐ Applicable ☒Not Applicable

4. Share-based Payments in The Current Period

☒Applicable ☐ Not Applicable

Unit: RMB

Category of Granted Recipients	Equity-settled Share-based Payments	Cash-settled Share-based Payments
Senior management, other management, and key business personnel	98,607,867.44	
Total	98,607,867.44	

XVI. Commitments and Contingencies

1. Significant Commitments

Important commitments on the balance sheet day

As of December 31, 2025, the pledge information of the Company was as follows:

(1) On May 30, 2025, the company renewed the Guarantee Contract for Pledge of Asset Pool numbered (33100000) Zheshang Asset Pool Pledge (2025) No. 06877 with Zheshang Bank Co., Ltd. Hangzhou Branch (contract term from May 30, 2025, to May 30, 2026). This contract provides a guarantee for the Asset Pool Business Cooperation Agreement jointly signed by the company and its subsidiaries Zhejiang Dahua Vision Technology Co., Ltd., Zhejiang

Dahua System Engineering Co., Ltd., Zhejiang Fengshi Technology Co., Ltd., Zhejiang Dahua Zhilian Co., Ltd., and Zheshang Bank Co., Ltd. Hangzhou Branch. The maximum financing quota of the pledged asset pool shall not exceed RMB 2.5 billion.

Under this note pool arrangement, as of December 31, 2025, the Company had RMB 109,369,831.10 in outstanding notes receivable (of which RMB 100,000,000.00 were notes receivable from related parties within the scope of consolidation); the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had RMB 673,351,555.09 in outstanding notes receivable (of which RMB 102,076,460.14 were notes receivable from related parties within the scope of consolidation); the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had RMB 2,809,404.00 in outstanding notes receivable; the subsidiary Zhejiang Dahua Zhilian Co., Ltd. had RMB 141,813,204.72 in outstanding notes receivable; and the subsidiary Zhejiang Fengshi Technology Co., Ltd. had RMB 780,281.75 in outstanding notes receivable.

Under the pledge, the Company issued the banker's acceptances in the amount of RMB 6,545,364.68, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the banker's acceptances in the amount of RMB 444,599,325.97, and the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued the banker's acceptances in the amount of RMB 266,731,498.85.

(2) On March 18, 2025, the company signed the Credit Agreement for Notes Pool Business with China Merchants Bank Co., Ltd. Hangzhou Branch, contract number 571XY250318T000009 (contract term from March 19, 2025, to March 18, 2028), agreeing on a special notes pool quota of RMB 1.5 billion. The quota is simultaneously allocated to the subsidiaries Zhejiang Dahua Vision Technology Co., Ltd., Zhejiang Dahua System Engineering Co., Ltd., Zhejiang Fengshi Technology Co., Ltd., Zhejiang Huafei Intelligent Technology Co., Ltd., Zhejiang Huayixin Technology Co., Ltd., Zhejiang Huaxiao Technology Co., Ltd., Zhejiang Huajian Technology Co., Ltd., Xi'an Dahua Zhilian Technology Co., Ltd., Zhejiang Dahua Intelligent IoT Operation Service Co., Ltd., and Zhejiang Dahua Zhilian Co., Ltd.

Under this note-pool business, as of December 31, 2025, the company had RMB 128,554,577.22 notes receivable not yet due (of which RMB 118,000,000.00 were related-party notes included within the scope of consolidation), the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. had RMB 251,914,591.17 notes receivable not yet due (of which RMB 200,000,000.00 were related-party notes included within the scope of consolidation), the subsidiary Zhejiang Dahua System Engineering Co., Ltd. had RMB 2,402,178.00 notes receivable not yet due, the subsidiary Zhejiang Dahua Zhilian Co., Ltd. had RMB 14,258,316.44 notes receivable not yet due, and the subsidiary Zhejiang Fengshi Technology Co., Ltd. had RMB 323,667.96 notes receivable not yet due.

Under the pledge, the company issued banker's acceptances in the amount of RMB 2,874,964.52; the subsidiary Zhejiang Dahua System Engineering Co., Ltd. issued banker's acceptances in the amount of RMB 3,630,422.57; the subsidiary Zhejiang Dahua Zhilian Co., Ltd. issued banker's acceptances in the amount of RMB 20,004,209.53; the subsidiary Zhejiang Fengshi Technology Co., Ltd. issued banker's acceptances in the amount of RMB 271,358,027.24; the subsidiary Zhejiang Huajian Technology Co., Ltd. issued banker's acceptances in the amount of RMB 7,324,376.01; the subsidiary Zhejiang Huaxiao Technology Co., Ltd. issued banker's acceptances in the amount of RMB 438,025.43; and the subsidiary Zhejiang Huayixin Technology Co., Ltd. issued banker's acceptances in the amount of RMB 39,437.00.

(3) On May 17, 2024, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. and Bank of Hangzhou Co., Ltd. entered into the "Supplemental Agreement to the Asset Steward Pledge Contract" (No. E-C-B-18-2), and extended the term of "Pledge Contract for Maximum Amount of Individual Asset Management" to May 16, 2027, agreeing on providing a guarantee for the "Asset Management Service Agreement" signed by the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. and Hangzhou Bank Co., Ltd. The credit limit of the notes pool cannot be more than RMB 0.2 billion.

Under this notes pool business, as of December 31, 2025, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. has RMB 34,536,755.50 of unexpired notes receivable pledged for issuing acceptance bills.

Under the pledge, the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued the bank acceptance bills in the amount of RMB 0.

(4) On August 20, 2025, the Company entered into the Asset Pool Charge-off Agreement No. PYHZSZCZ 20250726 No. 001 with Ping An Bank Co., Ltd. Hangzhou Branch (contract term: August 20, 2025 to August 19, 2026), which provides a special note pool credit facility of RMB 1.5 billion. The facility was also allocated to the subsidiary Zhejiang Dahua Vision Technology Co., Ltd., the subsidiary Zhejiang PixFra Technology Co., Ltd., and the subsidiary Changsha Dahua Technology Co., Ltd.

Under this notes receivable pool business, as of December 31, 2025, the company has RMB 206,234,683.55 of notes receivable not yet matured (of which RMB 200,000,000.00 are notes from related parties within the consolidated scope). The subsidiary Zhejiang Dahua Vision Technology Co., Ltd. has RMB 267,207,255.14 of notes receivable not yet matured (of which RMB 220,000,000.00 are notes from related parties within the consolidated scope). The subsidiary Changsha Dahua Technology Co., Ltd. has RMB 3,580,196.00 of notes receivable not yet matured, and the subsidiary Zhejiang PixFra Technology Co., Ltd. has RMB 2,290,491.40 of notes receivable not yet matured pledged for issuing banker's acceptance.

Under this pledge arrangement, the Company issued banker's acceptance notes totaling RMB 2,174,246.45; the subsidiary Zhejiang Dahua Vision Technology Co., Ltd. issued banker's acceptance notes totaling RMB 264,572,450.48; the subsidiary Zhejiang PixFra Technology Co., Ltd. issued banker's acceptance notes totaling RMB 2,031,834.87; and the subsidiary Changsha Dahua Technology Co., Ltd. issued banker's acceptance notes totaling RMB 6,742,355.59.

(5) The subsidiary Zhejiang HuaRay Technology Co., Ltd. signed the Credit Agreement for Notes Pool Business with the Hangzhou Branch of China Merchants Bank Co., Ltd., agreeing on a quota of 200 million RMB for the notes pool business credit line. Under this notes pool business, as of December 31, 2025, the subsidiary Zhejiang HuaRay Technology Co., Ltd. has RMB 28,430,326.67 of notes receivable not yet matured pledged for issuing acceptance bills. Under this pledge matter, the subsidiary Zhejiang HuaRay Technology Co., Ltd. issued a banker's acceptance in the amount of RMB 22,271,836.45.

2. Contingencies

(1) Important contingent matters on the balance sheet day

None

(2) Description required even if no important contingent matter is to be disclosed by the Company

No important contingent matter to be disclosed by the Company.

XVII. Events after the Balance Sheet Date

1. Profit Distribution

Proposed dividend per 10 shares (RMB)	3.70

Proposed dividend per 10 shares (shares)	0
Proposed number of shares transferred for per 10 shares (shares)	0
Profit distribution plan	Based on the share capital of 3,249,442,473 shares after deducting the Company's repurchased shares as of April 17, 2026, the Company will distribute a cash dividend of RMB 3.70 per 10 shares (tax inclusive) to all shareholders. This distribution will not convert capital reserves into share capital or distribute bonus shares, and the remaining undistributed profits will be retained for subsequent distribution.

2. Explanation of Other Events after the Balance Sheet Date

(1) In November 2025, following review by the 18th meeting of the company's eighth Board of Directors and the 2025 First Extraordinary General Meeting of Shareholders, the company proposes to spin off its subsidiary Zhejiang HuaRay Technology Co., Ltd. for listing on the Main Board of the Stock Exchange of Hong Kong Limited. On January 19, 2026, Zhejiang HuaRay Technology Co., Ltd. submitted application materials to the Hong Kong Stock Exchange for an initial public offering and listing on the Main Board of the Hong Kong Stock Exchange. The related matters are proceeding as planned.

(2) On April 17, 2026, the 8th Board of Directors' 21st meeting reviewed and approved the proposal "Regarding the <2026 Employee Stock Ownership Plan (Draft)> and Its Summary." The company plans to grant employee stock ownership plan shares to the company's core backbone personnel (no more than 1,030 persons) at a consideration of RMB 9.58 per share. The planned fundraising scale is expected to not exceed RMB 189.8718 million, and the specific number of participants and final subscription status will be determined based on the actual payment by employees. This proposal has been reviewed and approved by the Board of Directors' Remuneration and Assessment Committee, and still needs to be submitted to the company's General Meeting of Shareholders for review.

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	16,752,032,126.82	10,894,153,685.79
Overseas	15,991,751,216.98	8,548,402,136.98

Total	32,743,783,343.80	19,442,555,822.77

Product subsection

Unit: RMB

Item	Operating Revenue	Operating Cost
AIoT Products and Solutions	26,408,997,437.86	15,201,037,475.03
Including: Software Business	1,832,591,919.52	635,354,985.52
Innovative Businesses	5,670,492,055.81	3,692,117,185.29
Others	664,293,850.13	549,401,162.45
Total	32,743,783,343.80	19,442,555,822.77

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

1. Accounts Receivable

(1) Disclosure by Aging

Unit: RMB

Aging	Closing Balance	Opening Balance
Within 1 year (including 1 year)	4,288,801,180.60	3,626,113,282.05
1 to 2 years	235,657,039.00	278,227,149.44
2 to 3 years	197,513,351.01	118,907,668.74
3 years or above	281,616,864.64	327,790,735.16
3 to 4 years	79,638,981.41	156,150,890.29
4 to 5 years	88,006,193.53	104,733,137.94
5 years or above	113,971,689.70	66,906,706.93
Total	5,003,588,435.25	4,351,038,835.39

(2) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad Debt Provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Accounts receivables with the bad debt provision accrued based on single item	6,881,800.94	0.14%	6,881,800.94	100.00%		37,472,879.25	0.86%	37,472,879.25	100.00%	

Among them:										
Accounts receivable with insignificant single amount but accrued for separate provision of bad debt	6,881,800.94	0.14%	6,881,800.94	100.00%		37,472,879.25	0.86%	37,472,879.25	100.00%	
Accounts receivables with the bad debt provision accrued based on combinations	4,996,706.634.31	99.86%	192,674,276.60	3.86%	4,804,032,357.71	4,313,565,956.14	99.14%	174,068,692.58	4.04%	4,139,497,263.56
Among them:										
Portfolio 1: Consolidated Related Parties Portfolio	3,779,619.861.37	75.54%			3,779,619,861.37	3,137,038,601.58	72.10%			3,137,038,601.58
Portfolio 2: Aging Analysis Method Portfolio	1,217,086,772.94	24.32%	192,674,276.60	15.83%	1,024,412,496.34	1,176,527,354.56	27.04%	174,068,692.58	14.80%	1,002,458,661.98
Total	5,003,588,435.25	100.00%	199,556,077.54		4,804,032,357.71	4,351,038,835.39	100.00%	211,541,571.83		4,139,497,263.56

Bad debt provision on an individual basis: RMB 6,881,800.94

Unit: RMB

Name	Opening Balance		Closing Balance			
	Book Balance	Bad Debt Provision	Book Balance	Bad Debt Provision	Accrued Ratio	Reason for Making Bad Debt Provision
Customer 1	36,675,477.42	36,675,477.42				Expected to be unable to recover
Customer 2			5,409,849.60	5,409,849.60	100.00%	Expected to be unable to

						recover
Other sporadic customers	797,401.83	797,401.83	1,471,951.34	1,471,951.34	100.00%	Expected to be unable to recover
Total	37,472,879.25	37,472,879.25	6,881,800.94	6,881,800.94		

Bad debt provision on a portfolio basis: RMB 192,674,276.60

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Within 1 Year	821,146,179.58	41,057,308.97	5.00%
1 to 2 years	140,429,770.97	14,042,977.10	10.00%
2 to 3 years	109,000,058.21	32,700,017.46	30.00%
3 to 4 years	64,131,019.67	32,065,509.84	50.00%
4 to 5 years	47,856,406.40	38,285,125.12	80.00%
5 years or above	34,523,338.11	34,523,338.11	100.00%
Total	1,217,086,772.94	192,674,276.60	

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	211,541,571.83	30,755,963.94	133,071.56	41,150,552.59	-1,457,834.08	199,556,077.54
Total	211,541,571.83	30,755,963.94	133,071.56	41,150,552.59	-1,457,834.08	199,556,077.54

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

None

(4) Accounts Receivable Actually Written Off in This Period

Unit: RMB

Item	Write-off Amount
Accounts receivable actually written off	41,150,552.59

Write-off of important accounts receivable:

None

(5) Accounts Receivable and Contract Assets of the Top Five Closing Balances Collected by Debtors

Unit: RMB

Name of Unit	Accounts receivable closing balance	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	As a percentage of accounts receivables and total ending balance	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Customer 1	3,093,806,028.45		3,093,806,028.45	61.33%	
Customer 2	212,000,532.86		212,000,532.86	4.20%	
Customer 3	158,545,408.98	3,049,705.42	161,595,114.40	3.20%	35,451,793.84
Customer 4	158,550,251.51		158,550,251.51	3.14%	
Customer 5	114,302,456.38	2,888,126.31	117,190,582.69	2.32%	13,489,991.28
Total	3,737,204,678.18	5,937,831.73	3,743,142,509.91	74.19%	48,941,785.12

2. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Other Receivables	14,419,762,765.91	13,384,626,871.41
Total	14,419,762,765.91	13,384,626,871.41

(1) Other Receivables**1) Other Receivables Categorized by the Nature of the Funds**

Unit: RMB

Nature of the funds	Closing Balance	Opening Balance
Incomings and outgoings	14,267,847,401.84	13,273,651,357.52
Equity Transfer Fund	71,683,294.00	
Deposits	41,920,742.52	45,415,624.12
Employee home loan	38,932,850.00	50,462,191.00
Prepaid or advance expense	32,314,147.46	47,488,662.92
Others	352,417.13	5,892,194.26
Total	14,453,050,852.95	13,422,910,029.82

2) Disclosure by Aging

Unit: RMB

Aging	Closing Balance	Opening Balance
Within 1 year (including 1 year)	13,693,636,091.28	12,984,563,624.75
1 to 2 years	372,767,334.00	97,135,520.98
2 to 3 years	80,860,324.04	57,731,188.49
3 years or above	305,787,103.63	283,479,695.60

3 to 4 years	46,473,845.99	40,037,678.96
4 to 5 years	33,231,067.76	63,092,431.82
5 years or above	226,082,189.88	180,349,584.82
Total	14,453,050,852.95	13,422,910,029.82

3) Disclosure by Bad Debt Provision Method

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad Debt Provision		Book Value
	Amount	Proportion	Amount	Accrued Ratio		Amount	Proportion	Amount	Accrued Ratio	
Provision of bad debts based on combination	14,453,050,852.95	100.00%	33,288,087.04	0.23%	14,419,762,765.91	13,422,910,029.82	100.00%	38,283,158.41	0.29%	13,384,626,871.41
Among them:										
Portfolio 1: Related Parties Portfolio	14,267,847,401.84	98.72%			14,267,847,401.84	13,273,651,357.52	98.89%			13,273,651,357.52
Portfolio 2: Aging Analysis Portfolio	185,203,451.11	1.28%	33,288,087.04	17.97%	151,915,364.07	149,258,672.30	1.11%	38,283,158.41	25.65%	110,975,513.89
Total	14,453,050,852.95	100.00%	33,288,087.04		14,419,762,765.91	13,422,910,029.82	100.00%	38,283,158.41		13,384,626,871.41

Bad debt provision on a portfolio basis: RMB 33,288,087.04

Unit: RMB

Name	Closing Balance		
	Book Balance	Bad Debt Provision	Accrued Ratio
Within 1 year (including 1 year)	128,265,724.60	6,413,286.23	5.00%
1 to 2 years	16,282,507.41	1,628,250.74	10.00%
2 to 3 years	11,884,825.19	3,565,447.56	30.00%
3 to 4 years	12,085,614.00	6,042,807.00	50.00%
4 to 5 years	5,232,422.01	4,185,937.61	80.00%
5 years or above	11,452,357.90	11,452,357.90	100.00%
Total	185,203,451.11	33,288,087.04	

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

Unit: RMB

Bad Debt Provision	Phase One	Phase Two	Phase Three	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire extension (without credit impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance as of January 01, 2025	20,520,608.03	14,459,717.89	3,302,832.49	38,283,158.41
Balance as of January 01, 2025, in this period				
--Transfer to phase two	-922,929.25	922,929.25		
--Transfer to phase three	-25,081.64	-20,905.62	45,987.26	
Provisions of this period	615,825.61	1,251,206.51	4,350,958.56	6,217,990.68
Write off in this period	677,715.95	2,983,637.10	7,551,709.00	11,213,062.05
Balance as of December 31, 2025	19,510,706.80	13,629,310.93	148,069.31	33,288,087.04

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

☐ Applicable ☒ Not Applicable

4) Provision for Bad Debts Accrued, Recovered Or Reversed in This Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Resale or write-off	Others	
Bad debt provision	38,283,158.41	6,217,990.68		11,213,062.05		33,288,087.04
Total	38,283,158.41	6,217,990.68		11,213,062.05		33,288,087.04

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

None

5) Accounts Receivable Actually Written Off in This Period

Unit: RMB

Item	Write-off amount
Other accounts receivable actually written off	11,213,062.05

Write-off of other important receivables:

None

6) Other Receivables of the Top Five Closing Balances Collected by Debtors

Unit: RMB

Name of Unit	Nature of the Funds	Closing Balance	Aging	As a percentage of total other receivables at the end of the period	Bad debt provision at the end of the period
Zhejiang Dahua Vision Technology Co., Ltd.	Incomings and outgoings	9,863,183,031.97	Within 1 year: RMB 9,862,793,021.26; 1–2 years: RMB 5,989.87; 2–3 years: RMB 8,232.26; 3–4 years: RMB 375,788.58	68.24%	
Zhejiang Dahua Zhilian Co., Ltd.	Incomings and outgoings	2,573,728,313.58	Within 1 year	17.81%	
Zhejiang Huaqi Intelligent Technology Co., Ltd.	Incomings and outgoings	504,667,310.06	Within 1 year	3.49%	
Zhejiang Dahua System Engineering Co., Ltd.	Incomings and outgoings	393,270,324.13	Within 1 year: RMB 345,428,151.81, 1–2 years: RMB 50.00, 2–3 years: RMB 1,293,307.72, 3–4 years: RMB 4,400,100.00, 4–5 years: RMB 5,100,400.00, over 5 years: RMB 37,048,314.60	2.72%	
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	Incomings and outgoings	385,232,950.12	The amount within 1 year is RMB 143,123,935.34 and the amount in 1–2 years is RMB 242,109,014.78.	2.67%	
Total		13,720,081,929.86		94.93%	

3. Long-term Equity Investment

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Investment in subsidiaries	7,923,455,949.26		7,923,455,949.26	8,006,238,280.28		8,006,238,280.28
Investment in affiliates and joint ventures	155,583,278.10	19,886,629.20	135,696,648.90	156,040,573.47		156,040,573.47
Total	8,079,039,227.36	19,886,629.20	8,059,152,598.16	8,162,278,853.75		8,162,278,853.75

(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.	540,661,946.58						540,661,946.58	
Zhejiang Dahua Security Network Operation Service Co., Ltd.	102,204,947.57						102,204,947.57	
Zhejiang Dahua Ju'an Technology Co., Ltd.	5,100,000.00						5,100,000.00	
Guangxi Dahua Information Technology Co., Ltd.	6,202,355.68						6,202,355.68	
Dahua Technology (HK) Limited	669,687,347.00						669,687,347.00	
Zhejiang Dahua Vision Technology Co., Ltd.	1,300,743,888.63						1,300,743,888.63	
Guangxi Dahua Yunlian Information Technology Co., Ltd.	20,002,580.76						20,002,580.76	
Hangzhou Xiaohua Technology CO., LTD.	9,318,750.13						9,318,750.13	
Zhejiang Dahua Zhilian Co., Ltd.	1,888,395,709.21						1,888,395,709.21	
Zhejiang Dahua Investment Management Co., Ltd.	85,284,000.00						85,284,000.00	
Guangxi Dahua Zhicheng Co., Ltd.	71,316,248.90						71,316,248.90	
Hangzhou Huacheng Network Technology Co., Ltd.	32,361,160.53			32,361,160.53				
Zhejiang HuaRay Technology Co., Ltd.	40,849,216.39						40,849,216.39	
Hangzhou Fuyang Hua'ao Technology Co., Ltd.	5,124,669.78						5,124,669.78	
Zhejiang Huafei Intelligent Technology CO., LTD.	2,731,123.94						2,731,123.94	
Guizhou Huayi Shixin Technology Co., Ltd.	1,800,000.00						1,800,000.00	
Zhejiang Fengshi Technology Co., Ltd.	9,060,723.93						9,060,723.93	
YIHUA SERVICES (HK) LIMITED	405,100.00						405,100.00	
Zhejiang Huaxiao	39,108,952.26						39,108,952.26	

Technology Co., Ltd.								
Xi'an Dahua Zhilian Technology Co., Ltd.	991,047,555.55						991,047,555.55	
Jiangsu Huaruipin Technology Co. Ltd.	18,020,674.13						18,020,674.13	
Beijing Huayue Shangcheng Information Technology Service Co., Ltd.	10,874,903.02						10,874,903.02	
Zhejiang Dahua Jinzhi Technology Co., Ltd.	60,000,000.00			50,000,000.00			10,000,000.00	
Shanghai Huashang Chengyue Information Technology Service Co., Ltd.	2,381,088.27						2,381,088.27	
Zhejiang Zhoushan Digital Development Operation Co. Ltd.	18,679,176.00						18,679,176.00	
Guangxi Dahua Technology Co., Ltd.	30,000,000.00						30,000,000.00	
Zhejiang Huayixin Technology Co., Ltd.	41,052,281.89		3,260,000.00				44,312,281.89	
Zhejiang Huaruijie Technology Co., Ltd.	53,826,622.38						53,826,622.38	
Chengdu Dahua Zhilian Information Technology Co., Ltd.	600,690,562.51						600,690,562.51	
Chengdu Dahua Zhian Information Technology Service Co., Ltd.	554,700,000.00						554,700,000.00	
Chengdu Huishan Smart Network Technology Co., Ltd.	5,800,000.00						5,800,000.00	
Zhejiang Huajian Technology Co., Ltd.	24,718,313.82						24,718,313.82	
Guangxi Huacheng Technology Co., Ltd.	162,313.73						162,313.73	
Hangzhou Huacheng Software Co., Ltd.	3,643,145.79			3,643,145.79				
Dahua Technology Canada Inc.	72,864.00						72,864.00	
Chengdu Dahua Zhishu Information Technology Service Co., Ltd.	10,000,000.00						10,000,000.00	
Zhengzhou Dahua Zhian Information Technology Co., Ltd.	30,000,000.00						30,000,000.00	
Dahua Technology International Pte. Ltd.	1,000,000.00						1,000,000.00	
Changsha Dahua Technology Co., Ltd.	100,023,115.80						100,023,115.80	
Zhejiang Pixfra Technology Co., Ltd.	592,904,907.42						592,904,907.42	
Zhejiang Dahua Intelligent	15,869,118.53						15,869,118.53	

IoT Operation Service Co., Ltd.								
Henan Dahua Zhilian Information Technology Co., Ltd.	127,933.88						127,933.88	
Yibin Huahui Information Technology Co., Ltd.	23,018.81						23,018.81	
Luoyang Dahua Zhiyu Information Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Xi'an IMOU Zhilian Technology Co., Ltd.	38,024.70			38,024.70				
Guangdong Huaxiyue Intelligent Technology Co., Ltd.	221,883.68						221,883.68	
Total amount of other companies	2,055.08						2,055.08	
Total	8,006,238,280.28		3,260,000.00	86,042,331.02			7,923,455,949.26	

(2) Investment in Affiliates and Joint Ventures

Unit: RMB

The invested entity	Openin g balanc e (book value)	Openi ng balan ce of provisi on for impair ment	Decrease/Increase in the current period								Closin g balanc e (book value)	Closi ng balan ce of provi sion for decli ne in value
			Invest ments increa sed	Invest ment decre ased	Invest ment profit and loss recog nized under the equity metho d	Adjust ment on other compr ehens ive incom e	Other chang es in equity	Cash divide nds or profit declar ed to distrib ute	Provis ion for impair ment accru ed	Others		
I. Joint Ventures												
II. Joint Venture												
Ruicity Digital Technology Co., Ltd.	52,803,494.38				- 8,129,557.99				19,886,629.20		24,787,307.19	19,886,629.20
Ningbo Huayan Chuangxi Venture Capital Investment Partnership (Limited Partnership)	67,626,764.60				9,713,409.96						77,340,174.56	
Dezhou Shuzhi	3,598,959.67				- 195.5						3,403,401.1	

Information Technology Co., Ltd.					58.48						9	
Sichuan Hengji Anhua Internet of Things Technology Co., Ltd.	960,25 5.07			634,6 68.33	- 325,5 86.74							
Zhejiang Huachuang Vision Technology Co., Ltd.	31,051, 099.75				- 10,06 7,752. 66		9,182, 418.8 7				30,16 5,765. 96	
Subtotal	156,04 0,573.4 7			634,6 68.33	- 9,005, 045.9 1		9,182, 418.8 7		19,88 6,629. 20		135,6 96,64 8.90	19,88 6,629 .20
Total	156,04 0,573.4 7			634,6 68.33	- 9,005, 045.9 1		9,182, 418.8 7		19,88 6,629. 20		135,6 96,64 8.90	19,88 6,629 .20

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	9,821,281,286.65	1,486,927,492.50	7,449,795,751.08	1,430,946,858.40
Other businesses	73,864,656.88	35,285,082.45	68,395,291.00	34,191,111.71
Total	9,895,145,943.53	1,522,212,574.95	7,518,191,042.08	1,465,137,970.11

5. Investment Income

Unit: RMB

Item	Amount Occurred in the Current Period	Amount Occurred in the Previous Period
Long-term equity investment income calculated by cost method		8,304,369.49
Long-term equity investment income measured by equity method	-9,005,045.91	-34,908,353.35
Investment income from disposal of long-term equity investment	694,701,692.30	6,812,806.50
Investment income from trading financial assets during the holding period	2,667,979.29	1,243,275.00
Investment income from disposal of trading financial assets	134,944,244.25	322,743,089.62

Investment income of other non-current financial assets during the holding period	-49,372.45	6,235,327.82
Investment income from government bond reverse repurchase	1,743,563.91	2,275,761.53
Profits from recognition termination of financial assets	-3,081,940.11	-10,557,467.86
Gain on debt restructuring	-1,679,317.03	
Total	820,241,804.25	302,148,808.75

XX. Supplementary Information

1. Breakdown of Non-recurring Gains and Losses for This Period

☒Applicable ☐ Not Applicable

Unit: RMB

Item	Amount	Note
Gains and losses on disposal of non-current assets	499,321,216.61	
Government grants recognized in profit or loss for the period (excluding government grants closely related to the Company's ordinary course of business, in line with national policies, received in accordance with established standards, and having a continuing impact on the Company's profit or loss)	338,545,545.11	
Profits and losses resulting from the changes in fair value for financial assets and financial liabilities held by non-financial enterprises, and from disposal of financial assets and liabilities, excluding the effective hedging businesses related to the regular business operation of the Company	7,539,283.69	
Gains or losses from investment or asset management entrusted to others	582,864,912.76	
Reversal of the receivables depreciation reserves for separate impairment test	4,496,227.70	
Profits and losses on debt restructuring	-32,512,136.39	
Non-operating revenue and expenses other than the above	7,457,474.80	
Other gains and losses items that fit the definition of non-recurring gains and losses	-7,787,445.32	
Less: impact of income tax	253,249,486.05	
Impact of minority equity (after tax)	18,332,688.54	
Total	1,128,342,904.37	--

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	10.42%	1.18	1.18
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	7.37%	0.84	0.84

3. Differences in Accounting Data Between Domestic and Overseas Accounting Standards**(1) Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards**

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

Zhejiang Dahua Technology Co., Ltd.

Legal representative: Fu Liquan

April 18, 2026