

Hangzhou Hikvision Digital Technology Co., Ltd.

2024 Annual Report



April 19, 2025

## **To Shareholders**

In response to the complicated and dynamic business climate in 2024, the Company tapped into the potential of the Chinese security market and more actively expanded its security business overseas, while remaining committed to scenario-based digitization and innovative businesses. In 2024, the combined revenue of our overseas main businesses and innovative businesses surpassed the revenue of our domestic main businesses, that is, the total revenue of three businesses groups - PBG, EBG and SMBG - for the first time in our history.

The Company is determined to bolster its investment in R&D. Seeing the rise of large AI models, we actively expand the development of AIoT-powered large multimodal model technology. It is our business tenet to identify target markets, align with the advancement of cutting-edge technology, and incorporate new technologies into software and hardware products. The Company will keep growing its product lines and increasing application scenarios based on its persistent efforts to develop sensing technologies utilizing full electromagnetic waves, mechanical waves, and multi-band fusion. Since 2018, the Company has maintained a steady increase in R&D investment, actively responding to the continuously deteriorating global operating environment through technological innovation.

The Company will readily adapt itself to the times. In the years to come, we will shift our focus from faster expansion to higher efficiency, ensuring strong performance for all existing businesses. Moreover, the Company plans to modify its operating mechanism and optimize its organizational structure to better adapt to changes in the external business environment, while leveraging digital technology to increase operational efficiency both internally and externally.

The Company's commitment to global development will not change. Amid the ongoing political and economic turbulence worldwide, the Company is subject to standing, severe repression in some foreign countries, and is expected to face new challenges in the future. However, we are resolute in consistently increasing our investment in overseas marketing and expanding the percentage of overseas revenue – thanks to the indomitable spirit we have developed over the last 20 years in overseas market development.

The Company will always be customer-centric and create value for customers regardless of how

the business environment changes. Finally, we wish to express our gratitude to all shareholders for their trust in and support for the Company!

See far, go further!

Board of Directors of Hangzhou Hikvision Digital Technology Co., Ltd.

April, 2025

## **Section I Important Notes, Contents and Definitions**

The Board of Directors, Board of Supervisors, directors, supervisors and senior management guarantee that the information presented in this report is true, accurate and complete without false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

Hu Yangzhong, the Company's legal representative, Jin Yan, the person in charge of the accounting work, and Zhan Junhua, the person in charge of accounting department (accounting supervisor) hereby declare and warrant that the financial statements in this annual report are true, accurate and complete.

All directors of the Company have attended the board meeting to review this report.

The profit distribution proposal passed upon deliberation at the meeting of the Board of Directors is set out as follows: Based on the total share capital (excluding shares held in the Company's repurchase account) as of the record date for the implementation of the 2024 annual profit distribution plan, the Company proposed to distribute cash dividend of RMB7.00 (tax inclusive) per each 10 shares to all shareholders, bonus share and share distribution from capital reserve is nil.

### **Note:**

This document is a translated version of the Chinese version 2024 Annual Report ("2024 年年度报告"), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2024 Annual Report may be obtained at [www.cninfo.com.cn](http://www.cninfo.com.cn).



**Please read the full annual report and pay particular attention to the following risk factors:**

- 1) **Domestic Economic Transformation Risks:** The domestic market is undergoing continuous adjustments in fiscal spending and real estate investment, leading to a need for improvement in societal expectations for economic development. Additionally, some overseas nations are implementing trade protectionist policies, which pose challenges to the export capabilities of domestic enterprises. The economy remains in a transitional phase of upgrading and transformation. The Company empowers economic and social digital transformation with AIoT technologies and products, driving new developments in productivity. However, the process of transformation and upgrading cannot be achieved overnight, and long-term structural pressures on the economy and society persist. Fluctuations during this process will continue to impact the company's operations.
- 2) **Global Economic Downturn Risks:** Growth in key economies has decelerated, regional development remains unbalanced worldwide, and macroeconomic volatility persists. The Company mitigates operational risks in specific regions through its diversified business footprint, tailoring strategies to local conditions. However, should a global economic recession occur, the company's operations may still face material impacts.
- 3) **Geopolitical Environment Risks:** The global political system is evolving toward multipolarity, with stability and predictability continuously diminishing, while conflicts in certain regions persist unresolved. In recent years, the Company has strengthened risk management and enhanced response capabilities, adjusting resource allocations in line with operational environments. Nevertheless, should geopolitical conditions deteriorate abruptly, the Company's operations in certain countries and regions may still face adverse impacts.
- 4) **Technological Obsolescence Risks:** Technologies such as artificial intelligence, big data, the Internet of Things (IoT), and cloud computing are advancing rapidly, with iterative updates accelerating. The Company has established a certain level of expertise in areas such as IoT sensing, AI, and big data, and has maintained technological advancement through extensive commercial practices. However, if the Company fails to closely monitor the evolution of cutting-edge technologies or maintain innovation and expansion within its technological framework, the uncertainty risks associated with future development will intensify.
- 5) **Internal Management Risks:** The Company's expanding operational scale, continuous diversification of products and services, and increasing internal complexity are elevating new challenges to governance capabilities. Through institutionalization and process standardization, the Company codifies management expertise while emphasizing talent pipeline development. However, should management capabilities fail to keep pace with business growth, operational performance could be compromised.

- 6) **Financial Risks Caused by Customers' Reduced Ability to Pay:** The liquidity of commercial transactions is susceptible to economic volatility, with the Company's capital turnover being closely tied to the operational conditions of partners across the value chain. While maintaining robust collection mechanisms, prudent operations, and substantial cash reserves with low financing costs, the Company may still face slower payment recovery and operational disruptions should overall market liquidity risks escalate.
- 7) **Legal and Compliance Risks:** Multilateral trade mechanisms are significantly impacted by political events, and the laws and regulations that commercial activities must comply with are complex and vary from country to country. There is a trend towards stricter data regulations globally, which poses higher demands on the Company's legal and compliance capabilities. The Company has established an effective legal and compliance management system through practical experience and has undergone multiple business tests domestically and internationally. However, if the Company's legal and compliance capabilities cannot keep up with the evolving situation, it may still have a negative impact on operations.
- 8) **Supply Chain Risks:** Some countries are using supply chains as a means of international competition, and the global supply system has been continuously impacted by geopolitical events in recent years. Despite efforts to establish diversified supply networks and properly manage inventory, the Company may still be affected by a widespread supply chain disruption, which could impact its business stability.
- 9) **Cybersecurity Risks:** The Company consistently emphasizes cybersecurity capabilities and system development, actively implementing measures to enhance product and system security. However, incidents such as computer viruses, malware, and hacker attacks may still occur, potentially damaging the Company's systems or products and creating cybersecurity vulnerabilities.
- 10) **Exchange Rate Volatility Risks:** The Company conducts operations in multiple countries and regions overseas, primarily settling transactions in foreign currencies. While employing reasonable financial instruments for risk hedging, inherent foreign currency exposure from sales, procurement, and financing activities remains. Exchange rate fluctuations may consequently affect the Company's financial performance.
- 11) **Intellectual Property Risks:** The Company maintains substantial R&D investments yielding numerous technological achievements, supported by relatively comprehensive intellectual property protection measures. Nevertheless, risks of intellectual property disputes and infringement persist.

The above-mentioned alerts do not include all the potential risks for the Company. Investors are advised to invest with caution.

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## Definitions

Term	Definition
Reporting Period	From January 1, 2024 to December 31, 2024
<i>Articles of Associations</i>	<i>Articles of Associations for Hangzhou Hikvision Digital Technology Co., Ltd</i>
Hikvision, the Company, our Company, the Group	Hangzhou Hikvision Digital Technology Co., Ltd.
CETC	China Electronics Technology Group Corporation, the actual controller of the Company
CETHIK	China Electronics Technology HIK Group Ltd., the controlling shareholder of the Company
EZVIZ, EZVIZ Network	Hangzhou EZVIZ Network Co., Ltd.(According to the context, also refers to the corresponding business)
HikRobot, Robotic business	Hangzhou Hikrobot Technology Co., Ltd. (According to the context, also refers to the corresponding business)
Sensortech, HikAuto	Shijiazhuang Sensortech Smart Technology Ltd. (According to the context, also refers to the corresponding business)
HikMicro, Micro Sensing, Thermal imaging business	Hangzhou Hikmicro Sensing Technology Ltd. (According to the context, also refers to the corresponding business)
HikSemi, HikStorage, Storage business	Wuhan Hikstorage Technology Ltd. (According to the context, also refers to the corresponding business)
HikImaging	Hangzhou Hikimaging Technology Ltd. (According to the context, also refers to the corresponding business)
HikFire	Hangzhou Hikfire Technology Ltd. (According to the context, also refers to the corresponding business)
HikRayin, Rayin, HikSecurityCheck	Hangzhou Rayin Technology Ltd. (According to the context, also refers to the corresponding business)
Innovative Business	<p>A long investment cycle, business prospects uncertain, has the high risk and uncertainty, in need for direct or indirect investment in exploration, in order for the Company to timely enter into new areas of business. Initially disclosed in <i>Announcement about Management Measures for Core Staff Investment in Innovative Business</i> (<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>).</p> <p>In this report, innovative business also refers to EZVIZ, HikRobot, HikAuto, HikMicro, HikSemi, HikImaging, HikFire, Rayin and their related business or products.</p>

## Section II Corporate Profile & Key Financial Data

### I. Corporate Information

Stock abbreviation	HIKVISION	Stock code	002415
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	杭州海康威视数字技术股份有限公司		
Abbr. of the Company name in Chinese	海康威视		
Name of the Company in English (if any)	HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD		
Abbr. of the Company name in English (if any)	HIKVISION		
Legal representative	Hu Yangzhong		
Registered address	No. 555 Qianmo Road, Binjiang District, Hangzhou, Zhejiang Province		
Postal code of Registered address	310051		
Changes in the Company's registered address	The Company was listed on the Shenzhen Stock Exchange on May 28 <sup>th</sup> 2010. The original registered address was No. 36 MachengRoad, Xihu District, Hangzhou, Zhejiang Province. In 2016, the Company's registered address was changed to No. 555 Qianmo Road, Binjiang District, Hangzhou, Zhejiang Province.		
Business address	No. 518 Wulianwang Street, Binjiang District, Hangzhou		
Postal code of Business address	310051		
Company website	www.hikvision.com		
E-mail	market@hikvision.com; ir@hikvision.com		

### II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Feng Wei	Cai Chao
Address	No. 518 Wulianwang Street, Binjiang District, Hangzhou	No. 518 Wulianwang Street, Binjiang District, Hangzhou
Tel.	0571-88075998 ; 0571-89710492	0571-88075998 ; 0571-89710492
Fax	0571-89986895	0571-89986895
E-mail	hikvision@hikvision.com	hikvision@hikvision.com

### III. Information Disclosure and Place of the Report

The securities exchange website for the disclosure of the Annual Report	www.szse.cn
Media and website for the disclosure of the Annual Report	Securities Times, China Securities Journal, Shanghai securities Journal, www.cninfo.com.cn
Place where the Annual Report is available for inspection	Office of the Board of Directors of the Company

#### IV. Company Registration and Alteration

Unified Social Credit Identifier	91330000733796106P
Changes in principle business activities since the Company was listed (if any)	<p>The Company's business scope covers: licensed items: production of Class II and Class III radiation devices; sales of Class II and Class III radiation devices; radioisotope production (except the radiopharmaceuticals for positron emission computed tomography ); sales of Class II, Class III, Class IV and Class V radioactive sources; engineering and construction activities; type II value-added telecommunications services; online data processing and transaction processing services (operating e-commerce); Internet information services; general aviation services. (as for the items which by law are subject to approval, business activities can be carried out only after having been approved by the relevant departments, and the specific operation items are subject to the terms of the approval). General items: manufacturing of digital video surveillance systems; sales of digital video surveillance systems; manufacturing of security equipment; sales of security equipment; manufacturing of IoT equipment; sales of IoT equipment; manufacturing of intelligent unmanned aerial drones; sales of intelligent unmanned aerial drones; manufacturing of computer software and hardware and peripherals; wholesale of computer software and hardware and auxiliary equipment; manufacturing of communication equipment; sales of communication equipment; manufacturing of network equipment; sales of network equipment; manufacturing of display devices; sales of display devices; manufacturing of intelligent mobile equipment; sales of intelligent mobile equipment; manufacturing of auto parts and accessories; wholesale of auto parts and accessories; manufacturing of electric signal appliances and devices; sales of electric signal appliances and devices; manufacturing of mechanical and electrical equipment; sales of mechanical and electrical equipment; manufacturing of special labor protective supplies; sales of special labor protective supplies; sales of electronic products; sales of digital cultural and creative technological equipment; sales of second-class medical device; sales of charging pile; technical services, technical development, technical consultation, technical knowledge exchange, technology transfer and technology promotion; software development; development of network and information security software; information system integration services; computer system services; research and development of IoT technologies; IoT technology services; IoT application services; big data services; data processing and storage support services; security system monitoring services; security technology defense system's design and construction services; electronic and mechanical equipment maintenance (excluding special equipment); general equipment repairmen; centralized fast-charging station; parking lot services; digital cultural and creative content application services; health consulting services (excluding diagnostic and treatment services); environmental protection monitoring; marketing planning; business training (excluding education and vocational training that require licensing); import and export of goods; import and export</p>

	of technology (Except for items which by law are subject to approval, the Company can determine and carry out operational activities in accordance with the law by virtue of its business license).
Changes of controlling shareholders of the Company (if any)	No change during the reporting period

## V. Other Relevant Information

### Accounting firm engaged by the Company

Name of the accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Business address of the accounting firm	30F Bund Center 222 Yan An Road East Shanghai
Name of accountants for writing signature	Chen Yan, Liu Ying

Sponsor institution engaged by the Company to continuously perform its supervisory function during the Reporting Period

☐ Applicable ☒ Inapplicable

Financial advisor engaged by the Company to perform the duties of continuous supervision during the reporting period

☐ Applicable ☒ Inapplicable

## VI. Key Accounting Data and Financial Indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data

☒ Yes ☐ No

Reasons for retrospective adjustment or restatement of previous accounting data

☒ Consolidation under Common Control

Unit: RMB

	2024	2023		YoY Change (%)	2022	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Revenue (RMB)	92,495,525,118.30	89,339,856,855.68	89,341,177,610.40	3.53%	83,166,321,681.14	83,167,244,665.69
Net profit attributable to shareholders of the Company (RMB)	11,977,327,023.54	14,107,621,359.66	14,107,726,276.26	-15.10%	12,837,704,462.49	12,837,782,699.68
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	11,814,861,641.16	13,665,962,325.65	13,665,962,325.65	-13.55%	12,331,058,280.04	12,331,058,280.04
Net cash flows from	13,264,092,022.73	16,623,254,305.92	16,622,209,721.05	-20.20%	10,164,135,382.38	10,165,498,912.07

	2024	2023		YoY Change (%)	2022	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Basic earnings per share (RMB/share)	1.297	1.520	1.520	-14.67%	1.370	1.370
Diluted earnings per share (RMB/share)	1.297	1.520	1.520	-14.67%	1.370	1.370
Weighted average ROE	15.34%	19.64%	19.64%	-4.30%	19.62%	19.62%
	At December 31, 2024	At December 31, 2023		YoY Change (%)	At December 31, 2022	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Total assets (RMB)	132,016,200,156.14	138,848,007,548.55	138,858,122,879.55	-4.93%	119,234,833,850.69	119,244,597,584.64
Net assets attributable to shareholders of the Company (RMB)	80,668,661,062.88	76,354,265,540.14	76,354,265,540.14	5.65%	68,389,337,524.32	68,389,337,524.32

The Company's net profit before and after deducting non-recurring gains and losses in the last three fiscal years is negative, and the audit report of the most recent year shows that there is uncertainty about the Company's ability to continue operations

☐ Yes ☒ No

Net profit before and after deducting extraordinary gains and losses is negative

☐ Yes ☒ No

The total share capital of the Company as of the previous trading day of the annual report disclosure:

The total share capital of the Company as of the previous trading day of the annual report disclosure (share)	9,233,198,326
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Fully diluted earnings per share calculated with the latest share capital

Fully diluted earnings per share (RMB/share) calculated with the latest share capital	1.297
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## VII. Differences in Accounting Data between Domestic and Overseas Accounting Standards

### 1. Difference in the Financial Report of Net Profits and Net Assets According to the Disclosure of International Financial Reporting Standards and China Accounting Standards

☐ Applicable ☒ Inapplicable

There is no difference in the financial report of net profits and net assets according to the disclosure of International



Financial Reporting Standards (IFRS) and China Accounting Standards in the reporting period.

## 2. Difference in the Financial Report of Net Profits and Net Assets According to the Disclosure of Overseas Accounting Standards and China Accounting Standards

☐ Applicable ☒ Inapplicable

There is no difference in the financial report of net profits and net assets according to the disclosure of Overseas Accounting Standards and China Accounting Standards in the reporting period.

## 3. Explanation of the Differences in Accounting Data under Domestic and Overseas Accounting Standards

☐ Applicable ☒ Inapplicable

## VIII. Key Quarterly Financial Indicators

Unit: RMB

	1 <sup>st</sup> Quarter (Restated)	2 <sup>nd</sup> Quarter (Restated)	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Revenue (RMB)	17,817,550,424.43	23,391,545,781.93	23,782,371,582.09	27,504,057,329.85
Net profit attributable to shareholders of the Company	1,915,795,733.79	3,148,323,123.50	3,043,629,637.17	3,869,578,529.08
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses	1,760,276,683.16	3,482,729,220.56	2,908,130,076.06	3,663,725,661.38
Net cash flows from operating activities	-3,965,909,130.83	3,776,273,089.93	2,793,361,115.70	10,660,366,947.93

Note: During the year, business combination(s) under common control occurred, and the quarterly data was retrospectively adjusted in accordance with the accounting standards for business enterprises.

Whether there is significant difference between the above individual or aggregate financial indicators and that of what disclosed in the quarterly report, half-year report

☐ Yes ☒ No

## IX. Items and Amounts of Non-recurring Gains and Losses

☒ Applicable ☐ Inapplicable

Unit: RMB

Item	2024	2023 (Restated)	2022 (Restated)
Profits or losses from disposal of non-current assets (including the write-off for the impairment provision of assets)	-14,862,769.68	-10,507,192.80	-18,617,582.10
The government subsidies included in the current profits and losses (excluding the government subsidy that are closely related to the Company's normal business operations, in line with national policies and regulations, enjoyed in accordance with the determined standards, and have a continuous impact on the	566,828,064.11	518,953,527.79	726,269,569.92

Item	2024	2023 (Restated)	2022 (Restated)
Company's profit and loss)			
Apart from the effective hedging activities related to the company's normal business operations, the fair value changes in financial assets and financial liabilities held by non-financial enterprises, as well as the gains or losses from the disposal of these financial assets and liabilities.	41,760,525.08	-67,516,075.30	-99,112,871.09
The current period net profit or loss of the subsidiary from the beginning of the period to the date of merger under common control	-295,677.15	218,576.25	162,994.14
Gains and losses from debt restructuring	101,109,433.26	-	-
Share-based payment expenses recognized in one-time due to the cancellation or modification of the equity incentive plan	-471,167,293.91	-	-
Investment gains and losses on disposal of subsidiaries and other business units	-	-	3,550,851.71
Gains and losses from a business combination achieved in stages not under common control	-	116,433,610.45	-
Other non-operating income and expenditures except the items mentioned above	53,766,054.09	69,942,462.96	72,446,008.81
Other profit or loss items that meet the definition of non-recurring profit or loss	-	1,106,664.51	-
Less: Impact of income tax	20,093,234.14	64,745,616.43	74,392,826.66
Impact of the minority interests (after tax)	94,579,719.28	122,122,006.82	103,581,725.09
Total	162,465,382.38	441,763,950.61	506,724,419.64

Details of other gain/loss items that meet the definition of non-recurring gains and losses:

☐ Applicable    ☒ Inapplicable

The Company did not have other gain/ loss items that meet the definition of non-recurring gains and losses.

Explain the reasons if the Company classifies any non-recurring gain/loss item mentioned in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses> as a recurrent gain/loss item

☐ Applicable    ☒ Inapplicable

The Company did not classify an item as a non-recurring gain/loss according to the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses> into a recurrent gain/loss item.

## Section III Management Discussion and Analysis

### I. The Industry Situation and Main Business of the Company during the Reporting Period

#### 1. Business Overview:

Artificial intelligence (AI) is undergoing revolutionary changes, as the advancement of large language models (LLMs) has provided a significant boost to the widespread use of AI and the rise of large multimodal models (LMMs) has accelerated the deep fusion of the physical and digital worlds. Amid this technological transformation, Hikvision remains committed to expanding the boundaries of IoT perception based on its expertise in the sector of AI-powered Internet of Things (AIoT), promote the application of LMMs, and establish an end-to-end loop of applications with big data and software capabilities, in an effort to facilitate the digital transformation of society.

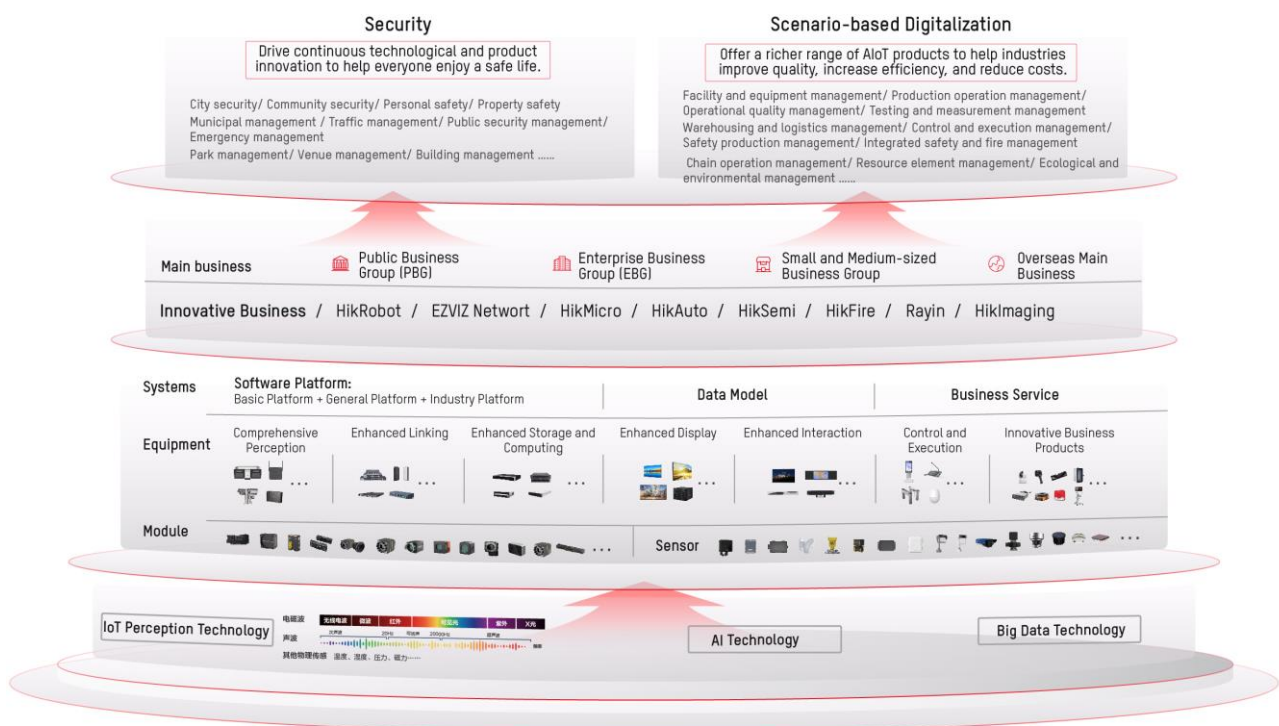
**IoT perception technology, which records everything digitally, serves as the "bridge" connecting the physical world with the digital.** With visible light at the core, Hikvision has built a multi-dimensional perception system that encompasses the electromagnetic spectrum from millimeter waves, infrared rays, lasers and X-rays to ultraviolet rays, and integrates sound waves, vibrations, temperature/humidity, pressure, magnetism and other sensing technologies. This leads to a complete IoT data portal. The persistent development of multi-dimensional perception capabilities has increased the breadth of data acquisition, and the continuous upgrade of perception product performance has improved the depth and accuracy of data, rendering everything perceptible and accessible.

**AI, which converts raw perception records into neatly structured data and interprets them, is the key to understanding scenarios and businesses.** Abundant IoT perception materials provide a high-quality data foundation for the training of large models, powering the iteration and improvement of Hikvision's AI algorithms. Hikvision's large models - Guanlan has developed capabilities related to large IoT perception models, large language models and large multimodal models to serve the technological chain from perception to cognition. In the realm of perception, Guanlan enables accurate analysis and comprehension of IoT data; in terms of cognitive capabilities, knowledge-enhanced large language models allow it to significantly improve the capabilities of semantic understanding, predictive inference and optimized decision-making in complex scenarios.

**Big data and software, which enable the organization and induction of IoT data, are the secret to unleashing the value of IoT data.** Leveraging its profound expertise in cloud computing, big data and other

technical domains, Hikvision has built a capability architecture that "integrates cloud and edge, IoT and information network, digitalization and intelligence" to support efficient data processing and analysis. Hikvision's unified software technology architecture supports a component-based approach to software development. The vast software component library and high component reuse rate greatly reduce the development and maintenance costs for users, helping with agile development and rapid iteration of software applications in different industries.

Hikvision has been leading the way in the AIoT sector for over two decades. It has gradually built a sound technical framework centered on IoT perception, AI, and big data. Based on this, it has developed more than 30,000 different AIoT products. The Company serves two business segments: security and scenario-based digitization and fuels the digital transformation of the whole society via three business groups and eight innovative businesses, as well as two marketing systems - domestic and overseas.



Under the leadership of the Enterprise Business Group (EBG), the scenario-based digitization business has taken shape across the organization in recent years, unleashing new growth space for the Company. The rise in the proportion of overseas revenue results in a more balanced core business structure, indicating the ongoing expansion of Hikvision's worldwide brand power. Innovative business has maintained rapid development, which constantly develops new capabilities and injects fresh momentum into the Company, advancing Hikvision's steady pathway towards AIoT. Hikvision will continuously reinforce its advantages in multi-dimensional perception technology,

enhance the integration and innovation of large models and industry expertise, and unlock the value of IoT data with more robust big data capabilities. In doing so, the Company hopes to contribute to precise and convenient social governance, sound and efficient business operations, and a smart and healthy lifestyle, continuing to lead the new future of AIoT.

## 2. Product System

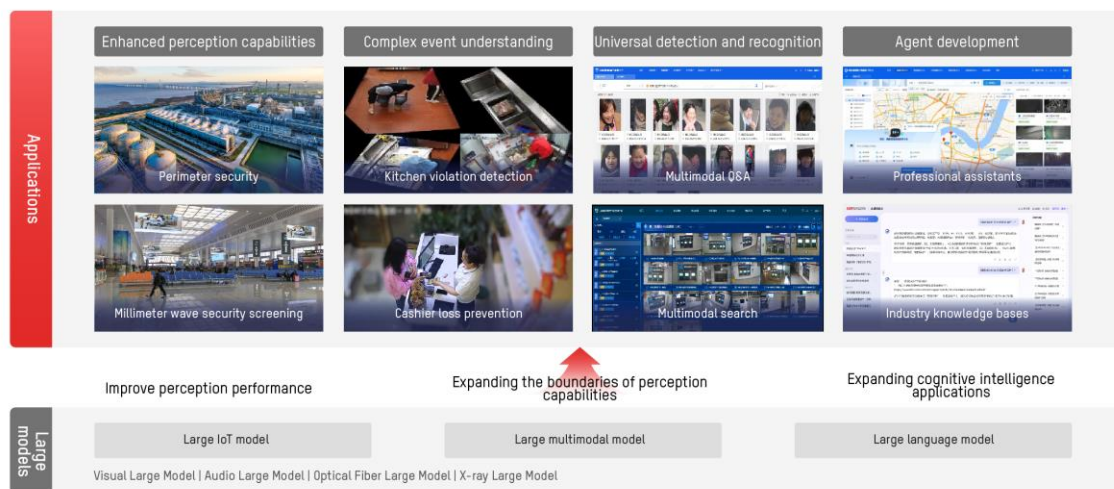
With video perception technology as the starting point, Hikvision continues to expand its IoT perception capabilities in more dimensions. Over the past more than 20 years, it has built a multi-dimensional perception system that encompasses electromagnetic waves and mechanical waves, and integrates physical sensing technologies based on temperature, humidity, pressure and magnetism. With an extensive perception capacity and multi-dimensional perception integration capabilities, Hikvision has established an IoT perception technology platform that supports growing innovative applications in the field of scenario-based digitization.

Hikvision has seen its AI technology continuing to develop and its software and hardware products embracing greater intelligence. In 2023, the Guanlan Large Model was released. Based on the Guanlan, Hikvision's AI algorithm capabilities have expanded from visual algorithms to multimodal algorithms, catalyzing multi-dimensional upgrades of software and hardware applications.

**Guanlan pushes the limits of perception intelligence:** Hikvision's large IoT perception models include large vision, optical fiber, audio, and X-ray models. Thanks to these large models, target identification tasks in complicated contexts have seen a notable rise in sensitivity and accuracy. For instance, the large vision model has reduced false alarms by 90% in perimeter prevention, the large millimeter wave model has achieved an 86% reduction in missed detection of prohibited goods via safety gates, the large optical fiber model for auscultation has a relative reduction of 72% in false alarms, and the large X-ray model has reduced missed detection by 75% in the recognition of prohibited goods.

**Guanlan expands the boundaries of perception capabilities:** Large multimodal models allow for the detection and identification of everything through natural language definitions. Based on multimodal search, image features and text features are aligned to enable easy text search. The perception and inference capabilities of large multimodal models can be used to disrupt the conventional development paradigm of visual perception plus artificial logical inference, achieve end-to-end inference through text description, and facilitate the understanding of complex events.

**Guanlan increases cognitive intelligence applications:** In the field of cognitive intelligence, the large language model serves as the "brain," which combines industrial expertise to develop a specialized agent, empowering the digital upgrade of the industry. A new paradigm of human-machine interaction driven by natural language is established to allow for accurate response to fuzzy needs. Semantic understanding and logical inference capabilities are strengthened for accurate knowledge extraction and dynamic matching. All of these advancements lead to vertical applications such as traffic congestion diagnosis, wind power prediction, and supply chain scheduling optimization.



Hikvision continues to improve and expand its IoT perception technology reserves and raise the intelligence level of its products. In response to scenario-based needs, Hikvision has worked hard to develop innovative technical solutions and efficient and practical products. This results in a comprehensive portfolio of AIoT software and hardware products that represent viable pathways to digital transformation across society.

## 2.1 New Digital Products

Starting with visible light perception, Hikvision continues to push the boundaries of perception technology. It combines its diverse array of perception technologies such as radar perception, infrared perception, X-ray perception, spectrum perception, laser perception, and sound wave perception with extensive product engineering capabilities, to consistently introduce innovative digital products that satisfy market demands. The Company's innovative digital products make digital information that was previously impossible or difficult to perceive readily accessible - from the microstructure to the composition of a substance, from the height, quantity to the volume of a material, from the running speed, vibration, temperature to the pressure, sound of a device, from the appearance flaws to the internal defects of a product, from the monitoring data of public utilities to natural environment... These products help

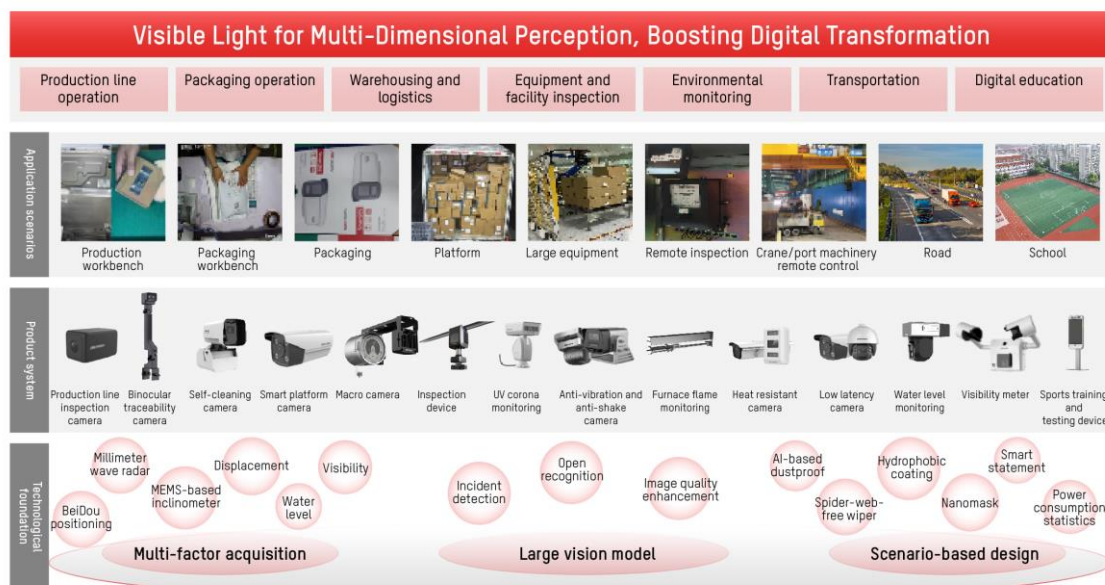


address specific problems on the site in each real-world scenario and fuel the digital transformation of thousands of industries.

## 2.1.1 Visible light perception

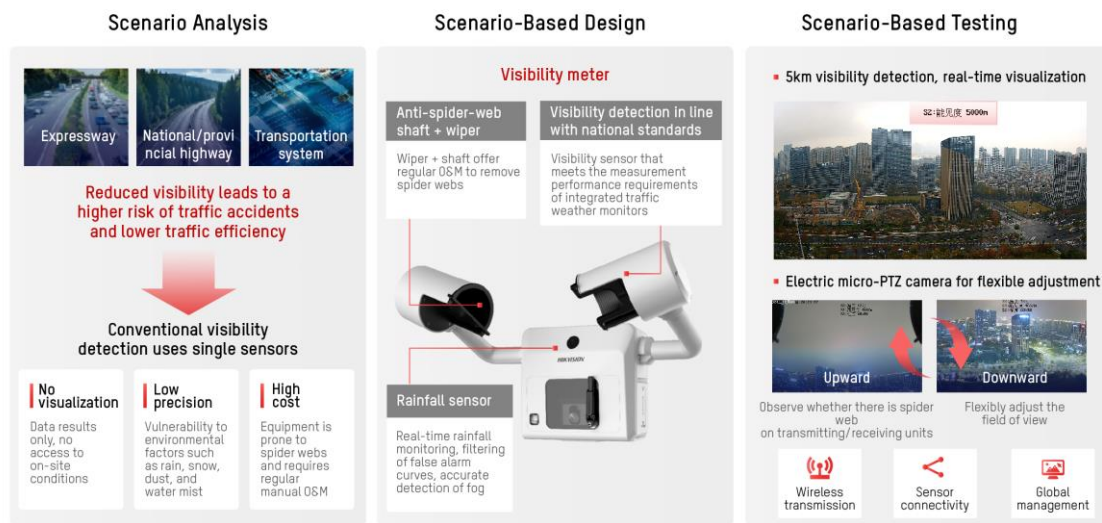
Hikvision's vast expertise in visible light imaging serves as the foundation for its ongoing product innovation. Through hardware structure design and algorithm capability optimization, it develops digital solutions for scenarios beyond security, represented by manufacturing, environmental monitoring, and equipment management.

In the element collection stage, Hikvision integrates visible light imaging with data from sensors such as visibility meters, GNSS (global navigation satellite systems), accelerometers, and gyroscopes to develop multi-dimensional perception capabilities; in the intelligent analysis stage, capabilities such as high sensitivity, high accuracy, and convenient configuration are enabled leveraging breakthroughs in the application of large vision models; and in the stage of scenario application, through new materials and processes like self-cleaning technology, remote automatic adjustment technology, and vibration-absorbing materials, Hikvision has ensured the adaptability of products to special environments and created truly easy-to-operate and maintenance-free smart cameras.



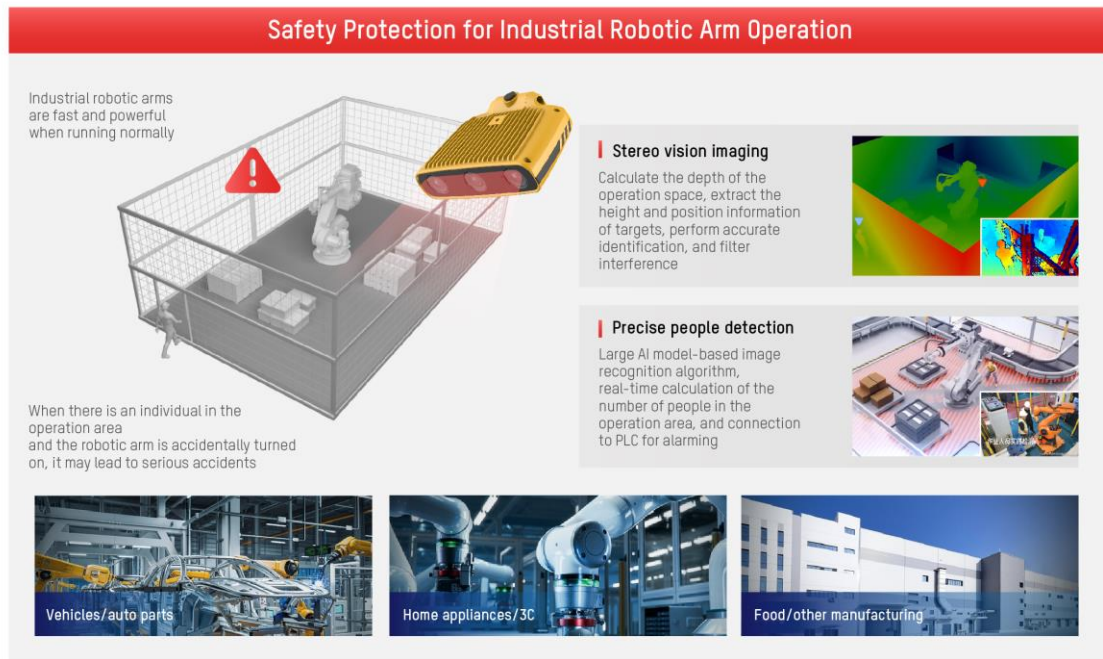
**Visibility meters:** On expressways and highways, reduced visibility increases the risk of traffic accidents. Individual visibility sensors are susceptible to rain, snow, dust, water mist and other environmental factors, and when anomalous data is produced, maintenance costs might be considerable. In order to precisely detect changes in mist and eliminate false alarms, Hikvision uses visibility detecting sensors that meet national standards in conjunction with sensors for temperature, humidity, air pressure, and rainfall. Moreover, spider-web-free, auto

rotating and wiper features are included to enable self-cleaning and eliminate the need for maintenance, guaranteeing long-term, stable operation.



**Cameras for robotic arm collision avoidance:** As industrial robotic arms generate huge energy when running, unauthorized access to the operating area may cause safety accidents. In three-dimensional space, traditional protective measures like fences and gratings are ineffective in providing complete protection. Hikvision's camera for robotic arm collision avoidance is powered by binocular stereo vision imaging technology and embedded with a large model algorithm for people categorization and identification. The camera can accurately identify individuals with the use of billions of data sets for preliminary training and algorithm optimization based on the safe operating scenarios of robotic arms. When an individual enters and remains in a robotic arm's operating area, the camera will respond quickly with a prompt alarm to avoid human-machine collision caused by improper operation of the robotic arm, guaranteeing scenario-specific safety with high accuracy and high reliability.





**Anti-vibration and anti-shake cameras:** Apart from steel manufacturing and overhead crane remote control, Hikvision has improved its range of anti-vibration and anti-shake cameras for application at ports and rail yards through continued technological innovation. For container lifting, the Company has launched a series of anti-corrosion and anti-vibration cameras that use wrap-around vibration-reducing materials and patented self-locking vibration-resistant lenses to withstand the strong impact from hoists. These cameras are placed on four corners of a hoist to accurately present the details of lockholes, assist in remote control and efficient stacking, and improve the throughput efficiency of terminals. Regarding gantry cranes at ports, Hikvision provides an innovative self-stabilizing camera that is equipped with a hydraulic damping bracket structure. With a mobile perimeter algorithm based on large models, the camera can monitor individual intrusion in an accurate and thorough manner and offer 24/7 visual support for remote crane control, thereby ensuring port safety and operational efficiency.

**Anti-Vibration & Anti-Shake Series**



- A container will be subject to a strong impact of over 20g when it is transferred by the lifting equipment on the port, which causes blurred images and function damage
- Due to a large number of blind spots, gantry crane drivers at the dry bulk terminal do not have a full view of hoisted objects beneath the hoisting gear, resulting in low transfer efficiency

**Triple anti-vibration approaches, 50g impact resistance**




Internal wrap-around elastic damping material  
Resistance to 50g impact

Flexible and compact, for easy manual direction adjustment  
Installation at four corners of a hoist

**Anti-Vibration & Anti-Shake Camera Family**

- Anti-corrosion and anti-vibration dome camera
- Self-stabilizing camera
- Camera for hoisting devices



**Self-stabilization, improved efficiency of remote control**




Hydraulic damping bracket  
Keeping the lens pointing vertically downward to monitor hoisted articles beneath hoist arms

Mobile perimeter algorithm  
Intelligent determination of the risk of personnel intrusion under the hoist

**High-precision measurement cameras for visual structures:** Based on optical imaging principles and visual imaging technology, the Company has introduced a series of high-precision measurement cameras for visual structures. The camera is designed to image the target and calculate the target's pixel change. Combined with a pre-calibrated matrix algorithm, it converts pixel displacement into physical space displacement to enable contactless measurement. The solution outperforms traditional measurement approaches with visible outcomes, easy installation and easy maintenance. In particular, the vision-based displacement measurement camera applies a sub-pixel vision-based displacement detection algorithm to monitor the target pixel changes on the target object and calculate the horizontal and vertical displacement change values of the measured target at the target position. As an alternative to hydrostatic level measurement, it offers high-frequency detection of 50 times per second and measurement with 0.1mm precision. The image-based crack meter, with a built-in image-based intelligent crack detection and measurement algorithm, performs image preprocessing on the identified concrete cracks, and precisely measures crack width through edge finding, outlining, positioning, segmentation, point-by-point measurement and other processes. Then crack encoding and a dynamic error calibration algorithm are used to track crack changes in sub-millimeters point-by-point. This series of high-precision measurement cameras for visual structures have wide uses such as bridge structural health monitoring, building settlement, and creeps of rail, providing intelligent solutions for the digital construction of infrastructure such as transportation facilities and structures.

### Pixel displacement ratio calibration principle



#### Vision-Based Displacement Measurement Camera

- Compatibility with utility power
- Low power consumption

Compared to hydrostatic level measurement

- ✓ High acquisition frequency
- ✓ High environmental adaptability
- ✓ Simple installation
- ✓ Easy maintenance



**Accurate capture of 0.1mm changes**  
Sub-pixel dynamic displacement monitoring  
Acquisition frequency: 50Hz  
Measurement precision: 0.1mm



**Dual shutter, dual protection**  
One device for two purposes: displacement measurement + monitoring  
Visual measurement for traceability



**Stable monitoring free from environmental interference**  
AI ISP image algorithm eliminates environmental interference such as frontlighting/backlighting, strong light, rain and fog, high temperature and heat waves



**Easy installation and maintenance**  
Passive target, no need for power supply  
Automatic calibration, avoiding manual calibration errors

#### Image-Based Crack Meter



Compared to traditional sensors

- ✓ No need for reexamination, low cost
- ✓ No impact from temperature excursion
- ✓ Installation by adhesive, no impact on original architecture

**Effective fill light**  
Built-in fill light  
For both bright and dark environments

**Precise measurement**  
Detection precision:  $\pm 0.01\text{mm}$   
Algorithm-based automatic correction of minimal changes

**Wireless transmission**  
4G transmission, external antenna may be connected in case of weak signals

**Long service life**  
Replaceable battery, battery life of 3 years (1 time/day), configurable upload interval, low maintenance cost

**Low cost, high efficiency**  
Accurate measurement at any position  
Reduced expenses on frequent manual inspections




Application scenarios









**PDA for scanning:** Hikvision has launched a number of professional PDAs based on in-house specialized scanners and a deep learning-based barcode recognition algorithm. These include: a long-distance scanner that makes long-distance scanning easier under conditions like high shelves; a color barcode scanner that scans codes and stores color images simultaneously in post stations, improving the efficiency of finding express packages; a volumetric measurer that makes cargo volume measurement more efficient during delivery package collection; PDA made of novel materials, which may withstand corrosion and be used for extended periods of time in corrosive environments. There are also PDAs that serve many other purposes such as OCR (optical character recognition), DPM (direct part mark), cold chain transport, pressure ulcer treatment, delivering data collection and intelligent recognition solutions to logistics and express, retail e-commerce, healthcare, manufacturing, public services and

other industries.



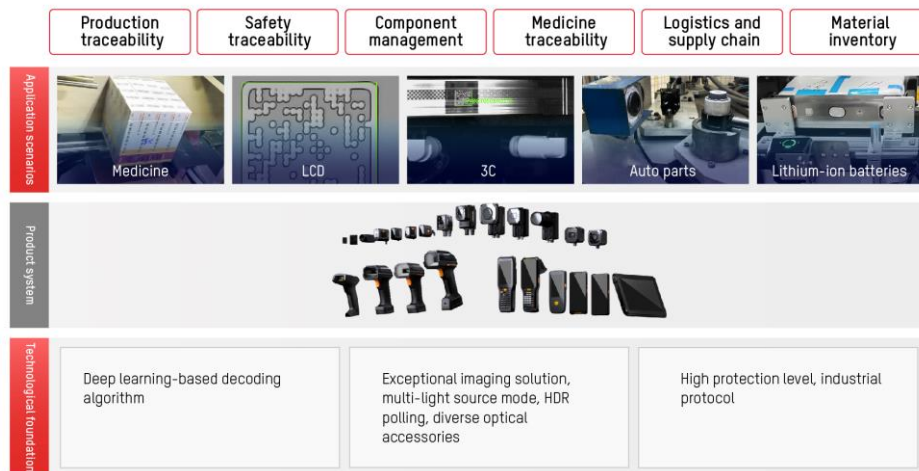
**Ultra-depth-of-field 3D digital microscopes:** The solution, which features AI-based image augmentation and high-resolution imaging, allows blur-to-clear conversion with a single click. Without requiring a manual lens change, it has all-electric magnification switches that can be adjusted from 30 to 6000 times using the mouse and handle. The microscope's innovative ultra-depth-of-field synthesis and multi-mode 3D stitching technology enable it to precisely restore the three-dimensional morphology of samples. This makes it a perfect tool for detecting microscopic defects in industries like semiconductors, lithium batteries, and automobiles, as well as an intelligent upgrading method for scientific research, industrial quality inspection, and other fields.



**Industrial barcode scanners:** Barcodes are becoming increasingly important and widely used in product production, circulation and quality control. HikRobot, which specializes in industrial production process traceability and logistics sorting, has developed a full range of industrial barcode scanners, including fixtures, handheld guns and barcode scanning modules. This series is equipped with a high-performance hardware platform, and adopts a deep learning-based decoding solution and multicolor light imaging optimization technology. This leads to a high and stable recognition rate as well as exceptional decoding performance and efficiency in response to less readable barcodes caused by broken needles, ink overflow and other issues. These products are compact, highly protective,



and adaptable to a variety of challenging conditions. Most of them fulfill primary industrial protocols and communication requirements.



**AI-based industrial cameras:** Smart industrial camera is a kind of machine vision product that combines image acquisition, light source, image processing, and communication equipment. It is extensively used in many industrial scenarios. HikRobot has developed a full lineup of smart cameras with built-in, exclusive, high-performance machine vision processing algorithms. Upon easy setup, the camera can perform visual inspection without the need for programming thanks to its modular design and user-friendly interface. It is highly integrated, compact, and easy to maintain, making it ideal for installation in confined locations. In addition to detection for presence, front/back, position, size, and defects, the product is also embedded with AI registration and learning, AI character recognition/code reading and other edge learning and deep learning detection algorithms, offering superior functions and high cost performance in quality inspection for conventional equipment production and other applications.



### 2.1.2 Millimeter wave perception

Millimeter wave radars, which accurately measure a target's distance, speed, angle and other attributes, have become an indispensable technical means in many fields. Hikvision is dedicated to multiple technical routes such as millimeter wave radars and radar-video fusion. Driven by dual wheels - technological innovation and scenario-based demands, the Company has introduced radar products beyond the realm of security. These offerings are widely and creatively applied in transportation, industrial manufacturing and other domains, bolstering the intelligent upgrade of all sectors.



Millimeter-wave radars are widely used in the industrial field. In 2024, Hikvision applied its 1D–4D product matrix in over 100 scenarios across industries like cement, building materials, chemicals, steel, metallurgy, electricity, mining, food, breeding, pharmaceuticals, ports and other industries. These include high-temperature clinker warehouses, highly corrosive sulfuric acid tanks, highly dusty lime silos, explosion-proof coal silos, low-dielectric-constant PTA storage tanks, strong-clutter alumina silos, and low-temperature strong-water-vapor slag grab cranes, among other harsh settings. Hikvision's solution improves productivity and lowers operating costs by addressing issues such as low accuracy of material measurement, unstable detection, inefficient spatial scanning, and high failure rate, creating substantial value for a variety of sectors.

**Positioning radars:** Precise positioning devices are necessary for the unattended operation of heavy equipment, including overhead cranes, hoists, and port machinery, in industries such as coal mining, steel metallurgy, and ports. Large machinery become intelligent thanks to Hikvision's radars, which can pinpoint their location with centimeter-level precision. This enables accurate route planning and efficient operations. The positioning radar, based on the principle of secondary radar and a distributed control form, facilitates incoherent, full-duplex "communication + perception." With direct wave, measurements may be made more precisely and steadily over a greater distance. So

far, the solution has been used in real-world scenarios such as slag grab cranes and material shed stacker-reclaimers.

**Fast imaging radars:** Dynamic real-time material level monitoring is essential for industrial silos with high-speed, mass material flow. Overstock or understock may result from delayed feedback of material height or volume, which directly compromises safety and reduces the industrial chain's collaborative efficiency. To address this, Hikvision has iterated minute-level imaging radars and pioneered in applying optical communication technology to millimeter-wave scanning imaging, eliminating the need for physical slip ring structures in two-dimensional scanning. Coupled with the calibration process that unifies two-dimensional and three-dimensional coordinates, the scanning time is greatly reduced from minutes to within 10 seconds. Thus, the usage of imaging radars has expanded from basic back-end monitoring services to front-end industrial control, enabling users to manage material pile warehouses, equipment, and statistical reports in a more accurate and intuitive manner. These radars are now used in a variety of sectors, including cement, building materials, food, breeding, metallurgy, electricity, and ports.

**Radar level meters:** An 80GHz high-frequency radar that has a 120m range, a 3° beam angle, and  $\pm 2\text{mm}$  precision can be used for continuous, non-contact and accurate level measurement of solid materials and liquids in industrial silos, piles, tanks, pools, and more. An AI-based false echo suppression algorithm integrated into the device automatically scans and marks sources of interference such as stirring parts and beams in a tank, intelligently suppresses and shields them, and outputs the exact level value on site. The Company operates a laboratory dedicated to testing radar level meters in a range of hard working situations, guaranteeing that its products maintain accurate measurement under challenging settings including high temperature, high pressure, corrosion, dust, foam, and adhesion. Hikvision's radar level meters have been widely used in chemical, power generation, steel, cement, food and other industries.

**Radar-video integrated devices for intelligent transportation:** Hikvision's radar-video integrated device for intelligent transportation extracts and fuses radar and video features prior to target detection. In other words, it directly extracts multi-frame video images and real-time radar point cloud features for feature-level pre-fusion, and then obtains the target's speed, distance, direction, unique identification code and other information. The "feature-level pre-fusion" eliminates the constraints of individual sensors, allowing for the simultaneous collection, labeling, and fusion of multi-dimensional data. This is accompanied by a higher matching rate of radar-video fusion and a more continuous target detection trajectory, endowing the product with ultra-long-distance, high-precision vehicle and traffic trajectory detection capabilities. Compared with vision or radar sensors, Hikvision's radar-video assisted products exhibit consistent performance in both daytime and night, as well as in rainy and foggy environments, and

have been extensively used.

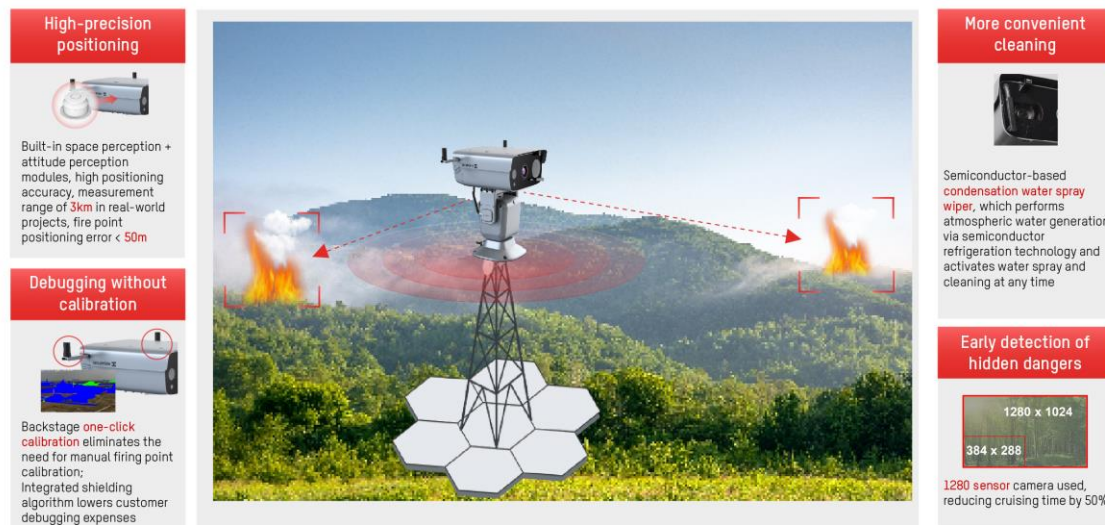
**Radar-video assisted FOD (foreign object debris) detectors:** High-resolution radar detection combined with video review leads to a higher accuracy of foreign object detection. The device can detect foreign objects on airport runways such as mechanical parts, stones, plastics, birds, and metal devices, with centimeter-level precision (20mm\*20mm). The combination of radar detection and video review allows for 24/7 detection of foreign object debris on runways - even in bad weather such as rain, snow and fog, with an accuracy of more than 95%.

### 2.1.3 Infrared perception

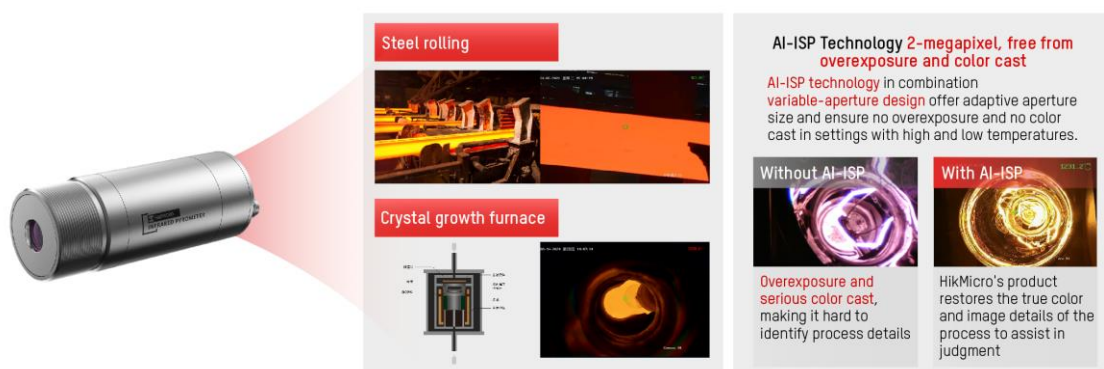
Infrared perception technology, which is based on the infrared radiation characteristics of objects, enables precise monitoring and intelligent analysis through non-contact temperature imaging. Combining infrared thermal imaging technology with MEMS technology, the Company has been engaged in the iteration and upgrading of technology and products to meet the demands of industrial production, industrial firefighting, scientific research and other fields. The aim is to help improve productivity and safety, and provide standardized temperature sensors for industrial quality control and multidisciplinary basic research.

**PTZ cameras for high-precision positioning:** PTZ cameras for high-precision positioning, powered by dual closed-loop optical image stabilization technology (collaborative control by motor + encoder), plus space perception and attitude perception modules, can locate a fire point within a distance of 3km, with an accuracy of  $\leq 50\text{m}$  (based on test data in Tai'an project). This provides a solid foundation for precise positioning and rescue decisions in the early stages of the fire. The full-scenario, self-cleaning system features innovative semiconductor-based condensation water spraying technology that enables air-to-water and remote control of wiper cleaning. This effectively mitigates imaging blur caused by lens contaminants, ensuring consistent image clarity in diverse environmental conditions. The product is equipped with a one-button calibration system to reduce the manual calibration of fire points, greatly shorten the equipment debugging cycle, and lower installation and debugging costs. In outdoor fire prevention scenarios such as forest fire prevention, it provides sound technical support for holistic risk management.





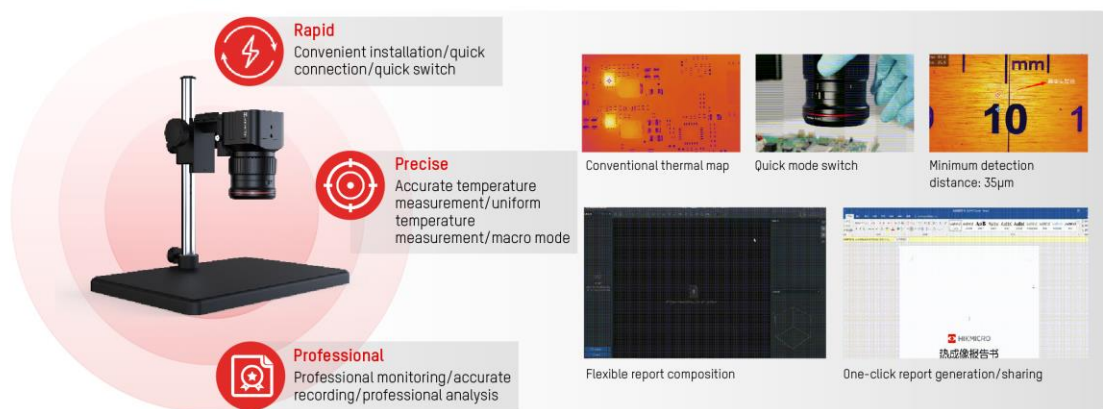
**Linglong shortwave thermometers:** In high-temperature processes such as steel rolling and single-crystal silicon growth furnaces, traditional temperature measuring equipment has shortcomings such as bulky size and narrow field of view, resulting in inflexible deployment and large blind spots. The Linglong shortwave thermometer series developed by HikMicro has a weight reduction of more than 30% and a larger field of view. With two-color infrared technology, it measures temperature over a wide range of 300~3200°C. Also, the AI-ISP is applied to address overexposure and color cast in high/low temperature settings and restore the true color and details of molten pools and crystal growth furnace thermal fields, thus assisting with accurate judgment during manufacturing processes.



**Anti-fouling and high-temperature-resistant thermal detector-imagers:** In view of mold release agent spray failure caused by oil mist pollution and uneven temperature field on the mold surface in the die-casting process, the anti-fouling and high-temperature-resistant thermal detector-imagers use non-contact, real-time temperature field imaging to rapidly locate cold and hot defects on molds, ensuring precise temperature control and improved

productivity. The mechanical protection cover (which opens only at the time of temperature measuring) and high-pressure airtight anti-fouling technology are intended to prevent oil mist intrusion; coupled with the detachable germanium sheet protection layer and air cooling system, the device is suitable for long-term operation in a high-temperature environment of 150°C with a long service life. It is expected to increase the yield rate and standardize processes in scenarios like die-casting the structural components of new energy vehicles (NEVs).

**Microscopic thermal detector-imagers:** HikMicro's microscopic thermal detector-imagers are designed to monitor the temperature field of micron-level targets (such as solder joints of electronic components and melting points of optical fibers). With one-button switch between regular/macro modes, the device supports a minimum detection distance of 35μm (about 1/3 the diameter of a hair), and can quickly change the observation scale without removing the lens; ±1°C or ±1% high-precision temperature measurement (with a range of -20~150°C) and 8-hour continuous, adaptive, block-free environmental data acquisition reduce the possibility of missing data frames. Integrated with real-time/offline analysis and one-click generation of standardized reports, the device can serve as a standardized temperature perception tool for multidisciplinary basic research and industrial quality control in fields such as electronic information, materials, biomedicine, chemistry, and electricity.



**Flame detectors for industrial fire protection:** Industrial fire protection has higher requirements for detection accuracy, response time, protection, stability and other metrics. With ongoing efforts to develop more flame detection methods and improve detection accuracy, HikFire has launched flame detectors for the purpose of industrial fire prevention. Using multi-dimensional perception + video, the solution can accurately detect the temperature, smoke, flame and other features of different objects when they burn, and eliminate false alarms caused by typical industrial production conditions such as high temperature. In particular, infrared imaging-based fire detectors enable intelligent fire identification with higher accuracy (0.1m<sup>2</sup> fire panel, within a distance of up to

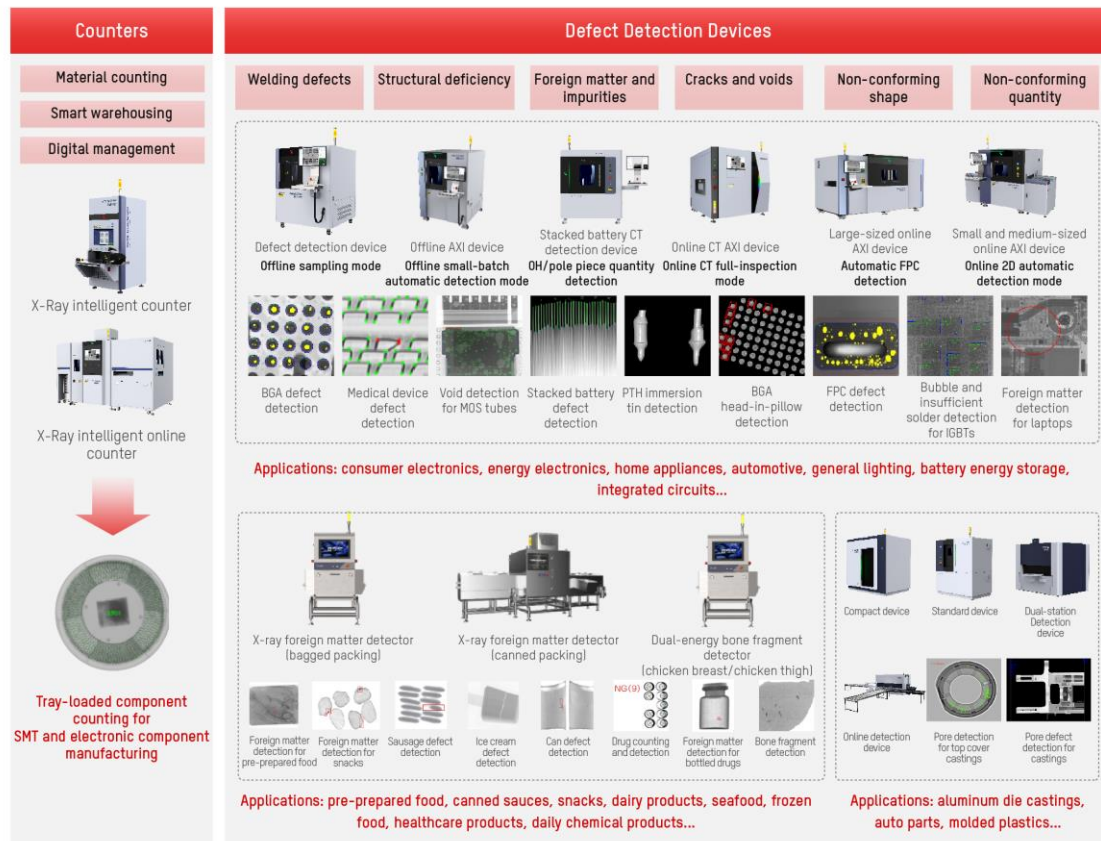
150m), and the false alarm rate is reduced by more than 30%. Three-band infrared flame detectors can accurately detect the combustion of organic matter against environmental interference such as sunlight. Therefore, they may be further applied to semi-outdoor and outdoor settings such as industrial storage tank areas and rail platforms. Infrared-ultraviolet fusion flame detectors, which can perceive the 4-micron band of the combustion of special materials such as metals, are suitable for sheet metal processing, electric welding, hot work and other uses.



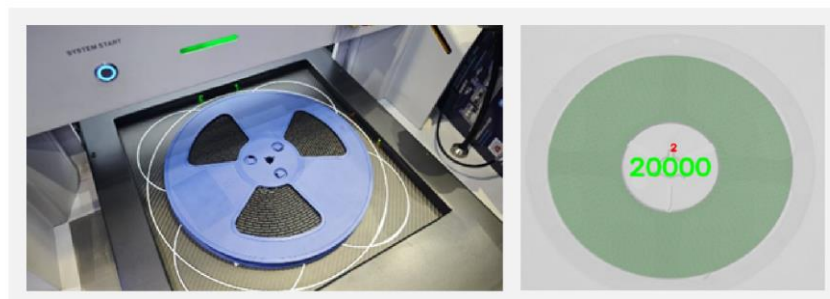
**Industrial shortwave infrared cameras:** HikRobot's industrial shortwave infrared camera is a high-performance industrial infrared camera equipped with an InGaAs sensor. Thanks to its wide coverage from 400nm-1700nm visible light to shortwave bands, one camera can meet the need for both visible light and shortwave infrared detection, coupled with lower system costs, higher processing speed, and a broader detection range. The camera is equipped with multiple image pre-processing functions and also a TEC (thermo electric cooler) to maintain its temperature below room temperature 25°C, thus reducing the noise of prolonged operation and long exposure and ensuring image quality. Moreover, with a number of trigger modes and incident outputs supported, the solution flexibly adapts to different industrial settings spanning new energy, semiconductors, laser spots, agriculture, food and medicine, material sorting, printing and other industries.

#### 2.1.4 X-ray perception

An X-ray is a form of high-energy electromagnetic radiation with an extremely short wavelength and it is highly penetrating. Given the different absorption of X-rays by materials, the radiation can clearly distinguish minute size variations and subtle structural changes for the purpose of high-precision detection. Leveraging its extensive expertise in radiosopic testing in industrial production, the Company has developed high-precision radiosopic detection capabilities ranging from macro (millimeter level) to micro (micron level), from 2D imaging to 3D imaging, and launched products around its two key businesses - component counting and defect detection, in an effort to help customers improve detection quality, enhance detection efficiency, and strengthen management.



**X-ray component counters:** In an efficiently operating SMT (surface mount technology) workshop, accurate component counting is essential to the efficiency and accuracy of electronics assembly. Due to the wide variety and large quantity of components, traditional manual counting is not only time-consuming and labor-intensive, but also prone to errors and omissions. HikRayin's X-ray intelligent counter can finish counting four trays of components in 8 seconds, with an accuracy of up to 99.99%. The counting outcomes may be connected to MES to enable multi-dimensional control over factory production data, contributing to the intelligent transformation of warehousing.



**X-ray defect detectors:** Taking the quality inspection of integrated circuits in NEVs as an example, conventional 2D detection cannot identify defects in the circuit board welding process (such as Head-in-Pillow in



BGA and immersion tin in PTH) due to imaging interference; and due to the high output, large batches, and stringent inspection requirements, traditional sampling often takes a long time. HikRayin's online 3D CT inspection device employs three-dimensional imaging technology to perform 360-degree radiosopic imaging and cross-sectional analysis both globally and locally. This allows for the intuitive discovery of defects and their locations. When combined with a fast detection algorithm, the solution is able to detect defects in an efficient and automatic manner.



When it comes to the production of vehicle sensors, it is important to detect defects in internal sensing components, but due to plastic housings, it is impossible to identify them with the naked eye. However, the combination of X-ray high-definition radiosopic imaging and AI algorithms can show whether the needles inside are skewed or noncompliant in length. By automatically detecting faults in batches and removing faulty items, the solution greatly improves detection efficiency and overcomes the challenge of complicated and inefficient human detection. Based on a customized barcode scanning function, the barcode of each component is linked to its X-ray image to allow for the tracking and tracing of defective products, as an effective approach to ensuring high-quality production.

**X-ray foreign matter detectors:** Food safety has always been a topic of great social concern. For example, it is difficult to identify tiny bone fragments during the quality control of chicken breast. HikRayin's X-ray dual-energy intelligent foreign matter detection system employs X-ray detection, the new Raytina image enhancement engine, artificial intelligence technology and a dual-energy detection algorithm to detect the density and substance of a product and accurately identify bone fragments. Paired with an automated removal system, the efficient detection solution serves as a booster for productivity and quality assurance in factories.





### 2.1.5 Spectral fusion perception

Harnessing its full-spectrum sensing technology, Hikvision has established a material composition analysis and detection system that identifies the type of a material, detects its safety, and identifies environmental pollution through a qualitative and quantitative analysis of the composition, structure, and properties of the material. By advancing the visible light and multi-spectral fusion technology, the Company drives the digital upgrade of environmental monitoring and production quality control through full-domain sensing capabilities, and helps customers improve production processes and productivity. In 2024, Hikvision continued to expand its spectral product portfolio by launching a new color detection range and miniaturized TDLAS (tunable diode laser absorption spectroscopy) products designed specifically for industrial enterprises, contributing to improved production processes and higher production safety.

**Color detection:** In the manufacturing process, color detection, as a key stage for product quality control, quantifies color differences to check if products meet standards. Hikvision has launched two series of color detection products. The automatic liquid absorbance analyzer acquires the absorption spectrum of a liquid through spectral analysis and detects the concentration, dyeing rate and other related information during production to resolve the problem of invisible and undetectable black box processes such as textile vat dyeing and ink feeding and help control the quality of the production process. The area-array multi-spectral color and color difference detection system, based on the spectral calculation and analysis technology, performs accurate color and color difference detection that is not influenced by the observation angle, light source type, or metamerism. The acquisition speed of 30fps ensures high image acquisition capabilities. The system is equipped with an edge processing and computing platform and supports both online and offline processing. It is used for color quality control of devices before delivery, color consistency control of dyes and coatings, as well as food appearance quality inspection, classification

and quality control of textiles before delivery. Through the simultaneous detection of multiple samples, it greatly improves the efficiency of quality inspection.

Automatic Liquid Absorbance Analyzer		Area-array Multi-Spectral Color and Color Difference Detection System	
			
Lab version	Online version	Area-array multi-spectral color and color difference detection system	Snapshot multispectral imaging camera
Product Advantages		Product Advantages	
<b>Automation and integration</b> Integrating injection, dilution and other operations, supporting fully automatic detection	<b>Accurate detection</b> Spectral resolution $\leq 2\text{nm}$ , deviation from the spectrophotometer $\leq 2\%$	<b>Superior image acquisition</b> Acquisition speed up to 30fps	<b>One-click application</b> Equipped with data acquisition, spectrum reconstruction software and multispectral application analysis software
	<b>Bypass systems</b> Supporting connection with an external bypass system to allow for the detection of absorbance, pH, flow and other information	<b>Strong information processing</b> Both online and offline processing supported	<b>High reliability</b> Incident light spectrum domain modulation and conversion of projection signals from spectrum domain to electrical domain, ensuring low complexity.
<b>Application scenarios</b> <b>Textile dyes</b> Coloring rate monitoring for dyeing vats	<b>Ink production</b> Ink concentration identification	<b>Device manufacturing</b> Pre-delivery color quality control	<b>Dyes and coatings</b> Color consistency assurance
		<b>Food</b> Appearance quality inspection and grading	<b>Textile</b> Pre-warehousing/production/pre-delivery color quality inspection

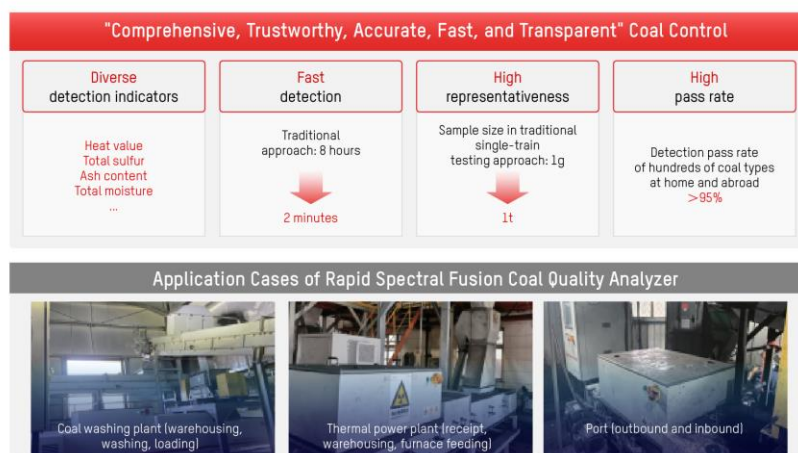
**Gas monitoring:** Hikvision provides a multi-faceted and multi-scenario gas monitoring product matrix - from economical products that analyze a single gas to premium products that apply to hundreds of gases - to address the challenge of gas leak detection and positioning in industries such as petroleum, chemical, and natural gas. In 2024, the Company introduced a new non-explosion-proof TDLAS product for methane monitoring by industrial and commercial enterprises like tobacco and textile manufacturers. Featuring a 4kg lightweight and easy-to-deploy model, it can detect methane leaks within 50m, monitor leaks in real time online, and transmit information back to the gas leak monitoring platform to guarantee production safety. A four-in-one portable gas monitor has been introduced to ensure personal safety in industrial production and gas detection. The device, which is directly worn on the chest of staff, will promptly notify administrators to take the appropriate protective measures when the concentration of the released gas on site reaches the preset value. It is suitable for emergencies such as fire rescue, process monitoring such as industrial experiment, and industrial environmental safety monitoring for production workers.

**Environmental surveillance:** Hikvision is committed to environmental preservation. The hyperspectral water quality monitor is equipped with a full-spectrum fill light to enable all-weather contactless water quality monitoring, which requires no reagents and generates a response in seconds, for monitoring related to hydrology and water conservancy, including hydrological stations, rivers, and lakes. The system can be connected to a platform for intelligent analysis of water quality changes, and also to dome cameras for real-time monitoring of the surrounding environment to help the water environment stay clean for a longer time. For vegetation monitoring, the multispectral

vegetation monitor provides an "intelligent physical examination" for vegetation around the clock, with a 32x optical magnification. It clearly monitors everything from a vast farmland to a single plant. The solution protects vegetation health through tree and farmland monitoring, ensures marine safety through floating objects and algae identification, and helps promote the digital upgrade of agriculture and forestry by providing intuitive access to vegetation growth trends via all-weather real-time high-frequency monitoring.

**Ultra-high performance liquid chromatography:** With it, the composition and content of a wide range of industrial products and food can be determined through a single test. The organic components in a sample are first separated according to the chromatographic separation theory prior to testing. Then the organic matters contained in the sample as well as the content of each component are detected with higher efficiency. Most trace compounds that contain a substance less than 1 ppm can be detected quickly and accurately. For example, if 1mL of beverage is diluted in 1,000mL of water, the composition and content of the beverage can be quickly known with the help of ultra-high performance liquid chromatography. By reducing the sample separation time, the high-performance and efficient material separation and analysis technology enables the faster detection of composition and content.

**Spectral fusion-based rapid coal quality analyzers:** The Company has pioneered in introducing spectral fusion technology to coal quality analysis. Given that near-infrared spectroscopy (NIRS) has a good response to molecules in coal, and X-ray fluorescence (XRF) has a good response to atoms in coal, the solution has combined the two sensing approaches and also included artificial intelligence algorithms. It can detect the calorific value, total sulfur, ash content, total water and other indicators of a 6mm coal sample online and obtain the test results of sampled coal in just 2 minutes. Now the solution has been used in a wide range of scenarios such as coal wash plants, ports, and power plants by companies such as Hebei Company, Zhejiang Company, Port Company, Shendong Coal, and Shengli Energy of the CHN Energy Group.





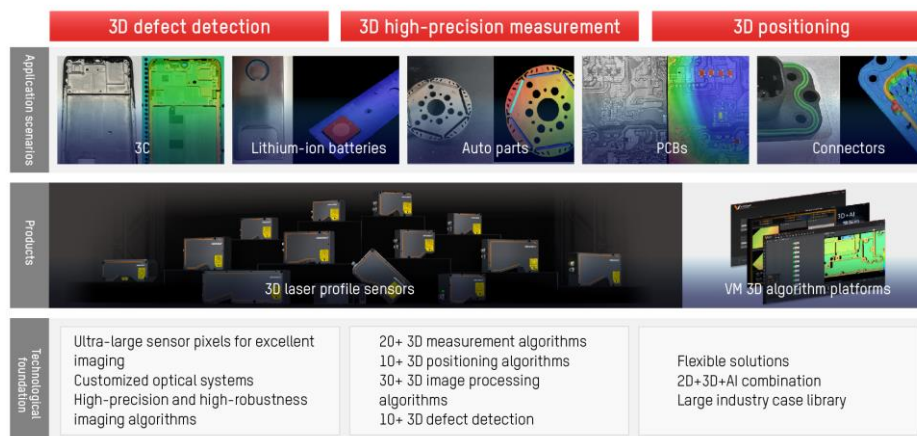
### 2.1.6 Laser perception

Hikvision boasts a wide range of laser perception products, encompassing laser sensors, fiber optic sensors, and LiDARs.

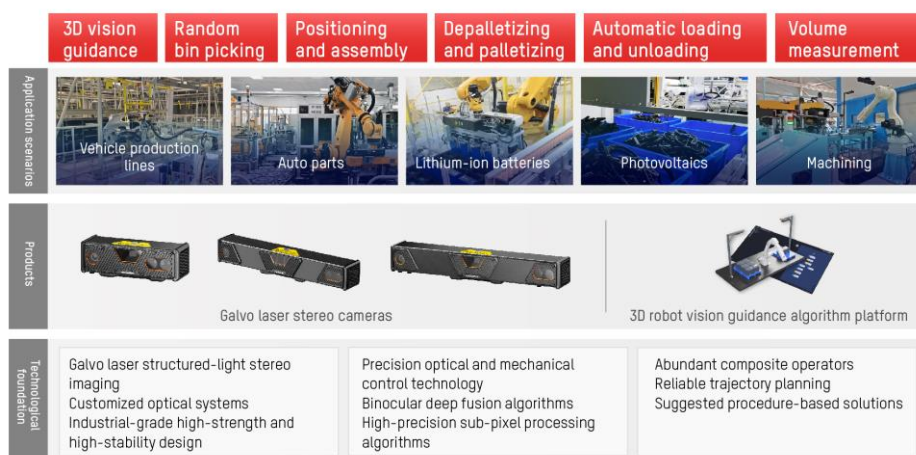
The Company has focused on laser profile sensors and extended to point laser displacement sensors, 2K/3K/4K series laser profile sensors, and galvo laser stereo cameras. This leads to a complete range of full-stack 3D high-precision detection and vision guidance solutions featuring dynamic + static and point + line + surface. Moreover, ToF single-point ranging sensors and area-array ToF (time of fly) stereo cameras based on VCSEL (vertical-cavity surface-emitting laser) and the time-of-flight principle have been launched. With uses in the fields of industrial sensing and stereo perception, these products have further expanded the application scope of laser perception.

**Laser displacement sensors:** Using high-precision and high-frame-rate laser scanning technology, the sensor can simultaneously measure the displacement, height or height difference of multiple points of a target object, obtain accurate data on multiple measurement points in real time, and quickly acquire the geometric features of the target object, such as step height, gap width, relative position, and so on, while suppressing secondary reflection interference. This optimal solution for precision measurement is widely used in product contour detection, quality control and automated assembly, such as the measurement of auto connector pins and chip capacitance/ resistance and thickness of printed circuit boards.

**Laser profile sensors:** For high-precision measurement, the sensor has a built-in high-precision 3D algorithm in the hardware to produce point cloud data, depth map and brightness map data with a high frame rate and micron-level precision in real time, collect the three-dimensional profile information of a target object, and enable three-dimensional measurement and detection such as flatness, warping, segment gap and surface profile. The 2K, 3K and 4K series have been launched to suit different application scenarios. Combining the sensors with the Vision Master 3D algorithm platform, Hikvision has developed solutions for a number of complex applications. These solutions are extensively used in online, non-contact, and high-precision 3D measurement scenarios in the PCB, 3C, lithium-ion battery, and other sectors.



**Galvo laser stereo cameras:** Using galvo laser technology, the camera integrates high-performance optical systems, high-performance processing chips, and high-strength materials to enable high-precision and high-stability 3D imaging under a variety of working conditions with interference such as light absorption, high reflection, and ambient light. This range includes several models for short-, medium- and near-distance detection, suitable for typical applications like parts, workpieces, material frames, and pallets. Combined with the robot 3D vision guidance platform, it is widely used in vehicles, auto parts, heavy industry, home appliances, photovoltaics and other sectors to drive industrial upgrading.



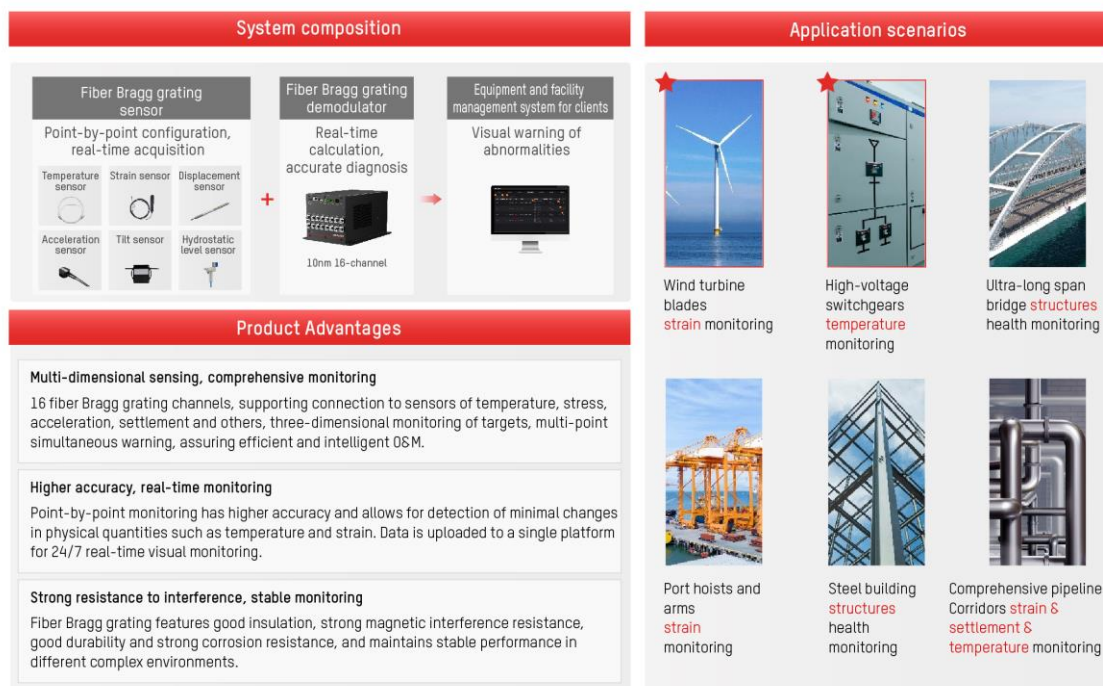
**ToF single-point ranging sensors:** The sensor, which is based on the time-of-flight principle, can detect a variety of materials and scenes across long distances with the use of lasers and point light spots. Its core advantages include fast response and high-precision measurement, which ensures stable operation in complex environments. With strong resistance to ambient light interference, the solution is widely used in sectors such as robotics, logistics, and production safety, significantly enhancing production efficiency and safety.

**Area-array ToF stereo cameras:** The camera features high resolution, high precision and fast response. It is

designed to obtain the complete three-dimensional geometric information of a target object in real time. It may also be applied outdoor within a certain distance. In the field of industrial automation, the camera can be used for environmental perception, navigation and obstacle avoidance, material counting, three-dimensional object recognition and others; in the logistics industry, it can be used for parcel volume measurement, volumetric measurement, guided parcel induction and other applications. In addition, it is suitable for intelligent applications such as three-dimensional reconstruction and gesture recognition.

With distributed positioning optical fiber products as the starting point, Hikvision continues to enhance its development capabilities surrounding core laser devices and optics-related embedded software, and gradually expands the family of distributed positioning optical fibers for vibration sensing, temperature measurement, and auscultation. In addition, the Company has launched a point-type fiber Bragg grating demodulator for real-time and accurate monitoring of physical attributes such as load and temperature.

**Fiber Bragg grating demodulators:** The product performs point-type high-precision monitoring based on the fiber Bragg grating principle. It monitors minor changes in various physical quantities in real time by connecting to different sensors. For example, it can monitor the load of wind turbine blades when combined with strain sensors, and the temperature of high-voltage switch cabinets when combined with temperature sensors. With exceptional resistance to interference, intrinsic safety, and passive front end, it protects equipment safety through 24/7 stable monitoring in complicated electromagnetic environments.



**Distributed positioning optical fibers for vibration sensing:** Hikvision has introduced a new cost-efficient product for perimeter intrusion prevention in restricted areas. Along with video technology and a false alarm reduction algorithm, it offers a multi-dimensional perception and perimeter monitoring solution, promoting the use of vibration detecting optical fibers for perimeter security. A multi-channel positioning optical fiber for vibration sensing has been introduced to provide continued monitoring and guard against external damage to operators' communication networks and oil and gas pipelines, with lower single-channel monitoring costs. The optical fiber may also be coupled with a specific algorithm for avoiding external damage to intelligently identify the type of damage. The product has now been put into use in the optical cable external damage prevention project of Fuzhou subsidiary of China Telecom to protect on-site safety through precise vibration perception.

**Distributed positioning optical fibers for temperature measurement:** Hikvision has been continuously expanding the range in order to adapt to more settings. A 10km fire certification model is offered for scenarios that require fire certification, such as fire protection, petrochemical, metro tracks, tunnels and pipe galleries. An intrinsic-safety mining model is available for usage in coal mines and other environments; besides a professional mining certification, it can directly interact with a visualized host underground, efficient and safe. For applications such as power distribution cabinets and energy storage cabinets that do not require a long distance, there is a 2.5km short-distance economic model featuring a modular design; lighter and smaller, it can be directly pre-installed in equipment and function as an intelligent monitoring system for the equipment.

**Distributed positioning optical fibers for auscultation:** For belt roller monitoring in industries such as coal, steel, ports, cement, and thermal power, each single-channel optical fiber auscultation device can inspect a 1.2km long belt. The device is integrated with the HIK-DAS patented acoustic detection algorithm and an AI recognition algorithm to precisely pinpoint any abnormal roller position and automatically identify the fault among common roller faults. This improves the efficiency of belt operation and maintenance (O&M) through real-time remote monitoring. The product has been used in many large projects. For example, Nanjing Steel Group Co., Ltd. has applied distributed positioning optical fibers for auscultation to perform all-weather inspections on over 3,000 belt rollers, in order to ensure the efficient operation of the transportation system at the steel mill.

LiDAR performs non-contact measurement and environmental perception by emitting laser beams and receiving reflected signals. Thanks to laser's short wavelength, narrow emission angle, and minimal multipath effect, LiDAR features high measurement accuracy, high resolution, and outstanding shape recognition, and has been widely used in various industries. In the industrial sector, Hikvision has launched a series of products such as single-

line, 4-line, 16-line, 32-line, and 96-line LiDARs, which are applied to perimeter intrusion prevention in designated operating areas, obstacle avoidance of large operating machinery, obstacle avoidance and navigation of AGVs/forklifts, three-dimensional volume measurement, container grabbing by port machinery, and unmanned loading by robotic arms, to contribute to industrial automation and intelligent upgrades. In the field of transportation, the high-precision and high-resolution three-dimensional point cloud data produced by LiDAR serves as a powerful perception tool for intelligent traffic management.

**Scanning & imaging LiDARs:** With a 98% accuracy rate in volume measurement, the LiDAR can create high-precision models with 70,000 valid sample points per second. Thanks to its advantages such as high-precision measurement, three-dimensional imaging and multi-functional integration, it supports static target detection within a spatial range, i.e., measures accurately and in real time the shape, volume, and level of bulk solids, powders, and other materials. It is mostly used in warehouses with high inventory accuracy. It can also be applied to robotic arm control settings for the key control point scanning and global coordinate detection of gripped objects or vehicle targets. Hikvision is also the first to apply large model technology to three-dimensional volume imaging in order to identify and remove vehicles, operating machinery and other targets in the scene and to mitigate interference with volume measurement accuracy. Additionally, the solution has a window design to lessen the effect of ambient dust on the measurement outcomes.

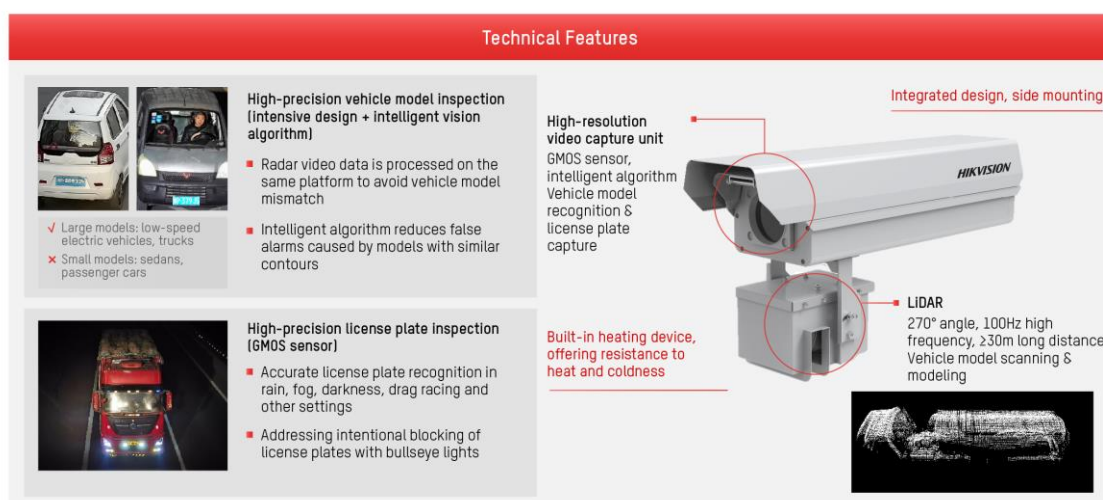


**Long-distance single-line LiDARs:** Automatic gain control technology is used to eliminate the accuracy error caused by scanning high-reflective materials. This significantly improves the performance of LiDAR in scenarios such as steel coil positioning and automatic picking, container shape recognition and alignment. The innovative circuit design has led to an industry-leading speed resolution ratio and a  $\pm 2\text{cm}$  ranging accuracy, ensuring better



performance in the shape and contour recognition of large objects like ship loaders and unloaders as well as material particle size recognition. The product's capacity to adapt to challenging situations like dust and water mist has significantly increased thanks to system-level optimization in hardware circuits, software, and algorithms.

**LiDAR-video integrated devices:** Primarily used for measuring vehicle length, width, and height and identifying vehicle model and license plate, the product adopts an intensive design to resolve vehicle model data matching errors caused by separate wiring and networking as well as timing errors in the "laser + video" split solution. In addition, GMOS sensor + intelligent vision algorithm is used to prevent false alarms and improve the accuracy of vehicle model and license plate recognition.



### 2.1.7 Acoustic wave perception

Harnessing its acoustical device R&D capabilities and professional algorithm team, Hikvision has developed superior acoustic wave perception technology and products that are widely used in the industrial field. In 2024, the Company released a new ultrasonic product range as well as an online soundprint monitoring system for substation equipment. These more accurate solutions for process quality inspection and equipment and facility O&M management demonstrate the Company's commitment to special-purpose scenarios.

**Non-destructive phased array ultrasonic testing:** Phased array ultrasonic testing can be used to check for internal welds, holes, bubbles and other defects in the early stages of production and manufacturing of parts such as pipes, bars, plates, fan blades, NEV water cooling plates and motor cylinders. The solution has flexible control over the beam through electronic deflection and focusing. Hikvision has introduced a full range of ultrasonic testing products, including standalone three-axis automated detection systems, portable ultrasonic, linear automated

scanning devices, as well as phased array ultrasonic boards with integratable, built-in AI analysis capabilities and probes of different forms and purposes, which are suitable for a variety of scenarios. Additionally employed is an AI-based defect identification mechanism that incorporates a number of defect models. As a result, the solution allows for intelligent scanning and synchronous output of detection results, together with the recording of defect types. Also, it supports image-based review as well as periodic defect analysis and optimization. While lowering the operating threshold, the solution improves both monitoring efficiency and production quality.



**Online soundprint monitoring products:** The online acoustic imager combines ultrasonic arrays and optical lenses with a sound localization algorithm to monitor faults and visualize sound, as a way of supporting the detection of partial discharge and gas leaks in crucial equipment in substations, power plants, factory pipe galleries, and valve chambers. Hikvision has introduced a new State Grid-certified online soundprint monitoring kit to help the customer monitor partial discharges of substation equipment. Each host is paired with three measurement-purpose microphones for efficient, real-time monitoring. An AI-based diagnostic algorithm is applied to determine the fault type, and data access and traceability are made possible on a dedicated platform to guarantee substation safety.

**Sound, vibration and temperature monitoring products:** Hikvision's sound, vibration and temperature monitoring range integrates the three-modal data of sound waves, vibration and temperature to perform long-term, multi-dimensional data monitoring of dynamic equipment such as pumps, motors, and wind turbines. AI algorithms are also used for equipment health assessment and fault diagnosis. The O&M platform employs three-dimensional



modeling technology to build equipment models for remote immersive O&M management.

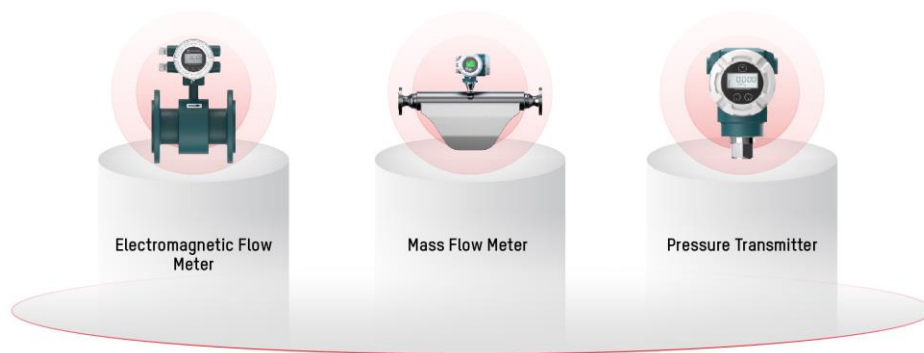
**Ultrasonic flow meters:** HikMicro's ultrasonic flow meter has creatively integrated the Doppler and time difference methods into one, in contrast to conventional devices that are based on a single measurement principle. Through adaptive switches depending on the cleanliness of fluids, it eliminates the impact of foam and solid particles in the fluid on the flow measurement accuracy in industrial settings. According to the diameter, wall thickness and material of different pipelines on the site, the ultrasonic flow meter can perform automatic scanning and select the optimal detection frequency of the pipeline without manual correction. This makes it appropriate for a range of operating conditions. Compared with pipe segment flow meters, the clamp design allows for non-contact measurement and eliminates the need for downtime during pipe cutting and installation. This effectively cuts installation and maintenance costs in scenarios with large pipeline diameters and high sealing requirements. Now the solution has been used for flow measurement in a variety of applications, including water treatment, energy metering, and production control in the power generation, water, steel, and chemical sectors.

### 2.1.8 Other physical sensing solutions

Using its multi-dimensional physical sensing technologies, including electromagnetic, thermal, and piezoresistance, the Company has developed a measuring technology system encompassing electromagnetic, mass, pressure, and so on in the area of industrial process perception. It continues to push the limits of high-precision perception against complex media and strong interference through hardware innovation and algorithm-based optimization, meeting the demands of high-precision measurement in sectors like pharmaceuticals, food and beverage, and petrochemicals.

**Electromagnetic flow meters:** HikMicro's electromagnetic flow meter has further improved its ability to perceive and process tiny signals (small flow, low conductivity) through hardware optimization and algorithm co-design. Multi-frequency excitation technology, combined with different frequency bands, enables noise immunity, zero stability and faster response, guaranteeing stability in high-concentration slurry measurement scenarios such as coal slurry and papermaking. A cutting-edge tiny signal extraction algorithm is used to convert tiny flow signals into accurate and reliable flow values, making small flow measurement more accurate. With a minimum conductivity of  $1\mu\text{S}/\text{cm}$ , the solution is suitable for measurement in sectors of pharmaceuticals, food and beverages,

pure water, deionized water, and more.



**Mass flow meters:** HikMicro's mass flow meter, based on the proprietary full digital solution technology, offers 8,000 times/second sampling and operation together with a significantly reduced reaction time, guaranteeing consistent results even for tiny batch samples and short filling periods. With a 0.1% accuracy, the flow meter is widely used for measuring the mass flow, volume flow and concentration of liquid and gas in trade settlement, proportioning and metering, precision control and other scenarios across the petrochemical, food and beverages, pharmaceutical and other industries.

**Pressure transmitters:** HikMicro's pressure transmitter is based on high-precision silicon technology with an accuracy of up to  $\pm 0.05\%$ . The ultra-thin film, special structure design, high-precision stress control process coupled with a real-time compensation algorithm, lead to a minimum micro differential pressure measurement of  $\pm 50\text{pa}$ . The dual overload protection diaphragm design makes the transmitter safer. The overload resistance up to 1,166 times the range and 100:1 range ratio provide wider adaptability, making it suitable for measuring various gas pipelines, liquid pipelines, gas buffer tanks, liquid storage tanks and more.

## 2.2 Hardware Product Family: Comprehensive Edge Node Perception + Edge Domain Scenario Intelligence + Central Intelligent Storage and Computing

In addition to launching new digital products, Hikvision has continuously promoted technological innovation and breakthroughs in different segments such as edge nodes, edge domains, and cloud centers, and expanded its product family to better meet the needs of customers in various industries.

### 2.2.1 Edge node products: comprehensive perception and growing product mix

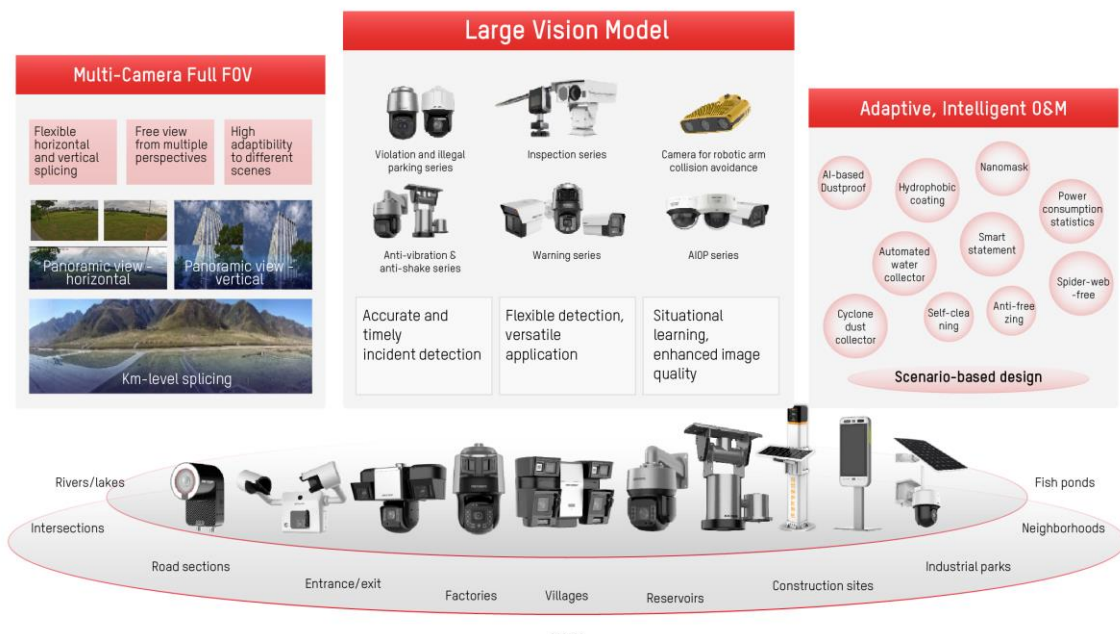
In terms of perception products, Hikvision has constructed a diverse and competitive product matrix that

provides solid support for numerous industry applications by consolidating its technological advantages and improving its IoT perception capabilities.

## 1) Front-end cameras

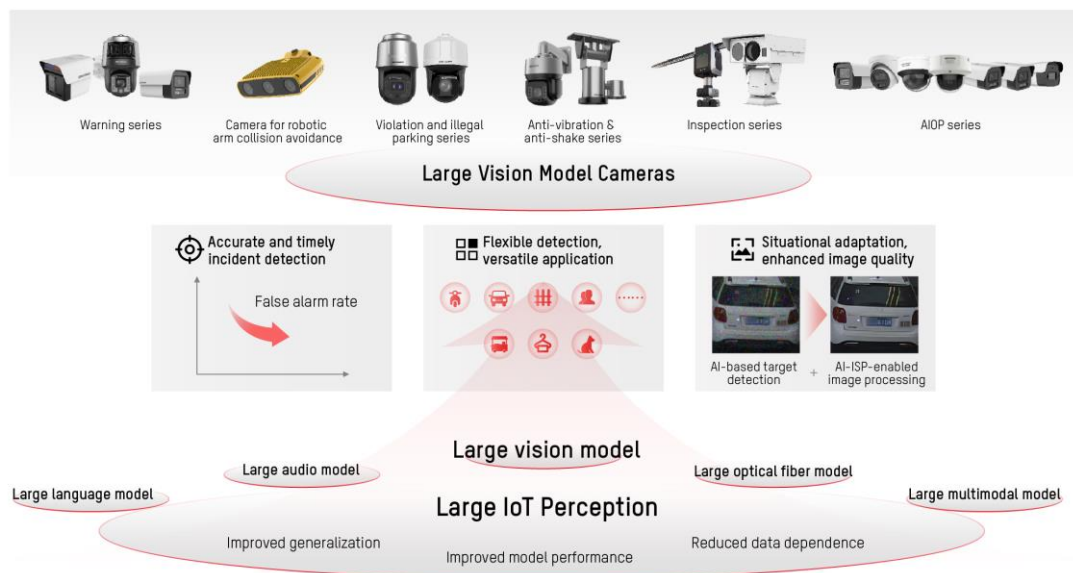
Hikvision's front-end cameras are centered on the AIoT business. Driven by technological innovation and scenario-specific requirements, the Company focuses on innovation in three domains: large vision model, multi-camera full FOV, and adaptive, intelligent O&M.

**Large vision model:** While improving the incident detection sensitivity and accuracy, large models can also greatly reduce the difficulty of adaptation and deployment, expand the application scope of products, and meet the specific needs of various industry scenarios; also, the scenario-based learning ability offered by large models is expected to optimize image quality. **Multi-camera full FOV:** Technologies such as horizontal and vertical splicing break the limitations of traditional field of view and enable panoramic coverage and intelligent linkage between different scenes. **Adaptive, intelligent O&M:** Adaptive and intelligent O&M cameras are developed through innovation in technology, materials and processes, which greatly reduces the cost of manual maintenance.



Based on the Hikvision Guanlan large model technology system, the Company has developed large vision model cameras that are better suited for AIoT scenarios by designing model structures with consideration for model lightweight, computing efficiency enhancement, and computing resource saving. The large vision model camera has overcome the challenges like weak universality, difficult recognition of complex targets, complex O&M debugging, and lengthy algorithm customization cycles. With many benefits such as strong generalization, high

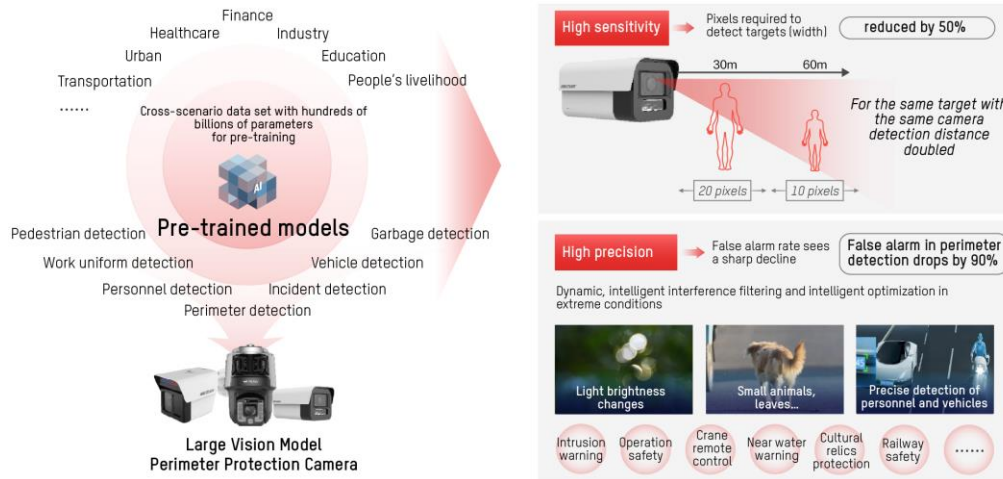
performance ceiling, powerful scene comprehension, and fast deployment, it allows for the intelligent recognition of more targets, improves sensitivity, accuracy, and deployment convenience, and enhances image quality. Leveraging its extensive expertise in technology and products, Hikvision has developed a range of large vision model cameras that have been applied in several scenarios such as intelligent perimeter detection, incident detection, equipment and facility inspection, helping users improve quality, reduce costs, and increase efficiency.



### Large vision model: accurate and timely incident detection

During the actual usage of cameras, different scenes, lighting conditions, and weather may generate a large number of false alarms, resulting in increased O&M costs and reduced user trust in cameras' response. The Company has employed its abundant industry expertise to develop a large pre-training model and added data on various real-world, dynamic scenes (such as rain, snow, fog, strong light flashing, animal movement, and vibration) in the pre-training phase to remove interference factors in incident detection. Moreover, large models' excellent generalization and sensitive detection of difficult targets allow for a high detection rate and high accuracy during the intelligent recognition of different targets.

For the purpose of perimeter detection, compared with traditional video devices, the large model-based perimeter detection cameras provide a longer recognition distance and an over 90% reduction in false alarms (according to measured data in projects). So far, the Company has developed a complete range of large model-based perimeter detection cameras such as monocular cameras, multi-lens cameras, and dome cameras.



### Large vision model: flexible detection, versatile application

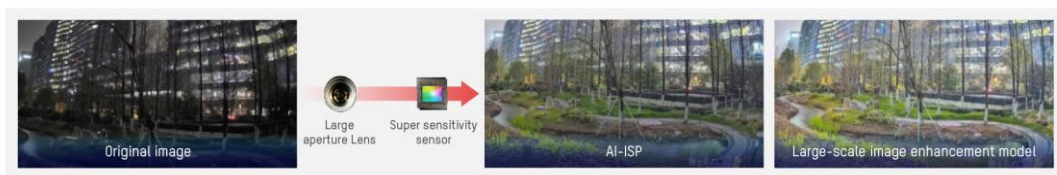
The implementation of traditional intelligent products necessitates the training of distinct recognition algorithms for various targets, presenting challenges such as high sampling expenses, low scalability, and long training cycles. Hikvision's front-end camera has been integrated with an open-source large target detection model on the end side. Combined with comprehension of a variety of segmented scenes, the camera calls standardized modules for rapid configuration. This allows for "zero-shot" detection and agile deployment with higher detection precision in applications such as guarding, garbage detection, safety helmet detection, work uniform detection, and fire engine access occupancy detection. Moreover, the out-of-the-box design enhances the customer and user experience.



### Large vision model: situational learning, enhanced image quality



Hikvision's large vision model camera, powered by a deep fusion of "hardware + algorithm," can improve image quality in low-light and strong-interference settings through situational understanding. Its benefits include professional large aperture lenses and high-sensitivity sensors. Leveraging its expertise in low-illumination scenes, the Company has developed an end-to-end intelligent large model algorithm to effectively distinguish signals from noise in images, accurately remove noise, and improve the signal-to-noise ratio of night vision images. Based on targeted training for scenes such as heavy rain, haze, overexposure, and color cast, the solution also supports scene-defined image quality featuring more details and more true-to-life colors, providing better video images for intelligent applications.



## Multi-camera full FOV: flexible splicing, pushing FOV limits

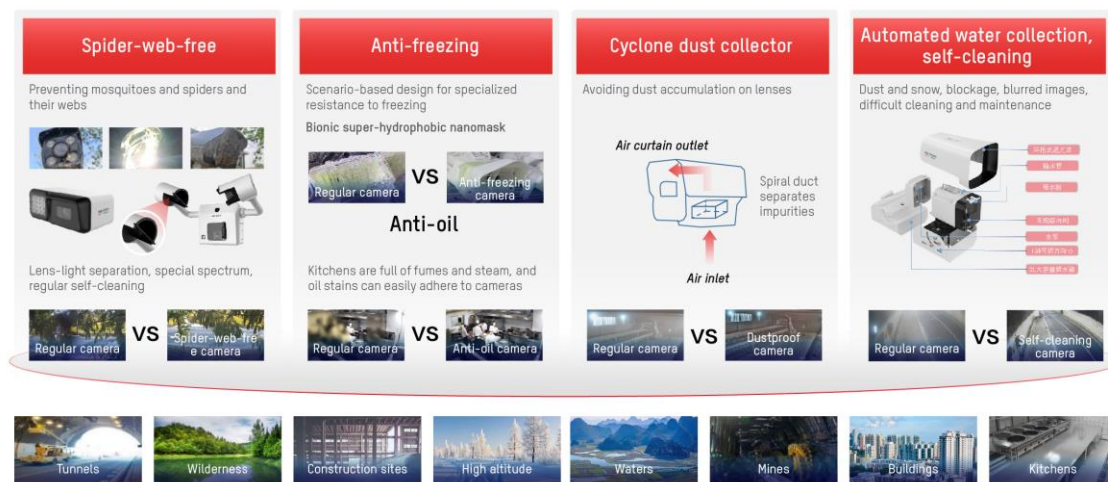
In addition to large model capabilities, Hikvision insists on developing multi-directional, multi-camera solutions, expanding the boundaries of FOV through technological innovation. Its multi-camera lineup, which includes 720° panoramic cameras, blind spot-free eagle eye cameras, and ultra-HD splicing cameras, features flexible splicing in different directions, flexible viewing in multiple angles, and high adaptability in varied scenarios. By flexibly adapting these solutions to various settings, Hikvision is committed to providing customers with more accurate and broader monitoring FOVs, as well as robust assistance for developing an all-around, multi-level visual perception system.





## Adaptive, intelligent O&M: reduced O&M expenses, improved adaptability

In response to customers' and users' scene-based demands as well as expectations for O&M-free products, Hikvision continues to enhance the intelligent adjustability and scene adaptability of products and mitigate O&M pressure through innovative processes and technologies such as hydrophobic coating, nano masking, and cyclone dust removal. The Company has introduced a series of new products such as spider-web-free cameras, anti-freezing cameras, anti-oil cameras, self-cleaning and dust removal cameras, and self-cleaning cameras to satisfy scenario-specific demands and lower customers' O&M costs.



## 2) Intelligent transportation and mobility products

Hikvision has established a large intelligent transportation model dedicated to industry-specific scenarios based on its years of experience in the intelligent transportation sector as well as its Guanlan large model technology system.

**Large intelligent transportation model-based capture units:** For traffic violation detection, the Company has released an eco-friendly 12-megapixel capture unit that is integrated with large model algorithms. Its new 1.1-inch image sensor greatly expands the vertical dimension of the images captured and increases picture details. The solution effectively resolves the limitations of the previous generation of traffic enforcement cameras and checkpoints. A single device is enough to capture large/small vehicles and non-motor vehicles, or large vehicle details + panoramic views, plus richer features in photos of vehicle windows. Supported by the large vision model technology, the product has made a substantial progress in the analysis of occupant violations (e.g., failure to wear seat belts, and using a mobile phone while driving). The accuracy of seat belt and phone detection has been greatly raised, with a 75% decrease in the false detection rate. Moreover, it has also made significant improvements in sub-

segments such as helmet detection for non-motor vehicle drivers, and vehicle feature detection for dangerous goods vehicles and dangerous transportation trucks.

### 12MP Large Intelligent Transportation Model-Based Capture Unit



**Large intelligent transportation model-based incident detection products:** The Company has built data models dedicated to industrial scenarios such as road incidents and integrated them with intelligent hardware to accurately detect abnormal road incidents. The new-generation incident detection products include radar-video fused devices, smart cameras, and servers. Based on its Guanlan large model system, Hikvision performs industry expertise pre-training and fine-tuning to infuse expert-level incident detection capabilities into the large intelligent transportation model. Compared with the conventional convolutional neural network algorithm in the industry, the model based on the Transformer architecture features a deeper network architecture as well as better capabilities of global feature extraction, context modeling and generalization. Also, the false alarm rate of incidents under harsh conditions such as low contrast, occlusion, and complex postures is reduced by more than 60%. These improvements lead to a comprehensive upgrade of product benefits. In the future, the Company will continue to research on the large model technology and utilize the image and text understanding and inference capabilities of the Guanlan multimodal large model to expand the application of its products in various traffic scenarios and fuel the intelligent

upgrade of the industry.

### Large Transportation Model-Based Incident Detection Range

Incident detection series: More accurate detection, safer driving



Camera



Radar-video fused device



Incident detection endpoint



Server

Reduced false alarms of waste dumping, parking, and pedestrians

- Reduced false alarms of waste dumping, parking, and pedestrians
- Reexamination of accidents, road collapse detection, and enhanced weather recognition

**Dumping detection**

Improved dumping detection in combination with large models, free from interference such as tree shadows, water stains, markings, and signs





**Parking detection**

Accurate recognition of signs, slow-moving vehicles, and construction vehicles using large models, and comprehensive judgment based on dynamic characteristics like vehicle stop time and deviation from lane lines, greatly reducing false alarms





**Pedestrian detection**

Pedestrian detection based on large models, leading to higher sensitivity and accuracy





**Intelligent signal control systems:** In the field of intelligent traffic signal control, the Company has continued to enhance its technological advantages across the industrial chain, including perception equipment, intelligent algorithms, and control devices. While iterating its radar-video assisted vehicle inspection devices, it has also optimized its traffic parameter collection function. Regarding system delivery, Hikvision has introduced an automated configuration mechanism to make setup and debugging more efficient. Taking the radar-video assisted vehicle inspection device as an example, the new radar-vision fusion algorithm removes the need for radar configuration and debugging by automatically mapping the visual configuration to the radar. As a result, the debugging time of a radar-video assisted vehicle inspection device is shortened from 35-40 minutes to about 5 minutes. Thanks to the Company's in-house signal control algorithm, the radar-video assisted vehicle inspection device is undergoing iteration and optimization. The collection accuracy of information such as vehicle flow and queue length required for signal control is greatly improved, making signal control timing more automated and intelligent.

As part of its sustained efforts to empower digital and intelligent traffic, Hikvision has introduced ranges of traffic volume investigation, expressway toll inspection, non-motor vehicle control, and ship checkpoint, in a bid to ensure safe and smooth traffic by strengthening road traffic order management and road risk prevention and control.

**Vehicle access and parking products:** With intelligent video at its heart, Hikvision consistently improves its digital solutions, boosts user experience, and assists clients in making parking management more efficient. Its products span a variety of segments, including vehicle access, parking lots, street parking, and others. In scenarios such as NEV parking space application management and transparent workshops in 4S stores, continuous efforts are spared to upgrade intensive and intelligent systems, enhance products' technical profile, and improve the efficiency and services of urban parking.

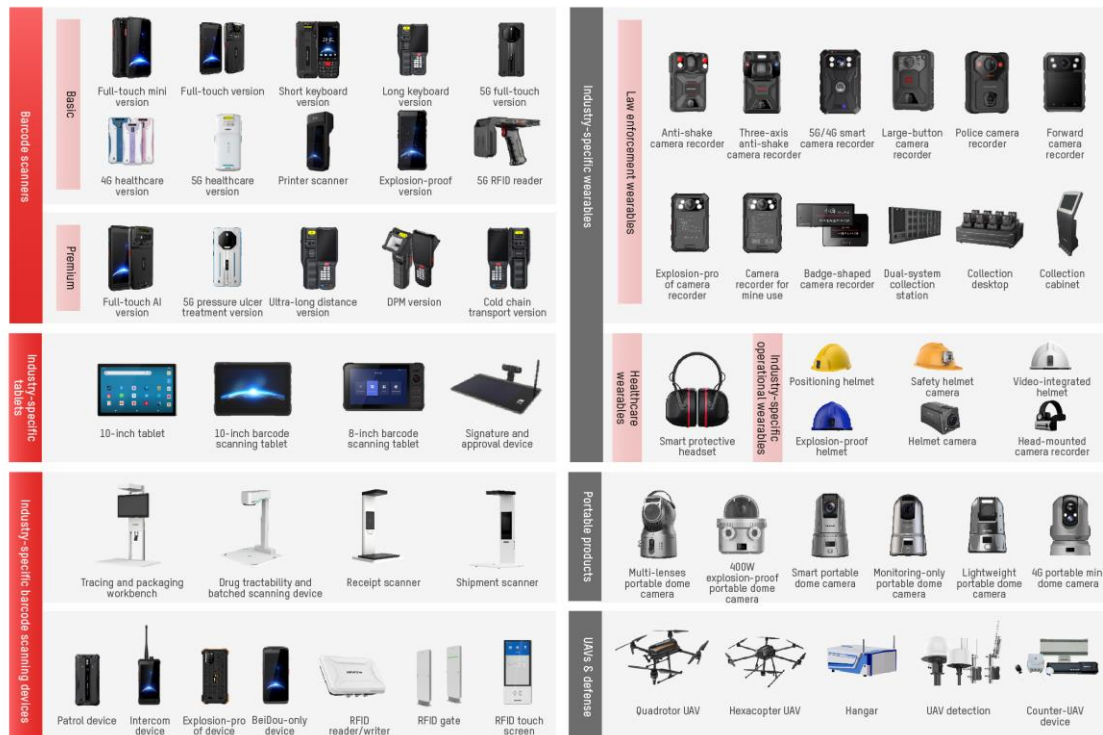
**Charging stations:** With the boom of the NEV market, the significance of charging stations as infrastructure is growing. In order to maximize product performance and boost charging efficiency, Hikvision has continuously dedicated itself to the R&D of charging station technology and products. With a focus on portable chargers, AC charging piles and high-power fast chargers, it keeps improving charging management systems and solutions in both home charging and public charging scenarios, hoping to provide users with smarter, safer and more stable charging products through product and technological innovation.



**Mobile devices:** In domains such as industrial wearables and handheld PDAs, Hikvision continues advancing technological innovation and business applications. In terms of industrial wearables, the Company has been actively engaged in sectors such as law enforcement, the workplace, and healthcare, and has made innovations in technical fields such as professional audio, multimodal image stabilization, and ultra-long battery life. Handheld PDAs, driven by advancements in AI technology, have embraced better barcode scanning performance and innovative application scenarios. The Company has launched a wide range of professional PDAs such as general-purpose intelligent OCR devices, devices made of anti-corrosion materials, video-based volume measurement devices, and ultra-small barcode recognition devices. In conjunction with online shopping malls and service platforms, we provide data collection, scene-based intelligent recognition and analysis capabilities for manufacturing, express and logistics, retail e-commerce, healthcare and public services, and other industries, thereby enhancing customers' digital management capabilities. In the domains of mobile portable devices, drones



and defense products, we leverage AI capabilities and take into account scenario-specific demands to constantly iterate and improve products and solutions.



### 3) Access control, intercom and alarm products

Harnessing its extensive expertise in perception, connection, credentials and control technologies, the Company is actively engaged in service design and product innovation centered on personnel access, personnel status, code of conducts and compliance management in a wide variety of application environments from open to closed spaces. By constantly expanding the application of its products in segmented scenarios, it has established a scenario-based solution suite covering access control, attendance, visitors, elevator control, building intercom, healthcare intercom, entrance and exit management, intrusion alarm, perimeter prevention, real-name management and office consumption.



Hikvision's access control products, represented by MinMoe, are a result of the integrated application of audio, video, multimodality and other basic technologies that are used to create products for digital and intelligent identity recognition and professional access management. The Company continues to enhance its two access control product systems - intelligent and traditional, covering all kinds of general and professional scenarios, and upgrades segment-specific products and solutions with an array of new products such as those featuring compliance with national cryptographic standards, explosion resistance, violence resistance, and a distributed architecture, providing customers with more diverse solutions.





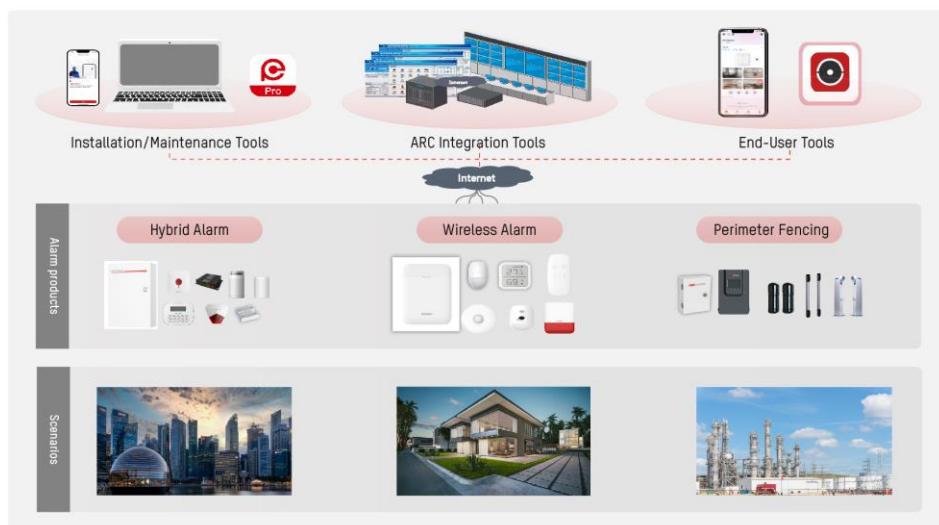
Hikvision's visual intercom products mark a step further towards the scenario-based intelligent application of audio and image technologies. The Company has improved its two-wire bus technology and released a series of products suitable for construction and renovation projects worldwide. Through the integration of subsystems such as intrusion alarm, elevator control, network cameras, and access control, it has combined community security with scene control to provide customers with one-stop solutions. Healthcare intercom and emergency intercom solutions are continuously iterated and optimized based on large multimodal models to increase their uses in segmented industries.



Hikvision's speed gates and turnstiles, as a result of continued breakthroughs in technical fields such as equipment networking, space detection, motor control and materials and processes, provide customers and users with a better installation/debugging/use experience, coupled with higher management efficiency and easier entrance/exit. In response to differentiated applications and market segments, the Company has developed four product ranges: Rigorous, Simplified, Traditional and Specialized, to meet the needs of different customer groups.

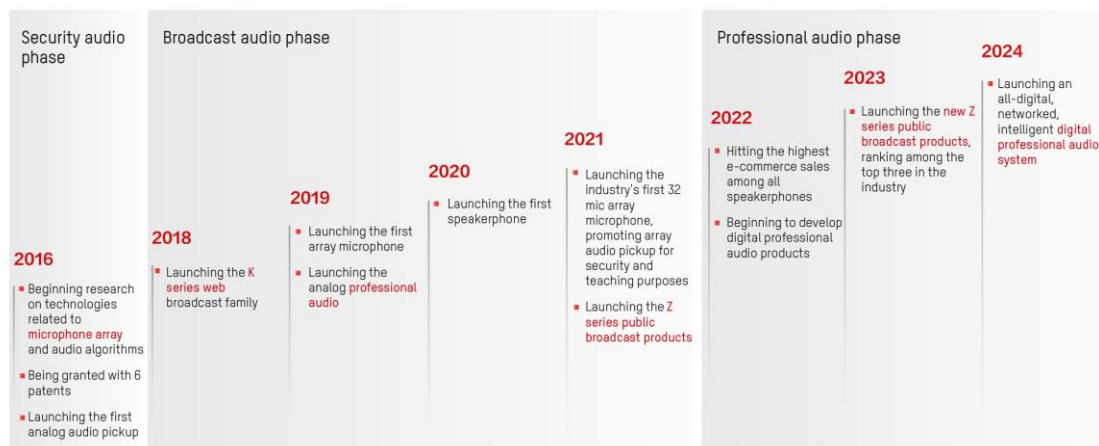


Hikvision continues to innovate detection technology for alarm products, and has released its first professional-grade detector. Through ongoing research on wireless transmission and low-power technologies, it has developed new solutions for scenarios without electricity or networks. Systems for indoor intrusion detection, outdoor perimeter detection, video detection and others are integrated to provide one-stop security management solutions and more valuable services for customers. The Company continues to expand its cloud service applications and offers exclusive application tools to different users, making product access more convenient, management more efficient, and O&M less stressful.



#### 4) Interactive audio products

Hikvision has been devoted to considerable research in the realm of audio since 2016. Thanks to such efforts, it has developed three product systems: professional audio, broadcasting audio, and security audio. It now boasts R&D capabilities ranging from acoustic construction, hardware, algorithms to systems, committed to the networked, intelligent, and array-based development of audio technology. With intelligent algorithms that push the boundaries of sound quality, it delivers a more convenient audio management and debugging experience and a one-stop digital audio solution. In 2024, Hikvision, leveraging its full-scenario audio technology matrix, was committed to the intelligent upgrade of audio in scenarios such as conferences, audio amplification for teaching purposes, and command centers. As a member of the High-Performance Audio Network (HAN) Transmission Technology Application Industry Alliance, the Company works with industry partners to promote the networked, digital transformation of audio in China.



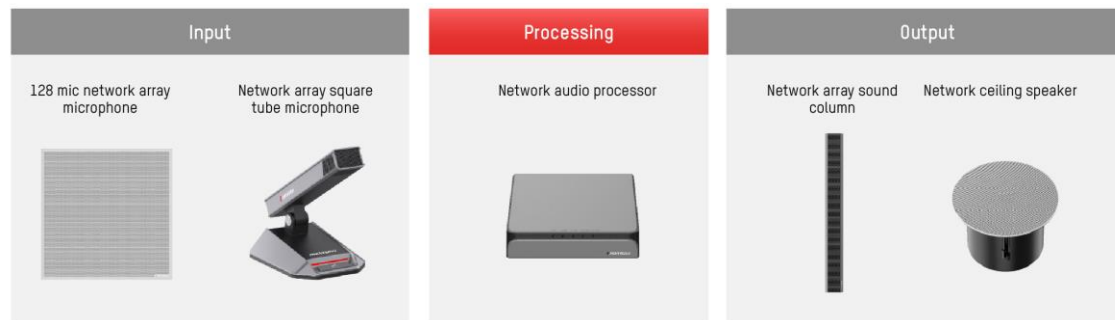
## Professional audio:

Hikvision produces industry-leading hardware and software by using its intelligent production lines and internationally certified acoustic labs. It has released an audio product family including the 8000N flagship series, 4000 dedicated series and 2000 general series.

The 8000N flagship series, built on a full-link networked architecture, uses the in-house AES67 transmission protocol to enable low latency at the millisecond level and high-precision synchronization at the nanosecond level. It has thus established a full-process digital closed loop from signal acquisition, AI algorithm processing to sound amplification and output. The system has deeply integrated intelligent algorithms. Over 50 patented algorithms have been applied to enable sound localization, noise suppression and adaptive sound field control, significantly improving the voice clarity and sound field uniformity in complex settings. The 128 ceiling array microphone supports ultra-long-distance audio pickup up to 10 meters with its 128-MEMS super-large microphone array architecture. It effectively addresses complex noise interference in the environment through over 300 built-in stationary/non-stationary AI-based noise reduction algorithms. A single device supports local sound amplification and remote conferencing at the same time, and flexibly switches between conference modes without an audio processor. The array square tube microphone features a distinctive "1+6" array heterogeneous design, a built-in beamforming algorithm, and a horizontal beam angle that can switch among narrow, medium and wide, enabling accurate audio pickup over a long distance. Built on innovations and upgrades in audio transmission and processing technologies, the network array column speaker can accurately meet the requirements of diverse acoustic spaces like conference halls and multi-function rooms thanks to its unique single-body three-beam control and multi-device cascade connection and independent adjustment technology. The 8000N series has been applied in a wide range of high-end conference and classroom settings such as universities, group enterprises, and financial buildings. The

Company has worked with the School of Continuing Education of Zhejiang University on the AIoT-Center - an intelligent application and joint training base to develop unfettered audio pickup and amplification solutions and deliver a new teaching experience.

Hikvision 8000N series premium professional audio system offers full-array, networked, and intelligent system functions, suitable for mid-to-high-end conference rooms, lecture halls, classrooms and other settings. The innovative unfettered, easy-to-manage high-quality audio amplification solution can be paired with different systems, delivering a true digital communication experience.



## Broadcasting audio:

Hikvision offers a complete set of scenario-based solutions and services centered on broadcasting audio, which are divided into three product ranges: analog broadcast, network broadcast, and explosion-proof broadcast. They can be outfitted with an intelligent broadcast management platform for unified management and maintenance. These solutions suit a wide range of business scenarios such as education and teaching, chain stores, group enterprises, and special-purpose settings.



For school uses, the Company has developed a bi-switch listening backup system with analog network fault detection and two-way fast signal switching. The system has been applied in many schools such as Yiyang No. 1 Middle School and No. 1 Experimental School of Suqian Economic Development Zone, and showed reliable performance in several listening tests. Hikvision's intelligent broadcasting platform, which is designed to centrally manage broadcasting devices in different locations, has helped 72 schools in Henan Province with broadcasting networking and transformation for online collaboration and efficient management. For chain stores, a local simplified solution, a local premium solution and a Cloud Eyes unified management solution have been introduced to address single audio source playback management and difficult supervision, and provide chain store customers with exclusive scenario-based products and customized functions. A networking management solution that allows the headquarters to remotely supervise and centrally train its branches has been introduced for group companies. With audio-video integrated surveillance and rapid response to incidents, a closed loop of management can be established to create a digital industrial park. For refining and chemical pipelines, special-purpose manufacturing and other scenarios, a range of explosion-proof and corrosion-resistant products are available. Explosion-proof column speakers have been applied together with explosion-proof cameras in the oil pipeline corridor of Qingdao Dongjiakou Port. The devices are centrally managed by a comprehensive security management platform to monitor scene safety in a timely manner.

### **2.2.2 Edge domain products: empowerment of large models, upgraded AI capabilities of products**

Hikvision's edge domain products continue to embrace improved AI capabilities. Relying on the Guanlan large model technology system, Hikvision has advanced from large CV models to large multimodal models and consistently upgraded its products to meet the demands of various application scenarios and create more value for customers.

#### **1) Integrated devices for intelligent applications**

##### **NVR - A core storage product for edge domain:**

Hikvision NVR insists on technology-driven product innovation. In response to the latest trends in the development of large model technology, the Company has deeply integrated large image and text multimodal models with large quantities of parameters and samples with embedded intelligent hardware and released a range of Wensou (meaning text based search) storage products based on large multimodal models. These significant technological innovations have boosted the extensive application of large multimodal models in the security sector.





The Wensou storage products enable the cross-modal information search and retrieval of natural language and video images. By simply typing a sentence or a word, a user can find the target image in seconds, so that security video retracing is no longer limited to time and space as well as conventional alarm and other retrieval methods. This significantly increases the effectiveness of target and event searches, resulting in more intelligent and efficient security management. For example, you can enter a semantic description such as "a red electric scooter," "a white van," "riding an electric scooter without a helmet," "a bicycle," "a trolley," and "a puppy" in the search box to search for relevant targets. The search range is broad, including high-frequency targets in security settings such as people, motor vehicles, and non-motor vehicles. And it also supports feature searches such as specific items and target status.

The range represents a breakthrough in application by fusing large multimodal model algorithms with embedded intelligent hardware. Platform-oriented model design, large and small model distillation, cross-layer mixed-precision quantization and other large model deployment technologies and innovative design of embedded intelligent hardware are employed to apply large multimodal models to lightweight embedded hardware platforms and allow for the inclusive application of large multimodal model technology, so that more industries and users can benefit from the intelligence and convenience brought by large models.

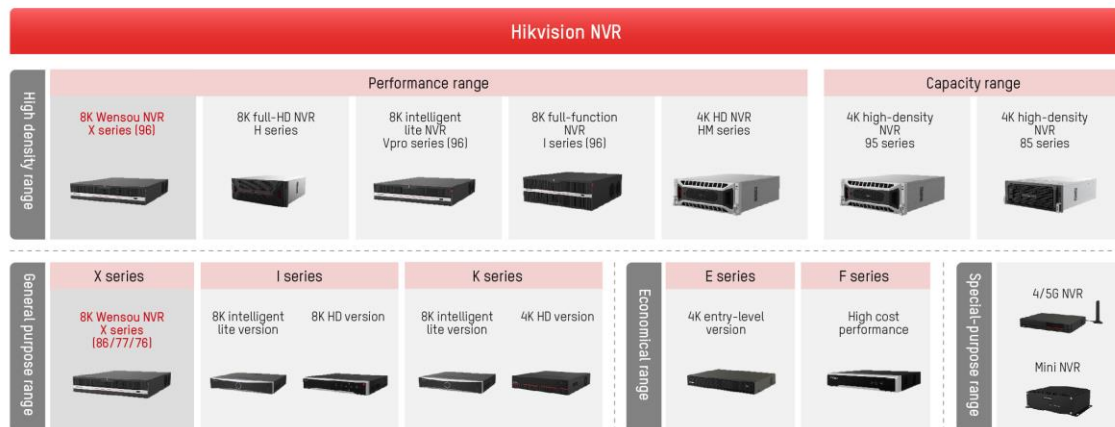
By using a large model perimeter protection algorithm that substantially improves the accuracy of video-assisted perimeter intrusion detection, Hikvision NVR has advanced the application of fundamental intelligent security. Customers are satisfied with the more efficient and convenient search experience that the image search technology offers thanks to its innovation and optimization.

With the prevalence of HD video surveillance, the storage space required for video recording is growing. In 2024, Hikvision launched a high-density NVR that incorporates cutting-edge technologies such as controller architecture, modular design, and intelligent sensor-based heat dissipation. The solution satisfies customer demand



for HD and long-cycle video recording while also offering a bigger storage capacity, enhanced stability, and dependability, in addition to much better storage and network performance.

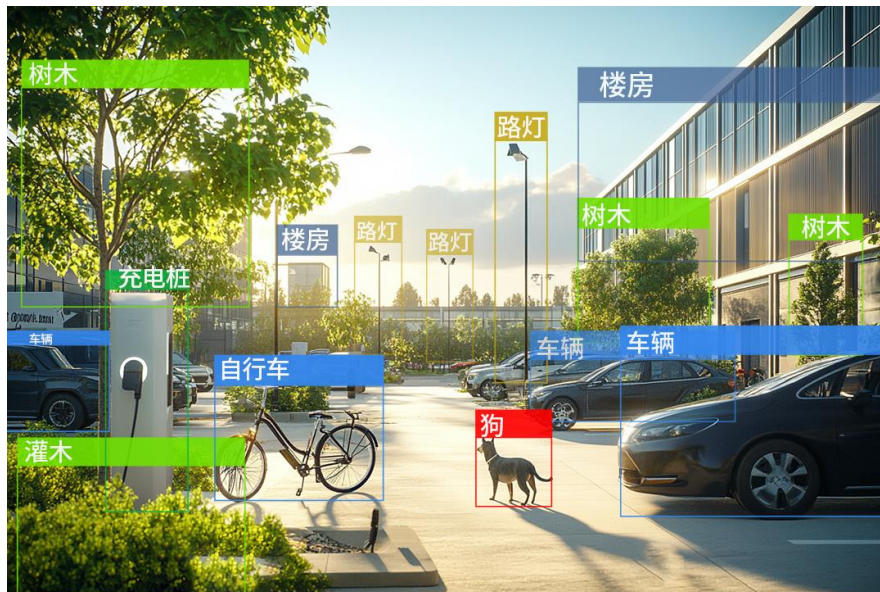
Over the past dozens of years, Hikvision NVR has consistently driven product changes with advanced technology to generate more value for customers. The resulting diverse products can be applied to a wide range of intelligent security surveillance contexts.



## Hikvision DeepinMind - An intelligent computing product for edge domain:

Hikvision offers a broad variety of intelligent computing products that encompass all scenarios from edge to domain center, with an aim to function as an edge domain brain. It continuously improves its six capabilities of "perception access, domain-end management, fusion and convergence, multi-dimensional storage, edge computing, and intelligent applications" and conducts extensive research on large visual and multimodal model technologies to further boost AI performance as well as new application experience, so that AI can truly create value for customers.

Based on the Guanlan large model technology system, the Company has launched Wensou DeepinMind and Wensou Host - a comprehensive line of Wensou computing products spanning from the edge to the center. The solution supports efficient search and real-time warning with only a sentence or a word entered. This allows users to search for everything, including people, cars, and incidents, with exponentially improved efficiency, a broader search scope, higher accuracy and more flexible application. In addition, a large model for universal detection is embedded into the intelligent computing products, which greatly upgrades their detection and recognition capabilities. Everything - whether it is moving people, cars, animals in videos, or static billboards, trash cans, flowers, plants and trees - can be identified, suggesting more comprehensive perception.



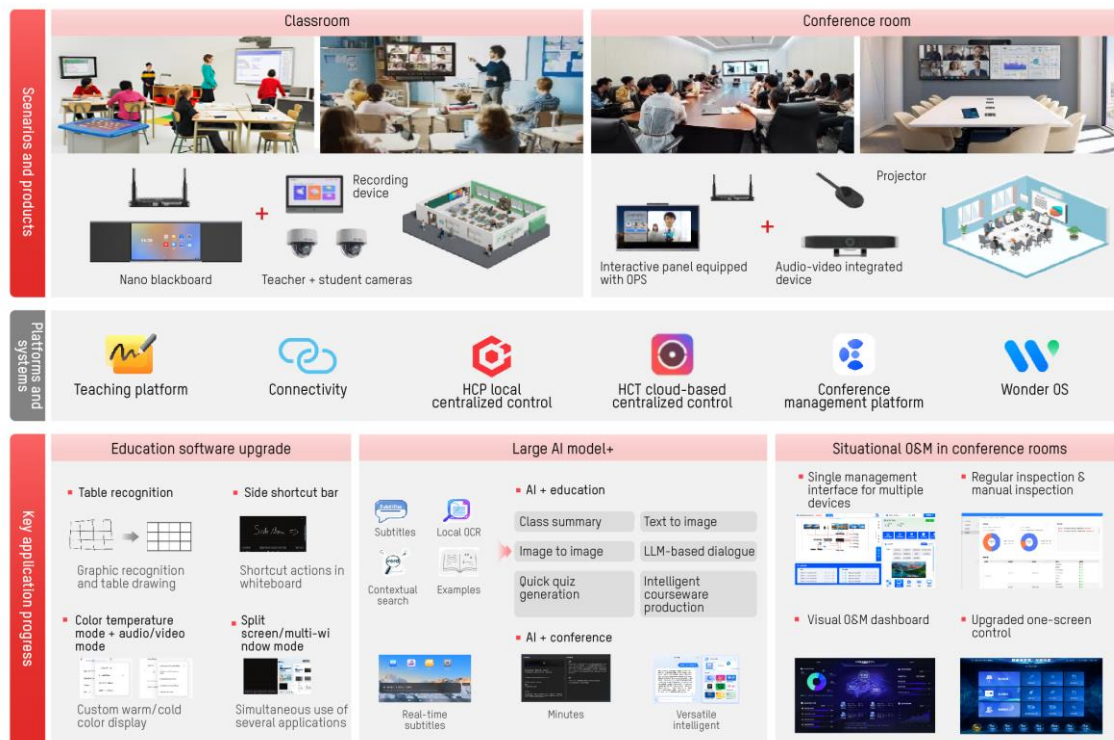
The Wensou computing range supports customized text-based warnings. Making use of large models' capacity to integrate and process multimodal information, the solution provides real-time warnings and reminders for specific incidents and targets based on any sentence or word entered, such as "two people riding an electric bike," "full trash cans," and "climbing over guardrails." By making management more timely and effective, it assists thousands of industries with more intelligent and efficient security management. Intelligent computing products powered by large models have leaped from providing specialized functions to providing open capabilities, so that they can better meet the diverse management needs of users.

With the introduction of DeepinMind, which incorporates large patrol inspection models, Hikvision shows an in-depth application of large multimodal model technology in the fields of work safety and compliance oversight. Embracing open collaboration, Hikvision is growing its AI open platform's algorithm models and functionalities. This has led to the creation of the AI Open Platform (AIOP), which significantly increases the accuracy of algorithms in fragmented intelligent application scenarios. Furthermore, the Company has launched HEOP2.0, which has upgraded hardware open capabilities based on the Hikvision Embedded Open Platform (HEOP), offering customers additional options for computing power sharing and cooperation.



## 2) Smart displays and video conferencing products

Hikvision's smart displays and video conferencing products are optimal solutions for conferencing and education. The Company continuously optimizes design, iterates software and hardware functions, and improves the application experience in accordance with scene-specific requirements, drawing on its expertise in color display, interactive touch, communication and connectivity, audio and video processing, and large AI model technology. This facilitates the digital transformation and upgrading of scenes such as conference rooms and classrooms and provides customers and users with professional and intelligent solutions.



**Conferencing products:** Hikvision's conference tablet has embraced a constantly evolving operating system,

enhanced projection and connectivity capabilities, and a new projection group function. The seminar room solution supports the collaboration between a primary display and several auxiliary displays, as well as one-click content sharing, making discussion and interaction more convenient. A new Type-C projector with driver-free and quick start features has been introduced to upgrade the projection experience. The efficiency of the entire meeting process is enhanced by large AI models. For example, a new AI conference assistant is now available, which is designed to initiate a voice call before the meeting, transcribe and translate in real time during the meeting, and automatically generate minutes and to-do lists after the meeting. Additionally, efforts are made to continuously improve the quality of video conferences. Audio and video algorithms are trained using large models to improve voice quality and visual display during meetings, even when there is an unreliable connection.

**Teaching products:** The Company keeps developing and upgrading its new products centered on teaching process, teacher growth, and education governance. The new-generation Classroom Connection solution, combined with lightweight large AI model capabilities, significantly improves teaching efficiency via seamless information collection and intelligent analysis of the teaching process. AI-enabled one-click courseware development, intelligent Q&A, and other features are available via the Yijiaoxue software platform, which is built on professional large teaching models. Combined with the Classroom Connection and supporting products, it can improve teaching experience as well as lesson preparation efficiency. Hikvision has continuously upgraded its overseas smart display and released the most recent Android version. Simpler and more intelligent education is made possible by the in-house operating system and whiteboard software, which are linked to general large multi-language models to provide rapid AI-based search, context analysis, quick Q&A, auto subtitles, minutes summary, and other AI applications.

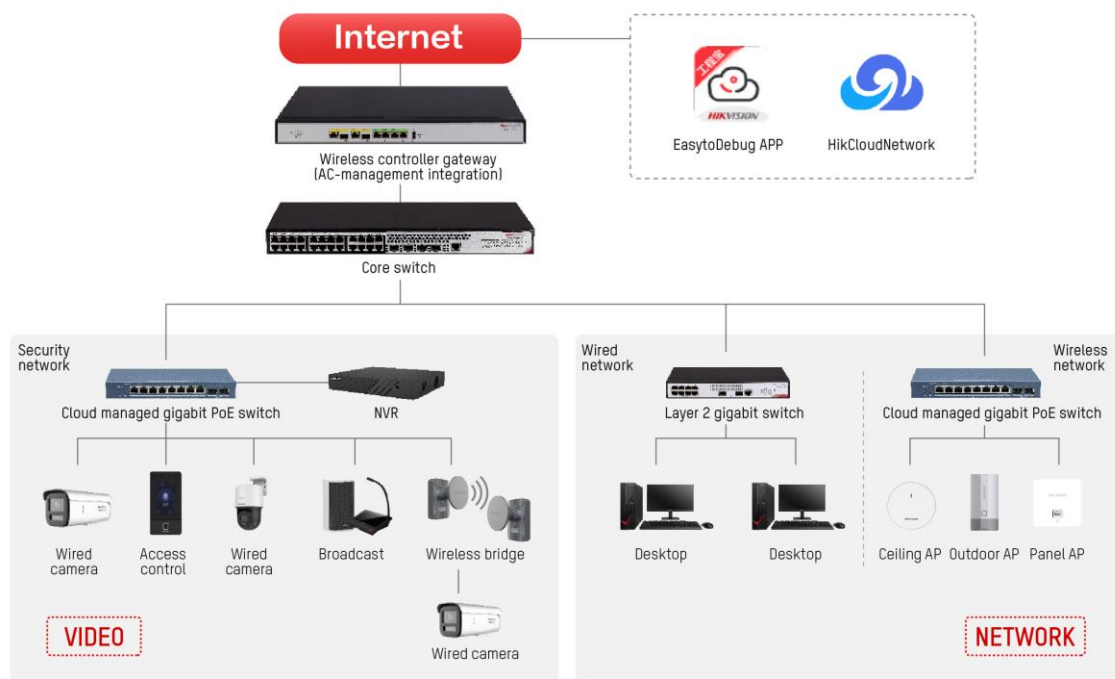
**Upgraded solutions of intelligent conference rooms:** Hikvision's conference management platform has further upgraded to a full-stack digital solution. With three features: omni-network, integrated display control, and unified conference management, the solution is expected to contribute to the digital transformation of conference rooms, which are divided into four categories - general conference rooms, video conference rooms, paperless conference rooms, and multi-functional halls. Unlike a conventional single-node network, an omni-network allows for direct network connectivity at every layer, from the platform to the sub-device layer. Without analog lines or control lines, it allows for easy deployment and operation. With integrated display control, all operations of a multimedia conference room - instead of only equipment switches - are integrated into a tablet, simple and efficient. Unified conference management is made possible by a unified architecture that integrates all subsystems and equipment, including video conferencing, paperless conferences, recording and broadcasting, and central control. It



guarantees both unified access and unified O&M management.

### 3) Network products

Hikvision's network product portfolio is centered on IoT scenarios, including integrated monitoring network solutions. The range covers a variety of products such as switches, routers, wireless bridges, WLAN products, all optical networks, and network management platforms. In particular, the Company's industrial switches are widely used in wind power generation, solar power generation, and synchronized public utility construction; and industrial bridges allow for wireless data transmission in both line-of-sight and non-line-of-sight environments.



In 2024, the Company established the centralized and unified administration of IT+IoT devices by using its IoT perception capabilities at both front and back ends in combination with networks. "Video-network connectivity" becomes possible through the globally visible topology structure. The threshold of network O&M is lowered and O&M efficiency is improved in three ways: quick start, convenient management, and efficient O&M. Moreover, the IoT switches represented by the light network management series are more suitable solutions for network access in IoT scenarios.

Hikvision's IoT-focused network solutions, which are built on unified administration of IT + IoT networks, assist customers in creating networks that are secure, dependable, and intelligent.

#### 2.2.3 Cloud center products: establishment of an IoT-information network base, provision of abundant feasible solutions



High-performance and more secure IT infrastructure becomes essential given the rapid development of technologies such as AI, big data, cloud computing, and cloud storage. Hikvision provides a complete range of cloud center solutions including servers, storage, cybersecurity, display control, network and data security, securing comprehensive, secure, and advanced basic IT facilities for the Internet of Things.

### **1) General computing products**

Hikvision's general server series is a result of in-house research by Hikvision based on high-performance processors. Continuous improvements have been made in high-speed signal design, overall performance tuning, energy saving and noise reduction, and BMC/BIOS's basic firmware development. Moreover, the range has been further expanded to include more product forms such as rack servers, edge servers, and tower servers, as a proactive response to market demand.

### **2) Intelligent computing products**

Hikvision's intelligent server family offers a wide range of products, high GPU card scalability, strong compatibility, and superior cost performance. The solutions allow for the real-time processing of massive video data and the parallel computing of various types of algorithms, coupled with improved analysis efficiency and lower costs. Furthermore, by supporting the collaboration between edge computing and center terminals, they reduce bandwidth pressure and improve support efficiency, ensuring timely data output. In addition to satisfying the general demands of the information industry, these solutions provide a robust and reliable infrastructure for intelligent computing centers, cloud computing and big data. They deliver a high-performance, and highly reliable and secure infrastructure to a variety of sectors such as government, the Internet, energy, finance, operators and others.

### **3) Central storage products**

Central storage products are one of Hikvision's core portfolios, as well as the cornerstone of data infrastructure. They are responsible for the storage, processing and distribution of massive video/image data. To make better use of view data and extract valuable information from massive data, Hikvision has introduced natural language and large multimodal video/image models into high-performance storage centers and launched the Wensou CVR (product name: AcuSeek CVR) storage solution. Apart from storing data, it enables the large multimodal modeling of massive video/image data, which helps to make the data more comprehensible. Natural language may be used to search for targets and incidents, greatly improving the efficiency of locating targets in massive video recordings. Thanks to this new technological breakthrough in central storage devices, Hikvision now boasts a leading position in the industry.



Hikvision's central storage products were completely upgraded in 2024. A new-generation hardware platform with a modular architecture and comprehensively improved performance is now available. It is the first in the industry to support 30T hard drives. The new hardware comes with more APIs, making it more scalable and compatible for a greater variety of applications. It has cutting-edge designs that make installation and maintenance simple, such tool-free disassembly and assembly and visible operation monitoring. The solution is also energy-saving, smart and eco-friendly thanks to intelligent sensing-based speed control fans and low-noise design. Advanced technologies such as system safes and trusted startup enabled by TPM (trusted platform module) are employed to greatly improve system security and reliability. Hikvision's central storage solutions have advanced to a new level of quality and competitiveness via substantial technical innovation, and they are now prepared to create more value for customers in a wide range of industries.

## HIKVISION Central storage products

New hardware platform | Modular design | 30TB hard drive

### More APIs

More APIs  
Higher scalability and compatibility

### Easy installation and maintenance

Tool-free disassembly and assembly  
Visual monitoring of operating status

### Safer

System safes  
TPM-based trusted startup

### Smarter and more eco-friendly

Intelligent sensing-based speed control fans  
Low-noise design

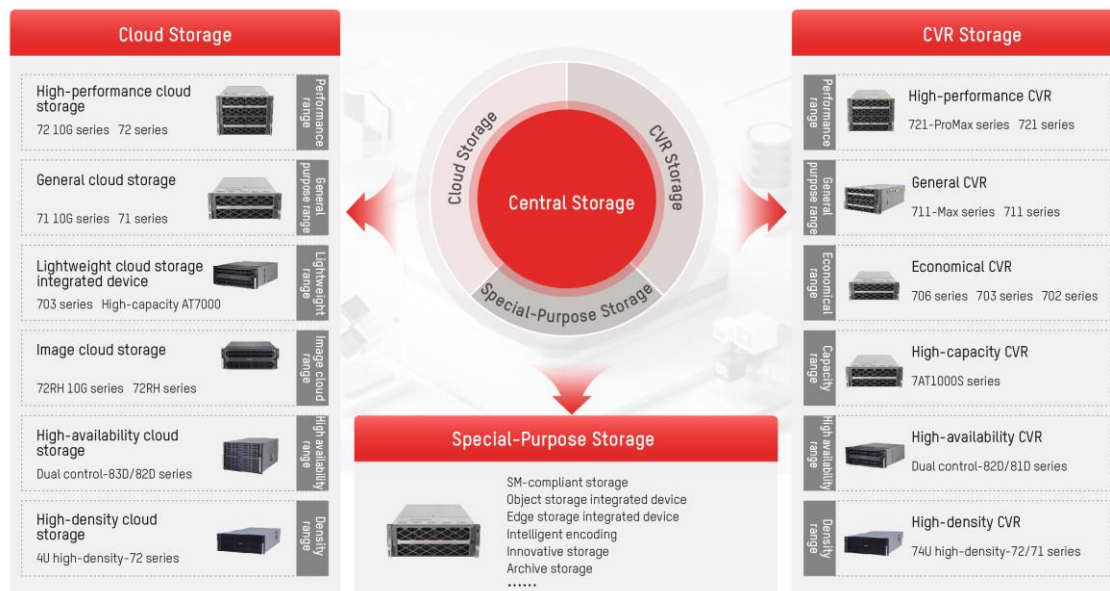


Continuous Leadership, Exquisite Quality

Based on the Company's new-generation distributed file systems, Hikvision has introduced two new products: a standard cloud storage solution and a lightweight cloud storage solution. They adopt a completely symmetrical

architecture and are integrated with new-generation hardware, which leads to less weight, better performance, more flexible management, and more secure data. This makes them optimal storage cloud solutions in the security industry. In order to meet the diverse needs of new scenarios for data storage in the age of AIoT, Hikvision has released a range of IoT converged storage products. This set of systems support the converged storage of videos, images, files, objects and other data. With high storage efficiency and fast and convenient data retrieval, the solution is expected to assist industrial enterprises with digital transformation.

In addition, Hikvision has released a number of storage products that comply with the SM4 cryptographic algorithm under China's Commercial Cryptographic Algorithm Standards. They meet the security assessment standards of data centers and provide holistic solutions to ensure data security and integrity for users.



Hikvision's general storage products are under continuous upgrade and iteration. The product line is now available in centralized, distributed, and hyper-converged architectures and supports a wide range of storage technologies, including SAN, NAS, and object storage. Thanks to its cutting-edge expertise in storage technology as well as persistent R&D, Hikvision has made significant breakthroughs in the integration of private cloud and public cloud solutions and developed user-specific hybrid cloud application capabilities. Powered by a hybrid storage solution that fuses SSD and HDD as well as innovative read and write algorithms, the range provides a much quicker response performance under high-density access. The solution also supports erasure coding (EC) for the efficient separation of hot and cold data. Furthermore, Hikvision's central storage solutions have shown to be highly efficient in a number of crucial areas, including office automation (OA), database hosting, production management, and Internet data center (IDC) construction.

#### 4) Large-screen display and control products

Under the overarching strategy of "scenario-driven, digital operation, and integrated display and control," Hikvision is constantly and thoroughly upgrading its large-screen display and control products and solutions. As part of its ongoing efforts to develop Mini LEDs, COB LEDs and energy-saving LEDs, the Company has built production facilities in Tonglu and Wuhan with full-chain, in-house intelligent manufacturing capabilities. This allows it to overcome major technological challenges in LED production, and continuously improve production capacity and yield. With better color consistency and higher resolution, these products are more competitive in the high-end commercial display market.

In line with the strategy of integrated display and control, the Company has developed a video processing and LED display control system utilizing technologies for video processing, intelligent image processing, encoding and decoding, and intelligent interaction. Integrated with LED display features, the solution supports full-chain high-definition audio and video technology and has the computing power to process in real time the data on videos with high frame rate, high bit depth, wide color gamut, and high dynamic range. This ensures lossless presentation of video images, and provides users with a more delicate and true-to-life display experience.

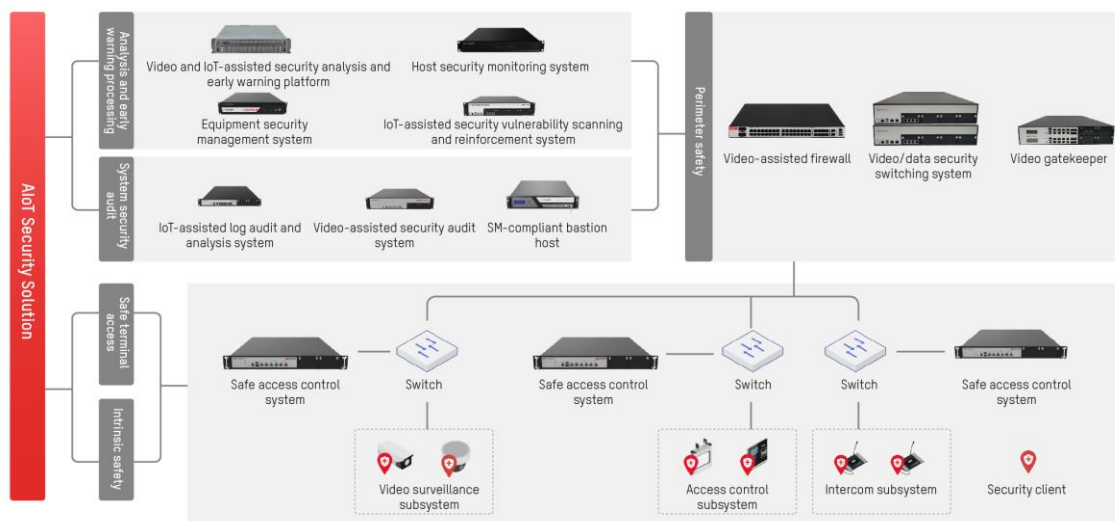


In 2024, upgraded versions of the SmartWall Client and the ShowOS Large Screen Management Platform were released, marking a full revamp of intelligent display and control platforms. When paired with industry-specific platforms and a cloud platform, the solution provides a rich set of functions such as content management and interaction management of display devices, and delivers scenario-specific management services in various display-based settings. The product matrix, which spans more than 30 segments such as education, culture and tourism, industrial parks, and healthcare, offers a comprehensive suite of full-stack, in-house, multi-system integrated, omni-

network, and scenario-based solutions. In the future, the Company will continue to foster the standardized and intelligent development of the display and control industry, accelerate the integration and innovation of "display + AI + computing power," and build a full-scenario intelligent display and control ecosystem.

## 5) Cybersecurity and data security products

IoT perception data has emerged as a key production driver propelling businesses intelligent upgrades in the midst of digital transformation. While the value of IoT data increases, the associated security challenges become increasingly severe. Harnessing its years of practical experience in IoT security protection as well as research and innovation outcomes on cryptographic technology, Hikvision has established a set of full-domain cybersecurity and data security systems covering "cloud-edge-end," securing reliable protection and security support for users' digital upgrades.



**Cybersecurity products:** Hikvision's cybersecurity products are dedicated to AIoT security scenarios. This complete range of AIoT security solutions suit the needs of multiple applications such as endogenous security, access security, boundary security, security audits, and analysis and early warning.

In light of industrial features such as the vast number of IoT devices and the increasingly blurred network boundaries, Hikvision has built a security system that integrates dynamic defense, real-time detection, intelligent analysis, coordinated response and continuous monitoring. It hopes to offer users a safe and reliable intelligent Internet of Things by providing security capabilities such as terminals' intrinsic safety, asset mapping and security issue inventory, equipment access security and threat blocking, and quick risk identification and disposal.

**Data security products:** Hikvision's data security products are centered on cryptographic technology and



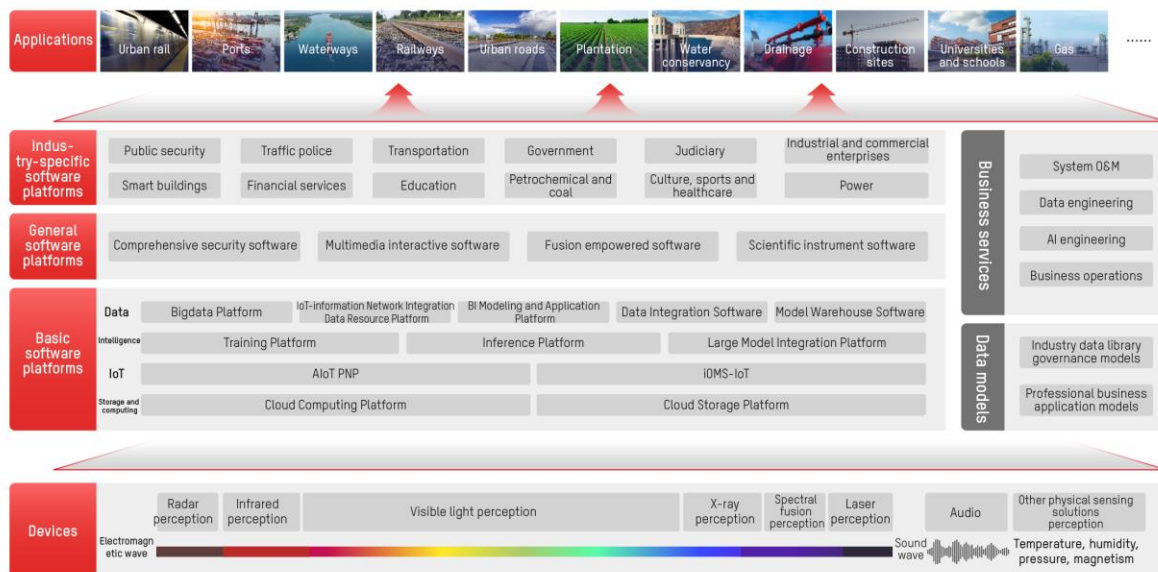
classified into four ranges: devices that enable commercial cryptographic algorithms, cryptographic application, cryptographic management and cryptographic operation. It provides users with all-round, multi-level data security products and services throughout the entire life cycle of AIoT systems, from data collection, transmission, storage to application.



Based on its in-house design, R&D, and production skills for cryptographic products, the Company is committed to technical research and innovation upon analysis of the application features and needs of cryptographic products in AIoT scenarios. This allows it to significantly improve the ease of use, stability, robustness and concurrent processing capabilities of cryptographic products in AIoT environments. Moreover, Hikvision has pioneered in the intelligent application of cryptography by combining intelligent technology with cryptographic technology. Its related products and solutions have successfully addressed various security threats such as counterfeit attacks, data theft, and data forgery, providing all-round data protection in a wide range of industries such as public security, government, judiciary, education, and healthcare.

### 2.3 Software Product Family: Software Platforms + Data Models + Business Services

Hikvision's software product family is composed of software platforms, data models and business services.



### 2.3.1 Software platforms: Basic platforms + general platforms + industry-specific platforms

**Basic software platforms:** Hikvision continues to improve its basic software in four categories: storage and computing, IoT, intelligence, and data.

Storage and computing software includes the Cloud Computing Platform and the Cloud Storage Platform. The Cloud Storage Platform is a unified storage foundation built on the in-house Honghu distributed file system, and supports the quick development of new-generation video storage, object storage, and IoT storage products in agile response to the needs of technology and business development. The Cloud Computing Platform continues to improve in basic capabilities such as high availability and multi-type storage access as well as lightweight architecture. While enabling enterprises' cloud operations, it also provides multi-scenario high-availability disaster recovery solutions to assure business continuity.

IoT software includes the AIOT PNP, iOMS-IOT and related products, providing device access and networking and integrated O&M service capabilities for various IoT applications.

AI software includes the Training Platform, the Inference Platform, the Large Model Integration Platform and other related products that provide capabilities of intelligent algorithm generation and application, as well as low-code intelligent application development for a wide range of scenarios.

Big data software includes the Bigdata Platform, the iDataFusion-Ent, BI Modeling and Application Platform, Data Integration Software, and Model Warehouse Software, among other relevant products, providing capabilities of data storage and computing, data aggregation and governance, data openness and sharing, data modeling and

application, and data model management for a broad range of data applications.

**General software platforms:** Hikvision provides general software functionalities across a number of industries, including comprehensive security software, multimedia interactive software, fusion empowered software, and scientific instrument software. Taking comprehensive security software as an example, it includes platforms for comprehensive security management, canteen consumption management, smart broadcast management, smart large screen management and so on. Based on Hikvision's large model technology, the new software for scientific instruments and apparatus like chromatography, fusion spectroscopy, and microscopes, offers integrated intelligent applications for data collection, analysis, and reports for key businesses in a variety of industries, both offline and online.

**Industry-specific software platforms:** Hikvision is committed to addressing users' pain points while serving more than 80 sub-industries. It seeks to use AIoT technology to continually broaden the digital application scenarios in these segments. For example, for essential urban utilities, it has introduced specialized applications such as drainage and flood prevention, gas monitoring, and digital management of irrigated areas; and applications ranging from enterprise security, industrial park logistics, work safety to production administration have been launched to serve businesses.

### 2.3.2 Data models: Industry data library governance models + professional business application models

Hikvision has established enterprise data resource standards and data model description specifications and employed model library software for data model management, to address inconsistent standards and high execution and delivery expenses in data governance and application. Data models are divided into two categories by use cases: industry data governance models and professional business application models.

**The industry data governance models** are designed to establish industry data library standards in line with the professional specifications of various industries, consolidate all kinds of data governance processes, and boost the efficiency and quality of data governance. Examples include the data governance models for the transportation sector, the emergency management sector, smart tourist destinations, and higher vocational colleges.

**The professional business application models** are based on AIoT perception data and integrate business data across several domains. They support applications such as monitoring, prediction, diagnosis, and decision-making through statistical analysis, data visualization, and machine learning technology. For instance, primary models for the transportation sector include: a fusion analytics model for road traffic conditions, a visual spatiotemporal

distribution model for OD (Origin Destination) of bus passenger flows, a real-time detection model for stop points of hazardous chemicals vehicles, a prediction model for road congestion spreading, a traffic prediction model for metro stations, a behavior warning model for unlicensed drivers, a diagnostic model for road traffic operation efficiency, an analysis model for spatiotemporal feature correlation of vehicles with fake license plates, a dynamic control strategy model for reversible lanes, a level-to-level control model for commercial vehicle risks, and an identification model for illegal commercial vehicles.

### **2.3.3 Business services: System O&M + data engineering + AI engineering + business operations**

**System O&M services:** Through its AIoT system, Hikvision provides customers with all-round support services for devices, systems, and businesses in the after-sales stage of its products or projects to ensure the availability, security, and reliability of system operation and secure more robust support for systems.

**Data engineering services:** Hikvision provides data engineering services such as data aggregation and governance and data model implementation for some industry users to tap into the value of data and support business applications.

**AI engineering services:** Hikvision provides the customers and users of its AI Open Platform with solutions consultation, algorithm design, effect optimization suggestions and other services, so as to ensure that users can create their exclusive scenario-specific solutions on the AI Open Platform.

**Business operations services:** Hikvision offers more than ten business operation services via its Internet operation platform and private deployment methods. Specifically, its urban parking operation solution has now been applied in more than 500 cities, and it is continuously spreading to other places; the number of cities using the urban signal timing solution has seen a further increase; and there is a growing number of users of the Company's business operation platforms such as fire protection operation, smart community operation, safety risk monitoring and warning, and comprehensive monitoring of low-grade highways.

## **3. Business Layout**

Data has emerged as a new production factor. The extensive IoT data collected by AI-powered Internet of Things (AIoT) products facilitates iterative advancements in existing technologies and tools; optimizes workforce productivity and operational efficiency; and unlocks the latent value embedded in land and capital. This drives the transformation and upgrading of production models, lifestyles, and governance frameworks across society.

Hikvision has been serving for various domestic and international industries for many years, providing over 350 solutions in 66 sub-industries across 10 industries related to enterprises and institutions, and over 300 solutions in 37 sub-industries across 5 industries related to public services. Hikvision leverages its global marketing network to deliver AIoT products and solutions to clients worldwide. Through years of dedicated efforts, the Company has accumulated profound implementation expertise in driving socioeconomic digital transformation.

### **3.1 Domestic Enterprise & Institutional Business: Driving Digital Transformation in Production Management**

In recent years, digital transformation has introduced systemic changes to the manufacturing industry, driving comprehensive optimization and continuous innovation in quality, efficiency, safety, and sustainability. This injects robust momentum into the high-quality development of manufacturing. During this process, digital technologies and products centered on AIoT have become critical enablers for enterprises to achieve quantifiable management of production factors and visualized control of production processes. Through the deep integration of digital technologies, enterprises continue to enhance their value creation capabilities in production management.

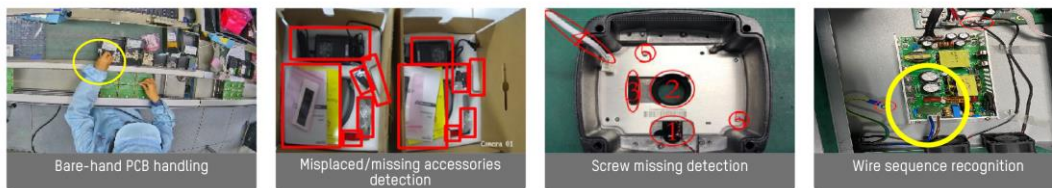
Building on its expertise in AIoT technologies and a comprehensive digital product portfolio, Hikvision addresses core production scenarios by empowering enterprises to establish holistic digital management capabilities. The Company drives digital transformation in key areas such as human-machine collaboration, material management, process control, safety management, and enterprise operations. By creating end-to-end digital production management systems, Hikvision helps enterprises significantly improve operational efficiency, achieving quality enhancement, cost reduction, and safety optimization, thereby providing robust support for high-quality development.

#### **1) Helping to digitalize workforce and production tools**

The digital transformation of production management constitutes a strategic priority for industrial enterprises, where workforce and equipment serve as critical components of manufacturing ecosystems. Their collaborative efficiency directly determines production efficiency and product quality. Hikvision's AIoT-powered solutions deeply integrate large-model technology to enable scenario-specific digital transformation, ensuring operational compliance of personnel and operational stability of equipment, thereby establishing resilient, adaptable and

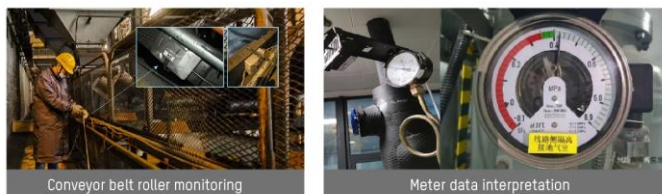


sustainable production frameworks.



As the primary productive force, workers' operational compliance fundamentally governs production quality and efficiency. Hikvision's production line camera series, empowered by large-model technology, implement real-time monitoring and intelligent analysis of workforce operations. Through multi-dimensional interference filtering and multi-layered error-proofing mechanisms, these solutions guarantee precision-controlled production workflows. For example, during assembly operations, the system promptly identifies potential component misplacement or omission, while in packaging workflows, it detects misplaced or missing accessories. These solutions have been implemented across diverse industries including computer/communication/consumer electronics, home appliances, automotive manufacturing, auto parts, equipment manufacturing, food & beverage, and pharmaceuticals, driving operational standardization and enhancing quality and efficiency.

The continuous advancement of manufacturing automation has elevated production equipment to core components of industrial systems, where their operational status directly affects production continuity and stability. Leveraging its cutting-edge AIoT technologies, Hikvision has developed comprehensive status monitoring and intelligent analytics solutions through multi-modal large model algorithms. These solutions serve rotating equipment, static installations, electrical systems, and instrumentation devices. Validated across pharmaceutical, logistics, machining, auto parts, electronics, iron & steel metallurgy, and petrochemical sectors, the system enhances equipment health management while optimizing maintenance efficiency.



In equipment monitoring, Hikvision's sound-vibration-temperature series monitor temperature, vibration, and sound data of critical components (e.g., motors, bearings) in real time and provide anomaly alerts, significantly improving maintenance efficiency. The integration of fiber-optic monitoring solutions with large-model technology effectively warns against operational risks in long-distance conveyor belt rollers to ensure equipment stability. Additionally, the large model-powered meter recognition series automates data collection and reporting from

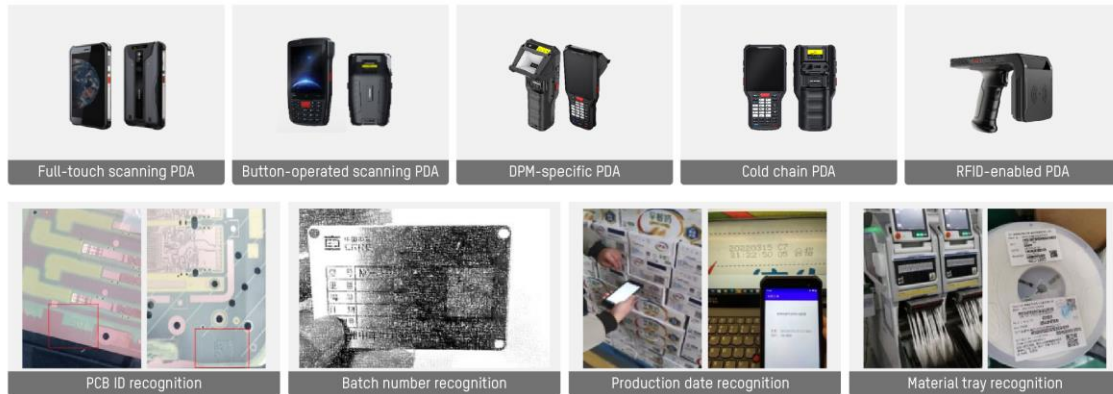
production equipment gauges.

In human-machine collaboration applications, Hikvision utilizes multi-dimensional IoT perception technologies to establish secure and reliable remote auxiliary control systems, enhancing operational safety and efficiency. In industries such as steel metallurgy, machinery, manufacturing, and logistics terminals, cranes—as critical production equipment—frequently encounter challenging operational environments characterized by dust, smoke, and vibrations. These conditions often result in operational constraints, reduced productivity, and elevated safety risks. Hikvision's anti-vibration camera series, featuring patented structural designs, effectively mitigate image distortion caused by mechanical vibrations, providing crane operators with stable and clear visual feedback. Furthermore, the implementation of large-model technology enables strict adherence to the "man-free safety protocols" for crane operations. The system provides intelligent detection and real-time alerts for unauthorized personnel intrusions within operational zones. Integrated with advanced intelligent hook-tracking algorithms, it dynamically monitors hook positions, offering operators intuitive and precise visual guidance to ensure safe and efficient crane operations.



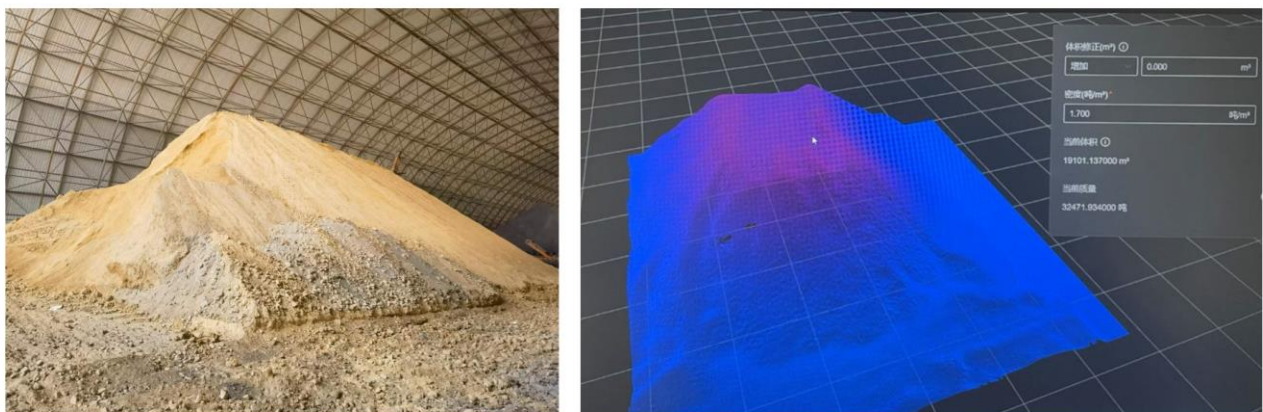
## 2) Helping to digitalize material flow and inventory management

Material flow constitutes a mission-critical process throughout production cycles, where data accuracy ensures component completeness and circulation efficiency. Hikvision's deep learning-based barcode/OCR technology powers its comprehensive PDA portfolio – including full-touch, button-operated, DPM-specific, and cold-chain optimized models – enabling precise identification of 1D/2D codes and alphanumeric data across diverse material surfaces. These devices enhance accuracy and efficiency in loading/unloading and material transfer operations, effectively reducing production anomalies caused by material mismatches. Furthermore, by integrating video capabilities, Hikvision delivers end-to-end visibility and traceability of material flow data, empowering enterprises to achieve closed-loop digital logistics management.



As vital corporate assets, the precise management of materials directly impacts production efficiency and order fulfillment. Accurate inventory control is pivotal for production management, requiring comprehensive asset auditing systems for everything from miniature electronic components to bulk commodities like coal and cement. This helps ensure systematic production continuity.

In electronics manufacturing, Hikvision's X-ray intelligent component counter streamlines electronic remnant inventory. Using X-ray penetration technology, it achieves 99.99% accuracy in identifying quantities of components in trays. Meanwhile, the PDA series enables smart audits of electronic material storage, operating 7-8 times faster than manual methods. Widely adopted in SMT, LED, lithium battery, automotive electronics, and consumer electronics sectors, the X-ray counter ensures efficient management of electronic materials.



In cement, steel, coal mining, chemical, and power generation industries, traditional manual inventory methods struggle with complex material varieties, irregular stacking patterns, inefficiency, high costs, and measurement inaccuracies - particularly for bulk materials like aggregates and ores. Hikvision's radar-based volume measurement solutions overcome these challenges. Designed for high-temperature, high-dust environments including aggregate yards and clinker silos, the technology delivers precise volumetric measurements of irregular stockpiles. This enables scientific inventory management and supports data-driven production planning.



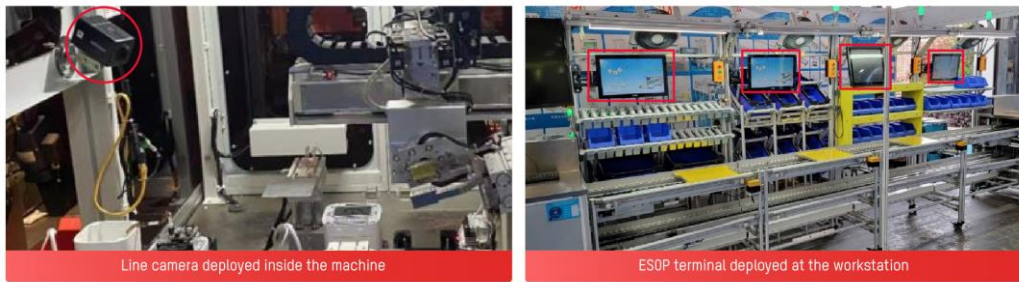
### 3) Helping to digitalize process execution and quality control

Comprehensive production monitoring enables real-time operational visibility, anomaly detection, and process optimization. Hikvision helps enterprises establish visible, quantifiable, and traceable monitoring systems, shifting management from experience-driven to data-driven approaches. This transformation enhances quality control, operational efficiency, and cost-effectiveness across manufacturing execution.

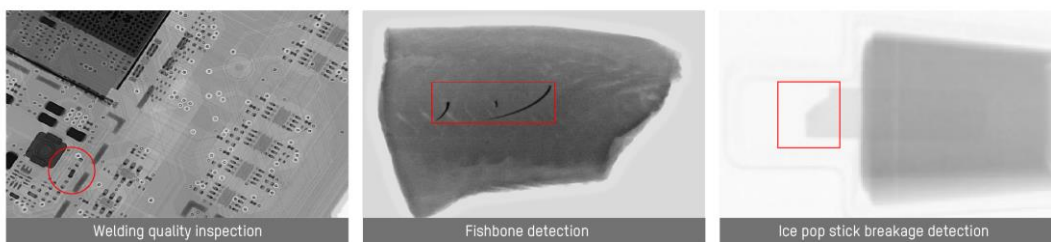
Visualization proves fundamental for production oversight. Traditional manual inspections face time constraints and limited coverage. Hikvision's AR/VR-enabled workshop solutions integrate multi-dimensional data visualization, creating intuitive, accurate, and real-time monitoring dashboards. The system improves detection of production risks such as workflow deviations or non-compliant operations, accelerates anomaly resolution, and provides comprehensive data traceability for root-cause analysis.



To meet scenario-specific and personalized market demands, frequent production line adjustments are often necessary. However, this introduces challenges like rapid capacity ramp-up, equipment anomaly troubleshooting, remote maintenance, and inflexible paper-based work instructions. Hikvision's compact, industrial-grade production line cameras support installation in confined spaces. High-definition, high-frame-rate video enables engineers to swiftly pinpoint equipment issues, optimize parameters, and enhance efficiency in capacity scaling, anomaly analysis, and remote maintenance. Integrated with barcode scanning systems, these cameras link video data with product information for full-process quality traceability. Additionally, the ESOP (Electronic Standard Operating Procedure) terminal consolidates process visualization, retrieval, and task distribution, dynamically updating instructions based on production orders. This delivers precise guidance and real-time reporting, elevating both efficiency and output quality.



In manufacturing, product quality is a cornerstone of competitiveness. Hikvision's robust IoT perception capabilities and innovative large-model algorithms empower enterprises to establish end-to-end quality control systems from raw materials to finished goods, thereby enhancing product competitiveness. For product assembly, vision-based large-model algorithms detect misassembled or missing components in real time, triggering immediate alerts for packaging errors. For internal defects, Hikvision integrates X-ray industrial inspection systems with large-model technology to identify soldering voids and short circuits in circuit boards. This solution also excels in foreign object detection for food and pharmaceuticals, ensuring superior product quality. In compositional analysis, Hikvision employs chromatography for precise substance profiling in food, environmental, pharmaceutical, and chemical sectors. Combined with spectral technology, the systems accurately measure coal's calorific value, ash content, sulfur levels, and moisture, with large-scale deployments in coal plants, power stations, coal-chemical facilities, cement plants, and metallurgical operations.



#### 4) Helping to digitalize production safety management and emergency command

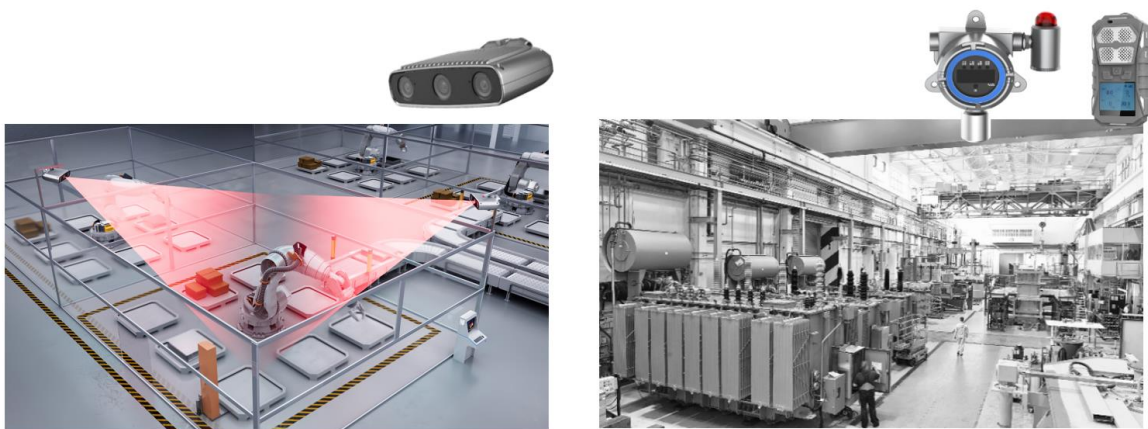
Safety production is the cornerstone of enterprise survival and development. Hikvision focuses on risks across personnel, materials, equipment, and environmental factors, enabling real-time monitoring of hazards throughout production processes. This empowers enterprises to enhance risk identification capabilities, proactively detect safety threats, and effectively reduce the likelihood of accidents.

Robotic arms, as critical automation tools in material handling, maintenance, and servicing, pose inherent safety risks to nearby workers. Hikvision integrates deep learning AI algorithms with triple-lens cameras to



accurately detect personnel intrusions and trigger real-time alerts. The system interfaces with robotic control systems to enforce intelligent safety protocols, such as disabling robotic arm activation when personnel are present, ensuring safe human-machine collaboration.

In industries such as oil, chemicals, and natural gas, gas leaks may cause material losses or catastrophic incidents involving flammable, explosive, or toxic substances. Hikvision deploys fixed gas detectors at critical points such as valves, pipelines, and storage tanks for real-time monitoring of combustible and hazardous gases. Portable gas monitors worn by workers detect oxygen, methane, carbon monoxide, hydrogen sulfide, and other hazardous gases, enabling on-site risk awareness. Hyperspectral Fourier gas remote sensors, installed at elevated vantage points, remotely detect and map gas plumes from leaks, identifying over 490 hazardous substances like methane and ethylene and visualizing gas dispersion patterns to guide rapid repair efforts.

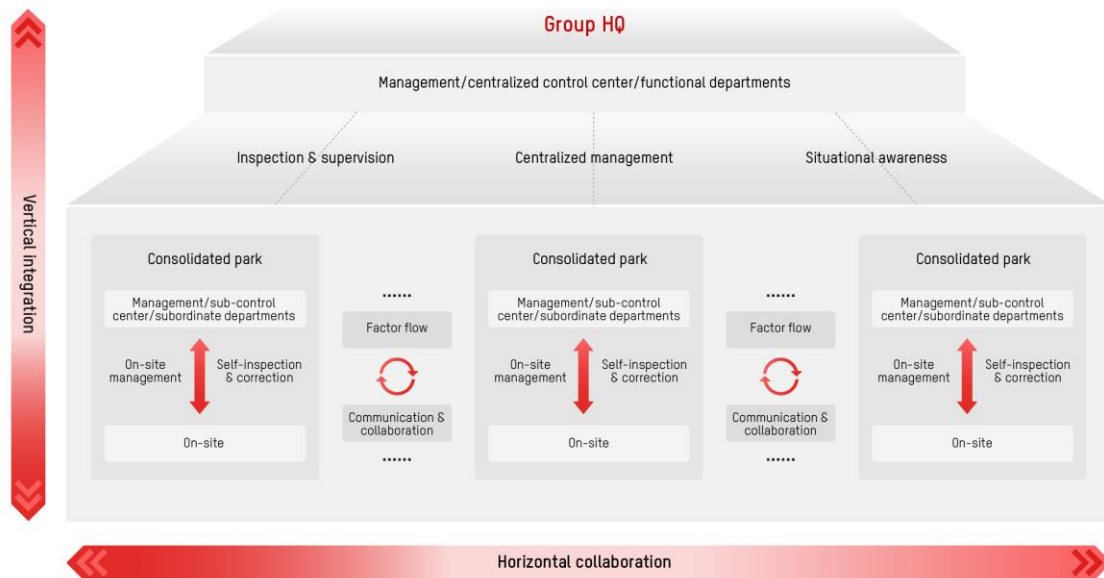


Emergency command, as the final safeguard in safety management, forms a closed-loop system encompassing prevention, incident response, real-time mitigation, and post-event analysis. Hikvision unifies existing communication devices—audio, video, and conferencing systems—into an integrated platform for seamless and centralized emergency command access and dispatch. Aligned with enterprise emergency protocols, the system integrates structured contingency plans, resource centralization, scenario-specific analysis, real-time "command dashboard" visualization, and post-incident evaluations. Combined with dual-prevention mechanisms, it ensures both routine safety governance and agile crisis response across entire operations.

## 5) Helping to digitalize group-wide management and supply chain collaboration

Industrial parks, as core hubs for industrial growth, require digital upgrades to optimize enterprise-wide operational efficiency. As businesses expand, managing multiple factories and parks poses significant challenges. Hikvision's group-wide chain solution establishes standardized, shared, and aligned management systems and frameworks, transitioning from "single-park management" to "integrated group operations." This breaks silos,

enables cross-domain coordination, and creates unified governance models.



For personnel management, the system supports seamless access, precise attendance tracking, self-service cafeteria payments, and streamlined dormitory check-ins across campuses. For vehicle management, it facilitates cross-campus entry/exit and parking for employee vehicles, coordinates cross-campus transportation scheduling and operations for logistics fleets, and enables remote monitoring of weighbridge operations. In safety management, the platform ensures unified security control across multiple campuses, implements tiered incident classification and reporting protocols, and activates group-wide emergency command during major incidents to safeguard operations. For inspections, the group replaces manual audits with AR/VR-enabled digital inspections for real-time visibility, data-driven control, and operational transparency.

Supply chain management directly impacts operational efficiency, market competitiveness, and sustainability. Hikvision's Hik-Cloud Enterprise solutions enable digital supplier management, fostering collaborative models for production management, quality control, and channel alignment to strengthen supply chain ecosystems.

In terms of production collaboration, multi-level remote visualization tools enable end-to-end transparency from factories to production lines and equipment. The Hik-Cloud Enterprise SaaS platform provides real-time monitoring of production statuses and process SOP compliance at critical control points, triggering instant anomaly to ensure process adherence. For quality collaboration, Hikvision replaces costly on-site supplier audits with remote quality inspections via the platform, ensuring precise control over raw material quality and end-to-end product integrity. Regarding channel collaboration, Hikvision enables remote oversight of regional warehouse inventories, channel display standards, and service compliance, optimizing supply chain agility and accountability.

### 3.2 Domestic Enterprise & Institutional Business: Enabling Digital Transformation in Lifestyle

In recent years, digital technologies have found applications in various aspects of social life, enhancing people's experiences in daily necessities, housing, and transportation, and strengthening their sense of fulfillment and happiness. Hikvision relentlessly explores new business opportunities for lifestyle improvement and upgrading, and continues to develop innovative digital life service applications to accelerate the digital transformation of lifestyle.

#### 1) Education: Building intelligent, safe, and healthy learning environments

As the digital transformation of education advances, Hikvision leverages AIoT technologies and collaborates with academic institutions to deliver premium digital services for teachers and students across all educational stages, aligning with the demand for high-quality educational development.



In higher education, Hikvision's "2+2+1" smart classroom solution features two intelligent control engines to enable holistic smart management and automated operation across diverse teaching spaces. Two non-intrusive audio amplification systems create immersive audiovisual environments, while an AI-powered recording and broadcasting system, integrated with large-model algorithms, supports innovative applications like classroom behavior analytics. The solution's fully networked, simplified architecture supports hybrid online-offline teaching models while driving pedagogical innovation and teaching quality improvement.

In primary and secondary school campuses, video surveillance systems covering key areas are deployed alongside perimeter protection and climbing detection AI algorithms to analyze risky behaviors. Large vision models improve detection accuracy and reduces false alarms, significantly lowering safety management costs.

In sports facilities like playgrounds and gyms, smart sports terminals record exercise routines, provide movement analysis for skill improvement, support teaching and fitness assessments, and engage students through interactive challenges and performance rankings, boosting physical fitness and participation.

Hikvision's smart products and solutions have been adopted by leading institutions such as Shanghai Jiao Tong University and Wuhan University, as well as numerous K-12 schools nationwide, creating intelligent, secure, and

health-focused educational environments.

## 2) Smart healthcare: Elevating service quality and efficiency

In healthcare, where service quality critically impacts public health and well-being, Hikvision integrates IoT, AI analytics and cross-system data processing to develop closed-loop, full-process diagnostic and treatment models.

Hikvision's smart ward solutions address the needs of medical staff, caregivers, and patients. Features like Caregiver positioning, call transfer, and automated rounds check-ins streamline workflows and improve patient experiences. For bedridden patients, 5G-enabled medical PDAs measure pressure ulcer areas and automatically document results. Millimeter-wave perception radar products detect falls in real time while continuously monitoring patients' breathing, heart rate, and movements for 24/7 patient safety. AI-powered infusion monitoring systems track fluid levels and alert staff for timely interventions. To facilitate smart outpatient service, multi-format guidance terminals and intelligent algorithms optimize the entire patient journey, automating triage and resource allocation to enhance clinic efficiency and orderliness. In digital operating rooms, video communication terminals integrate medical data to provide surgical references, improving team coordination. Intelligent telemedicine terminals enable coordinated treatment between pre-hospital and in-hospital teams through video and audio interactions and multi-modal data transmission for pre-hospital emergency care, remote consultations, and cross-facility collaborations, effectively enhancing elevating treatment capabilities.



Hikvision remains committed to advancing healthcare through digital transformation and intelligent innovation, continuously enhancing service quality and operational efficiency. Its medical solutions empower healthcare institutions to deliver patient-centric care, with proven deployments at China's leading medical institutions, including Qilu Hospital of Shandong University, the First Affiliated Hospital of Ningbo University, West China Hospital of Sichuan University, and the First Affiliated Hospital of Zhengzhou University.

## 3) Trade and commerce: Enabling end-to-end digital transformation from warehouses to stores



Hikvision leverages its Hik-Cloud Chain platform and Guanlan Large Model to provide products and solutions for trade and commercial enterprises across chain stores, warehousing logistics, and production campuses. Through AI-powered store inspections, customer flow statistics, information broadcasting, visualized traceability, warehouse management, and vehicle yard management, the solutions enhance store operations and upstream production-distribution efficiency.

Hikvision's Hik-Cloud platform enables remote visual management of all stores through networked video solutions. Trade and commerce-specific large models analyze employee uniform, operational procedures, sanitation standards, and food safety protocols to ensure compliance and streamline inspections. Centralized digital signage and audio systems synchronize marketing campaigns and announcements across locations. Customer flow cameras support multi-dimensional data analysis for footfall assessments and marketing optimization. Visual traceability platforms links personnel, materials, and orders to resolve disputes and quality issues with credible evidence. PDA devices accelerate inventory management, while digital dock and yard management systems (YMS) increase logistics efficiency with higher utilization rates.



Hikvision's comprehensive AIoT portfolio drives digital transformation for trade and commercial enterprises. As of the end of 2024, Hik-Cloud Chain serves approximately 700,000 chain stores with over 6 million connected devices, maintaining rapid growth in both user adoption and ecosystem scale.

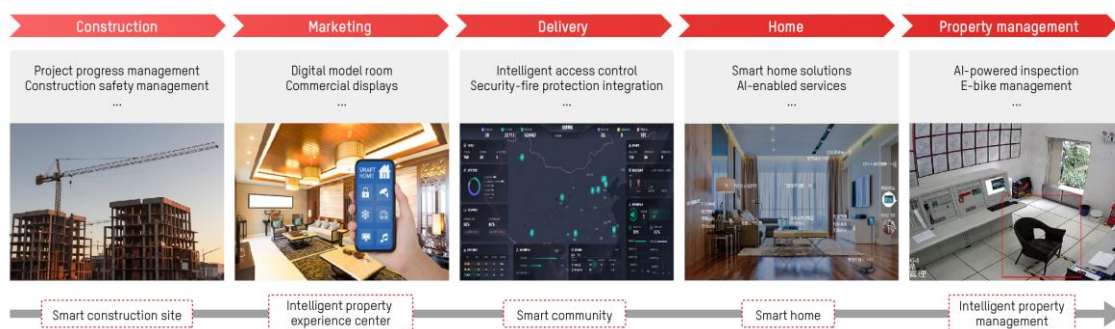
#### 4) Real estate and property management: Advancing digitalization of property services through technology



### and enhancing residential quality

Hikvision leverages technology to serve communities, offering integrated solutions spanning marketing, facility support, and smart home services across the entire property lifecycle. These solutions support the development of high-quality residential projects by aligning with the full lifecycle of housing construction.

During construction, AI-powered cameras deployed on-site document construction progress and assist managers in monitoring timelines. Crane monitoring sensors prevent overload risks during hoisting operations. Commercial displays and irregular-shaped screens in sales centers showcase location advantages, floor plans, and smart community features, driving digital customer engagement. Integrated smart public area and home solutions cover multiple living spaces, featuring smart access control, AI-enhanced security applications, and nine-category smart home services. Interactive tech experiences highlight project premiumness, boosting technological branding and market value. Smart home demo rooms provide immersive tech interactions, enhancing purchase experiences and decision-making efficiency. AI-powered inspection platforms standardize property services while reducing on-site workloads, achieving quality and efficiency improvements.



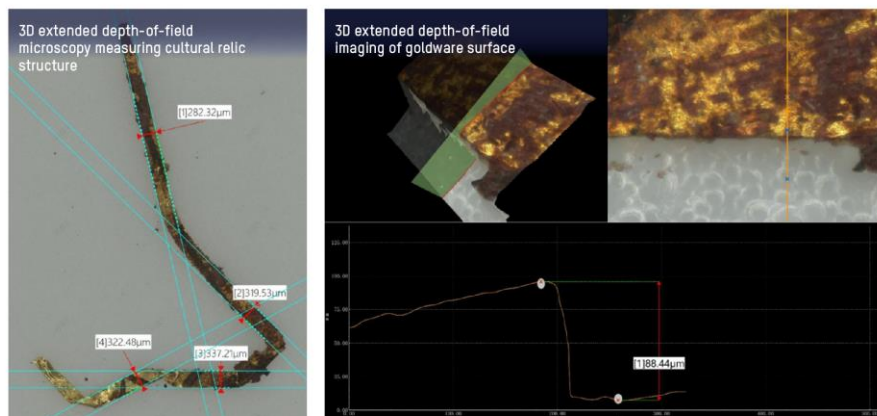
Hikvision has deepened its expertise in real estate through strategic collaborations with Binjiang Real Estate Group, Shanghai Poly Property Services, and Yongsheng Property Management, fostering mutually beneficial partnerships and innovation.

### 5) Cultural and museum venues: Preserving cultural heritage through digital-intelligence integration

China's five-thousand-year cultural treasures demand not only preservation of heritage but also technological safeguarding. Hikvision focuses on the preservation of cultural relics while enabling public access to the splendor of traditional culture through innovative digital solutions.

Archaeologists utilize 3D super-depth microscopes to magnify surface structures of ceramics, bronzes, and textiles, analyzing craftsmanship and degradation patterns to guide restoration plans. Multispectral fire detectors

protect ancient architecture by identifying fire risks at ultra-early stages, pinpointing ignition sources, and triggering instant responses. In humid or rainy regions, portable thermal imagers detect water seepage and hollowing in ancient walls, uncovering hidden structural risks. Intelligent security gates at museum entrances identify prohibited metal items (e.g., restricted knives) and alert staff for manual checks, ensuring visitor safety and order. An AIoT hub integrates museum security systems, creating a digital twin through data interoperability. This 3D visualized security monitoring system consolidates all safety parameters onto a single interface, enabling holistic oversight.



Hikvision remains dedicated to preserving cultural heritage through digital-intelligence integration. Its solutions have been deployed at the Palace Museum, Henan Museum, and other partner institutions, advancing the preservation and inheritance of cultural legacy.

## 6) Tourism attractions: Crafting comfortable travel experiences through multi-dimensional enhancements

The integration of culture and tourism serves as a vital pathway to fulfill people's aspirations for quality living in the modern era, with digital technologies driving high-quality development in cultural tourism as a new quality productive force. Hikvision develops integrated intelligent solutions spanning service, experience, safety, and management domains for tourist attraction scenarios.

At visitor service centers, interconnected ticketing systems and validation devices streamline entry processes—from reservation and online purchase to on-site pickup and multi-mode verification—reducing wait times. To safeguard natural resources in scenic areas, AIoT solutions enable geological displacement monitoring, thermal imaging, and water quality analysis to identify risks including geologic hazards, forest fires, floods/droughts, and hydrological anomalies. This technological integration elevates operational efficiency in environmental monitoring and hazard mitigation. Sound-vibration-temperature monitoring products monitor cableway motor health and detect anomalies in cableway facility operations. Smart meters automate equipment status checks during routine

inspections. Environmental/meteorological and tilt sensors track weather impacts on outdoor cableway operations. At operational command centers, Hikvision's solution aggregates multi-dimensional perception data (visitor flow, vehicle tracking, perimeter security, fire control) to establish a 3D digital twin-powered command platform. This system enables real-time precision monitoring, equipment control, data analytics, emergency response coordination, and operational task management via an intuitive interface.



Hikvision's smart tourism solutions optimize destination management and services through scenario-based digital applications, elevating travel experiences. In collaboration with partners including Mount Tai in Shandong and the Sand Lake in Ningxia, the Company empowers intelligent, sustainable growth in the cultural tourism sector.

## 7) Financial services: Focusing on the "Five Key Financial Initiatives" to enable new service models

The "Five Key Financial Initiatives" — Technology Finance, Green Finance, Inclusive Finance, Elderly Care Finance, and Digital Finance — serve as critical pillars for financial institutions to support high-quality economic growth. Leveraging its technological strengths, Hikvision empowers financial institutions to enhance internal-external scenario management and drive business innovation.

Hikvision integrates LCD video walls, LED displays, and multi-format smart screens with theme-based designs such as dual-carbon energy efficiency, senior-adaptive interfaces, rural revitalization, and wealth management. These solutions enable banks to establish specialized branches—green branches, elderly care branches, inclusive finance outlets, and wealth centers—facilitating channel transformation and delivering specialized and tailored financial services.

Hikvision's financial smart inspection system deploys edge computing devices such as compliance risk-control terminals powered by large vision models, covering dozens of security and operational scenarios across financial institutions and office facilities. This system replaces traditional manual inspection methods with digital solutions, achieving significant cost reduction and efficiency gains.

Amid China's deepening aging population trends, Hikvision collaborates with banks and insurers to enhance

elderly financial services. Through devices such as life health radars, fall detection sensors, smart care terminals, and homecare wristbands, the Company supports insurers in digitizing community-based and in-home elderly care models under the "Insurance + Wellness" framework, elevating customer experiences.



These solutions have been deployed by institutions including Agricultural Bank of China, Industrial and Commercial Bank of China, China Postal Savings Bank, China Merchants Bank, Pacific Insurance, and Taikang Insurance, accelerating the implementation of the "Five Key Financial Initiatives".

### 3.3 Domestic Public Service Business: Facilitating Digital Transformation in Governance Methods

The digital transformation of governance has become an irreversible trend in the digital age, with e-government initiatives entering an accelerated development phase globally. Advancements in IoT perception, large models, big data, and cloud computing are driving intelligent digital governance, now recognized as a critical enabler for societal digitalization and national governance modernization. Hikvision, grounded in its AIoT technological framework, continuously strengthens four foundational platforms - **Perception Base, Intelligence Base, Data Base, and Fusion Empowerment capabilities**, and expands its five core industry verticals: **security, mobility, ecology, governance, and service**, striving to realize six strategic objectives: smarter cities, safer communities, more efficient mobility, precision governance, targeted service delivery, and livable ecological environments.

**Hikvision deepens and enhances its foundational platform capabilities. In developing its perception base,** Hikvision continuously advances full-spectrum and multi-dimensional perception technologies, expanding its

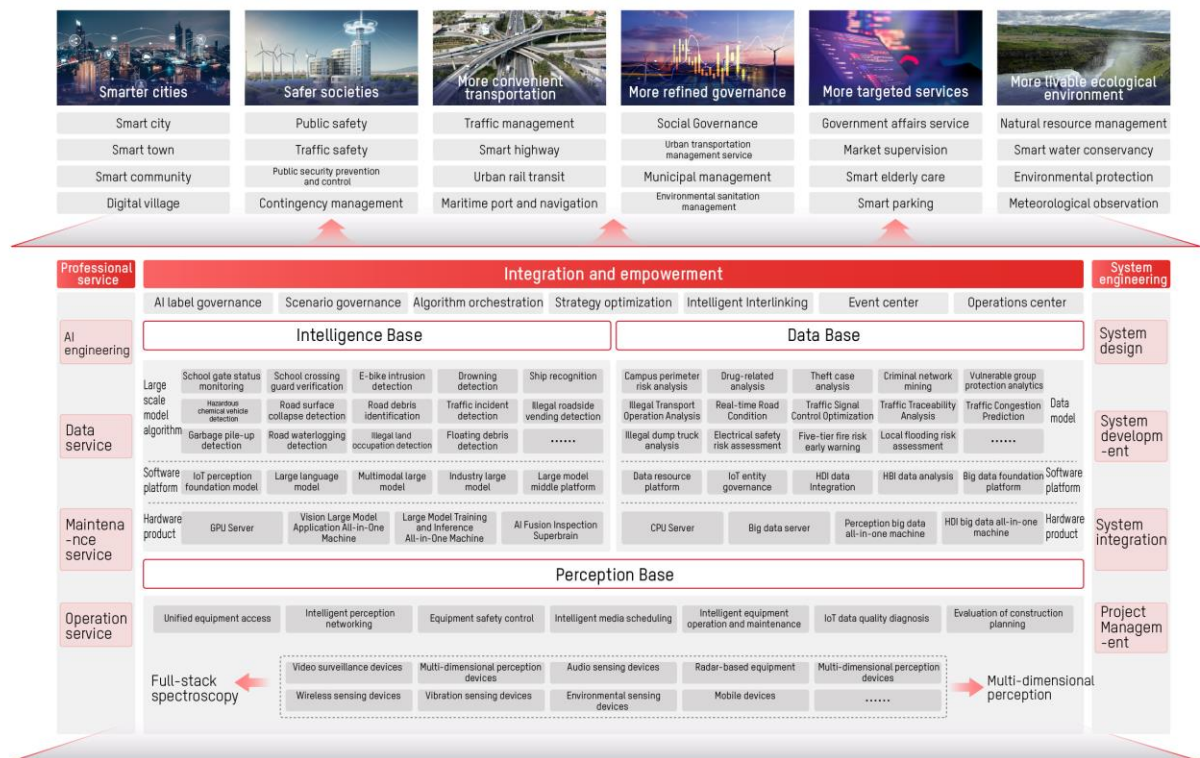
product portfolio. Guided by scientific deployment principles, it enhances scenario-specific perception terminals to address operational challenges, building intelligent, multi-layered urban IoT perception systems. **To strengthen its intelligence base**, Hikvision integrates domain knowledge to develop industry-specific large models based on large IoT perception models, large language models, and multi-modal large models. Its centralized AI model hub powers the scenario-optimized Wensou series, improving detection accuracy for urban safety incidents, anomalous behaviors, and smart scenarios, while enhancing interactive experiences. The platform supports GPU compatibility, unified model management, and autonomous algorithm training for new scenarios. **In terms of its data base**, Hikvision focuses on deep integration of visual and operational data. It enhances data governance efficiency and quality through automated tools, deeply mines data value via analytical automation, and builds a graph-data convergence system encompassing data aggregation, processing, governance, mining, and service delivery. To enhance its **fusion empowerment** capability, Hikvision, entered on collaborative development, resource sharing, and cross-domain integration, integrates multi-source perception, AI, and data resources across industries and urban systems. This enables cross-sector, cross-department, and cross-level coordination in infrastructure deployment, video sharing, algorithm co-management, capacity sharing, computing power integration, and event co-governance, driving rapid smart scenario implementation in diverse industries.

Leveraging deep industry insights and practical expertise, Hikvision strengthens its professional service capabilities in AI engineering, data management, system operations, and solution maintenance. Through nationwide service support teams, it enhances customer engagement across vertical markets. Hikvision continuously enhances its PIDAM (Perception-Intelligence-Data-Application-Maintenance) framework capabilities, covering systems design, development, integration, and project management. Through strategic collaboration with system integrator partners, it delivers full-cycle project assurance for end users across industries.

**Hikvision broadens and deepens its industry applications.** Hikvision continues to expand and solidify its presence in security, mobility, ecology, governance, and service sectors. Leveraging industry-specific business scenarios as implementation frameworks and building upon its AIoT capabilities, the Company delivers end-to-end solutions through continuous advancements in its Guanlan Large Model and image-data integration technologies, enabling cross-industry intelligent innovation and operational efficiency enhancement. To date, the Company has deployed more than 2,000 business scenarios, over 100 large model algorithms, more than 150 business models, over 500 intelligent industry applications, and more than 300 industry solutions. These achievements span smart cities, public safety, emergency management, traffic control, social governance, smart parking, and smart water



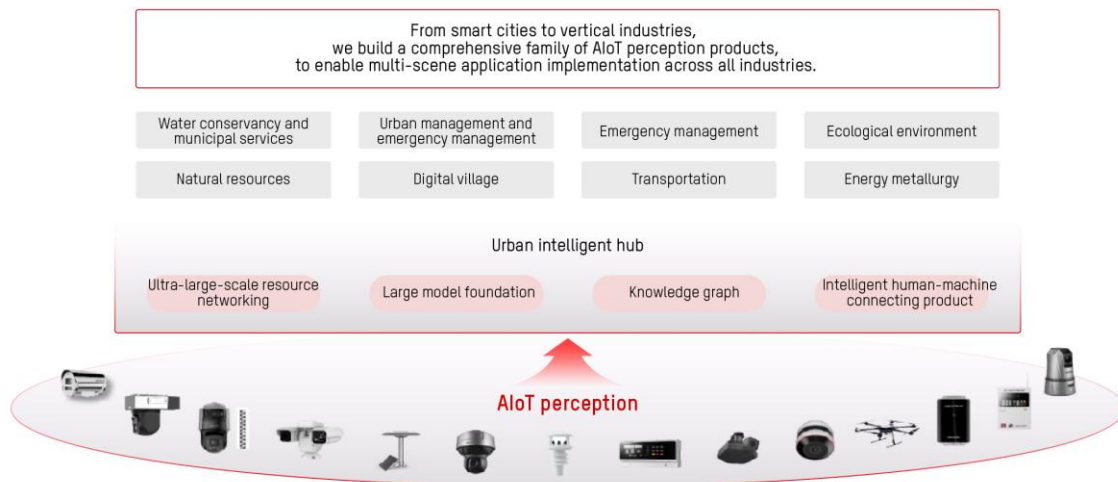
conservancy, offering robust technological support for modernized urban governance.



## 1) Smarter cities

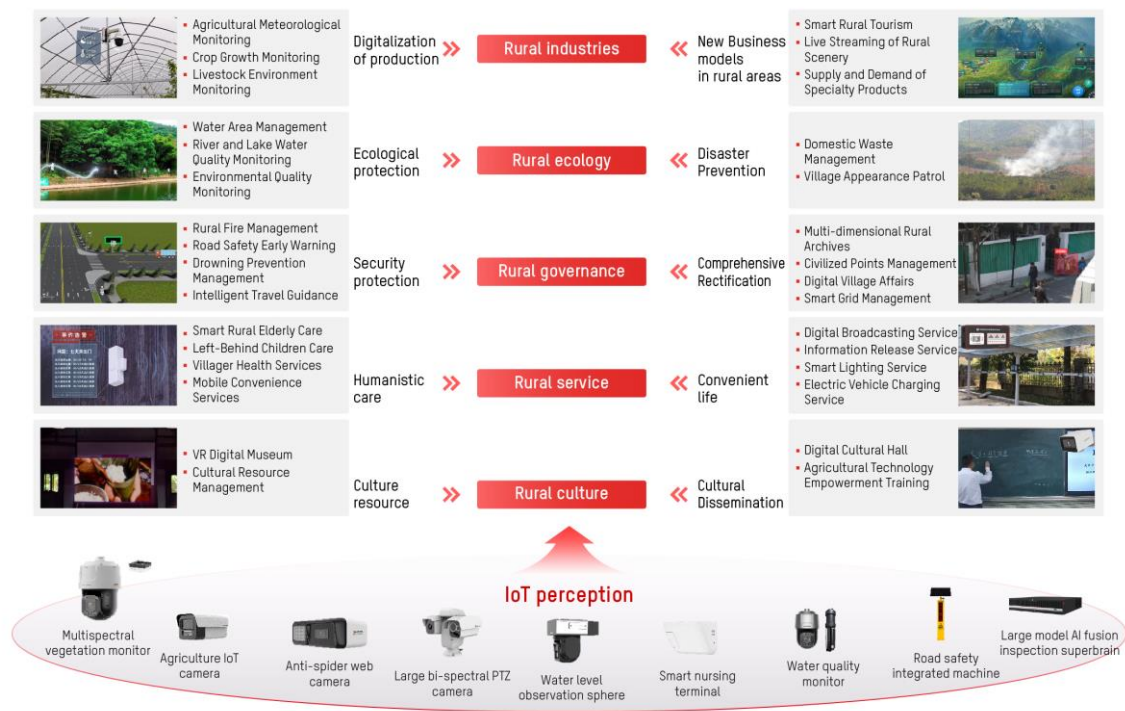
In the smart city sector, Hikvision integrates IoT and AI technologies to build an end-to-end intelligent governance system encompassing "perception-analysis-decision-execution". This system precisely monitors urban operational details, provides scientific decision-making support for city administrators, drives the transformation of urban governance into data-driven models, and advances the development of smarter cities.

Leveraging multi-modal foundation models, the Company enhances its fusion empowerment product suite to build secure, reliable, and interoperable city-level intelligent hubs. These systems enable dynamic catalog management and cross-domain resource orchestration for million-scale IoT devices. Through advanced perception data cognition capabilities, they improve accuracy in detecting regulatory violations and safety risks, while establishing intelligent incident dispatch mechanisms to meet multi-industry operational demands and empower scenario-based smart applications.



Furthermore, Hikvision provides comprehensive and diverse solutions for grassroots urban administrators at village, neighborhood, and community levels.

**In the digital village sector**, Hikvision advances its Five-Pillar Revitalization framework: industrial growth, ecological sustainability, governance modernization, service enhancement, cultural preservation. Focusing on rural industries, the Company delivers scenario-specific applications including crop growth monitoring systems and smart tourism platforms, driving quality development in rural agriculture and tourism. Regarding rural ecology, Hikvision deploys intelligent monitoring systems for water quality management and automated village landscape inspections, enhancing ecological protection and residential environment enhancement. In rural governance, the Company implements intelligent systems for drowning prevention monitoring and community behavior scoring, optimizing rural governance operations. For rural services, Hikvision deploys smart elderly care systems and e-bike charging infrastructure, expanding service accessibility across daily life, education, healthcare, and elderly care, thereby elevating rural living standards. To promote rural culture, Hikvision provides solutions for cultural resource management and agricultural skill training, supporting the sustainable inheritance of rural cultural heritage.



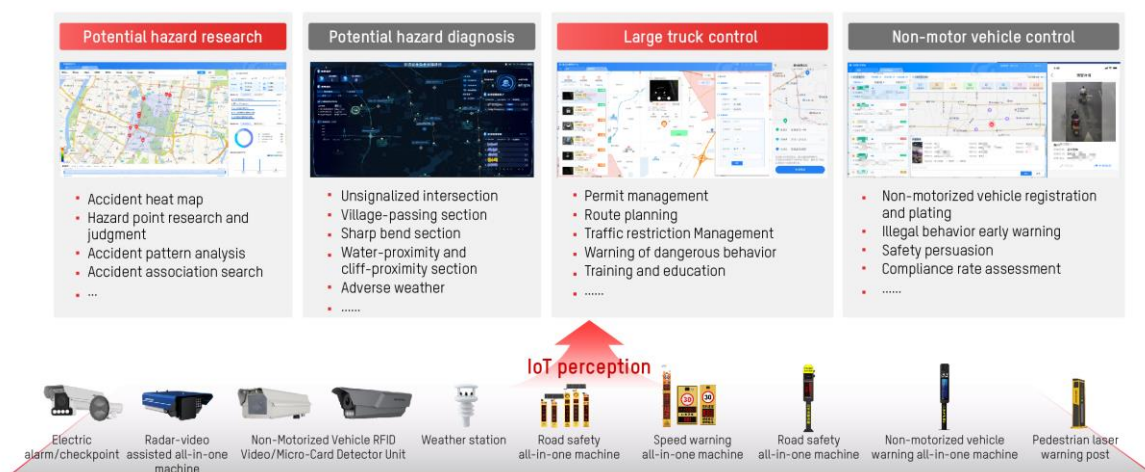
**In the smart township sector,** Hikvision continues to optimize its solutions with road condition monitoring systems and scene analysis tools, effectively improving municipal management efficiency. Focusing on public safety initiatives, the Company provides fire safety supervision and dispute mediation applications to enhance security management. For public services, smart publicity systems and intelligent broadcasting solutions strengthen community service capabilities. In ecological protection, flood prevention monitoring and forest fire surveillance systems improve environmental conservation. Through law enforcement team management and evidence tracking tools, the Company supports the modernization of integrated grassroots law enforcement operations.

**In the smart community sector,** Hikvision continues to advance its integrated management system solutions. In community governance, the Company provides scenario-based applications including non-motorized vehicle management and high-rise littering management, promoting more precise, intelligent, and efficient governance. For community safety, intelligent access control systems and critical facility protection solutions help establish comprehensive safety-fire prevention supervision systems, enhancing residents' security. Regarding community services, elderly care support and digital service guidance applications improve residents' well-being and service accessibility. In integrated community management, centralized management dashboards and work order systems strengthen operational efficiency and service capabilities.

## 2) Safer communities

**In the public safety domain**, by following the core development path of "perception + intelligence", Hikvision is committed to providing comprehensive "video-image intelligence-based" solutions and products. Empowered by the Guanlan Large Model, Hikvision expands industry application scenarios and actively integrates video surveillance with radar, infrared, vibration, and audio sensors to enhance environmental perception and early warning capabilities in complex scenarios, driving intelligent public safety upgrades and safeguarding the Safe China initiative.

**In the road traffic safety sector**, Hikvision deeply integrates IoT perception technology and big data analytics with industry scenarios, delivering comprehensive safety solutions for expressways, national/provincial highways, and urban/rural roads. By analyzing traffic safety conditions and identifying risk factors, the Company implements refined governance for hazard scenarios and targeted control of key vehicles (e.g., heavy trucks, non-motorized vehicles), supporting authorities in enhancing safety management. Additionally, Hikvision provides multi-dimensional capabilities including refined perception, data management, and analytical tools to regulate travel behaviors and ensure operational safety, offering robust support for efficient and secure road traffic systems.

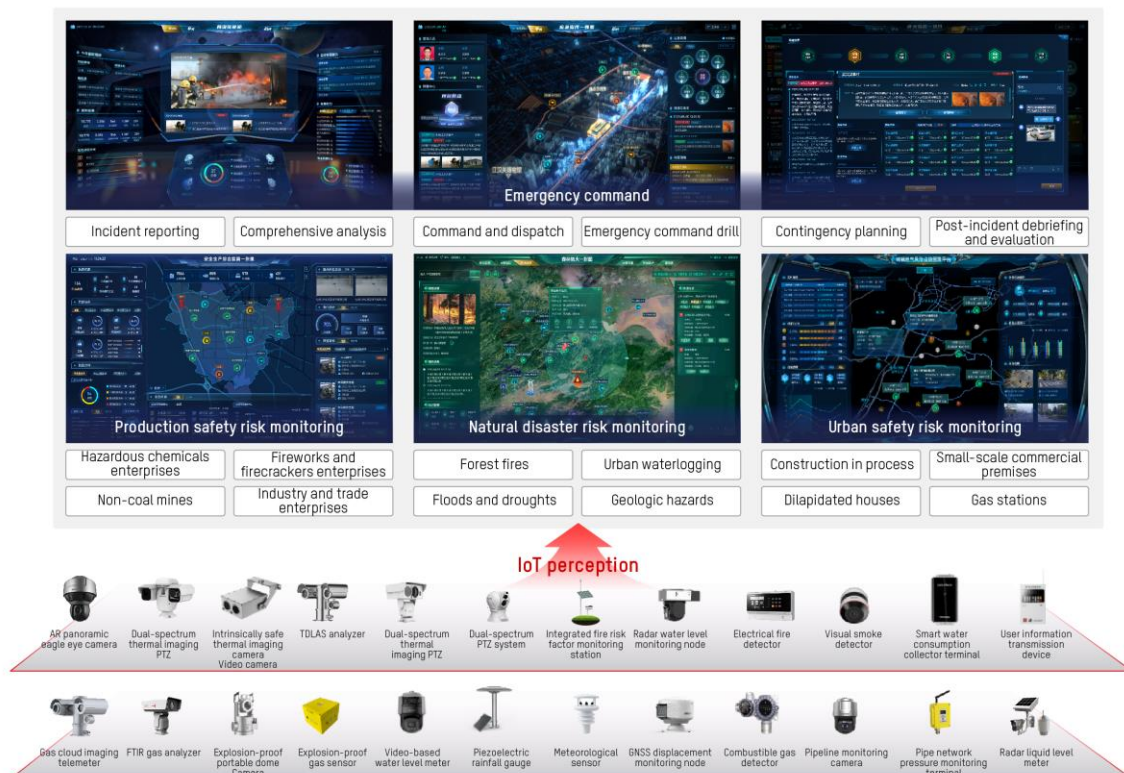


Taking road hazard management as an example: For highway traffic police stations, key vehicle alerts assist officers in identifying expired inspections and cloned vehicles. On highway sections, the system detects speeding, low-speed driving, illegal parking, emergency lane violations, reversing, wrong-way driving, and illegal lane changes in tunnels. In adverse weather zones, weather monitoring, road condition warnings, dynamic speed limits, tailgating detection, and merging alerts enhance safety. At uncontrolled intersections, village-crossing sections, sharp curves, and cliffside roads, oncoming vehicle alerts, speed warnings, and pedestrian crossing notifications mitigate risks. These integrated capabilities establish comprehensive hazard management, improving traffic governance and road safety.



Furthermore, for regulating vehicle driving behaviors, Hikvision's traffic violation detection system integrates violation identification, data transmission, visual alerts, and application processing. At urban intersections, it detects red-light running, lane crossing, wrong-way driving, improper lane usage, and traffic restriction violations. On road segments, it monitors speeding, illegal parking, failure to yield to pedestrians, and phone use while driving. The system additionally identifies truck overloading, overcrowded vans, illegal honking, and license violations, providing real-time evidence for on-site safety education to standardize driving behaviors and ensure road safety and efficiency.

In emergency management, Hikvision provides IoT connectivity, risk monitoring, and intelligent early warning applications for hazardous chemicals, fireworks and firecrackers, non-coal mines, and industry and trade enterprises, alongside specialized operation management tools for high-risk scenarios like hot work and confined spaces to enhance safety oversight. For natural disasters such as forest/grassland fires, typhoons, floods, and geological hazards, the system offers disaster risk monitoring, comprehensive assessment, early warning, and situational analysis to strengthen disaster prediction capabilities. For risk-prone locations such as construction sites, small-scale commercial premises, dilapidated houses, and gas stations, multi-domain risk monitoring, assessment, and closed-loop control applications enable remote dynamic supervision, mitigating risks and supporting resilient urban safety. For sudden incidents, end-to-end emergency command capabilities including comprehensive analysis,





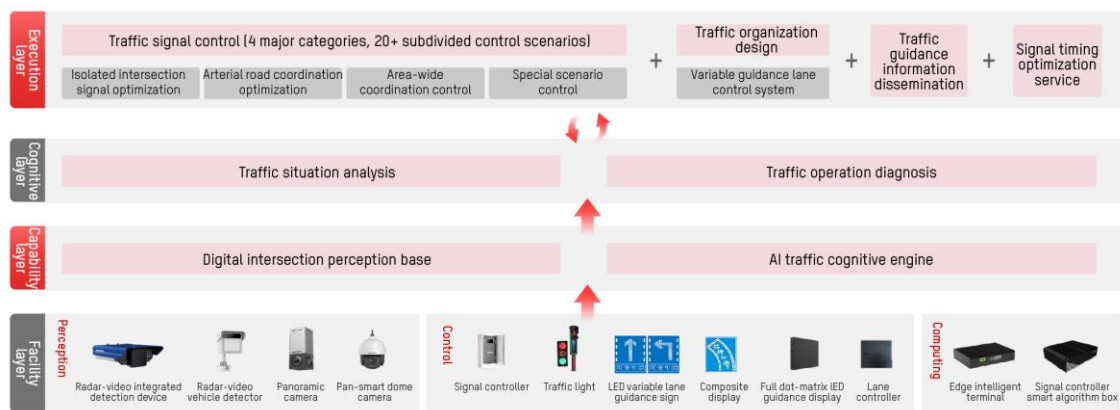
dispatch coordination, and post-event evaluation are deployed. Scenario-specific analysis tools further improve emergency response for hazardous chemical accidents, forest fires, urban waterlogging, and other critical disasters.

### **3) More efficient mobility**

Hikvision integrates IoT perception technology with transportation scenarios including infrastructure digitalization, operational reliability, traffic management, hub logistics, and mobility services. The Company provides refined perception capabilities and data-driven decision-making mechanisms to ensure secure and efficient transportation systems.

For congestion diagnosis and management, Hikvision deploys a variety of perception devices, control systems, and computing platforms to collect multi-dimensional intersection data, forming a digital perception base through multi-source fusion. Leveraging its traffic cognition engine, the Company provides control strategies, decision-making models, performance evaluation, and simulation tools. Traffic pattern analysis identifies recurrent congestion points, while operational diagnostics analyze intersection inefficiencies to generate signal timing adjustments and lane configuration recommendations. Integrated intelligent systems including traffic signal control, traffic flow optimization, and dynamic route guidance regulate traffic demand through travel time allocation, lane utilization, and route planning. Signal timing optimization services with standardized workflows enhance urban traffic management precision through system-service integration, achieving congestion mitigation goals.

Hikvision's smart traffic signal control platform delivers targeted capabilities across scenarios: For isolated intersections, actuated control and adaptive algorithms resolve improper signal timing. For urban arterials, dynamic/fixed green wave coordination and short-zone coordination improve overall traffic flow efficiency. For regional multi-intersection coordination, dynamic optimization achieves network-wide traffic flow maximization. For queue spillover risks, overflow prevention protocols maintain intersection functionality. For uneven turning flows, dynamic lane allocation balances lane utilization to reduce congestion.



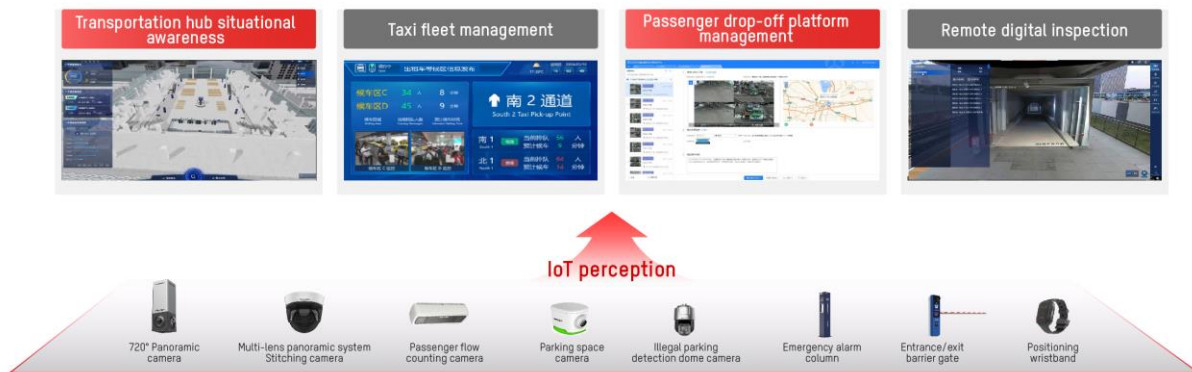
Additionally, Hikvision provides comprehensive solutions for traffic management operations across diverse sectors to ensure safe and efficient transportation systems.

**In highway transportation,** Hikvision integrates multi-dimensional perception, AI, and large model technologies to advance intelligent applications across construction, management, maintenance, and service operations. The Guanlan Large Model enhances AI-driven precision monitoring for bridges, slopes, tunnels, service areas, construction sites, toll stations, mountain roads, and low-visibility zones. Project management tools streamline workflows, while AI-powered road inspection devices and maintenance decision systems optimize infrastructure upkeep. Multi-channel traveler information services improve journey safety and comfort, supporting efficient transportation networks.



**For integrated transportation hubs,** Hikvision addresses stakeholders' management and service needs by delivering full-scenario monitoring and control capabilities for key areas including drop-off zones, ride-hailing/taxi lots, public parking, and transfer concourses. Tailored to passenger arrival/departure flows, the system provides ride-hailing dispatch alerts, taxi queue predictions, parking availability updates, and emergency assistance.

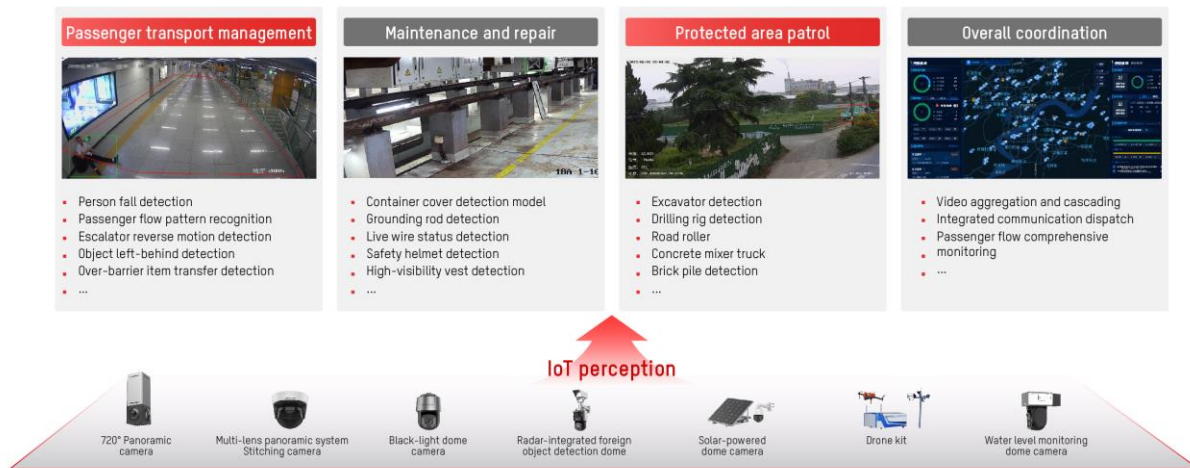
Scenario-specific IoT perception technologies empower hubs to function as critical urban mobility anchors.



**In port management,** Hikvision focuses on safety management, intelligent operations, equipment maintenance, and terminal zone governance. By integrating video, audio, radar, thermal imaging, and other multi-dimensional perception technologies with AI capabilities, it delivers comprehensive monitoring for hazard detection, conveyor belt inspections, crane CCTV/remote control, and gate management. These solutions accelerate digital transformation, ensure operational safety, optimize cargo handling efficiency, and advance the development of next-generation secure, smart, and sustainable ports.



**In rail transit,** Hikvision leverages multi-dimensional and AI technologies to address operational needs including station passenger flow management, facility maintenance, rail corridor patrols, and control center coordination. The solutions feature abnormal behavior detection, crowd control, smart security screening, work safety monitoring, automated corridor inspections, and operation status oversight. These capabilities support safe and efficient urban rail operations while enhancing passenger safety and comfort.



#### 4) Precision governance

For critical urban infrastructure including gas pipelines, drainage systems, bridges, water supply networks, heating systems, and utility tunnels, Hikvision integrates IoT perception, risk assessment, decision support, digital twins, and scenario-specific applications. Through pipeline network modeling and multi-modal large models, the Company develops digital monitoring platforms to enable precision management of underground utility networks.



Hikvision delivers a comprehensive risk assessment system for urban lifelines, enabling risk indicator management through intelligent warnings and risk inventory control. Its digital twin applications support 3D



pipeline modeling, real-time data visualization, and predictive analysis via simulation engines. The decision command system integrates pipeline data mapping, risk data overlay, and statistical analysis for real-time risk detection, supported by a unified operational dashboard and emergency dispatch for visual and efficient incident management in underground utility networks. In drainage management, Hikvision deploys subsurface level and flow sensors to monitor drainage network operations in real time, providing urban waterlogging information management applications to support flood monitoring, early warnings, and situation analysis. For gas safety, fixed laser methane detectors enable real-time gas concentration monitoring, with pipeline operation management tools to facilitate risk identification. For bridge management, visual deformation sensors and traffic checkpoints correlate structural data with vehicle traffic information, offering structural anomaly detection capabilities to enhance bridge safety. For water supply, heating systems, and underground utility tunnels, leakage, pressure, flow, and water quality monitoring devices provide comprehensive operational monitoring and risk early warnings across critical infrastructure.

Additionally, Hikvision offers comprehensive solutions for diverse urban governance needs. In **urban operations management**, its smart city management platform integrates urban management dome cameras, urban management panoramic PTZ cameras, AI analytics servers, and other devices to enable intelligent inspections of urban appearance, urban waterlogging monitoring, illegal construction detection, construction waste transport tracking, centralized operations monitoring, and other applications. The platform provides warning and algorithmic scheduling capabilities for nearly 70 types of regulatory violations ranging from fixed-point monitoring to mobile patrols, and from single-scenario to complex-area coverage, helping to create a clean, tidy and orderly urban environment. In terms of environmental sanitation supervision, Hikvision provides a smart environmental sanitation platform with a focus on scenarios such as sanitation worker and vehicle operation, garbage collection and transportation, station management, and garbage classification. The platform allows worker and vehicle operation supervision, garbage collection and transportation management, garbage classification management, station operation supervision and other applications through the use of intelligent vehicle terminals, garbage classification cameras, intelligent analysis supercomputers and other devices, facilitating refined supervision of urban appearance and environmental sanitation.

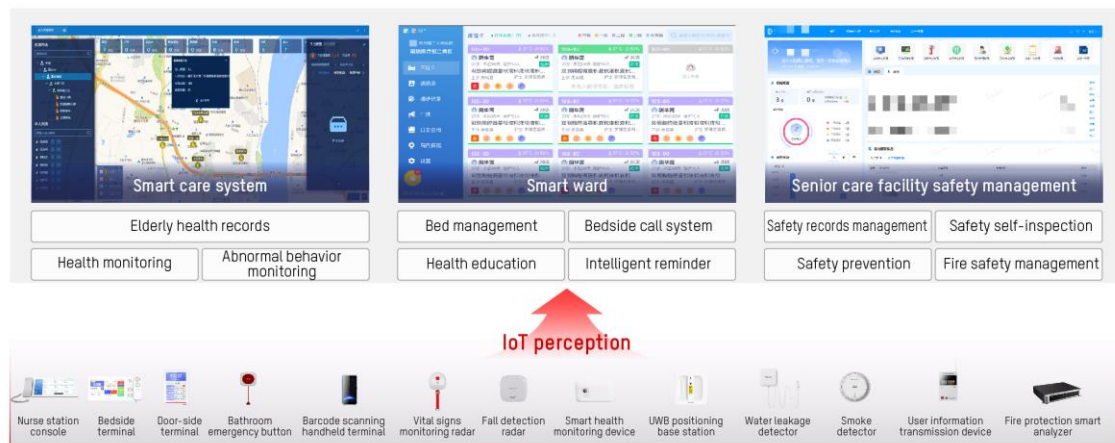
## 5) Targeted service delivery

Hikvision integrates industry-specific software platforms such as the smart elderly care platform, online market supervision platform, and urban parking operation management platform to provide complete solutions for business



areas including civil administration-led elderly support, market supervision, and smart parking, helping enhance service precision.

**In the field of civil administration-led elderly support**, with a focus on scenarios such as institutional elderly care, elderly caregiving, and service supervision, Hikvision implements applications such as smart caregiving and smart wards through devices including nurse station hosts, bedside terminals, fall detection radars, and smart care terminals, facilitating the intelligent transformation of elderly care services.



Hikvision provides an intelligent elderly care application that conducts intelligent analysis of scenarios such as falls, prolonged sitting/standing, and hand-raising assistance requests, delivers continuous health monitoring for the elderly and builds health profiles, helping to create safer care environments. It offers a smart ward system tailored to elderly care facility requirements, providing bed management, bedside call functions, and intelligent reminders to facilitate timely communication between medical staff and patients. Additionally, it delivers a safety management system for elderly care institutions, featuring safety management archives, self-inspections, and preventive measures, to enhance institutional safety management standards.

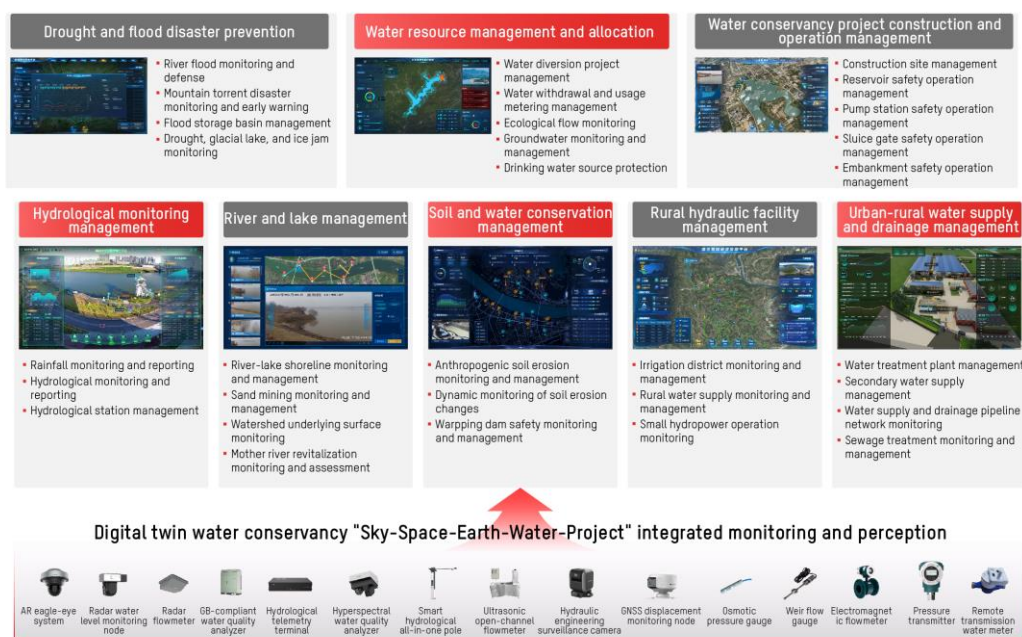
**In the field of market supervision**, Hikvision has built an online market supervision platform for catering businesses, elevators, agricultural markets, and other scenarios through the use of elevator health monitoring cameras, elevator safety gateways, anti-oil cameras, and other products, facilitating refined supervision services. The Company provides a catering online supervision application that conducts intelligent analysis of kitchen staff attire, pest control measures, and standardized operations, delivering visible, traceable, and transparent production process services for regulators and the public to help create safer, more hygienic, and standardized catering environments. Its elevator online supervision application enables oversight of elevator faults, maintenance quality, and annual inspections to support operational service upgrades, while also implementing video inspections and e-bike entry detection services to enhance elevator safety. **In the area of smart parking**, Hikvision provides a

management platform for urban parking operations with a focus on roadside parking, off-road closed parking lots and other scenarios. The platform allows resource management, operation management, customer service management, financial management, operation and maintenance management, public services, and other urban parking business applications through the use of parking space detection cameras, radar-video assisted parking posts, geomagnetic instruments, entrance and exit control equipment and other devices, providing professional parking operations services and promoting more efficient and convenient parking experience.

## 6) Livable ecological environments

Hikvision leverages technologies including multi-dimensional perception, large model-based intelligent analysis, and digital twins to establish comprehensive ecological monitoring, management, and service systems for sectors such as natural resources, forestry and grassland, water resources, water management, ecological environment, and meteorology, aiming to make ecosystems more livable.

**In smart water governance,** Hikvision leverages technologies such as digital twin water conservancy "Sky-Space-Earth-Water-Project" integrated monitoring and perception, multi-scale data platform construction, multi-modal large model intelligent analysis, and simulation to deepen its expertise in business areas including hydrological monitoring and management, flood and drought disaster prevention, water resources management and allocation, water conservancy project construction and operation management, rural water infrastructure management, and urban-rural water supply and drainage management, further advancing scenario-based applications of digital twin technology in water governance.



Hikvision provides a digital twin hydrological management platform that dynamically monitors rainfall, water levels, flow rates, and other hydrological elements, enabling flood prediction and forecasting, threshold-exceeding alerts, pre-simulation modeling, and digital contingency plan management to support scientific decision-making for flood control and drought prevention. The smart river-lake management platform automatically detects "four violations" (illegal sand mining, shoreline damage, waste dumping, water pollution) through AI analysis, enhancing long-term river-lake protection and dynamic governance capabilities. The digital twin water conservancy project management platform implements applications including safety monitoring and early warning systems for reservoirs, sluice-pump stations, and dikes; electromechanical equipment status monitoring alerts; rainfall and water condition monitoring alerts; an engineering safety status integrated dashboard; flood prevention across four measures (prediction, warning, pre-simulation, contingency planning) and other applications for real-time operational safety oversight during flood seasons. The mountain torrent disaster early warning platform and flood control command system deliver dynamic monitoring, alert notifications, GIS-based dispatching, conference-based coordination, and video-enabled command functions through "full-system access, network-wide connectivity, and single-screen visualization," ensuring immediate transmission of flood alerts and hazards to frontline units, vertical coordination across command levels, and horizontal collaboration between departments. The digital twin irrigation district platform supports water measurement management, safety inspections, and water allocation functions (prediction, warning, pre-simulation, contingency) to support infrastructure expansion and modernization upgrades in irrigation districts. The intelligent water plant safety platform enables smart inspections and secures secondary water supply pump rooms, ensuring production safety across water treatment facilities.

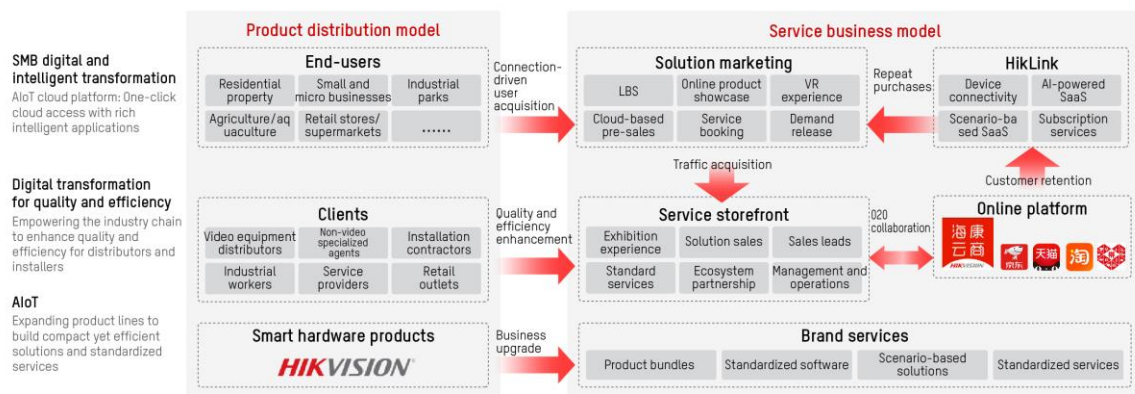
As the construction of digital economy, society and governments gains speed, IoT perception, large models, big data, and other technologies are rapidly integrating into urban and industrial application scenarios, gradually fulfilling their value. Safety applications have expanded beyond traditional public security to encompass multi-dimensional safety management and digital governance scenarios such as public spaces, municipal facilities, traffic management, emergency response, and natural resource conservation, with an increasingly mature intelligent application system based on all-scenario, round-the-clock, omnidirectional perception capabilities.

To better serve users, Hikvision adheres to a user value-centric approach, building a full-value-chain closed-loop ecosystem. Collaborating with partners across the AIoT domain including research institutes, product providers, algorithm developers, independent software vendors, system integrators, and distributors, Hikvision deeply analyzes user value migration trends and precisely identifies core value demands. By opening foundational capabilities such

as perception base, intelligence base, and data base, the Company drives multi-dimensional collaboration in technology, products, solutions, and services. This enables continuous iterative upgrades across products, systems, and services, ultimately delivering superior solutions for users in the public service sector.

### 3.4 Domestic SMB business: Advancing the digital transformation of SMB marketing-sales-service operations to enhance industry-wide service capabilities

Hikvision is advancing the digital transformation of marketing, sales, and services for its SMB (Small and Medium-sized Business) segment, leveraging digital tools and platforms to better serve distributors and collaborate with them in supporting installers of all types. This initiative helps distributors and installer clients improve service quality, reduce costs, and increase efficiency, fostering healthy industry development. Together with ecosystem partners, the Company delivers cost-effective, lightweight, and customized solutions tailored to the specific needs of SMB users.



#### 1) Capability building: Establishing a customer workbench to enhance full-chain collaboration efficiency

Leveraging Hikvision SMBG E-commerce and Hikvision SMBG HikLink, Hikvision connects and empowers distributors and installers to reach and serve SMB users through digital marketing. This initiative builds an AIoT industry collaboration network, driving industrial prosperity and accelerating digital transformation and upgrading.

**Hikvision SMBG E-commerce:** This is a digital empowerment platform for marketing-sales-service in the security industry that primarily serves distributors and installers, enhancing efficiency across marketing, pre-sales, delivery, and operations and maintenance. Throughout the year, the platform has continuously optimized features, enabling professionals to swiftly search and compare products and solutions. It supports AI-driven intelligent marketing, scenario-based product selection and configuration, rapid batch debugging, and project management, currently boasting millions of registered users. Simultaneously, the platform assists distributors in refining

omnichannel digital operations while building a service matching ecosystem between active service providers and qualified local distributors, exploring upgrades to new channel models to elevate SMB user experiences.

**Hikvision SMBG HikLink:** This is an AIoT cloud platform that serves SMB users. The platform mainly provides general IoT capabilities such as video surveillance, access control, alarm systems, attendance management, visitor management, public address, network management, smart fire protection, and information release. Through collaborations with ecosystem partners, it delivers scenario-specific solutions for SMBs in residential communities, factories, schools, construction sites, industrial parks, farms, and other settings. Leveraging human/vehicle detection algorithms as the foundation, the platform offers intelligent scenario algorithms and smart notifications to drive digital and intelligent transformation for SMBs, democratizing intelligent technologies.

**2) Business focus: Building a smart service network, upgrading channel models, and empowering partners to deliver efficient professional services to end-users.**

**Driving digital transformation for security professionals to enhance service capabilities**

Hikvision SMBG E-commerce empowers security professionals across pre-sales, in-process, and post-sales processes through modules like configuration tools, product documentation, solution galleries, service hubs, and device setup/debugging. These features enhance content marketing and service support, already serving millions of professionals with key functions utilized over tens of millions of times. The Company will further expand professional channels and build a nationwide service network to provide customers with diverse product options and timely local professional services.

**Delivering one-stop solutions and services to empower SMB digital transformation**

In response to SMBs' needs for lightweight and user-friendly products and systems, Hikvision has created Hikvision SMBG HikLink, an AIoT cloud platform that provides compact yet efficient solutions and standardized services to make digital transformation more accessible, efficient, and cost-effective for SMBs. The platform integrates multi-terminal capabilities, expands lightweight AI algorithms, and collaborates with ecosystem partners to deploy vertical small scenario-specific solutions nationwide, with device deployments and user base maintaining rapid growth throughout the year.

Looking ahead, Hikvision will uphold its collaborative win-win philosophy, working closely with partners to develop more market-driven competitive solutions. The Company will continue to connect and serve SMB users, comprehensively supporting their digital transformation from optimizing operational processes to innovating



business models, ultimately building an interconnected IoT ecosystem to unlock new growth possibilities.

### **3.5 International business: Continuously enhancing global product and marketing-sales-service systems and building a more open global collaboration ecosystem**

Positioning its international operations as a "leading global provider of AIoT products and solutions", Hikvision implements country-specific and product-specific marketing strategies. Adapting to local conditions based on national development stages, the Company advances localized marketing strategies to continuously enhance overseas product competitiveness and localization alignment. Hikvision's business now spans more than 180 countries and regions, delivering localized services to clients and end-users worldwide.

#### **1) Continuously building a solid and comprehensive AIoT product-technology-solution framework for global operations**

While consolidating its core video-centric business, Hikvision actively develops a second growth curve in overseas markets. Centered on imaging technologies, AI capabilities, and multi-dimensional perception, the Company continuously enhances its AIoT product portfolio tailored to international demands. With robust distribution channels and strong brand influence, Hikvision steadily expands project markets while enriching industry-specific solutions. The synergistic development of channel-driven and project-driven markets establishes a sustainable long-term development path for its global business.

**24/7 all-environment imaging technology:** Leveraging next-gen AI-ISP technology, Hikvision continues to launch innovative products including ColorVu 3.0 and DarkerFighter 2.0 front-end devices, delivering ultra-clear color images with rich details under ultra-low illumination. The Company offers environmentally adaptive cameras featuring polymer anti-corrosion coatings, non-powered and network-independent operation, extreme temperature resistance, self-cleaning, anti-vibration stabilization, and macro/telephoto capabilities, ensuring stable high-definition imaging in harsh conditions.

**Precision AI applications:** Powered by its Guanlan Large Model, Hikvision has debuted overseas-oriented AI products including DeepinView cameras and DeepinMind back-end systems. These solutions significantly improve target detection accuracy and reduce false alarms in perimeter security scenarios.

**Expanding multi-dimensional perception capabilities:** Building on visible light perception, Hikvision continuously expands into multi-dimensional perception technologies including infrared, millimeter-wave radar, X-ray, and acoustic wave, further enriching IoT perception capabilities. The Company has launched a comprehensive

portfolio of perception products such as radar systems, thermal imaging devices, alarm systems, fiber-optic sensors, and X-ray solutions. By fusing visual perception technology with other perception technologies, the Company continues to enhance scenario-specific AIoT capabilities to develop innovative solutions such as radar-vision fusion 2.0 for ultra-long-range traffic incident detection and vibration-sensing fiber solutions for precise anomaly localization in perimeters and pipelines.

Catering to SMBs' needs for lightweight and user-friendly products and systems, Hikvision delivers comprehensive yet easy-to-deploy scenario-specific solutions. These integrate multi-terminal capabilities through unified platform management of CCTV, access control/attendance systems, intercoms, alarms, and network deployment, enabling efficient and cost-effective digital transformation. In video-centric business, the Company maintains sustained high-quality growth by consolidating channel foundations and optimizing product portfolios. For non-video domains, while effectively leveraging existing channels, the Company actively expands into new ones, with market share continuing to expand. Products including networking equipment, interactive displays, and LED solutions have achieved rapid growth.

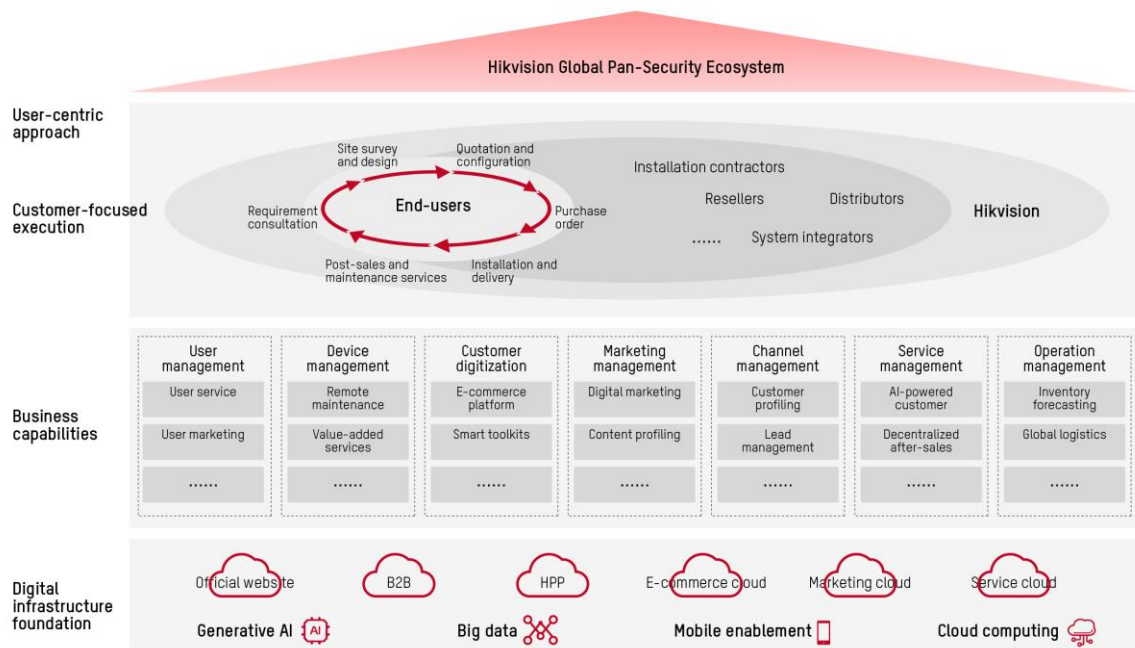
In overseas project markets, Hikvision capitalizes on viable opportunities by enhancing solution quality and delivery capabilities to ensure large-scale project implementation. The Company proactively extends industry-specific AIoT solutions across transportation, commercial, retail, education, healthcare, manufacturing, and energy sectors globally.

**In the transportation sector**, leveraging visible light perception and radar technologies, the Company delivers precise traffic flow analysis, prediction, and control solutions widely adopted across Southeast Asia, Central Asia, and the Americas, effectively alleviating congestion, optimizing management, and enhancing mobility efficiency. **For retail**, it pioneers AI-powered loss prevention solutions, deploying advanced algorithms to detect anomalies like unattended item removal and unpaid exits, achieving rapid response capabilities. Partnerships with leading retailers in multiple countries have significantly improved operational efficiency, establishing strong brand recognition in local loss prevention markets. **In education**, focusing on classroom innovation, Hikvision refines interactive displays and lesson-sharing platforms to drive digital transformation of education. The Company is working with K-12 schools and higher education institutions in over 100 countries to explore new ecosystem partnerships that elevate teaching quality and efficiency. **In the sports venue sector**, the Company implements AIoT technologies to integrate lighting, HVAC, and security systems for centralized intelligent management, significantly reducing operational costs. Simultaneously, the deployment of smart navigation systems and

interactive displays greatly enhances spectator experiences while improving venue operational efficiency and user satisfaction. **In data centers**, the Company employs multi-dimensional monitoring sensors to achieve precise monitoring and regulation of environmental parameters, ensuring stable equipment operation and reduced energy consumption. Meanwhile, leveraging intelligent security systems, it conducts real-time monitoring of personnel access and equipment operational status, effectively safeguarding data security. **Across manufacturing and energy industries**, customized comprehensive campus solutions spanning perimeter security to personnel/vehicle management serve over 300 enterprises. Multi-dimensional perception technologies deeply integrate with production workflows and equipment monitoring, ensuring operational safety and efficiency gains.

## 2) Accelerating the development of an international digital marketing-sales-service system to further enhance operational capabilities

Guided by the Company's overarching digital transformation strategy, Hikvision's international business adopts a customer-centric approach. Focusing on the entire value chain of core operations, it continuously develops and optimizes digital platforms to improve end-to-end operational efficiency from the Company to clients and end-users.



The Company persists in decentralizing channel networks to empower partners and build a collaborative ecosystem, shifting its marketing-sales-service focus toward secondary clients and installers. Leveraging the HPP (Hik-Partner-Pro) initiative, it simplifies operational interfaces across installers' business workflows, refines toolkits for pre-sales, in-process, and post-sales stages, and strengthens promotional operations to continuously enhance digital marketing, sales, and service capabilities. A global content management platform has been established to

create an omnichannel content marketing matrix, enabling efficient content creation, management, collaboration, distribution, and analytics. Additionally, the Company will advance standardized and systematic client management frameworks, improve data governance, and increase marketing precision through higher-quality client data.

Internationally, the Company prioritizes operational service quality by enhancing digital tools to optimize overseas warehouse and logistics management. It actively mobilizes resources to address volatile international logistics conditions, ensuring order fulfillment satisfaction.

With 18 call centers and over 500 authorized service points deployed globally, the Company strengthens localized repair capabilities and accelerates technical response efficiency. Through its eLearning platform, it empowers clients with hybrid training programs combining online and offline modules. The Company will further upgrade AI-powered customer service solutions and expand self-service capabilities using large models to streamline support processes.

### **3) Building an international ecosystem collaboration framework through open product technologies and cooperative resources**

As a global leader in AIoT products and solutions, Hikvision has been leveraging its localized global sales and service networks and comprehensive product portfolio to deeply engage with overseas vertical industry clients including system integrators, independent software vendors, and algorithm providers. While delivering proprietary end-to-end solutions, the Company enhances partners' comprehensive competitiveness by offering tiered access to its technological capabilities and resources, enabling precise adaptation to diverse application scenarios.

In 2024, the Company continues to strengthen its capabilities in device, platform, and application openness. For device openness, it has expanded from video surveillance devices to AIoT devices, establishing a comprehensive IoT device openness framework. Regarding platform openness, addressing intelligent transformation trends in the industry and fragmented algorithm demands, Hikvision actively promotes its HEOP (Hardware Enabled Open Platform) and AI Open Platform to global clients, with over 100 registered HEOP partners by the end of 2024. In application openness, Hikvision supports overseas partners including alarm monitoring service providers, fleet management operators, and smart building maintenance specialists through localized and cloud platform integration capabilities.



In recent years, Hikvision has enhanced its digital capabilities to serve broader client segments. Through the Technology Partner Program (TPP), it offers overseas partners product protocol resources, development support, and technical knowledge bases, while facilitating business expansion via co-listing and joint solution promotion. The platform added over 5,000 new users in 2024, with particularly rapid growth in access control and attendance partners. By improving data connectivity from products to end-users and leveraging localized teams, the Company drives online-to-offline synergies for partners, advancing the AIoT ecosystem.

Amid accelerating global digital and intelligent transformation, Hikvision will sustain resource investments to deepen overseas sales networks and expand open capabilities, with a focus on actionable vertical industries. The Company empowers cross-sector clients with scenario-based AIoT solutions to optimize management effectiveness and operational efficiency.

### **3.6 Innovative business services: Cultivating new growth drivers by exploring AIoT technologies, products, and business formats**

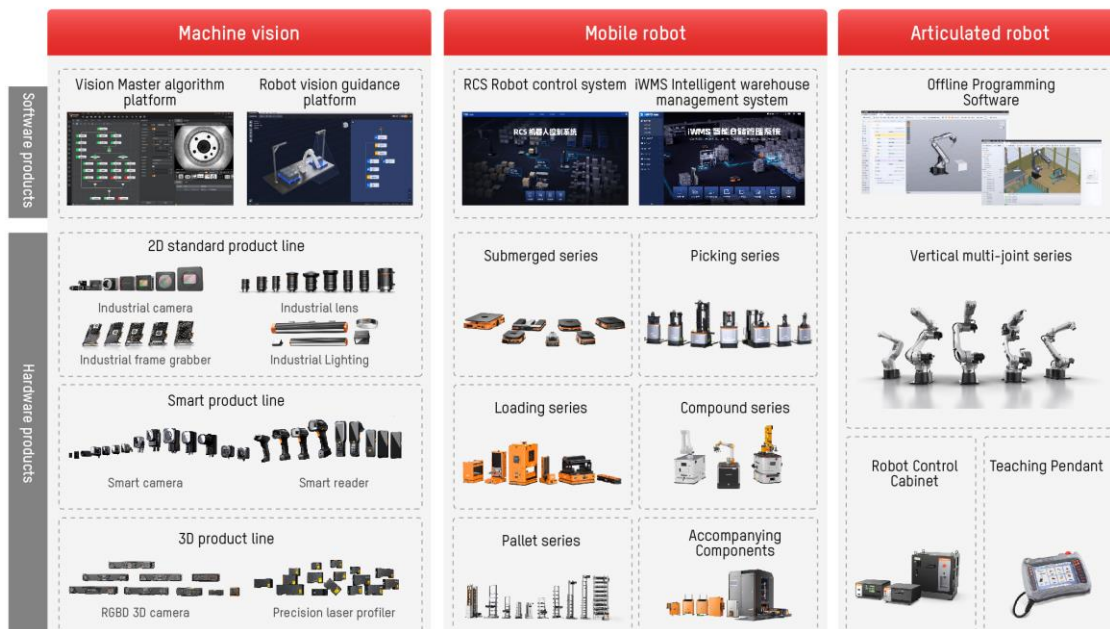
Hikvision's continuous efforts in technical reserves and expanding business reach provide a robust foundation for innovative business development. While both its core operations and innovative ventures align with the strategic focus on AIoT, they differ in technical architectures, product development, and business strategies, forming a mutually reinforcing ecosystem that empowers the digital transformation of economies and societies.

The innovative business portfolio, currently comprising HikRobot, EZVIZ Network, HikMicro, HikAuto, HikSemi, HikFire, HikRayin, and HikImaging, has consistently injected new momentum into the Company's long-term sustainable development through its robust growth.

Combining multi-dimensional perception, AI, navigation control, and decision-making technologies, HikRobot focuses on industrial IoT, smart logistics and intelligent manufacturing with solid algorithm expertise,

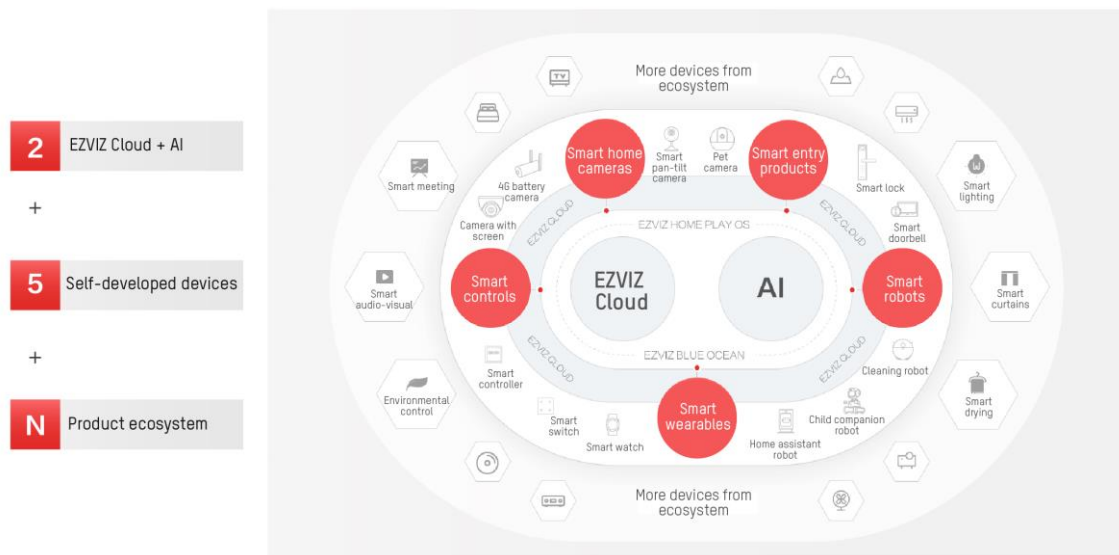


robust software and hardware development capabilities, and a complete marketing service system. HikRobot continues to invest in machine vision and robotics to improve quality, reduce costs, and increase efficiency and promote the digital and intelligent transformation of manufacturing and logistics.



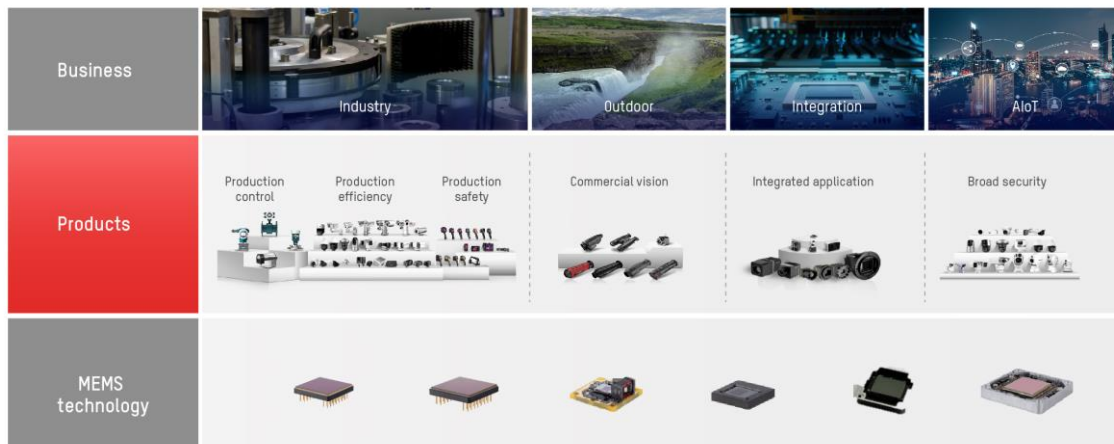
In 2024, the Company strengthened its machine vision capabilities by focusing on AI-powered industrial quality inspection and 3D technologies, launching products such as 2.5D imaging systems, industry-specific large models, and point-line-surface laser sensor series to enhance the VM-centric visual ecosystem. In the mobile robotics domain, it introduced the 5th-generation AMR intelligent base with significantly improved autonomy, alongside the STU solution for e-commerce logistics to boost storage density and order-picking efficiency. Additionally, the Company unveiled serialized articulated robots, completing its strategic "hand-eye-foot" coordination framework and establishing an embodied intelligent architecture with perception, decision-making, mobility, and execution capabilities, comprehensively addressing smart manufacturing demands across industrial scenarios while improving production flexibility.

Committed to becoming a trusted provider of smart home and IoT cloud platform services, EZVIZ Network stands out as one of the few AIoT companies in the industry with complete vertical service capabilities including hardware design, R&D, manufacturing, and IoT cloud platform services. Leveraging proprietary technologies in smart hardware, cloud platforms, AI, and intelligent robots, it delivers AI-driven smart living solutions for residential users and offers an open AIoT cloud platform for enterprise developers.



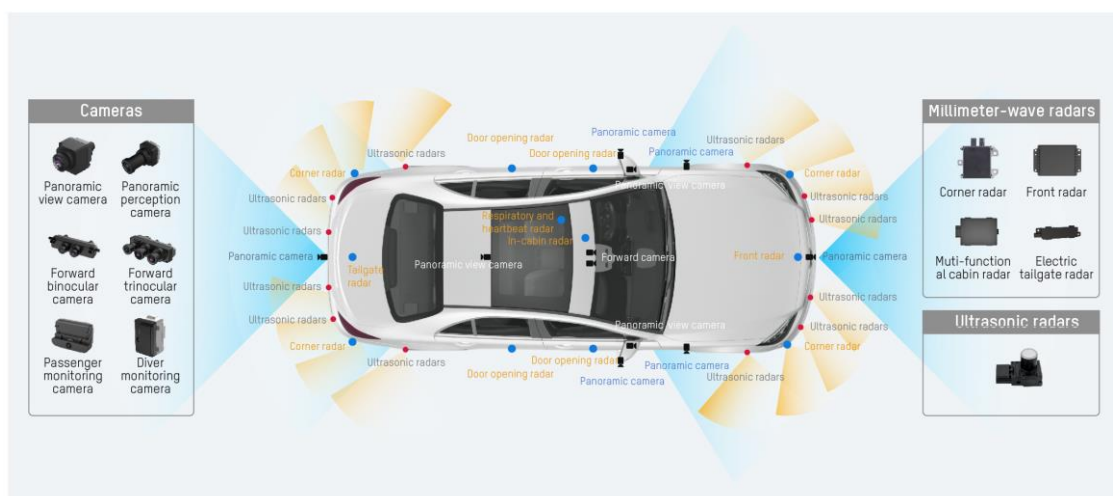
In 2024, the EZVIZ ecosystem has been comprehensively upgraded to a "2+5+N" architecture, centering on smart video and visual technologies. Driven by the two core drivers—AI and the EZVIZ IoT Cloud—it integrates five flagship self-developed AI-enabled product lines: smart home cameras, intelligent access control, smart control systems, service robots, and wearables. Simultaneously, through open ecosystem controllers, it connects N-type peripheral product lines across subsystems including environmental control and smart entertainment, delivering differentiated smart home products addressing security, access control, cleaning, health monitoring, and companionship scenarios, thereby enabling intelligent transformation for residential and adjacent spaces.

HikMicro, rooted in infrared thermal imaging technologies, advances high-value MEMS, optoelectronic components, and sensor technologies to build multi-dimensional perception capabilities covering temperature, pressure, flow, and level. Targeting AIoT, industrial, outdoor, and embedded solutions markets, it delivers core components, detectors, modules, thermal imagers, and process instrumentation products and overall solutions to the world. By focusing on temperatures, HikMicro is developing multi-dimensional technology and product solutions, expanding the boundaries of human perception.



In 2024, Hikmicro launched its 8 $\mu$ m high-sensitivity infrared core components, detectors, and systems in the thermal imaging field, alongside shutter-free imaging algorithms and large-model AI-powered image algorithms, driving broader adoption of thermal imaging. In smart digital manufacturing, the Company introduced a series of smart instrumentation products—including pyrometers, ultrasonic/electromagnetic/mass flow meters, radar level gauges, and pressure transmitters—by integrating MEMS sensing and high-precision algorithms. Synergizing with its thermal imaging portfolio, these solutions enable end-to-end industrial intelligence spanning process control, efficiency optimization, and safety assurance, creating a holistic perception network for enterprises.

HikAuto, centered on vision and millimeter-wave radar technologies, has become a leading intelligent driving sensor supplier in the passenger vehicle OEM market in China, advancing intelligent driving adoption while serving commercial vehicle and aftermarket sectors to enhance road safety and freight efficiency. The Company extends AI-enhanced radar perception into AIoT applications across industrial, transportation, and perimeter security sectors.



HikSemi specializes in providing professional storage products and solutions for enterprise clients and end-users. It focuses on data centers, in-vehicle applications, industrial controls, smart security, consumer electronics, and PC assembly, continuously enhancing competitiveness in vertical markets. HikSemi possesses full-stack capabilities spanning product design, firmware algorithm development, packaging and testing, to intelligent manufacturing mass production and delivery. By continuously expanding its product portfolio, advancing technological upgrades, and enhancing operational efficiency, the Company aims to become China's leading integrated storage solution provider, empowering enterprises and organizations in their digital transformation.



HikFire operates across general and industrial fire protection sectors as an intelligent fire IoT and smart management solution provider centered on fire detection, multi-dimensional perception, wireless IoT, and AI video analytics. It supports urban fire IoT deployment and enterprise digital transformation, delivering one-stop fire safety systems and management services for public facilities, industrial parks, SMBs, and households, while building a comprehensive fire safety ecosystem with its four-dimensional smart system integrating perception, prevention, management, and emergency response.






HikRayin is focusing on X-ray imaging technologies, dedicated to becoming a leading technology R&D, manufacturing, sales, and leasing services provider of invisible light detection equipment. The Company maintains in-house production capabilities for security inspection machines, security doors, industrial X-ray equipment, and a full range of supporting products. With long-standing expertise in X-ray technology, AI, equipment IoT, etc., HikRayin continuously empowers industries through technological innovation and value creation in smart security inspection and intelligent manufacturing sectors.



HikImaging, deeply rooted in the medical technology sector, delivers OEM/ODM solutions for medical endoscopy systems globally. Focused on multi-dimensional sensing, intelligent analytics, and audiovisual



transmission technologies in healthcare, it partners with medical device manufacturers to deliver rigid/flexible endoscope solutions and surgical video management systems, advancing digital and intelligent transformation in operating rooms and clinical settings. HikImaging focuses on advancing multi-dimensional perception, intelligent analytics, and audio-visual transmission/computing/display/control technologies for medical scenarios. The Company provides medical device manufacturers with comprehensive solutions including rigid/flexible endoscopes and surgical audiovisual management systems, collaborating with partners to drive digital and intelligent transformation in operating rooms and clinical diagnostic environments.

<b>Rigid endoscopic imaging solution for MIS</b> Minimally Invasive Surgery	<b>Electronic endoscopic imaging solution for MIP</b> Minimally Invasive Procedure	<b>ORMS</b> Operation Room Management System
<ul style="list-style-type: none"> <li>HikImaging's 4K 3D Fluorescence Solution is one of the first high-end endoscopy solutions to be mass-produced and used clinically in China. By integrating 4K ultra-high-definition imaging, 3D binocular stereoscopic imaging, and multi-color gradient fluorescence imaging technology, it significantly enhances the precision and safety of minimally invasive surgeries in complex scenarios.</li> <li>In 2024, HikImaging launched a 4K 3D Fluorescence Solution specifically designed for surgical robots. This system features lower latency, and the camera handle is designed with a shape and length that better suits the grip of robotic arms and the needs of observation during robotic surgery.</li> <li>The multi-CMOS white light/fluorescence imaging solution provides customers with a richer selection of rigid endoscope options, meeting various clinical scenarios and product requirements.</li> </ul>	<p>HikImaging offers a wide range of flexible endoscope imaging solutions, with core products including:</p> <ul style="list-style-type: none"> <li>Flexible Endoscope Image Processor Solutions, such as gastroscopy image processors, super-resolution flexible endoscope image processors, portable flexible endoscope image processors, and dual-endoscope image processors.</li> <li>Single-Use Flexible Endoscope Solutions, including quad-directional choledochoscope solutions for gastroenterology, ureteroscopy solutions for urology, bronchoscope solutions for pulmonology, and hysteroscope solutions for gynecology.</li> </ul>	<ul style="list-style-type: none"> <li>Focusing on the operating room scenario, HikImaging integrates the ORM (Operation Room Management System) product line with the MIS (Minimally Invasive Surgery) and MIP (Medical Image Processing) lines to provide a comprehensive digital operating room solution, including medical displays and operating room audio-visual management.</li> <li>HikImaging has launched a 32-inch 4K 3D surgical display, which offers excellent performance when paired with a 3D endoscopic camera system;</li> <li>The intelligent 5G full-chain 4K audio-visual management system incorporates AI functions, enhancing the safety of minimally invasive surgeries and enabling digital construction of operating room audio-video management, remote communications, and information systems.</li> </ul>
		

## II. Analysis of Core Competitiveness

In the context of the deepening societal digital transformation, the breakthrough advancements in artificial intelligence (AI) technology have imparted a strong impetus to the digitalization process. Hikvision continuously drives the implementation of cutting-edge technologies in the AIoT domain, striving to balance the fulfillment of customer personalized needs, the development of scenario-based solutions, and the realization of its own scale advantages. Hikvision maintains industry-leading positions in technology accumulation, marketing strategies, manufacturing capabilities, operational efficiency, and talent reserves. The Company is dedicated to refining its business processes and organizational structures to better address fragmented demand, adheres to innovation in technology, and advances the digital transformation of its marketing and service operations. Hikvision promotes profound operational upgrades internally, consistently reinforcing its competitive edge in the industry. By empowering diverse industries, Hikvision contributes to improving quality, reducing costs, and enhancing efficiency across society..

### 1. Maintain High-Level R&D Investment and Deepening Empowerment with AI Large Model Technology

Since its inception, Hikvision has consistently been dedicated to technological innovation, continually integrating general technologies (hardware technology, materials and processes, embedded software, system-level software development, big data technology, and cybersecurity) with application-specific technologies to foster product innovation and build a comprehensive product portfolio ranging from detectors, modules, devices to systems. As an AIoT company, sensing technology has been a strategic focus of long-term investment for Hikvision. The Company has expanded sensing technology beyond visible light into domains such as millimeter waves, infrared, X-rays, lasers, and ultraviolet rays, while integrating acoustic waves, vibrations, temperature and humidity, pressure, and magnetic field sensing methods. This approach enables the Company to develop multi-dimensional sensing fusion applications. Hikvision is advancing the innovative applications of AI across society and the economy, developing the Hikvision Guanlan Large AI Model to enhance the accurate understanding of dynamic scenarios and the effective handling of complex tasks. This innovation empowers software and hardware solutions with more precise sensing capabilities and more robust cognitive abilities, driving continuous upgrade in security business and scalable implementation of scene-specific digital transformation.

Hikvision has maintained a high-level R&D investment, with cumulative R&D expenses reaching RMB47.702 billion over the past five years. Beyond its Hangzhou headquarters, which houses research institutes, hardware product R&D centers, and software product R&D centers, the Company has established numerous local R&D

centers both domestically and internationally, forming a multi-tiered R&D system centered at the headquarters and radiating to regional offices. Hikvision will continue to invest strongly in R&D, reinforcing and consolidating its AIoT technology foundation, deepening research and application of large AI models, and expanding the variety of smart IoT devices. By seizing opportunities in digital transformation, Hikvision aims to solidify its market leadership in the AIoT industry.

During this reporting period, Hikvision leveraged its deep technical capabilities and industry insights to deeply integrate cutting-edge large AI model technology. The Company has driven the iterative optimization of new digital products, enriched its digital product portfolio, and accelerated the expansion of scenario-based digital transformation business.

## **2. Continuous Improvement of Domestic and International Marketing, Sales and Service Networks and Enhancement of Digital Capabilities**

Hikvision is committed to establishing a comprehensive global marketing, sales and service network to ensure rapid responses to customer needs. Within China, the Company has developed a marketing and service network centered on cities. Through 32 provincial business centers and over 300 city branches and offices, the network spans the entire country, forming a hierarchical marketing structure organized at the city level. Internationally, Hikvision has advanced its "localization" strategy, decentralizing operational decision-making across four major regions: Pan-Asia Pacific, Middle East and Africa, Pan-Europe, and the Americas. The Company adheres to the strategy of "one country, one policy" and "one product, one strategy" achieving business presence in over 180 major countries and regions worldwide, providing localized services to local customers and end-users.

In terms of service capabilities, Hikvision has a three-tiered vertical service system comprising the Hangzhou Global Technical Support and Service Center, regional service centers, and authorized customer service stations. This structure enables global, locally embedded, and in-depth service delivery. Within China, the Company has established 32 provincial technical service departments, over 300 regional service centers, and has partnered with over 3,000 key partners and authorized service providers. Internationally, Hikvision has set up 30 direct after-sales service centers and over 400 authorized customer service stations. Additionally, the Company offers a "replacement instead of repair" service for certain products and has optimized local delivery chains by expanding the coverage of overseas localized warehouses, improving their inventory turnover and delivery efficiency, thereby enabling faster response to customer needs.

Hikvision is also fully advancing its digital marketing and service strategy, encompassing the entire marketing

and service process. This is achieved through initiatives such as the development of a digital marketing and service platform, application of AI technologies, and digital operations. These efforts enhance promotional activities and facilitate customer and user engagement. The Company continues to enhance its digital capabilities and share them externally with partners, empowering them to better serve users. This, in turn, improves the Company's overall operational efficiency, from end to end—from the Company to its customers and end-users—while strengthening its core competitiveness in marketing and services..

### **3. Continuous Development of a Flexible Manufacturing System to Strengthen Supply Chain Resilience**

The AIoT industry is characterized by diverse and personalized customer demands, with Hikvision offering over 30,000 distinct hardware products. Production must thus cater to the requirements of small-volume, multi-batch, and large-scale customized orders. To tackle these challenges, Hikvision has consistently focused on building a flexible and efficient manufacturing system. This effort involves enhancing lean production, automation capabilities, and leveraging AI technology to improve production scheduling efficiency and the consistency of output quality. The company operates manufacturing bases in locations such as Hangzhou Tonglu, Chongqing, and Wuhan, while steadily advancing plans to establish and expand new bases. Additionally, through its overseas facilities in India, Brazil, and the UK, Hikvision implements localized manufacturing to ensure continuous global product supply.

Hikvision has always prioritized the establishment of long-term, stable partnerships with suppliers. The Company collaborates closely with suppliers to iteratively upgrade raw materials and components, transferring its accumulated expertise in digitalizing the supply chain to industry partners. This collaboration fosters a healthy supplier ecosystem, thereby strengthening the overall industry supply chain stability.

The Company promotes the deep application of scenario-based digital products within its production campuses, utilizing its own operations as a model for continuous iteration. By driving innovative applications of automation, digitization, and intelligent technologies, Hikvision improves supply quality, enhances operational efficiency, and reduces production costs.

### **4. Continuous Advancement of Management System Reform and Comprehensive Promotion of Internal Digital Transformation**

In the ever-evolving market competition, a company's ability to efficiently allocate internal resources, reduce internal communication costs, and achieve high-efficiency collaboration is a crucial aspect of its competitiveness. As the Company's business continues to grow and evolve, its resource organization methods and management

approaches are also being continuously optimized.

In terms of business direction and target setting, the Company employs the BLM strategic planning methodology to refresh its strategic planning and annual business plan on a rolling basis each year. This ensures that all business teams and departments are well-aligned, targets are clearly defined, and responsibilities are assigned effectively. In terms of internal management, the Company is strengthening its governance and organizational capabilities in change management, focusing on the continuous improvement of business profitability and management capabilities, and steadily advancing its internal digital transformation efforts. In terms of the direction of the Company's transformation, efforts are being made to align and integrate resources across the Company, with a focus on five key areas: enterprise-level marketing digitization, enterprise-level R&D and quality digitization, enterprise-level operational analysis and refinement, enterprise-level data governance capability-building, and enterprise-level AI capability-building. Additionally, the Company is developing digital capabilities across various domains to drive high-quality transformation execution through high-quality planning. Relying on IT system development, the Company is continuously optimizing and improving business processes and enhancing system efficiency to build refined operational capabilities. In terms of risk management, the Company has established a robust risk management system, with its global compliance governance and risk management capabilities steadily improving.

## **5. Continuous Development of Talent Ecosystem and Igniting Organizational Innovation Vitality**

The Company firmly believes that talent is a key driver of sustainable enterprise development and a core element of its competitiveness. Guided by the people-oriented philosophy of "empowering individuals and growing together," the Company actively attracts and cultivates talent from around the globe. By continuously refining its talent identification and performance evaluation mechanisms, the Company adopts scientific methods to identify, evaluate, and utilize talent, fully motivating employees' enthusiasm and creativity while enhancing organizational capabilities. With its business strategy as the driving force, the Company is committed to building agile and efficient organizations. It ensures a steady supply of talent for critical positions, achieving effective alignment between people and roles to support profitable business growth.

The Company integrates compensation and benefits with equity follow-investment for innovative business, creating a comprehensive employee return system. A mature mechanism for employee participation in and sharing of the Company's growth has been established. Employees who participate in equity follow-investments contribute to the Company's performance and, in turn, receive long-term personal rewards. This creates a mutually reinforcing relationship between the Company's long-term development and the continuous growth of its talent.



### III. Core Business Analysis

#### 1. Overview

The continuous evolution of societal demands has consistently created opportunities for industrial transformation. Over the past two decades, the development of social safety systems has driven the rapid growth of the security industry. Currently, enhancing industrial efficiency is a key factor for China, as a manufacturing powerhouse, to further strengthen its competitiveness. Since its founding over twenty years ago, Hikvision has seized the opportunities presented by the rapid development of the security industry, emerging as a global leader in the field. Throughout this journey, the Company has built a robust ecosystem of AIoT technologies and products. By leveraging scenario-based digital solutions, Hikvision has played a significant role in driving industrial upgrades and improving various aspects of social governance and people's daily lives, enhancing quality, reducing costs, and boosting efficiency.

In 2024, amid a complex domestic and international environment, Hikvision remained steadfast in its approach, responding to uncertainties with a proactive yet prudent mindset. During the reporting period, the Company achieved an operating income of RMB92.50 billion, reflecting a year-on-year increase of 3.53%. The net profit attributable to shareholders of the listed Company amounted to RMB11.98 billion, representing a year-on-year decline of 15.10%. The proportion of innovative businesses in the overall business mix continued to rise, with key divisions such as HikRobot, Ezviz, and HikMicro achieving leading positions in their respective fields, providing strong support for the Company's business growth. Overlooking the lucrative growth of its overseas main business, Hikvision adopted region-specific strategies in its four major global regions, leading to a steady increase in market share for its channel business, as well as the accumulation of project capabilities and experience. In the face of significant domestic business environment pressures, the development of scenario-based digital business helped open up new avenues for the domestic main business, establishing a second growth curve for the Company.

Guided by its strategic positioning in AIoT, Hikvision made positive progress across various domains, including its technological and product ecosystems, domestic and international marketing systems, production and manufacturing capabilities, and innovative business units. The Company is steadily advancing in the AIoT sector.

**1. Maintain R&D Investment and Strengthen AIoT Technology and Product Ecosystem.** Over the past decade, Hikvision has accumulated significant advancements in multi-dimensional sensing and perception fusion technologies. The Company's research and development in artificial intelligence has also reached a certain scale.

The iterative evolution of various technology sets has brought a positive cluster effect to Hikvision's product development. Furthermore, the advancement of large model technology has expanded the boundaries of perceptual intelligence and cognitive intelligence, delivering substantial improvements to both the hardware and software products and solutions of Hikvision. Building on these achievements, the Company has rapidly advanced its innovation in digital products and large model applications. In 2024, Hikvision continued to launch a wide range of new products tailored to new scenarios and demands, featuring significantly enhanced functionalities. These efforts have comprehensively elevated the intelligence level of its products and continuously expanded the boundaries of its AIoT business.

**2. Continuous Evolution of Marketing Organizations to Adapt Resource Allocation to Business Development Needs.** Hikvision has continuously refined its regional market penetration strategy, optimizing its business layout. Domestically, the Company operates 32 provincial business centers and over 300 city-level subsidiaries. Internationally, it adopts a localized approach with the strategy of "one country, one policy" and "one product, one strategy", embedding business operations at the grassroots level to ensure marketing activities closely align with user needs and deeply understand their requirements. Building on this regional strategy, Hikvision integrates industry and regional resources for vertical industries such as the financial sector and other sectors requiring similar vertical management. This allows the Company to adapt its marketing organization structures to ongoing business changes. Additionally, based on business differences, Hikvision has adopted independent operations and performance evaluations for certain product lines, industry lines, and innovative businesses. This approach enables the Company to strengthen smaller product categories and industries, ensuring organizational development adapts to business evolution. Furthermore, Hikvision is comprehensively advancing the digital transformation of its marketing systems to enhance the end-to-end operational efficiency of its customer-facing services.

**3. Continuously Polishing Supply Chain Flexibility to Drive Cost Reduction and Efficiency Improvement.** The AIoT industry is characterized by multi-category, small-batch, and multi-batch production, requiring a manufacturing system that ensures product quality while also allowing flexible switching of production capacity. Hikvision has long been dedicated to building a flexible and efficient manufacturing system, widely adopting the Company's self-developed automation and intelligent production solutions to continuously enhance manufacturing capabilities. In 2024, Hikvision vigorously promoted the practical verification of digital products within its own factories. By innovatively applying automated, digitalized, and intelligent technologies and products,

the Company improved supply quality, strengthened operational efficiency, and reduced production costs.

**4. Diversified Innovation Business Layout, Supporting the Implementation of the Intelligent IoT Strategy.** In 2024, the total revenue from innovative businesses reached RMB22.48 billion, accounting for 24.31% of the Company's overall income. HikRobot focuses on industrial IoT, smart logistics, and intelligent manufacturing, continuously deepening its investment in machine vision and mobile robots, and newly adding a full series of joint robots, gradually completing the strategic layout of "hand, eye, and foot" collaboration, establishing itself as a leading company in the domestic industry. Ezviz possesses comprehensive capabilities from hardware design, R&D, and manufacturing to IoT cloud platforms, becoming one of the few AIoT companies in the industry with complete vertical integrated service capabilities. HikMicro specializes in high-value-added MEMS, optoelectronic components, and sensor technologies, building multi-dimensional sensing capabilities in temperature, pressure, flow, and material level, becoming a leading domestic enterprise in thermal imaging. Other innovative businesses are in a high-growth phase, with market competitiveness continuously improving. The innovative businesses and the main business collectively revolve around the AIoT business direction, with a unified and divided business layout, jointly supporting the Company's sustained and stable growth, driving the Company to steadily advance towards its goals.

## 2. Revenue / cost of sales and services

### (1) Revenue structure

Unit: RMB

	2024		2023 (Restated)		YoY Change (%)
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Revenue	92,495,525,118.30	100.00%	89,341,177,610.40	100.00%	3.53%
Classified by industry					
AIoT products and services	92,495,525,118.30	100.00%	89,341,177,610.40	100.00%	3.53%
Classified by product					
Products and services for main business (Note 1)	67,963,258,099.83	73.48%	68,781,078,704.92	76.99%	-1.19%
Constructions for main business	2,048,116,006.90	2.21%	2,007,188,913.81	2.25%	2.04%
<b>Subtotal</b>	70,011,374,106.73	75.69%	70,788,267,618.73	79.23%	-1.10%
Robotic business	5,928,825,303.14	6.41%	4,940,495,688.57	5.53%	20.00%
Smart home business	5,190,222,359.58	5.61%	4,686,023,001.37	5.25%	10.76%
Thermal imaging business	4,191,132,575.45	4.53%	3,284,778,727.13	3.68%	27.59%
Auto electronics business	3,919,493,044.46	4.24%	2,706,680,020.16	3.03%	44.81%
Storage business	2,314,389,221.29	2.50%	1,931,387,706.41	2.16%	19.83%
Other innovative businesses (Note 2)	940,088,507.65	1.02%	1,003,544,848.03	1.12%	-6.32%
<b>Subtotal (Note 3)</b>	22,484,151,011.57	24.31%	18,552,909,991.67	20.77%	21.19%
Classified by region					
Domestic	60,601,005,007.24	65.52%	60,373,572,006.00	67.58%	0.38%
Overseas	31,894,520,111.06	34.48%	28,967,605,604.40	32.42%	10.10%

Note 1: Main business refers to the business parts other than the innovative businesses.

Note 2: Other innovative businesses include the products and services of the innovative business subsidiaries, such as HikFire, Rayin and HikImaging. Same below.

Note 3: The data listed in the subtotals may differ slightly from the aggregated results of the relevant individual data due to rounding.

### Revenue structure (note 4)

Unit: RMB 100mn

		2024	2023 (Restated)	YoY Change (%)	2022 (Restated)
Domestic main business	PBG	134.67	153.54	-12.29%	161.35
	EBG	176.51	178.45	-1.09%	165.05
	SMBG	119.71	126.79	-5.58%	124.97
	Other products and services for main business	9.33	9.33	0.00%	9.28
Overseas main business	Products and services for main business	259.89	239.77	8.39%	220.32
Innovative businesses (note5)		224.84	185.53	21.19%	150.70
Total		924.96	893.41	3.53%	831.67

Note 4: The operating income from domestic main business (including three major business groups in domestic and other products and services for main business) and overseas main business only include Hikvision's main business's products and services, excluding revenue from innovative businesses.

Note 5: Innovative businesses' revenue includes its domestic and overseas revenue

Note 6: The data listed in the subtotals may differ slightly from the aggregated results of the relevant individual data due to rounding.

## (2) Industries, products or regions accounting for more than 10% of the Company's revenue or operating profit

✓ Applicable ☐ Inapplicable

Unit: RMB

	Revenue	Cost of sales and services	Gross margin	YoY Change (%) of revenue	YoY Change (%) of operating cost	YoY Change (%) of gross margin
Classified by industry						
AIoT products and services	92,495,525,118.30	51,953,857,912.21	43.83%	3.53%	4.47%	-0.50%
Classified by product						
Products and services for main business	67,963,258,099.83	36,860,856,267.41	45.76%	-1.19%	-0.31%	-0.48%
Constructions for main business	2,048,116,006.90	1,624,213,884.66	20.70%	2.04%	6.17%	-3.08%
Innovative businesses	22,484,151,011.57	13,468,787,760.14	40.10%	21.19%	19.95%	0.62%
<b>Subtotal</b>	92,495,525,118.30	51,953,857,912.21	43.83%	3.53%	4.47%	-0.50%
Classified by region						
Domestic	60,601,005,007.24	34,769,215,813.85	42.63%	0.38%	2.34%	-1.10%



	Revenue	Cost of sales and services	Gross margin	YoY Change (%) of revenue	YoY Change (%) of operating cost	YoY Change (%) of gross margin
Overseas	31,894,520,111.06	17,184,642,098.36	46.12%	10.10%	9.05%	0.52%

When the statistical caliber of the Company's main business data is adjusted during the reporting period, the Company's main business data would be adjusted according to the end of the reporting period in the most recent period.

☐ Applicable ☒ Inapplicable

### (3) If revenue from physical products sales greater than revenue from providing services

☒ Yes ☐ No

Industry	Item	Unit	2024	2023	YoY Change (%)
AIoT products and services	Sales volume	Per unit	245,393,303	227,487,010	7.87%
	Output volume	Per unit	256,348,512	240,073,553	6.78%

Explanation on why the related data varied by more than 30% on a YoY basis

☐ Applicable ☒ Inapplicable

### (4) Fulfillment of signed significant sales contracts and procurement contracts by the reporting period

☐ Applicable ☒ Inapplicable

### (5) Cost of sales and services structure

Classified by industry

Unit: RMB

Industry	Item	2024		2023 (Restated)		YoY Change (%)
		Amount	Proportion to cost of sales and services	Amount	Proportion to cost of sales and services	
AIoT products and services	Cost of sales and services	51,953,857,912.21	100.00%	49,732,768,547.57	100.00%	4.47%

Classified by product

Unit: RMB

Product	Item	2024		2023 (Restated)		YoY Change (%)
		Amount	Proportion to cost of sales and services	Amount	Proportion to cost of sales and services	
Products and services for main business	Cost of sales and services	36,860,856,267.41	70.95%	36,974,434,806.35	74.35%	-0.31%
Constructions for main business	Cost of sales and services	1,624,213,884.66	3.13%	1,529,858,191.39	3.08%	6.17%
Innovative businesses	Cost of sales and services	13,468,787,760.14	25.92%	11,228,475,549.83	22.58%	19.95%

Product	Item	2024		2023 (Restated)		YoY Change (%)
		Amount	Proportion to cost of sales and services	Amount	Proportion to cost of sales and services	
<b>Subtotal</b>	Cost of sales and services	51,953,857,912.21	100.00%	49,732,768,547.57	100.00%	4.47%

Note: The data listed in the subtotals may differ slightly from the aggregated results of the relevant individual data due to rounding.

**(6) Any change in consolidation scope during the reporting period**

☒ Yes ☐ No

During the reporting period, the Group established 4 domestic subsidiaries, 3 overseas subsidiaries, and gained actual control of 1 subsidiary through entrusted management agreements. All of this result in changes in the scope of its consolidation scope. For details, please refer to changes in the consolidation scope in Note (VI) to the financial statements.

**(7) Significant change or adjustment of the Company's business, products or services during the reporting period:**

☐ Applicable ☒ Inapplicable

**(8) Major customers and suppliers:**

Sales to major customers of the Company

Sales to top five customers (RMB)	2,343,413,902.30
Total sales to top five customers as a percentage of the total sales for the year (%)	2.53%
Total sales to the related parties in top five customers as a percentage of the total sales for the year (%)	0.00%

Information on top five customers

No.	Name of customer	Sales amount (RMB)	Percentage of total sales for the year
1	First	575,507,193.15	0.62%
2	Second	513,745,986.05	0.56%
3	Third	479,382,722.27	0.52%
4	Fourth	411,281,576.78	0.44%
5	Fifth	363,496,424.05	0.39%
Total	--	2,343,413,902.30	2.53%

Other information of major customers

☐ Applicable ☒ Inapplicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	6,247,846,592.09
Total purchases from top five suppliers as a percentage of the total purchases for the year (%)	12.79%
Total purchases from the related parties in the top five suppliers as a percentage of the total purchases for the year (%)	6.32%

#### Information on top five suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	Percentage of total purchase for the year
1	First	1,897,826,757.19	3.89%
2	Second	1,189,548,670.24	2.43%
3	Third	1,088,587,794.52	2.23%
4	Fourth	1,086,560,559.94	2.22%
5	Fifth	985,322,810.20	2.02%
Total	--	6,247,846,592.09	12.79%

#### Other information of major suppliers

✓ Applicable ☐ Inapplicable

Some of the top five suppliers are related parties of the Company, and the Company strictly operates within the pre-approved estimated limits for routine related-party transactions. In addition, directors, supervisors, senior management, key technical personnel, shareholders with more than 5% equity, actual controllers, and other related parties of the Company do not have any direct or indirect interests in major suppliers. For further details, please refer to "Section X (11) - Related Party Relationships and Transactions."

### 3. Expenses

Unit: RMB

	2024	2023 (Restated)	YoY Change (%)	Note of significant change
Selling expenses	12,051,218,102.62	10,746,788,076.01	12.14%	No significant change
Administrative expenses	3,095,939,643.92	2,770,781,203.45	11.74%	No significant change
R&D expenses	11,864,013,392.27	11,392,948,404.47	4.13%	No significant change
Financial expenses	-114,817,493.16	-749,800,283.79	84.69%	Affected by foreign exchange rate fluctuations, foreign exchange loss increased

### 4. R&D Investment

✓ Applicable ☐ Inapplicable

#### R&D personnel of the Company

	2024	2023	Change Percentage
Number of R&D staff (ppl)	28,272	28,479	-0.73%

	2024	2023	Change Percentage
R&D staff as percentage of Total headcount	47.37%	48.65%	-1.28%
Education structure of R&D staff	——	——	——
Bachelor degree	16,954	17,502	-3.13%
Master's degree	8,903	8,602	3.50%
Master's degree or above	179	161	11.18%
others	2,236	2,214	0.99%
Age composition of R&D staff	——	——	——
Under 30 years old	13,484	14,967	-9.91%
30-40 years old	13,747	12,655	8.63%
Over 40 years old	1,041	857	21.47%

#### R&D investment of the Company

	2024	2023	Change Percentage
Amount of R&D expenses (RMB)	11,864,013,392.27	11,392,948,404.47	4.13%
R&D expenses as a percentage of revenue	12.83%	12.75%	0.08%
Capitalized R&D expenses (RMB)	0.00	0.00	0.00%
Capitalized R&D expenses as a percentage of R&D expenses	0.00%	0.00%	0.00%

Reason and effect of significant change in the composition of the Company's R&D personnel

☐ Applicable ☒ Inapplicable

Reason of significant change of total R&D expenses as a percentage of revenue as compared to last year

☐ Applicable ☒ Inapplicable

Reason and explanation of its reasonableness of significant change of the capitalized R&D expenses

☐ Applicable ☒ Inapplicable

## 5. Cash Flow

Unit: RMB

Item	2024	2023 (Restated)	YoY Change (%)
Subtotal of cash inflows from operating activities	104,471,470,619.92	99,392,083,915.65	5.11%
Subtotal of cash outflows from operating activities	91,207,378,597.19	82,769,874,194.60	10.19%
Net cash flows from operating activities	13,264,092,022.73	16,622,209,721.05	-20.20%

Item	2024	2023 (Restated)	YoY Change (%)
Subtotal of cash inflows from investing activities	3,173,062,938.17	4,907,512,153.30	-35.34%
Subtotal of cash outflows from investing activities	7,720,603,935.27	8,894,812,143.31	-13.20%
Net cash flows from investing activities	-4,547,540,997.10	-3,987,299,990.01	-14.05%
Subtotal of cash inflows from financing activities	7,365,413,894.21	11,109,937,859.61	-33.70%
Subtotal of cash outflows from financing activities	29,444,402,679.84	14,255,369,357.73	106.55%
Net cash flows from financing activities	-22,078,988,785.63	-3,145,431,498.12	-601.94%
Net increase in cash and cash equivalents	-13,374,924,975.49	9,602,843,248.26	-239.28%

Explanation of why the related data varied significantly on a YoY basis

☒ Applicable ☐ Inapplicable

The main reason for the change in net cash flow from financing activities was the increase in expenditures for repaying loans and repurchasing shares this year.

Explanation of reasons leading to the material difference between cash flow from operating activities during the reporting period and net profit for the year

☐ Applicable ☒ Inapplicable

#### IV. Non-core Business Analysis

☐ Applicable ☒ Inapplicable

#### V. Analysis of Assets and Liabilities

##### 1. Material changes of asset items

Unit: RMB

	December 31, 2024		December 31, 2023 (Restated)		YoY Change (%)	Note of significant change
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Cash and bank balances	36,271,488,337.03	27.48%	49,638,158,662.54	35.75%	-8.27%	The reduction in cash and cash equivalents is due to share repurchases and loan repayments
Accounts receivable	37,910,128,735.42	28.72%	35,816,573,511.44	25.79%	2.93%	No significant change
Contract assets	985,822,785.69	0.75%	1,173,312,415.20	0.84%	-0.09%	No significant change
Inventories	19,110,711,958.11	14.48%	19,211,444,296.82	13.84%	0.64%	No significant change



	December 31, 2024		December 31, 2023 (Restated)		YoY Change (%)	Note of significant change
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Long-term equity investment	1,527,223,390.79	1.16%	1,151,104,887.85	0.83%	0.33%	The increase in investment income from associates and joint ventures, as well as other changes in equity
Fixed assets	15,063,752,296.49	11.41%	11,508,312,342.17	8.29%	3.12%	Projects such as Xi'an Science and Technology Park Project were transferred to fixed assets
Construction in process	4,699,473,381.21	3.56%	4,307,651,074.46	3.10%	0.46%	No significant change
Right-of-use assets	530,138,023.79	0.40%	521,061,396.66	0.38%	0.02%	No significant change
Lease liabilities	375,432,749.68	0.28%	344,005,866.13	0.25%	0.03%	No significant change
Contract liabilities	3,353,943,054.24	2.54%	2,977,990,775.40	2.14%	0.40%	No significant change
Short-term borrowings	1,031,895,812.62	0.78%	2,118,952,026.06	1.53%	-0.75%	The need for working capital has decreased, and part of the long-term and short-term loans has been repaid.
Non-current liabilities due within one year	767,030,688.91	0.58%	5,814,660,214.96	4.19%	-3.61%	
Long-term borrowings	5,119,185,000.00	3.88%	8,940,122,961.01	6.44%	-2.56%	

High proportion of overseas assets

☐ Applicable   ☒ Inapplicable

**2. Assets and liabilities measured at fair value**

✓ Applicable ☐ Inapplicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value changes included in equity	Provision for decline in value during the current period	Purchased amount during the period	Sales during the period	Other changes	Closing balance
<b>Financial assets</b>								
1. Derivative financial assets	37,380.00	26,738,543.93						26,775,923.93
2. Other non-current financial assets	472,184,937.66	-15,184,854.90			15,000,000.00			472,000,082.76
3. Receivables for financing	1,594,219,832.62						697,428,411.43	2,291,648,244.05
Subtotal of financial assets	2,066,442,150.28	11,553,689.03			15,000,000.00		697,428,411.43	2,790,424,250.74
<b>Derivative financial liabilities</b>	38,079,755.04	36,205,413.40						1,874,341.64

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period:

☐ Yes ✓ No

### 3. Assets right restrictions as of the end of the reporting period

Unit: RMB

Item	Closing book value (RMB)	Reasons for being restricted
Cash and bank balances	218,445,956.74	Various cash deposits and other restricted funds
Notes receivable	1,274,931,981.36	Endorsed to suppliers, discounted to banks, and pledged for the issuance of the banker's acceptance
Accounts receivable	352,621,694.25	Pledge for long-term debts
Contract assets	128,422,846.09	Pledge for long-term debts
Fixed assets	54,026,704.89	Fixed assets leased out under operating leases
Intangible assets	12,166,524.79	Pledge for long-term debts
Other non-current assets	1,276,495,354.49	Pledge for long-term debts
Total	3,317,111,062.61	

## VI. Investments

### 1. Overview

☒ Applicable ☐ Inapplicable

Investment in 2024 (RMB)	Investment in 2023 (RMB)	YoY (%)
5,704,894,189.40	4,935,643,770.15	15.59%

### 2. Significant equity investment during the current reporting period

☐ Applicable ☒ Inapplicable

### 3. Significant non-equity investment during the current reporting period

✓ Applicable    □ Inapplicable

Unit: RMB

Project name	Invest method	Fixed assets investment or not	Project industry	Investment during the current reporting period	Cumulative amount of investment by the end of the current reporting period	Source of funds	Project schedule	Reasons for not reaching planned progress and expected benefits	Disclosure Date (if applicable)	Disclosure Index (if applicable)
Wuhan Science and Technology Park Project	Purchase	Yes	AIoT products and services	1,657,233,983.77	1,657,649,090.38	Self-financing	87.31%	None	October 23, 2021	<i>Announcement on Investment and Construction Progress of Wuhan Science and Technology Park Project</i> (No. 2021-065)
Xi'an Science and Technology Park Project	Self-built	Yes	AIoT products and services	271,269,582.66	1,460,580,233.39	Self-financing	100.00%	None	September 23, 2017	<i>Announcement on Investment and Construction of Xi'an Science and Technology Park in Xi'an</i> (No. 2017-031)
EZVIZ Intelligent Manufacturing Chongqing Base Project (Infrastructure Part)	Self-built	Yes	AIoT products and services	516,118,684.43	1,144,333,377.23	Self-financing/ Raise funds	97.80%	None	August 11, 2021	<i>Announcement on the Investment and Construction of EZVIZ Intelligent Manufacturing (Chongqing) Base Project by Holding Subsidiaries</i> (No. 2021-052)

Project name	Invest method	Fixed assets investment or not	Project industry	Investment during the current reporting period	Cumulative amount of investment by the end of the current reporting period	Source of funds	Project schedule	Reasons for not reaching planned progress and expected benefits	Disclosure Date (if applicable)	Disclosure Index (if applicable)
HikRobot Intelligent Manufacturing (Tonglu) Base Project	Self-built	Yes	AIoT products and services	478,500,853.12	498,800,343.68	Self-financing	46.57%	None	January 19, 2022	<i>Announcement on the Investment and Construction of HikRobot Intelligent Manufacturing (Tonglu) Base Project by a Holding Subsidiary (No. 2022-009)</i>
Shijiazhuang Science and Technology Park Project (Phase II)	Self-built	Yes	AIoT products and services	80,666,336.75	356,913,939.48	Self-financing	100.00%	None	March 22, 2018	<i>Announcement on Investment and Construction of Shijiazhuang Science and Technology Park in Shijiazhuang (No. 2018-016)</i>
HikRobot Product Industrialization Base Construction Project	Self-built	Yes	AIoT products and services	138,335,361.50	199,752,968.31	Self-financing	19.71%	None	January 19, 2022	<i>Announcement on the Investment and Construction of HikRobot Product Industrialization Base Construction Project by Holding Subsidiary (No. 2022-007)</i>
Industrialization Base of Infrared Thermal Imaging Products	Self-built	Yes	AIoT products and services	95,736,171.04	166,668,535.02	Self-financing	18.47%	None	January 19, 2022	<i>Announcement on the Investment and Construction of the Industrialization Base of Infrared Thermal Imaging Products by the Holding Subsidiary (No. 2022-008)</i>



Project name	Invest method	Fixed assets investment or not	Project industry	Investment during the current reporting period	Cumulative amount of investment by the end of the current reporting period	Source of funds	Project schedule	Reasons for not reaching planned progress and expected benefits	Disclosure Date (if applicable)	Disclosure Index (if applicable)
Wuhan Intelligence Industry Park Project (Phase II)	Self-built	Yes	AIoT products and services	8,183,414.95	13,854,531.11	Self-financing	0.99%	None	September 23, 2017	<i>Announcement on Investment and Construction of Wuhan Intelligence Industry Park in Wuhan (No. 2017-036)</i>
<b>Total</b>	--	--	--	3,246,044,388.22	5,498,553,018.60	--	--	--	--	--

Note: In accordance with the Company's *Authorization Management System*, new investments on fixed assets of Xi'an Science and Technology Park Project, Shijiazhuang Science and Technology Park Project, and Wuhan Intelligence Industry Park Project were approved by the Strategy Committee of the Board of Directors.

#### 4. Financial asset investment

##### (1) Securities Investments

☐ Applicable ☒ Inapplicable

There no such case in the reporting period.

##### (2) Derivatives Investments

☒ Applicable ☐ Inapplicable

**1) Derivative investments for hedging purposes during the reporting period**

✓ Applicable    ☐ Inapplicable

Unit: 0,000 RMB

Type of derivatives investment	Initial investment amount	Opening amount	Gain or loss on changes in fair value during the reporting period	Changes in cumulative fair value included in equity	Purchased amount during the reporting period	Sold amount during the reporting period	Closing amount	Proportion of closing investment amount to the Company's net assets at the end of the reporting period
Forward foreign exchange contract	176,133.92	176,133.92	6,294.40	-	382,710.45	-	143,549.68	1.78%
Total	176,133.92	176,133.92	6,294.40	-	382,710.45	-	143,549.68	1.78%
Accounting policies and specific accounting principles for hedging business during the reporting period and explanations on whether there have been significant changes from the previous reporting period	In accordance with the provisions of Accounting Standards for Business Enterprises (hereinafter referred to as "ASBE") No. 22 - Recognition and Measurement of Financial Instruments, ASBE No. 37 - Presentation of Financial Instruments and other relevant regulations and guides, the Company accounted for and disclosed its forward foreign exchange contracts. There was no significant changes from the previous reporting period.							
Explanations on actual gain or loss during the reporting period	There was a total of RMB6.00 million actual losses during the reporting period.							
Explanations on the effect of hedging business	The Company's purpose was to avoid and prevent risks of exchange rate or interest rate fluctuations and prohibited any speculative actions, further improving the Company's ability to cope with risks of foreign exchange fluctuations, better avoiding and preventing risks of foreign exchange rate and interest rate fluctuations, and enhancing its financial stability.							
Capital source of derivatives investment	The Company's own fund.							
Risk analysis and control measures (including but not limited to, market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) of holding derivatives during the reporting period	For details of the risk analysis and control measures, please refer to the <i>Announcement on Carrying out Foreign Exchange Hedging Business in 2024</i> (Announcement No. 2024-015) disclosed by the Company on April 20, 2024.							
Change of market price or fair value of invested	The Company recognized and measured the fair value of derivatives in accordance with the <i>Accounting Standards for Business</i>							

Type of derivatives investment	Initial investment amount	Opening amount	Gain or loss on changes in fair value during the reporting period	Changes in cumulative fair value included in equity	Purchased amount during the reporting period	Sold amount during the reporting period	Closing amount	Proportion of closing investment amount to the Company's net assets at the end of the reporting period
derivatives during the reporting period; specific methods, related assumptions and parameter setting of the derivatives' fair value analysis should be disclosed		<i>Enterprises Article 22 - Recognition and Measurement of Financial Instruments.</i> During the reporting period, a total of RMB62.94 million of gains from changes in fair value of forward foreign exchange contract were recognized, and the fair value is determined according to the exchange rate and interest rate provided by banks and other pricing service institutions, measured and recognized on a monthly basis.						
Prosecution (if applicable)		None						
Announcement date for approvals of derivatives investment from the Board of Directors (if any)		April 20, 2024						
Announcement date for approvals of derivatives investment from the general meeting of shareholders (if any)		Inapplicable						

## 2) Derivative investments for speculative purposes during the reporting period

☐ Applicable   ☒ Inapplicable

There is no derivative investments for speculative purposes during the reporting period.

## 5. Use of raised funds

☐ Applicable   ☒ Inapplicable

During the reporting period, there was no use of raised fund.

The details of the use of funds raised by EZVIZ Network, the Company's holding subsidiary, was disclosed on April 12, 2025 in *Annual Report of Hangzhou EZVIZ Network Co., Ltd* Section VI (14) - Progress of the Use of Funds Raised on the website of Shanghai Stock Exchange ( [www.sse.com.cn](http://www.sse.com.cn) ).

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**VII. Disposal of Significant Assets and Equity****1. Disposal of significant assets**

☐ Applicable   ☒ Inapplicable

There is no disposal of significant asset for the Company during the current reporting period.

**2. Sale of significant equity**

☐ Applicable   ☒ Inapplicable

## VIII. Analysis of Major Subsidiaries and Holding Companies

Information about obtaining and disposal of subsidiaries during the reporting period

✓ Applicable   ☐ Inapplicable

Company name	Equity acquisition and disposal method during the reporting period	Impact on overall production results
Hangzhou Furui Technology Ltd.	Management Entrustment Agreement	Business development
Hangzhou Hikimaging Electronics Ltd.	Cash contribution	Business development
Hangzhou Rayin Detection Tecnology Ltd.	Cash contribution	Business development
EZVIZ Vietnam LLC Co., Ltd	Cash contribution	Expand overseas sales channels
Hangzhou Micro Sensing Electronics Ltd.	Cash contribution	Business development
Guoneng Haikang Yaoshi Technology (Hangzhou) Ltd.	Cash contribution	Business development
EZVIZ Trading FZE.	Cash contribution	Expand overseas sales channels
Hikrobot Japan KK	Cash contribution	Expand overseas sales channels

## IX. Structural Entities Controlled by the Company

☐ Applicable   ✓ Inapplicable

## X. Outlook for the Future Development of the Company

### 1. Development Trends for the Industry

IoT perception, AI, and big data are the core technologies of the AIoT industry and key drivers for digital transformation. The development of the AIoT industry will drive various industries, and bring unprecedented changes to the entire society.

The Company has long-standing technical expertise and first-mover advantage in the field of AIoT, and is confident to seize the industrial opportunities brought by innovations in large models. It will collaborate with partners to advance the digital transformation of various industry scenarios, contributing to the broader societal digital transformation.

### 2. Development Strategy of the Company

Hikvision is committed to serving various industries with IoT perception, AI, and big data technologies, leading the future of AIoT. Through comprehensive perception technologies, we aim to help people better connect with the



world around them. With a wealth of intelligent products, we strive to identify and satisfy diverse demands by delivering intelligence at your fingertips. Through innovative AIoT applications, we are dedicated to empowering every individual to enjoy a better future by building an intelligent world that is more convenient, efficient and secure.

### 3. Key Priorities in 2025

(1) Seize the opportunity of the whole society's digital transformation, accelerate the implementation of large-scale model technologies, focus on product and technological development, and promote the growth of scenario-based digital business.

(2) Drive organizational transformation and refined management to achieve long-term profitable growth.

(3) Accelerate the Company's internal digital transformation to improve operational efficiency.

(4) Continue to deepen marketing strategies and fully advance the digitalization of marketing, sales and service.

(5) Enhance manufacturing capabilities to ensure supply security and continuously improve a flexible and efficient supply chain.

(6) Expand the scale of innovative businesses, strengthen competitiveness, and strive for superior market positions in respective sectors.

## XI. Reception of Activities including Research, Communication and Interviews during the Report Period

✓ Applicable    ☐ Inapplicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	The main content of the discussion and the information provided	Index of basic situation of the research
April 20, 2024	Headquarters meeting room of the Company	Performance result conference call	Institutional investors; individuals	Investors including Guotai Junan Securities-Liu Xiao	The Company's operations in 2023 and the first quarter of 2024	CNINF, <i>Investor Relations Activity Record on April 20, 2024</i>
May 7, 2024 – May 31, 2024	Headquarters meeting room of the Company	Site Research and telephone communication	Institutional investors	Investors including Caitong Securities Management-Wu Jiaochen	The Company's operating conditions and future prospects	CNINF, <i>Investor Relations Activity Record: From May 7, 2024 – May 31, 2024</i>
August 17, 2024	Headquarters meeting room of the	Performance result conference call	Institutional investors; individuals	Investors including Chang'an Fund-	The Company's operating conditions in the first half of	CNINF, <i>Investor Relations Activity Record on August 17, 2024</i>

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	The main content of the discussion and the information provided	Index of basic situation of the research
	Company			Xu Xiaoyong	2024	
October 26, 2024	Headquarters meeting room of the Company	Performance result conference call	Institutional investors; individuals	Investors including Northeast Securities Co., Ltd.-Huang Jing	The Company's operations in the third quarter of 2024	CNINF, <i>Investor Relations Activity Record on October 26, 2024</i>
October 29, 2024 – December 6, 2024	Headquarters meeting room of the Company	Site Research and telephone communication	Institutional investors; individuals	Investors including Fuhua Investment Trust-Gong Xiaowei	The Company's operating conditions and future prospects	CNINF, <i>Investor Relations Activity Record: From October 29, 2024 – December 6, 2024</i>

## XII. The Formulation and Implementation of Market Value Management Systems and Valuation Enhancement Plans

Whether or not the Company has established the market value management system

☒ Applicable ☐ Inapplicable

On April 17, 2025, the Company's 6<sup>th</sup> Board of Directors convened its 5<sup>th</sup> meeting and reviewed and approved the *Market Value Management System*. The system aims to legally and compliantly utilize various methods to enhance its investment value, thereby ensuring that the Company's investment value reasonably reflects its quality on the basis of continuous improvement of the Company's operational standards and quality.

Whether or not the Company has disclosed valuation enhancement plans

☐ Applicable ☒ Inapplicable

## Section IV Corporate Governance

### I. Basic Situation of Corporate Governance

Since the inception of the Company, we have been strictly following relevant laws and regulations such as the *Company Law*, *Securities Law*, *Code of Corporate Governance of Listed Companies*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, and *Shenzhen Stock Exchange Listed Companies Self-Regulatory Supervision Guidelines No. 1 - Standardized Operation of Main Board Listed Companies* as well as the requirements of the regulations and regulatory documents of the regulatory authorities and continuously improving the "3+1" corporate governance structure comprising shareholders' meeting, the Board of Directors, the Board of Supervisors, and the management taking into consideration the actual situation of the Company, and strictly follow the principle of disclosing information in a true, accurate, complete, timely and impartial manner; we have also established and improved internal management and control system, promoted the standardized operation of the Company and ensured the legitimate rights and interests of the Company and investors. During the reporting period, the basic details of corporate governance is as follows:

#### 1. Shareholders and shareholders' meeting

All shareholders of the Company have the equal status and full rights, especially small and medium shareholders. During the reporting period, the Company held a total of 3 general meetings of shareholders, which was convened by the Company's Board of Directors, and witnessed by lawyers on-site with legal opinions issued. Proposals of general meetings of shareholders were reviewed in compliance with legal procedures to ensure that all shareholders have the right to know, participate, and vote on major issues of the Company and to fully exercise their legal rights.

#### 2. The controlling shareholders and listed company

The Company's controlling shareholders had no improper conduct and have never directly or indirectly interfered with the Company's decision-making and operating activities overriding shareholders' meeting. There are no such cases that controlling shareholders illegally occupy the Company's funds or the Company illegally provides guarantees for controlling shareholders. The Company, with its own complete business system and management capabilities, has been independent of controlling shareholders in terms of business, personnel, assets, organizations, and finances. The Company's Board of Directors, Board of Supervisors and internal institutions has been operating separately and major company decisions are made and implemented by the Company.

### 3. Directors and the Board of Directors

The Company's Board of Directors, operating in a normalized way, has exercised its authority invested by the *Articles of Association* and relevant laws and regulations, and implemented the relevant decisions of the shareholders' meeting. The number and composition of the Company's Board of Directors comply with the requirements of laws and regulations. There are four committees for strategy, audit, nomination, remuneration and appraisal, and risk and compliance under it. Each committee has a clear division of labor, clear powers and responsibilities, and effective operation, ensuring the Board's professionalization and efficiency of deliberation and decision-making. All directors of the Company have performed their duties with integrity, loyalty, diligence, professionalism and due diligence, and earnestly safeguard the legitimate rights and interests of the Company and shareholders with a view to the interests of the Company and shareholders. Complying with the relevant provisions of the *Measures for the Administration of Independent Directors of Listed Companies* regarding independence, the independent directors of the Company fulfilled their duties independently and objectively, provided guidance and advice, and played their due role in improving the company's supervisory mechanisms. They ensured the interests of the Company and its shareholders, especially the shareholders of public shares, were safeguarded, promoted the improvement of the Board's decision-making level, and ensured the standardized operation of the Company.

### 4. Supervisors and Board of Supervisors

The Company's Board of Supervisors, operating in a normalized way, has exercised its authority invested by the *Articles of Association* and relevant laws and regulations. The number and composition of the Company's Board of Supervisors meet the requirements of laws and regulations; the Company's supervisors have diligently performed their duties and obligations, and carried out supervision and inspection functions being responsible to shareholders, and supervised the Company's financial status, operating conditions and related transactions, and the performance of duties by directors and senior managers to fully protect the legal rights and interests of the Company and all shareholders.

### 5. Performance appraisal and incentive and restraint mechanism

The Company has established a complete performance appraisal system and remuneration system. The appointment procedures for senior management personnel are open and transparent, and comply with relevant laws and regulations. The remuneration and appraisal committee under the Company's Board of Directors is responsible for performance appraisal of the Company's senior management at the end of the year to determine their remuneration. To further set up and improve the Company's incentive mechanism and strengthen the concept of sustainable development of both the Company and employees, the Company has adopted the plan of core staff's co-

investment into innovation business to achieve its development strategy and business objectives, and realize sustainable health development.

## 6. Information disclosure and transparency

The Company has strictly followed the relevant laws and regulations and the *Information Disclosure Management System* to disclose relevant information truthfully, accurately, completely, timely and impartially, and thoroughly implemented the *Information Insider Management System* to register insiders and file to further standardize inside information management and to ensure that all shareholders and other stakeholders of the Company have equal access to company information. The Company's information disclosure has been recognized by the regulatory authorities: the Company has been rated as Level A by the Shenzhen Stock Exchange for 14 consecutive years in the main board listed company information disclosure assessment.

## 7. Continue to improve the internal management system

In accordance with relevant laws and regulations such as the *Company Law* and *Securities Law*, as well as the rules and normative documents from regulatory authorities, and in accordance with the requirements of the Company's *Articles of Association*, the Company has established a set of internal management systems including *Deliberation Regulation* for the shareholders' meeting, board of directors, and board of supervisors, as well as *Working Rules* of specific committees of the board of directors. These systems also include the *Code of Conduct for Independent Directors*, *Rules for the General Manager's Work*, *Authorization Management System*, *Related Party Transaction Management System*, *External Guarantee Management System*, and *Investor Relations Management System*. The Company continually strengthens internal management, refines the governance structure, enhances the level of standard operations, and safeguards the legitimate rights and interests of the Company and its shareholders.

## 8. Investor relations activities

The Company has proactively organized result briefing conferences and investor research activities after the disclosure of regular reports to actively listen to investors' opinions and suggestions, and released the *Investor Relations Activity Record* after the event to ensure fair access to company information by all investors. In daily work, the Company has kept in touch with investors through multiple channels such as telephone, e-mail, and [irm.cninfo.com.cn](http://irm.cninfo.com.cn) to effectively interact and communicate with investors. The Company has been honored with the "China Listed Company Investor Relations Management Shareholder Returning Tianma Award" by the Securities Times, the "Best Board of Directors of Listed Companies in 2024" by the Economic Observer, and the "Best IR Team with the Best Institutional Coverage in 2023" by Finenter, among other accolades.

Any significant incompliance for the laws, administrative regulations and the relevant regulatory documents issued by China Securities Regulatory Commission in respect of the Company's corporate governance:

☐ Yes ☒ No

There is no significant incompliance for the laws, administrative regulations and the relevant regulatory documents issued by China Securities Regulatory Commission in respect of the Company's corporate governance.

## II. Company's Independence in Assets, Personnel, Finances, Organizations and Businesses from Controlling Shareholders and Actual Controller

The Company is completely independent in business, personnel, assets, organizations, and finances from its shareholders. The Company has established a sound internal control system, being capable of operating independently with its complete and independent business.

**1. Business independence:** The Company has own production, purchases and sales systems, which are completely independent from controlling shareholders. Therefore, there is no competition among the Company, controlling shareholders, and related parties.

**2. Personnel independence:** The Company has independent personnel. The management has set up various independent departments, including R&D, production, administration, finance and operation management divisions, etc., and established complete management methods for labor, personnel, and salary management. Personnel of the Company is independent from controlling shareholders, e.g. the chairman is elected through the general meetings of the Board. In addition, the general manager, senior deputy general managers, CFO, the secretary of the Board, and other senior management personnel of the Company are work full-time in the Company and receive remuneration, and do not receive remuneration in the controlling shareholders, nor do they hold any administrative positions other than directors and supervisors in the controlling shareholders. Directors, supervisors, and senior management personnel are appointed through legal procedures strictly in accordance with relevant regulations stipulated in *Company Law* and *Articles of Association*. There is no controlling shareholder illegal intervention in the Company's personnel decisions in general meetings of the Board or shareholders.

**3. Asset Completeness:** The property rights of assets are explicitly between the Company and the controlling shareholders, and no assets, funds, or other resources owned by the Company are illegally and irregularly occupied or controlled by the controlling shareholders. Assets of the Company are integrated, including complete property



rights of fixed assets for production, supporting assets for production, and intangible assets of patents, etc. The Company has the full control and ownership of all assets.

**4. Independence in organizations:** The Company's Board of Directors, Board of Supervisor, management and other internal organizations operate independently, and each functional department is independent from controlling shareholders in duty and personnel. There is no superior-subordinate relation between functional departments of controlling shareholders and those of the Company, which would have an impact on the Company's independent operations.

**5. Financial Independence:** The Company has established an independent financial department, as well as a sound and independent financial and accounting system. The Company makes financial decisions independently. There is a standardized financial accounting system and a financial management system for the Company's branches and subsidiaries, and there is no controlling shareholder intervention in the Company's financial and accounting activities. The Company has maintained accounts with banks independently of and do not share any bank account with our Controlling Shareholders. The Company has undertaken independent tax registration in accordance with applicable laws, and paid tax independently.

### III. Horizontal Competition

☐ Applicable ☒ Inapplicable

### IV. Annual General Meeting and Extraordinary General Meetings Convened during the Reporting Period

#### 1. General Meetings Convened during the Reporting Period

Meeting	Nature	Proportion of participating investors	Convened Date	Disclosure Date	Resolution of the Meeting
2023 Annual General Meeting	Annual General Meeting	65.7518%	May 10, 2024	May 11, 2024	21 proposals including the <i>2023 Annual Report and Its Summary</i> were reviewed,voted and approved. For details, please refer to the Company's announcement: No. 2024-002.

2024 First Extraordinary General Meeting	Extraordinary General Meeting	62.3135%	August 2, 2024	August 3, 2024	6 proposals including the Resolution on the <i>Election of Non-Independent Directors for the 6<sup>th</sup> Board of Directors</i> were reviewed,voted and approved. For details, please refer to the Company's announcement: No. 2024-041.
2024 Second Extraordinary General Meeting	Extraordinary General Meeting	68.4275 %	December 25, 2024	December 26, 2024	The proposal on The Company's Share Repurchase Plan" was reviewed,voted and approved item by item. For details, please refer to the Company's announcement: No. 2024-068.

## 2. Extraordinary General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights:

☐ Applicable    ☒ Inapplicable

## V. Information about Directors, Supervisors, Senior Management

### 1. Basic Situation

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Hu Yangzhong	Male	60	Chairman of the Board of Directors	Incumbent	August 2, 2024	--	155,636,477	360,000	0	0	155,996,477	Increase of shares during the Period
			Director, General Manager (CEO)	Term Expired	December 28, 2001	August 2, 2024						
Fu Baijun	Male	53	Director	Incumbent	August 2, 2024	--	0	0	0	0	0	--
Xu Lixing	Male	54	Director	Incumbent	August 2, 2024	--	0	0	0	0	0	--
Xu Peng	Male	49	Director, General Manager (CEO)	Incumbent	August 2, 2024	--	108,622	0	0	-70,000	38,622	The repurchase and cancellation of the Company's 2021 restricted shares
			Senior Deputy General Manager	Term Expired	March 12, 2021	August 2, 2024						

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Wang Qiuchao	Male	74	Director	Incumbent	March 5, 2021	--	35,000	0	0	0	35,000	--
Wu Xiaobo	Male	65	Independent Director	Incumbent	March 5, 2021	--	0	0	0	0	0	--
Hu Ruimin	Male	61	Independent Director	Incumbent	March 5, 2021	--	0	0	0	0	0	--
Lv Changjiang	Male	60	Independent Director	Incumbent	August 2, 2024	--	0	0	0	0	0	--
Tan Xiaofen	Male	47	Independent Director	Incumbent	August 2, 2024	--	0	0	0	0	0	--
Lu Jianzhong	Male	71	Chairman of the Board of Supervisors	Incumbent	March 5, 2021	--	0	0	0	0	0	--
Huang Xing	Female	41	Supervisor	Incumbent	August 2, 2024	--	0	0	0	0	0	--
Pan Jia	Male	45	Employee Supervisor	Incumbent	August 2, 2024	--	54,625	0	0	0	54,625	--
He Hongli	Female	52	Senior Deputy General Manager	Incumbent	December 18, 2005	--	331,500	0	0	0	331,500	--

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Pu Shiliang	Male	48	Senior Deputy General Manager	Incumbent	March 21, 2018	--	355,900	0	0	-90,000	265,900	The repurchase and cancellation of the Company's 2021 restricted shares
Guo Xudong	Male	53	Senior Deputy General Manager	Incumbent	March 12, 2021	--	21,140	30,000	0	0	51,140	Increase of shares during the Period
Xu Ximing	Male	52	Senior Deputy General Manager	Incumbent	October 11, 2016	--	227,900	10,000	0	-90,000	147,900	Increase of shares during the Period and the repurchase and cancellation of the Company's 2021 restricted shares
Chen Junke	Male	54	Senior Deputy General Manager	Incumbent	March 21, 2018	--	0	0	0	0	0	--
Huang Fanghong	Female	43	Senior Deputy General	Incumbent	April 8, 2016	--	449,500	30,000	0	-80,000	399,500	Increase of shares during the Period and the

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
			Manager									repurchase and cancellation of the Company's 2021 restricted shares
Jin Yan	Female	46	Senior Deputy General Manager, Person in Charge of Finance	Incumbent	July 22, 2015	--	331,000	0	0	-80,000	251,000	The repurchase and cancellation of the Company's 2021 restricted shares
Cai Changyang	Male	54	Senior Deputy General Manager	Incumbent	April 8, 2016	--	109,500	0	0	0	109,500	--
Feng Wei	Male	46	Senior Deputy General Manager, Board Secretary	Incumbent	October 25, 2024	--	0	0	0	0	0	--
Chen Zongnian	Male	60	Chairman of the Board of Directors	Term Expired and Resigned	June 19, 2008	August 2, 2024	0	0	0	0	0	--



Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Qu Liyang	Male	61	Director	Term Expired and Resigned	March 7, 2018	August 2, 2024	15,750	0	0	0	15,750	--
Wu Weiqi	Male	61	Director, Standing Deputy General Manager	Term Expired and Resigned	March 1, 2003	August 2, 2024	8,685,789	0	0	0	8,685,789	--
Li Shuhua	Male	54	Independent Director	Term Expired and Resigned	March 5, 2021	August 2, 2024	0	0	0	0	0	--
Guan Qingyou	Male	48	Independent Director	Term Expired and Resigned	March 5, 2021	August 2, 2024	0	0	0	0	0	--
Hong Tianfeng	Male	59	Chairman of the Board of Supervisors	Term Expired and Resigned	March 5, 2021	August 2, 2024	0	0	0	0	0	--
Xu Lirong	Male	62	Supervisor	Term Expired and Resigned	March 21, 2018	August 2, 2024	303,000	0	0	0	303,000	--
Jin Duo	Male	60	Senior Deputy General Manager	Term Expired and Resigned	March 10, 2015	August 2, 2024	109,500	0	0	0	109,500	--
Bi Huijuan	Female	54	Senior Deputy General Manager	Resigned	October 11, 2016	August 2, 2024	236,100	0	0		236,100	--

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (shares)	Shares decreased during the Period (Shares)	Other increase or decrease of shares (Share)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Total	--	--	--	--	--	--	167,011,303	430,000	0	-410,000	167,031,303	--

Note: 1. The number of shares held at the beginning of the period, shares increased during the period, shares decreased during the period, other increase or decrease of shares, and shares held at the end of the period for directors, supervisors, and senior management personnel above are all shares directly held by them accordingly, including restricted shares.

2. On August 2, 2024, Hu Yangzhong was elected as the Company's chairman; Fu Bojun, Xu Lixing, and Xu Peng were elected as directors; Lv Changjiang and Tan Xiaofen were elected as independent directors; and Huang Xing and Pan Jia were elected as supervisors. On October 25, 2024, Feng Wei was appointed as a senior executive of the Company.

On August 2, 2024, Chen Zongnian, Qu Liyang, and Wu Weiqi completed their terms and left from their positions as directors of the Company. Li Shuhua and Guan Qingyou completed their terms and left from their positions as independent directors of the Company. Hong Tianfeng and Xu Lirong completed their terms and left from their positions as supervisors of the Company. Wu Weiqi and Jin Duo completed their terms and left from their positions as senior management of the Company. On October 25, 2024, Bi Huijuan left from her position as senior management of the Company.

3. During the reporting period, the initial number of shares held by newly appointed Directors, Supervisors, and Senior Management is the number of shares held as of their appointment date.

Any resignation of directors or supervisors and dismissals of senior management personnel during their term of office during the reporting period.

✓ Yes ☐ No

On October 25, 2024, Ms. Bi Huijuan, a senior management member of the Company, applied to resign from her position as senior deputy general manager of the Company for personal reasons. For further details, please refer to the Company's announcement *Announcement on the Resignation of a Senior Management Member*, published on October 26, 2024, on the cninfo website (www.cninfo.com.cn).

## Change of directors, supervisors and senior management personnel

✓ Applicable    □ Inapplicable

Name	Title	Type	Date	Reason
Hu Yangzhong	Chairman	Appointment and Removal	August 2, 2024	Rotation
Fu Baijun	Director	Election	August 2, 2024	Rotation
Xu Lixing	Director	Election	August 2, 2024	Rotation
Xu Peng	Director, CEO	Appointment and Removal	August 2, 2024	Rotation
Lv Changjiang	Independent Director	Election	August 2, 2024	Rotation
Tan Xiaofen	Independent Director	Election	August 2, 2024	Rotation
Lu Jianzhong	Supervisor Chairman	Election	August 2, 2024	Rotation
Huang Xing	Supervisor	Election	August 2, 2024	Rotation
Pan Jia	Employee Supervisor	Election	August 2, 2024	Rotation
Feng Wei	Senior Deputy General Manager	Appointment	October 25, 2024	Appointment
Chen Zongnian	Chairman	Expiration of term	August 2, 2024	Rotation
Qu Liyang	Director	Expiration of term	August 2, 2024	Rotation
Wu Weiqi	Director, Standing Deputy General Manager	Expiration of term	August 2, 2024	Rotation
Li Shuhua	Independent Director	Expiration of term	August 2, 2024	Rotation
Guan Qingyou	Independent Director	Expiration of term	August 2, 2024	Rotation
Hong Tianfeng	Supervisor Chairman	Expiration of term	August 2, 2024	Rotation
Xu Lirong	Employee Supervisor	Expiration of term	August 2, 2024	Rotation
Jin Duo	Senior Deputy General Manager	Expiration of term	August 2, 2024	Rotation
Bi Huijuan	Senior Deputy General Manager	Resignation	October 25, 2024	Personal Reason

## 2. Positions and Incumbency

### 1) Directors

**Mr. Hu Yangzhong (胡扬忠):** Born in 1965, master of engineering, a senior research engineer. He served as an engineer of 52<sup>nd</sup> Research Institute at China Electronics Technology Group Corporation (hereinafter referred to as "52<sup>nd</sup> Research Institute") from June 1989 to December 2001. From December 2013 to April 2022, he served as a director of China Electronics Technology HIK Group Ltd. (hereinafter referred to as "CETHIK"). From December 2001 to August 2024, he served as a director and the general manager of the Company. Hu currently serves as the

Chairman of the Board of Directors of the Company.

**Mr. Fu Bajun (傅柏军):** Born in 1972, bachelor of economics, a senior accountant. He successively held positions such as senior deputy general manager of Hikvision and assistant general manager of China Electronics Technology HIK Group Co., Ltd. He is currently a director of Hikvision.

**Mr. Xu Lixing (徐立兴):** Born in 1971, bachelor of economics, a senior accountant. He has successively served as the chief accountant of the 55<sup>th</sup> Research Institute of China Electronics Technology Group Ltd., China Electronics National Basic Southern Group Co., Ltd., the 14<sup>th</sup> Research Institute of China Electronics Technology Group Ltd., and China Electronics Guo Rui Group Co., Ltd. He is currently the chief accountant of China Electronics Technology HIK Group Co., Ltd. and a director of Hikvision.

**Mr. Xu Peng (徐鹏):** Born in 1976, bachelor of engineering, a senior engineer. From 1998 to 2004, he successively held positions such as assistant engineer and engineer at the 52<sup>nd</sup> Research Institute of China Electronics Technology Group Ltd. He joined Hikvision in 2004 and successively served as a camera R&D manager, R&D director, product director, general manager of the front-end product business department, deputy general manager, and senior deputy general manager of Hikvision. He is currently a director and general manager of Hikvision.

**Mr. Wang Qiuchao (王秋潮):** Born in 1951, master of Law. He successively served as the general director of Zhejiang Tiance Law Firm, president of Lawyers Association of Zhejiang, and vice president of the Zhejiang Law Society. He is currently an Honorary Partner of Zhejiang Tiance Law Firm, an arbitrator of the China International Economic and Trade Arbitration Commission, an arbitrator of the Shanghai International Arbitration Center, an arbitrator of the Shenzhen International Arbitration Center, and a director of Hikvision.

**Mr. Wu Xiaobo (吴晓波):** Born in 1960, a PhD of business administration, Professor, Ph.D. Tutor. In February 1982, he joined the Energy Saving Office of the Ministry of Forestry, Zhejiang Energy Conservation Technology Service Center, and joined the School of Management of Zhejiang University in July 1992, successively served as an executive vice dean and dean. He is currently the Director of the Department of Social Sciences of Zhejiang University, the director of the National Philosophy and Social Science Innovation Base - *Research on Innovation Management and Sustainable Competitiveness* of Zhejiang University, the Chinese director of the Joint Research Center for Global Manufacturing and Innovation Management of Zhejiang University-Cambridge University, the co-director of the Ruihua Institute of Innovation Management, an independent director of UCloud Technology Co., Ltd., and an independent director of the Company.

**Mr. Hu Ruimin (胡瑞敏):** Born in 1964, a PhD in engineering, second-level professor, doctoral tutor, Luojia

distinguished scholar, recipient of Special Government Grants from the State Council, Senior Member of IEEE (Institute of Electrical and Electronics Engineers), fellow of China Institute of Communications, distinguished member of China Computer Federation. He has successively served as vice chairman of the Academic Committee of Wuhan University, director of the National Multimedia Software Engineering Technology Research Center, director of Hubei Provincial Key Laboratory of Multimedia Network Communication Engineering, First Executive Dean of National Cyber Security College and Dean of School of Computer Science of Wuhan University. From December 2007 to December 2013, he served as an independent director of Wuhan Tienyu Information Industry Co., Ltd. From January 2010 to January 2016, he served as the first dean of Hikvision Research Institute. He is currently a professor of Wuhan University and an independent director of the Company.

**Mr. Lv Changjiang (吕长江):** Born in 1965, a PhD in Economics, a national high-level talent, and a recipient of the special government allowance of the State Council. He has successively served as an independent director of East Money Information Co., Ltd., China Tianying Inc., and Montage Technology Co., Ltd. He is currently the deputy dean of the School of Management, a professor and doctoral supervisor of accounting at Fudan University, the co-editor-in-chief of "China Accounting Review" and "China Management Accounting", an independent director of Youngor Group Co., Ltd., and an independent director of Hikvision.

**Mr. Tan Xiaofen (谭小芬):** Born in 1978, holding Bachelor and Master degree from the School of Economics and Business Administration at Beijing Normal University, and a Doctorate from the Chinese Academy of Social Sciences. His research areas include finance, macroeconomics, and international economics. He is a doctoral supervisor, a visiting scholar at Columbia University in the United States, the chief expert of major projects of the National Social Science Fund, the chief expert of key projects of the National Natural Science Fund, and the chief expert of major projects of the Ministry of Education's Philosophy and Social Science Late-stage Funding. He successively served as a professor and deputy dean of the School of Finance, director of the Personnel Department, director of the Talent Work Office, minister of the Teacher Work Department, director of the Development Planning Department, and director of the Discipline Construction Office at Central University of Finance and Economics. He is currently a professor of finance at the School of Economics and Management at Beihang University, an outstanding young scholar of Bluesky Plan, a Changjiang Young Scholar of the Ministry of Education, an independent director of Minsheng Royal Fund Management Co., Ltd., and Sunshine Life Insurance Co., Ltd., and an independent director of Hikvision.

## 2) Supervisors

**Mr. Lu Jianzhong (陆建忠):** Born in 1954, holds bachelor degree in economics and CPA certificate. Lu served as a lecturer and an associate professor of finance and accounting department at Shanghai Maritime University from September 1986 to September 1997; he was a CPA and a partner of the auditing department of PricewaterhouseCoopers, from October 1997 to June 2012; he was a chartered accountant of Shanghai De'an Certified Public Accountants LLP from July 2012 to July 2013; he was a chartered accountant of the Shanghai branch of PKF Daxin Certified Public Accountants LLP, from August 2013 to July 2014; he was a partner and a chartered accountant and a partner of Zhongxinghua Certificated Public Accountants LLP from August 2014 to January 2016; he was a chartered accountant of Dahua Certificated Public Accountants LLP from January 2016 to December 2021. Lu currently serves as a chartered accountant of Zhongxinghua Certificated Public Accountants LLP Shanghai Branch, and the chairman of the Board of Supervisors of the Company.

**Ms. Huang Xing (黄星):** Born in 1984, bachelor of management, an accountant. She has served as the deputy director (in charge of work) and director of the Audit Department, and deputy minister of the supervision and audit department at China Electronics Technology HIK Group Co., Ltd. She is currently the deputy minister (in charge of work) of the supervision and audit department, director of the Supervision Department, and director of the audit department of China Electronics Technology HIK Group Co., Ltd., and a supervisor of Hikvision.

**Mr. Pan Jia (潘佳):** Born in 1980, master of engineering. From July 2006 to March 2013, he served as a customer manager in the Semiconductor Division of Texas Instruments Semiconductor Technology (Shanghai) Co., Ltd. He joined Hikvision in April 2013 and held positions such as manager of the Procurement Management Department, director of the Procurement Management Department, and director of the Planning Department of the Supply Chain Center. He currently serves as a staff representative supervisor of the Company and General Manager of the Hangzhou Production Base of the Supply Chain Center.

### 3) Senior Management Personnel

**Mr. Xu Peng (徐鹏):** Please refer to his profile in preceding part of the report.

**Ms. He Hongli (何虹丽):** Born in 1973, master of business administration. She joined Hikvision in December 2001 and served as an assistant to the general manager and a deputy general manager of the Company. Ms. He currently serves as a senior deputy general manager of the Company.

**Mr. Pu Shiliang (浦世亮):** Born in 1977, doctor of engineering, a senior engineer. He joined Hikvision in April 2006 and held various positions in the Company, including R&D engineer, R&D manager, R&D director, , chief expert, and dean of the R&D institute. He currently serves as a senior deputy general manager of the Company.



**Mr. Guo Xudong (郭旭东):** Born in 1972, bachelor of engineering. In July 2002, he joined Hikvision, and successively served as general manager of Shenzhen Branch, marketing director of domestic marketing center and deputy general manager of domestic marketing center. He is currently the senior deputy general manager of the Company.

**Mr. Xu Ximing (徐习明):** Born in 1973, bachelor of engineering. From July 1996 to September 2016, he held various positions in IBM, including engineer, department manager, director, partner of consulting service, senior partner of consulting service, and a vice president. He joined Hikvision in September 2016, and served as a deputy general manager of the Company. Mr. Xu currently serves as a senior deputy general manager of the Company.

**Mr. Chen Junke (陈军科):** Born in 1971, bachelor of engineering, a senior engineer. Chen held various positions in the 52<sup>nd</sup> Research Institute from 1994 to 2001, including assistant engineer, engineer and senior engineer. He joined the Company in 2001 and served as the technology director of the Digital Video Recorder (DVR) Division of the Technology Management Center, general manager of supply chain management center, employee representative supervisor. Chen currently serves as senior deputy general manager of the Company.

**Ms. Huang Fanghong (黄方红):** Born in 1982, bachelor of law. She joined Hikvision in June 2009 and held various positions at the Company including legal department manager, internal audit manager, internal control director, and a deputy general manager and the board secretary. Ms. Huang currently serves as a senior deputy general manager.

**Ms. Jin Yan (金艳):** Born in 1979, master of management, an accountant. She joined Hikvision in 2004 and held various positions at the Company, including financial manager, the general manager of the Financial Management Center, and a deputy general manager and the person in charge of finance and accounting. Ms. Jin currently serves as a senior deputy general manager and the person in charge of finance and accounting of the Company.

**Mr. Cai Changyang (蔡昶阳):** Born in 1971, bachelor of engineering. He joined Hikvision in 2004, and held various positions of the Company, including general manager of Beijing branch, director for government and enterprise corporation department, director of investment department, director of strategy and marketing department, and a deputy general manager of the Company. Mr. Cai currently serves as senior deputy general manager of the Company.

**Mr. Feng Wei (奉玮):** Born in 1979, master of engineering. From January 2005 to June 2010, he served as an international management trainee, supply chain quality engineer, and market information manager at the German ZF Group. From July 2010 to November 2013, he was an industry analyst at China Everbright Securities Co., Ltd. From November 2013 to October 2019, he served as the managing director of the research division, and the chief analyst for the automotive and auto parts industry at China International Capital Corporation Limited (CICC). From

November 2019 to July 2024, he was the Chief Financial Officer of NIO Group. In October 2024, he joined Hikvision and is currently the Company's senior deputy general manager and Board secretary.

### Position held in shareholders' entities

✓ Applicable ☐ Inapplicable

Name	Shareholder's entity	Position in shareholders' entities	Commencement of the term	Termination of the term	Compensation and allowance from the shareholders' entity
Chen Zongnian	China Electronics Technology HIK Group Ltd.	Chairman of the Board of Directors	November 2013		Y
Fu Baijun	China Electronics Technology HIK Group Ltd.	Deputy Secretary of the Committee	February 2023		Y
Xu Lixing	China Electronics Technology HIK Group Ltd.	Chief Accountant	February 2023		Y
Huang Xing	China Electronics Technology HIK Group Ltd.	Deputy Minister (in charge of work) of the Supervision and Audit Department	December 2023		Y
Xu Lirong	China Electronics Technology HIK Group Ltd.	Supervisor	December 2013		N

### Positions held in other entities

✓ Applicable ☐ Inapplicable

Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
Xu Lixing	China Electronics Technology Financial Co., Ltd.	Supervisor	April 2022		N
Xu Lixing	Phoenix Optics Ltd.	Director	December 2023		N
Xu Lixing	Zhejiang Chituo Technology Co., Ltd.	Director	January 2021		N
Xu Peng	Maxiot Technology (Hangzhou) Co., Ltd.	Director	December 2021		N
Wang Qiuchao	Zhejiang T&C Law Firm	Partner	June 1986		Y
Wang Qiuchao	Shanghai Kehui Value Investment Management Ltd.	Director	July 2009		N
Wang Qiuchao	Yalongxing Investment Development Ltd.	Director	February 2012	January 2024	N
Wu Xiaobo	Shanghai Yirui Management Consultants Ltd.	Director	April 2004	April 2024	N
Wu Xiaobo	Hangzhou Co-Rui Enterprise Management Consulting Ltd.	Director	April 2011		N

Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
Wu Xiaobo	Ningbo Industrial Internet Research Institute Ltd.	Director	May 2018		Y
Wu Xiaobo	Eddy Co., Ltd.	Independent Director	August 2018	November 2024	Y
Wu Xiaobo	Zhongliang Holdings Group Ltd.	Independent Director	June 2019		Y
Wu Xiaobo	Ruihua Innovation Management Research Institute (Hangzhou) Ltd.	Director	November 2019		N
Wu Xiaobo	UCloud Technology Co., Ltd.	Independent Director	June 2020		Y
Wu Xiaobo	Zhongtian Holding Group Ltd.	Independent Director	July 2021		Y
Lv Changjiang	Montage Technology Group Co., Ltd.	Independent Director	October 2018	June 2024	Y
Lv Changjiang	Youngor Fashion Co., Ltd.	Independent Director	May 2020		Y
Tan Xiaofen	China Minsheng Bank Fund Management Co., Ltd.	Independent Director	January 2023		Y
Tan Xiaofen	Yangguang Life Insurance Co., Ltd.	Independent Director	March 2024		Y
Lu Jianzhong	Huatai Baoxing Fund Management Co., Ltd.	Director	July 2016		Y
Lu Jianzhong	COSCO SHIPPING Development Co., Ltd.	Independent Director	January 2018	July 2024	Y
Lu Jianzhong	Shanghai Xinnanyang Only Education & Technology Co., Ltd.	Independent Director	January 2019	January 2025	Y
Lu Jianzhong	Shanghai Instrumentation & Electrical (Group) Co., Ltd.	Director	December 2019		N
Lu Jianzhong	Shanghai Vico Precision Mold & Plastics Co., Ltd.	Independent Director	May 2021	June 2024	Y
Lu Jianzhong	BOMESC Offshore Engineering Company Limited	Independent Director	December 2021		Y
Lu Jianzhong	Zhongxinghua Certified	Certified Public	January 2022		N

Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
	Public Accountants (Special General Partnership) Shanghai Branch	Accountant			
Lu Jianzhong	Bank of Tianjin Co., Ltd.	Independent Director	August 2022		Y
Huang Xing	Zhejiang Haikang Science & Technology Co., Ltd.	Supervisor	December 2019		N
Huang Xing	Beijing Hehai Technology Co., Ltd.	Supervisor	April 2020		N
Huang Xing	Zhejiang Yibo High-Tech Technology Co., Ltd.	Supervisor	January 2023		N
Huang Xing	Zhejiang Chituo Technology Co., Ltd.	Supervisor	January 2024		N
Huang Xing	Hangzhou Hongyan Electric Co., Ltd.	Chairman of the Board of Supervisors	June 2024		N
Chen Zongnian	Zhejiang <i>AIoT Technology Magazine</i>	Legal Representative	May 2009		N
Chen Zongnian	Phoenix Optics Ltd.	Chairman of the Board of Directors	December 2019		N
Wu Weiqi	Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	Executive Partner	April 2011		N
Li Shuhua	Xi'an ShaanGu Power Co., Ltd.	Independent Director	May 2018	July 2024	Y
Li Shuhua	Luoyang Yuchuan Yuye Group Co., Ltd.	Independent Director	August 2018	June 2024	Y
Li Shuhua	Changzhou Guangyang Holdings Ltd.	Chairman of the Board of Directors and CEO	December 2022		N
Li Shuhua	Changzhou NRB Co., Ltd.	Chairman of the Board of Directors	October 2019		Y
Li Shuhua	Weihai Shiyi Electronics Ltd.	Chairman of the Board of Directors	December 2020		N
Li Shuhua	Juzhengyuan Co., Ltd.	Independent Director	December 2020		Y

Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
Li Shuhua	CIMC-TianDa Holdings Company Ltd.	Independent Director	May 2021		Y
Li Shuhua	Guangdong Shengyi Technology Co., Ltd.	Independent Director	October 2021	June 2024	Y
Li Shuhua	TianJin TianHai Precision Forging Co., Ltd.	Chairman of the Board of Directors	December 2022		N
Li Shuhua	Yingda Securities Co.,Ltd.	Independent director	July 2023		Y
Li Shuhua	Yangzhou Goyoan Seiichi Intelligent Technology Co., Ltd.	Chairman of the Board of Directors	April 2024		N
Guan Qingyou	Beijing Rushi Chengjin Information Consulting Services Ltd.	CEO	October 2016		N
Guan Qingyou	Beijing Rushiwo Research Information Consulting Service Ltd.	Executive Director and CEO	December 2017		Y
Guan Qingyou	Midea Group Co., Ltd.	Independent Director	August 2018	July 2024	Y
Guan Qingyou	Beijing Xincai Zhibei Information Technology Ltd.	Supervisor	October 2018		N
Guan Qingyou	South China Futures Co., Ltd.	Independent Director	March 2019	July 2024	Y
Guan Qingyou	Beijing Moviebook Technology Co., Ltd.	Independent Director	March 2019	January 2024	N
Guan Qingyou	Shanxi International Trust Co., Ltd.	Independent Director	July 2019	July 2024	Y
Guan Qingyou	Beijing Rushiwo Research Institute of Science and Technology Ltd.	Executive Director and CEO	May 2020		N
Guan Qingyou	Beijing Rushi Wancheng Technology Development Ltd.	Executive Director and CEO	June 2020		N
Guan Qingyou	Hainan Wuyongtang Information Technology Ltd.	Executive Director and CEO	July 2020		N
Guan Qingyou	Beijing Yaocen Yuanmu	Executive director	July 2020		N

Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
	Information Technology Ltd.	& CEO			
Guan Qingyou	Beijing Ruohan Jiatai Technology Ltd.	Executive Director and CEO	December 2020		N
Guan Qingyou	Zhongchancheng Investment (Shenzhen) Ltd.	Supervisor	March 2021		N
Guan Qingyou	Qingdao Rushiwo Research Investment Management Ltd.	Supervisor	November 2021		N
Guan Qingyou	Shenzhen Jiuzhoutongyu Technology Ltd.	Supervisor	January 2022		N
Guan Qingyou	Ucap Cloud Information Technology Co.,Ltd.	Independent Director	September 2022		Y
Hong Tianfeng	Shanghai Fangguang Investment Management Ltd.	Executive Director and CEO	February 2012		Y
Hong Tianfeng	Shenzhen Yunzhixun Network Technology Ltd.	Director	May 2014		N
Hong Tianfeng	Shenzhen Fangguang Enterprise Management Consulting Ltd.	Executive Director and CEO	May 2016		N
Hong Tianfeng	CETC Huayun Information Technology Ltd.	Director	March 2017		N
Hong Tianfeng	Shanghai Daxian Intelligent Science and Technology Ltd.	Director	June 2018	January 2024	N
Hong Tianfeng	Quanzhi Technology (Hangzhou) Ltd.	Director	June 2020		N
Hong Tianfeng	Shanghai Fanglan Enterprise Management Center	Executive Director and CEO	March 2021	January 2024	N
Hong Tianfeng	Shanghai Fangguang Enterprise Management Consulting Ltd.	Executive director	November 2022		N
Hong Tianfeng	Nantong Fangjun Enterprise Management Co., Ltd.	Supervisor	March 2023		N
Hong Tianfeng	Nantong Fangyuan Enterprise Management Co., Ltd.	Executive Director	March 2023		N
Hong Tianfeng	Hunan Zerafber New Materials Co., Ltd.	Director	August 2022		N
Hong Tianfeng	Shanghai Fangkeng	Supervisor	March 2024	June 2024	N



Name	Name of other Entity	Position in other entity	Commencement of the term	Termination of the term	Compensation and allowance from the other entities
	Enterprise Management Co., Ltd.				
Xu Ximing	Shenzhen Wangyu Security Service Science and Technology Ltd.	Director	November 2019		N
Xu Ximing	Chengdu Guoshengtianfeng Network Technology Ltd.	Director	August 2020		N
Xu Ximing	Hangzhou Confirmware Technology Co., Ltd.	Director	August 2021		N
Guo Xudong	Zhejiang Fast Line data fusion Information Technology Co., Ltd.	Director	January 2021		N
Jin Duo	Zhejiang Haishi Huayue Digital Technology Ltd	Legal representative and Chairman of the Board of Directors	January 2020	February 2025	N

Incumbent and off-office directors, supervisors and senior management personnel during the reporting period that have been imposed administrative penalties by the CSRC during the last three years.

☐ Applicable ☒ Inapplicable

### 3. Remuneration of Directors, Supervisors and Senior Management Personnel

The decision-making program, determination basis and actual remuneration payment of directors, supervisors and senior management personnel:

The remuneration of directors, supervisors and senior management personnel will be received preliminarily by the Remuneration and Appraisal Committee of the Board, among them, remuneration of independent directors and external supervisors would be further reviewed and approved by general meeting of shareholders. As for those directors (exclude independent directors), supervisors (exclude external supervisors) and senior management personnel who receive remuneration from the Company directly, they will receive remuneration according to the Company's current Salary System and Performance Appraisal Schemes.

Explanations on other situations.

☐ Applicable ☒ Inapplicable

#### Remuneration of directors, supervisors and senior management personnel

Unit: RMB 0,000

Name	Gender	Age	Title	Tenure status	Total remuneration from the Company (RMB'0,000)	Remuneration from related parties (Y/N)
Hu Yangzhong	M	60	Chairman of the Board of Directors	Incumbent	215.53	N
Fu Baijun	M	53	Director	Incumbent	0	Y
Xu Lixing	M	54	Director	Incumbent	0	Y
Xu Peng	M	49	Director and CEO	Incumbent	247.99	N
Wang Qiuchao	M	74	Director	Incumbent	30.00	N
Wu Xiaobo	M	65	Independent Director	Incumbent	30.00	N
Hu Ruimin	M	61	Independent Director	Incumbent	30.00	N
Lv Changjiang	M	60	Independent Director	Incumbent	12.50	N
Tan Xiaofen	M	47	Independent Director	Incumbent	12.50	N
Lu Jianzhong	M	71	Chairman of the Board of Supervisors	Incumbent	20.00	N
Huang Xing	F	41	Supervisor	Incumbent	0	Y
Pan Jia	M	45	Employee Supervisor	Incumbent	51.82	N
He Hongli	F	52	Senior Deputy General Manager	Incumbent	255.50	N
Pu Shiliang	M	48	Senior Deputy General Manager	Incumbent	257.18	N
Guo Xudong	M	53	Senior Deputy General Manager	Incumbent	222.84	N
Xu Ximing	M	52	Senior Deputy General Manager	Incumbent	282.66	N
Chen Junke	M	54	Senior Deputy General Manager	Incumbent	229.72	N
Huang Fanghong	F	43	Senior Deputy General Manager	Incumbent	229.75	N
Jin Yan	F	46	Senior Deputy General Manager, Person in Charge of Finance and Accounting	Incumbent	229.75	N
Cai Changyang	M	54	Senior Deputy General Manager	Incumbent	231.32	N
Feng Wei	M	46	Senior Deputy General Manager Board Secretary	Incumbent	54.42	N
Chen Zongnian	M	60	Chairman of the Board of Directors	Term Expired and Resigned	0	Y
Qu Liyang	M	61	Director	Term Expired and Resigned	0	Y
Wu Weiqi	M	61	Director, Standing Deputy General	Term Expired and	117.32	N

Name	Gender	Age	Title	Tenure status	Total remuneration from the Company (RMB'0,000)	Remuneration from related parties (Y/N)
			Manager	Resigned		
Li Shuhua	M	54	Independent Director	Term Expired and Resigned	17.50	N
Guan Qingyou	M	48	Independent Director	Term Expired and Resigned	17.50	N
Hong Tianfeng	M	59	Chairman of the Board of Supervisors	Term Expired and Resigned	11.67	N
Xu Lirong	M	62	Supervisor	Term Expired and Resigned	71.40	N
Jin Duo	M	60	Senior Deputy General Manager	Term Expired and Resigned	117.40	N
Bi Huijuan	F	54	Senior Deputy General Manager	Resigned	194.04	N
Total	--	--	--	--	3190.31	--

Note 1: Directors (excluding independent directors), supervisors (excluding non-employee representative supervisors) and senior managers who serve in the Company and receive remuneration with the numeration structure composed of 50% of basic salary, 50% of bonuses linked to the Company's performance, and social insurance and provident fund paid in accordance with the statutory proportion.

Note 2: The compensation for current directors, supervisors, and senior management during the reporting period reflects the total remuneration accrued during their tenure. For former directors, supervisors, and senior management who have left their positions, the disclosed compensation represents the total remuneration received during their tenure within the reporting period.

Note 3: On August 2, 2024, Fu Baijun and Xu Lixing were elected as company directors; Lv Changjiang and Tan Xiaofen were elected as independent directors; Huang Xing and Pan Jia were elected as supervisors. On October 25, 2024, Feng Wei was appointed as a senior management of the Company.

On August 2, 2024, Chen Zongnian, Qu Liyang, and Wu Weiqi resigned as directors of the Company at the end of their terms; Li Shuhua and Guan Qingyou resigned as independent directors of the Company at the end of their terms; Hong Tianfeng and Xu Lirong resigned as supervisors of the Company at the end of their terms; Wu Weiqi and Jin Duo resigned as senior management of the Company at the end of their terms. On October 25, 2024, Bi Huijuan resigned as senior management of the Company

## VI. Performance of Duties by Directors during the Reporting Period

### 1. The Board of Directors during the Reporting Period

Meeting Session	Convening Date	Disclosure Date	Meeting Resolutions
The 20 <sup>th</sup> meeting of the 5 <sup>th</sup> session of the Board	April 18, 2024	April 20, 2024	39 proposals were deliberated and approved at the meeting, including <i>2023 Annual Report and Its Summary</i> . For details, please refer to the Company's announcement: No. 2024-009.
The 21 <sup>st</sup> meeting of the 5 <sup>th</sup> session of the Board	July 17, 2024	July 18, 2024	6 proposals were deliberated and approved at the meeting, including the <i>Proposal on the Nomination of Non-Independent Director Candidates for the Sixth Session of the Board</i> . For details, please refer to the Company's announcement: No. 2024-028.
The 1 <sup>st</sup> meeting of the 6 <sup>th</sup> session of the Board	August 2, 2024	August 3, 2024	6 proposals were deliberated and approved at the meeting, including the <i>Proposal on the Election of the Chairman of the Sixth Session of Board of Directors</i> . For details, please refer to the Company's announcement: No. 2024-043.
The 2 <sup>nd</sup> meeting of the 6 <sup>th</sup> session of the Board	August 16, 2024	August 17, 2024	2 proposals were deliberated and approved at the meeting, including the <i>2024 Half Year Report and Its Summary</i> . For details, please refer to the Company's announcement: No. 2024-046.
The 3 <sup>rd</sup> meeting of the 6 <sup>th</sup> session of the Board	October 25, 2024	October 26, 2024	2 proposal were deliberated and approved at the meeting, including the <i>2024Q3 Report and Its Summary</i> . For details, please refer to the Company's announcement: No. 2024-053.
The 4 <sup>th</sup> meeting of the 6 <sup>th</sup> session of the Board	December 9, 2024	December 10, 2024	2 proposal were deliberated and approved at the meeting, including the <i>Proposal on the Repurchase Plan of the Company's Shares</i> . For details, please refer to the Company's announcement: No. 2024-060.

### 2. Attendance of Directors in Board Meetings and General Meetings

Attendance of directors in board meetings and general meetings							
Name of Director	Board meeting presence required in the reporting	Board meeting presence on site	Board meeting presence by telecom-communication	Board meeting presence through a proxy (times)	Board meeting absence (times)	Board meeting not attend in person for two consecutive	Presence of independent directors in general meetings

	period (times)	(times)	(times)			times	(times)
Hu Yangzhong	6	3	3	0	0	N	3
Fu Baijun	4	2	2	0	0	N	2
Xu Lixing	4	2	2	0	0	N	2
Xu Peng	4	2	2	0	0	N	2
Wang Qiuchao	6	2	4	0	0	N	3
Wu Xiaobo	6	2	4	0	0	N	3
Hu Ruimin	6	3	3	0	0	N	3
Lv Changjiang	4	2	2	0	0	N	2
Tan Xiaofen	4	2	2	0	0	N	2
Chen Zongnian	2	1	1	0	0	N	2
Qu Liyang	2	1	1	0	0	N	2
Wu Weiqi	2	1	1	0	0	N	2
Li Shuhua	2	1	1	0	0	N	2
Guan Qingyou	2	1	1	0	0	N	2
Explanation of the Situation	<p>1. On August 2, 2024, the Company convened its 2024 First Extraordinary General Meeting, completing the election process. Fu Baijun, Xu Lixing, and Xu Peng were elected as directors of the 6<sup>th</sup> Session of the Board of Directors, while Lv Changjiang and Tan Xiaofen were elected as independent directors of the 6<sup>th</sup> Session of the Board of Directors.</p> <p>2. During the reporting period, the 5<sup>th</sup> Session of the Board of Directors of the Company held 2 board meetings, while the 6<sup>th</sup> Session of the Board of Directors of the Company held 4 board meetings.</p>						

### 3. Objections from Directors on Related Issues of the Company

Were there any objections on related issues of the Company from directors?

☐ Yes ☒ No

During the reporting period, there is no objections on related issues of the Company from directors.

### 4. Other Details about the Performance of Duties by Directors

Were there any suggestions from directors accepted by the Company?

☒ Yes ☐ No

During the Reporting Period, directors strictly followed related rules, regulations, including *Company Law*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *Shenzhen Stock Exchange Listed Companies Self-Regulatory Supervision Guidelines No. 1 - Standardized Operation of Main Board Listed Companies* and *Articles of Association*. They focused on the Company operation, carefully review the Company's relevant meeting

materials, reviewed and approved a number of board resolutions, and have no objection to all the proposals; At the same time, the directors of the Company put forward relevant constructive suggestions based on their professional abilities and the actual situation of the Company, which had a positive impact on the standardized operation of the Company and fulfilled their duties as directors.

The Company's independent directors strictly followed *Measures for the Administration of Independent Directors of Listed Companies* and related rules/ regulations, carried out their duties, and attended the shareholders' general meetings, the board meeting, and meetings of the board's special committees. The special committee of independent directors studied and deliberated matters such as financial statement, related-party transactions, the hiring accounting firms, and foreign exchange hedging. To improve the Company supervisory systems and to protect the legal rights of the Company and shareholders, especially public shareholders as a whole, independent directors provided professional and subjective advices, enhancing the board's management capability, ensuring the Company's standardized operations. For details, please refer to *Independent Directors' 2024 Debriefings* disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn).

## VII. The Special Committees under the Board during the Reporting Period

Committee Name	Members	Number of meetings held	Convening Date	Meeting Content	Important comments and suggestions
Strategy Committee of the 5 <sup>th</sup> session of the Board of Directors	Chen Zongnian (convener), Wu Xiaobo, Hu Ruimin	2	April 18, 2024 to June 11, 2024	Reviewed and approved 3 proposals including the 2023 <i>Annual Work Report of the Strategy Committee of the Board of Directors</i>	All expressed concurring opinions
Audit Committee of the 5 <sup>th</sup> session of the Board of Directors	Li Shuhua (convener), Wang Qiuchao, Guan Qingyou	3	January 19, 2024 to April 18, 2024	Reviewed and approved 11 proposals including <i>Proposal on 2024 Reappointment of Certificated Public Accountants LLP</i>	All expressed concurring opinions
Remuneration and Appraisal Committee of the 5 <sup>th</sup> session of the Board of Directors	Guan Qingyou (convener), Wu Xiaobo, Wu Weiqi	3	March 22, 2024 to July 17, 2024	Reviewed and approved 8 proposals including the 2023 <i>Annual Report of the Remuneration and Appraisal Committee</i>	All expressed concurring opinions
Nomination Committee of the 5 <sup>th</sup>	Hu Ruimin (convener), Qu	2	April 18, 2024 to July 17, 2024	Reviewed and approved 3 proposals including the <i>the</i>	All expressed concurring



Committee Name	Members	Number of meetings held	Convening Date	Meeting Content	Important comments and suggestions
session of the Board of Directors	Liyang, Li shuhua			<i>2023 Annual Report of the Nomination Committee</i>	opinions
Strategy Committee of the 6 <sup>th</sup> session of the Board of Directors	Hu Yangzhong (convener), Hu Ruimin, Wu Xiaobo	1	September 9, 2024	Reviewed and approved the <i>Proposal on the Investment by the Controlled Subsidiary to Establish Hangzhou Micro Sensing Technology Ltd. (Provisional Name)</i>	All expressed concurring opinions
Audit Committee of the 6 <sup>th</sup> session of the Board of Directors	Lv Changjiang (convener), Tan Xiaofen, Xu Lixing	3	August 2, 2024 to October 25, 2024	Reviewed and approved 4 proposals including the <i>Proposal on the Appointment of the Chief Financial Officer</i>	All expressed concurring opinions
Nomination Committee of the 6 <sup>th</sup> session of the Board of Directors	Wu Xiaobo (convener), Tan Xiaofen, Xu Lixing	2	August 2, 2024 to October 14, 2024	Reviewed and approved 4 proposals including the <i>Proposal on the Appointment of the CEO</i>	All expressed concurring opinions
Risk and Compliance Committee of the 6 <sup>th</sup> session of the Board of Directors	Wang Qiuchao (convener), Xupeng, Fu Baijun	1	August 2, 2024	Reviewed and approved the <i>Work Plan of the Risk and Compliance Committee of the Board of Directors</i>	All expressed concurring opinions

## VIII. Performance of Duties by the Supervisory Committee

Were there any risks to the Company identified by Board of Supervisors when performing its duties during the reporting period?

☐ Yes ☒ No

The Board of Supervisors has no objection to the supervision matters during the reporting period.

## IX. Staff in the Company

### 1. Statistics of Employees, Professional Structure of the Staff, and Educational Background

Number of incumbent employees in the parent Company at the end of the reporting period	17,861
Number of incumbent employees in major subsidiaries at the end of the reporting period	41,828
Number of incumbent employees at the end of the reporting period	59,689

Number of employees receiving salaries in current period	59,689
Number of retired employees requiring the parent Company and its subsidiaries to bear costs	0
Professional structure	
Tier	Number of employees
Managerial personnel	993
Production staff	18,302
Sales staff	10,151
Technical staff	28,272
Financial staff	415
Administrative Staff	1,556
Total	59,689
Educational background	
Education background	Number of employees
Master and/or doctor/or above	11,448
Bachelor	28,740
Junior College (professional training)	7,177
Other	12,324
Total	59,689

## 2. Staff Remuneration Policy

Hikvision applies scientific talent cultivation methods, effective talent incentive mechanisms and fair competition platforms to recruit talents, and continuously optimizes the talent structure. The Company provides employees with remuneration packages which are competitive in the industry. In addition to endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident funds, the Company also provides employees with the supplementary commercial insurance, special allowances, and other benefits, and creates a fairer and more humanized working environment for each employee; so that each employee is able to demonstrate his/her value, and create value to satisfy increasing demands for a good life.

## 3. Staff Training Plans

The Company is driven by its long-term development strategy and aims to support business growth and talent

development by planning and implementing a series of training programs and courses. Adhering to the dual strategies of "system building" and "resource development," we leverage a digital training platform to comprehensively address training needs across all levels, enhancing efficiency and effectiveness. Simultaneously, the Company actively explores agile and diversified talent development models, focusing on key positions and core talents to tailor customized learning solutions that facilitate business strategy execution.

In 2025, the Company will further strengthen its talent development system. By designing and delivering talent development initiatives and core business talent cultivation programs, it aims to elevate workforce capabilities and ensure a robust pipeline of critical talents for key roles and pivotal business campaigns.

#### 4. Labor Outsourcing

☐ Applicable ☒ Inapplicable

#### X. Profit Distribution and Capitalization of Capital Reserves

Profit distribution policy in the reporting period, especially the formulation, implementation and adjustment of cash dividend policy

☒ Applicable ☐ Inapplicable

Special explanation of cash dividend policy	
Whether it complies with the provisions of the Company's articles of association or the requirements of the resolution of the shareholders' meeting:	Yes
Whether the dividend standard and dividend ratio are clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors performed their duties and played their due roles:	Yes
For companies with no cash dividend, disclose detailed reasons and further measures to improve investment return for shareholders:	Inapplicable
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Inapplicable

The 20<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Directors of the Company reviewed and approved the 2023 *Annual Profit Distribution Proposal*, and was reviewed and approved by the Company's 2023 annual general meeting: based on the Company's current total share capital of 9,330,600,931 shares, the Company proposed to

distribute cash dividend of RMB 9 (tax inclusive) per each 10 shares to all shareholders, bonus share and share distribution from capital reserve is nil. The date of record for this profit distribution is May 20, 2024, the ex-rights/ex-dividend date is May 21, 2024, and the total cash dividends (tax inclusive) is RMB8,397,540,837.90.

The above-mentioned profit distribution policy conforms to the provisions of the Company's articles of association and the review procedures, and fully protects the legitimate rights and interests of small and medium investors, and the independent directors have expressed their agreement.

During the reporting period, the Company was profitable and the distributable profits to shareholders of the parent company was positive, but the Company did not propose a cash dividend distribution plan.

☐ Applicable ☒ Inapplicable

Profit distribution and capitalizing of capital reserves for the current reporting period

☒ Applicable ☐ Inapplicable

Bonus issue per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	7.00
Additional shares converted from capital reserves for 10 shares (share)	0
Total capital shares as the basis for the distribution proposal (share)	Based on the total number of shares outstanding as of the record date for the implementation of the 2024 annual profit distribution plan, minus the number of shares held in the company's repurchase account.
Total cash dividend (RMB) (tax inclusive)	The Company plans to distribute cash dividend of RMB7.00 (tax inclusive) per 10 shares to all shareholders, based on the total number of shares outstanding as of the record date for the future implementation of the 2024 annual profit distribution plan, minus the number of shares held in the company's repurchase account.
Amount of cash dividends in other methods (such as share repurchase) (RMB)	310,017,794.90
Total cash dividends (including other methods) (RMB)	The sum of the company's share repurchases in 2024, RMB 310,017,794.90, and the cash dividend of RMB7.00 per 10 shares (tax inclusive) distributed to all shareholders, based on the total number of shares outstanding as of the record date for the implementation of the 2024 annual profit distribution plan (after deducting shares held in the company's repurchase account),
Distributable profits (RMB)	44,480,765,952.49
Percentage of cash dividends in the total distributed profit (%)	100.00%
Cash dividend policy:	
The Company is in the development stage and has a substantial plan of cash expenditure. In the current profit distribution, cash	

dividends shall account for at least 20%.

Details about the plan for profit distribution and capitalizing capital reserves into share capital

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, in 2024, the parent company of the Company realized net profit of RMB9,484,641,144.09, with no withdrawal of statutory surplus reserve, adding the undistributed profit of the parent company at the beginning of the year of RMB43,150,159,133.80, deducting the cash dividends of RMB8,309,878,493.40, adding back RMB155,844,168.00 of the unpaid dividends in past years for the repurchased restricted shares, as of December 31, 2024, the profits distributable to shareholders of the parent company amounted to RMB44,480,765,952.49, and the profits distributable to shareholders in the consolidated statement were RMB60,959,912,942.15. To sum up, according to the principle of "whichever is lower", the profits distributable to shareholders this year was RMB44,480,765,952.49.

2024 annual profit distribution plan: The Company plans to distribute cash dividend of RMB7.00 (tax inclusive) per 10 shares to all shareholders, based on the total number of shares outstanding as of the record date for the future implementation of the 2024 annual profit distribution plan, minus the number of shares held in the Company's repurchase account, and bonus share and share distribution from capital reserve is nil. The remaining undistributed profits will be transferred to the next year.

## XI. The Implementation of an Equity Incentive Plan, Employee Stock Incentive Plan, or other Incentive Plans

☒ Applicable ☐ Inapplicable

### 1. Share Incentive

During the reporting period, the Company terminated the implementation of the 2021 Restricted Stock Plan and repurchased and canceled the relevant restricted shares.

On April 18, 2024 and May 10, 2024, the 20<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Directors, the 18<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Supervisors and 2023 Annual General Meeting reviewed and approved *Proposal on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares*, and agreed the company terminate the implementation of the 2021 Restricted Stock Plan and repurchase and cancel all restricted stocks granted but not yet unlocked. The number of restricted stocks proposed to be repurchased and cancelled this time totals 97,402,605 shares, accounting for 1.0439% of the company's total share capital (9,330,600,931 shares) before the repurchase and cancellation. On August 15, 2024, the aforementioned restricted stocks have completed the repurchase and cancellation procedures at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. As of the reporting day, the Company does not have any outstanding restricted shares.

For details, please refer to *the Announcement on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares and the Announcement on the Completion of Repurchase and Cancellation of Restricted Stocks Related to the 2021 Restricted Stock Plan* published by the

Company on www.cninfo.com.cn on April 20, 2024 and August 17, 2024.

The Company carries out accounting treatment related to the restricted stock plan in accordance with the requirements of accounting standards such as "Enterprise Accounting Standards No. 11 — Share-based Payment". For specific details, please refer to the notes to the financial statements (XII. Share-based payments).

### Equity incentives obtained by the directors and senior management of the Company

✓ Applicable   □ Inapplicable

Unit: Share

Name	Title	Restricted Shares held at the beginning of the period	Shares vested in the current period	Shares newly granted in the current period	Price for restricted shares granted (RMB per share)	Restricted Shares held at period-end
Xu Peng	Board Director, CEO	70,000	70,000	-	-	0
Pu Shiliang	Senior Deputy General Manager	90,000	90,000	-	-	0
Xu Ximing	Senior Deputy General Manager,	90,000	90,000	-	-	0
Huang Fanghong	Senior Deputy General Manager	80,000	80,000	-	-	0
Jin Yan	Senior Deputy General Manager, Person in Charge of Finance	80,000	80,000	-	-	0
Total	--	410,000	410,000	--	--	0

Note: During the reporting period, the 2021 Restricted Stock Plan were completely repurchased and canceled, among which senior managers collectively repurchased and canceled to 410,000 shares. As of the reporting day, the Company does not have any outstanding restricted shares.

### Assessment and incentive mechanism for the senior management

The Company has established a fairly sophisticated mechanism on employees' evaluation and incentive restraint, and has established a fair and transparent appraisal and incentive mechanism on senior management personnel and other various level management personnel and employees. The Company's Board of Directors has carried out annual appraisals of senior management members mainly based on annual target achievement index. The Board is responsible for appraisals of the general manager on the general manager's duty, capacity and performance of operation; and the general manager carried out appraisals of other senior management members on their operational management and implementation of relevant assignments. In 2024, senior management personnel



carried out their duties diligently with good performance. In the face of complex and changing business environment, better of internal management, improve operating efficiency and continue to promote the steady development of the Company.

## 2. The Implementation of Employee Stock Incentive Plan

☐ Applicable ☒ Inapplicable

## 3. Other Incentive Plans

☐ Applicable ☒ Inapplicable

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

## 1. Construction and Implementation of Internal Control

The Company has established a scientifically designed and effectively implemented internal control system, and continuously strengthen internal audit supervision, in accordance with the *Basic Standard for Enterprise Internal Control* and its associated Guidelines and other internal control supervision requirements. The Audit Committee under the Board of Directors and the Board of Supervisors supervise and comment the Company's implementation of internal control, and the management is responsible for organizing and leading the daily internal controls of the Company.

The Audit Committee under the Board of Directors inspects and supervises the scientificity, rationality, effectiveness and implementation of the Company's internal control system. At the same time, the Audit Committee has organized special work meetings to follow up on the implementation of major matters by the financial center and internal audit department, and puts forward relevant requirements on the normativeness of internal control of the Company. The Company has set up an internal audit department under the Audit Committee of the Board of Directors, which is equipped with full-time personnel to independently carry out internal audits, supervise and inspect the effectiveness and rationality of internal control. The internal audit department is accountable and reports to the Audit Committee and reports on their work regularly. The internal audit department audits the risk profiles of the Company's business areas according to an annual audit plan. It highlights internal control defects and gives rational suggestions, and standardizes and supervises the operation and management of the Company. Through the operation, analysis, and evaluation of its internal control system, the Company has effectively mitigated operational

and management risks and facilitated the achievement of internal control objectives.

During the reporting period, the Company continuously strengthened its self-evaluation and self-improvement on internal control. It continued to improve and thoroughly implement internal control in its departments and strengthened the awareness of compliance management, to ensure the effective implementation of the internal control system, improve the standard of the Company's operations, and promote the healthy and sustainable development of the Company. For more details, please refer to the *2024 Internal Control Self-Evaluation Report* disclosed by the Company on CNINFO website ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

## 2. Any Significant Internal Control Deficiencies during the Reporting Period

☐ Yes ☒ No

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

In strict adherence to the relevant laws and regulations such as the Authorization Management System and the regulations and normative documents of regulatory authorities, the Company considers and approves proposals on the acquisition and cancellation the registration of new subsidiaries, and exercises management powers over major matters of the subsidiaries in accordance with the requirements regarding assets control over the subsidiaries and the standard operations of the Company. At the same time, subsidiaries shall provide timely, complete and accurate information to the Company such as operating results, financial position and operating prospects, so that the Company can conduct scientific decision-making, supervision and coordination.

During the reporting period, the Company established four domestic subsidiaries and three overseas subsidiaries, and gained actual control of 1 subsidiary through entrusted management agreements. All of this result in changes in the scope of its consolidation scope. For details, please refer to changes in the consolidation scope in Note (VI) to the financial statements.

## XIV. Self-evaluation Report on Internal Control or Internal Control Audit Report

### 1. Self-evaluation Report on Internal Control

Disclosure date of full text of self-evaluation report on internal control	April 19, 2025
Disclosure index of full text of self-evaluation report on internal control	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Proportion of assets evaluated in total assets	100.00%

Proportion of revenue evaluated in total revenue per consolidated financial statement		100.00%
Recognition standard of deficiencies		
Nature	Financial report level	Non-financial report level
Qualitative criteria	<p><b>Significant deficiency:</b> A deficiency or a combination of deficiencies in internal control may prevent significant errors in financial reports from being identified or prevented, e.g.:</p> <p>A. Invalid internal control environment; B. Fraud of directors, supervisors and senior management personnel on the financial report ; C. Significant errors identified by external auditors but not identified during the Company is operating; D. Invalid supervision of audit committee and internal audit system; E. Other deficiencies that may lead to the wrong judgement of financial statement reporter.</p> <p><b>Important deficiency:</b> A deficiency or a combination of deficiencies in internal control may prevent errors in financial report from being identified or prevented, although such deficiency is not significant, but require attention of the Board and Management, e.g.:</p> <p>A. Application of accounting policies does not follow the enterprise accounting standard; B. No internal control systems for fraud; C. No control systems or system not effective for unusual or special transactions or no compensatory relevant control; D. One or more deficiencies which prevent the preparation of true and fair financial statements.</p> <p><b>Normal deficiency:</b> Not significant and not important deficiency.</p>	<p>Internal control deficiencies at non-financial report level are mainly identified by the likelihood of occurrence and the extent of impacts on operating effective in business.</p> <p><b>Significant deficiency:</b> the high likelihood leading to significant reduction of working efficiency, or significant increase of uncertainty, or significant deviation from the expected target;</p> <p><b>Important deficiency:</b> a higher likelihood leading to remarkable reduction of working efficiency, or remarkable increase of uncertainty, or remarkable deviation from the expected target;</p> <p><b>Normal deficiency:</b> a low likelihood leading to reduction of working efficiency, or increase of uncertainty, or deviation from the expected target;</p>
Quantitative criteria	<p><b>Significant deficiency:</b> potential errors 5% or more of total profits</p> <p><b>Important deficiency:</b> potential errors 2% or more but below 5% of total profits</p> <p><b>Normal deficiency:</b> potential errors is 2% or less of total profits</p>	<p><b>Significant deficiency:</b> direct losses of assets is 5% or more of total profits</p> <p><b>Important deficiency:</b> direct losses of assets is 2% or more but below 5% of total profits</p> <p><b>Normal deficiency:</b> direct losses of assets is below 2% of total profits</p>
Number of significant deficiencies in financial report level		0
Number of significant deficiencies in non-financial report level		0
Number of important deficiencies in financial report level		0
Number of important deficiencies in non-financial report level		0

## 2. Internal Control Audit Report

✓ Applicable    ☐ Inapplicable

Deliberation Opinion Paragraph in Internal Control Audit Report	
We believe that Hangzhou Hikvision Digital Technology Co., Ltd. maintained effective internal control over financial reporting in all material aspects as of December 31 <sup>st</sup> 2024 in accordance with the <i>Basic Standard for Enterprise Internal Control</i> and other related regulations.	
Disclosure of internal control audit report	Disclose
Disclosure date of the full text of the internal control audit report	April 19, 2025
Disclosure index of full text of internal control audit report	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> 2024 Internal Control Audit Report
Internal control audit opinion	Standard unqualified audit opinion
Whether there are material weakness of non-financial report	No

Whether the accounting firm issued an internal control audit report with a non-standard opinion

☐ Yes ☒ No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the self-evaluation report from the Board of Directors

☒ Yes ☐ No

## Section V Environmental and Social Responsibility

### I. Significant Environmental Issues

Whether the Company or any of its subsidiaries should be categorized as a critical pollutant enterprises published by environmental protection department

☐ Yes ☒ No

### II. Social Responsibilities

For details, please refer to the Company's *2024 Environment, Social and Governance Report* disclosed on CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

### III. The Achievements of Poverty Alleviation and Rural Revitalization

For details, please refer to the Company's *2024 Environment, Social and Governance Report* disclosed on CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

## Section VI Significant Events

### I. Performance of Commitments

#### 1. Complete and Incomplete Commitments of the Company and Its Actual Controller, Shareholders, Related parties, Acquirers, and Other Related Parties for the Commitments by the End of the Reporting Period.

√ Applicable    ☐ Inapplicable

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
Commitments in offering documents or shareholding alterations	CETHIK	Commitments regarding horizontal competition and related party transactions	<p>1. Commitments in non-competition within the industry: In the period as controlling shareholders of the Hikvision, CETHIK and its controlling subsidiaries (excluding Hikvision and its subsidiaries, the same below) will not be engaged in such business that is competitive to Hikvision and its subsidiaries directly or indirectly.</p> <p>2. Commitments in decrease and regulation of transactions with related party: Zhejiang Haikang Group Co., Ltd. (hereinafter referred to as Haikang Group or actual controller) as the controlling shareholders of Hangzhou Hikvision Digital Technology Co., Ltd. (hereinafter referred to as "Hikvision" or "Listed Company") are committed as below for the transactions with Hikvision:</p> <p>(1) Haikang Group will not make use of the controlling power to offer more favorable conditions to Hikvision than those to any independent third party in any fair market transactions in the cooperation with Hikvision.</p> <p>(2) Haikang Group will not make use of the controlling power to obtain the prior right to complete the transaction with Hikvision.</p> <p>(3) Haikang Group will not deal with Hikvision in not fair terms comparing to the market prices to prejudice the Company's interests.</p> <p>For unavoidable related transactions, the Company will observe the principles of justice and fairness to determine prices according to the market on the basis of equality, voluntarily. The Company will obey the Articles of Association and other regulatory documents related to the avoiding of issues</p>	October 29, 2013	Long-term	Strict performance



Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
			<p>about related transactions. The related transactions will go through approval procedures in accordance with related rules and complete legal procedures, fulfilling the information disclosure obligations in respect to the related transactions</p> <p>3. Commitment to the maintenance of the independence of the listed Company</p> <p>3.1 Commitment to Personnel Independence of the listed Company</p> <p>(1) Commitment that our general manager, deputy general manager, chief financial officer, secretary of the board and other members of senior management shall not assume any positions other than directors and supervisors or get any remuneration in CETHIK and/or any of its controlled entities; (2) Commitment in keeping the management of labor, human resources and issues related to remuneration of the listed Company independent from that of CETHIK;</p> <p>3.2 Commitment to the independence of the asset of the listed Company</p> <p>(1) Commitment to independent and complete asset of the listed Company</p> <p>(2) Commitment free of unlawful use of cash and asset of the listed Company by the controlling shareholders</p> <p>3.3 Commitment to financial independence of the listed Company</p> <p>(1) Commitment to an independent finance department with a team and accounting system;</p> <p>(2) Commitment to a regulated, independent accounting system and financial management system of the branches and subsidiaries</p> <p>(3) Commitment to maintaining accounts with banks independently of and not sharing any bank account with our controlling shareholders</p> <p>(4) Commitment that the financial staff shall not assume any positions in CETHIK</p> <p>(5) Commitment to paying taxes independently according to the law;</p> <p>(6) Commitment to implementing financial decisions independently</p> <p>3.4 The Company has set up an independent organizational structure which maintains its independent operations which is independent from that of CETHIK.</p> <p>3.5 Commitment to business Independence of the listed Company</p> <p>(1) The Company has the asset, personnel, aptitude and management capability</p>			

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
			<p>for independent and complete business operation. The Company has the ability to operate independently in the market.</p> <p>(2) Commitment in independence in both business and operations</p> <p>4. Regarding plans for the development and relevant commitment for the listed Company, Haikang Group has committed as below for the subsequent development of Hikvision according to the Securities Acts and relevant laws and rules,</p> <p>4.1 Currently the Company has no plan to change or make significant adjustments for principal business in the next 12 months;</p> <p>4.2 Currently the Company has no plan to sell, merge or operate with another Company for the assets and business of the listed Company or its subsidiaries in the next 12 months.</p> <p>4.3 Currently the Company has no plan to alter the Board of the Directors and senior management and no agreement with other shareholders about the appointment and removal of the directors or senior management. The team of Board of Directors and senior management will remain unchanged for the foreseeable future.</p> <p>4.4 Currently the Company has no plan to make significant changes to the Articles of Association for the listed Company.</p> <p>4.5 Currently the Company has no plan to make significant changes to the existing employee recruitment for the listed Company.</p> <p>4.6 Currently the Company has no plan to make significant changes for the dividend distribution plan for the listed Company.</p> <p>4.7 Currently the Company has no plan to make significant changes for business and organizational structure for the listed Company.</p>			
Commitments in Initial Public	Hangzhou Weixun Equity Investment Partnership	Share restriction commitment	During Hu Yangzhong, Wu Weiqi, Jiang Haiqing, Zhou Zhiping, Xu Lirong, Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang Yufeng, Liu Xiang,	May 17, 2010	Long term	Strict performance

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
Offering or re-financing	(Limited Partnership)		Wang Ruihong, Chen Junke's tenure of the Company's Board of Directors, supervisors and senior management personnel, the annual transfer of Hikvision's total shares should not exceed 25% of total number of shares held under Weixun; within 6 months after abovementioned personnel's demission, should not transfer Hikvision's shares held under Weixun.			
	Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	Share restriction commitment	During Hu Yangzhong, Wu Weiqi, Gong Hongjia's tenure of the Company's Board of Directors, supervisors and senior management personnel, the annual transfer of Hikvision's total shares should not exceed 25% of total number of shares held under Pukang; within 6 months after abovementioned personnel's demission, should not transfer Hikvision's shares held under Pukang.	May 17, 2010	Long term	Strict performance
	The Company's directors, supervisors and executive: HuYangzhong, Wu Weiqi, Jiang Haiqing, Zhou Zhiping, Xu Lirong, Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang Yufeng, Liu Xiang, Wang Ruihong, Chen Junke	Share restriction commitment	During their tenure of the Company's Board of Directors, supervisors and senior management personnel, the annual shares transfer should not exceed 25% of total number of shares held under Weixun; within 6 months after their demission, they should not transfer their shares held under Weixun.	May 17, 2010	Long term	Strict performance
	Directors, executive officers of the Company: Hu Yangzhong, Wu Weiqi	Share restriction commitment	During their tenure of the Company's Board of Directors, supervisors and senior management personnel, the annual shares transfer should not exceed 25% of total number of shares held under Pukang; within 6 months after their demission, they should not transfer their shares held under Pukang.	May 17, 2010	Long term	Strict performance
	The Company's director Gong Hongjia's spouse, Chen Chunmei	Share restriction commitment	During Gong Hongjia's tenure of the Company's Board of Directors, supervisors and senior management personnel, Chen's annual shares transfer should not exceed 25% of total number of shares held under Pukang; within 6	May 17, 2010	Long-term	Strict performance

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
			months after the demission of Gong Hongjia, Chen should not transfer her shares held under Pukang.			
	China Electronics Technology Group Corporation	Commitment to avoid horizontal competition	To avoid any loss of the Company and other shareholders arising from any competing business, China Electronics Technology Group Corporation, the actual controller of the Company, issued Letters of non-competition on 18 September, 2008.	September 18, 2008	Long term	Strict performance
	Gong Hongjia; Hangzhou Weixun Equity Investment Partnership (Limited Partnership); Hangzhou Pukang Equity Investment Partnership (Limited Partnership); ZheJiang Orient Holdings Co., Ltd.	Commitment to avoid horizontal competition	To avoid any loss of the Company and other shareholders arising from any competing business, Gong Hongjia, Hangzhou WeiXun I Equity Investment Partnership (Limited Partnership), ZheJiang Orient Holdings Co., Ltd. and Hangzhou Pukang Equity Investment Partnership (Limited Partnership), the promoters of the Company, issued <i>Commitment Letters of non-competition in the same industry</i> on July 10, 2008.	July 10, 2008	Long term	Strict performance
Other commitments (commitments relating to the spin-off of EZVIZ Network to be listed on the Science and Technology Innovation Board)	Hangzhou Hikvision Digital Technology Co., Ltd.	Commitment relating to the spin-off of EZVIZ Network to be listed on the Science and Technology Innovation Board	Arrangement on trading restriction and commitment to voluntarily restrict shares relating to the spin-off of EZVIZ Network to be listed on the Science and Technology Innovation Board, for details, please refer to the appendix VI of the <i>Prospectus on the Initial Public Share Offering and Listing on the STAR Market of the Shanghai Stock Exchange of Hangzhou EZVIZ Network Co., Ltd.</i> published by EZVIZ Network on the website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ): commitments relating to investor protection.	December 28, 2022	Within 36 months from the date of issuing and listing of EZVIZ Network	Strict performance
			Commitment relating to the intention to hold shares and the intention to reduce holdings of shares of EZVIZ Network of the spin-off of EZVIZ Network to be listed on the Science and Technology Innovation Board, for details, please refer to the appendix VI of the <i>Prospectus on the Initial Public Share Offering and Listing on the STAR Market of the Shanghai Stock Exchange of Hangzhou EZVIZ Network Co., Ltd.</i> published by EZVIZ Network on the website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ): commitments relating to investor	December 28, 2022	Within 2 years from the end date of shares restriction period of	Strict performance

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
			protection.		EZVIZ Network	
			Commitments and initiatives to stabilize the stock price of EZVIZ Network, to repurchase shares of EZVIZ Network, to guarantee no fraud in listing of EZVIZ Network, to make compensation for diluted spot return, to undertake compensation or liability in accordance with the law, to have constraints for failing to fulfill commitments, to avoid intra-industry competition, to regulate and reduce related party transactions, to avoid capital occupation, and to keep system independent after the spin-of of EZVIZ Network to be listed on the Science and Technology Innovation Board. For details, please refer the <i>Prospectus on the Initial Public Share Offering and Listing on the STAR Market of the Shanghai Stock Exchange of Hangzhou EZVIZ Network Co., Ltd.</i> published by EZVIZ Network on the website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ): commitments relating to investor protection.	December 28, 2022	Long term	Strict performance
Whether the commitments is fulfilled in time	Yes					

**2. Where Any Profit Forecast Was Made for Any of the Company's Assets or Projects and the Current Reporting Period Is Still Within the Forecast Period, the Company Shall Explain Whether the Performance of the Asset or Project Reaches the Profit Forecast and Why:**

☐ Applicable ☒ Inapplicable

**II. The Company's Funds Used by the Controlling Shareholder or Other Related Parties for Non-operating Purposes**

☐ Applicable ☒ Inapplicable

No such case during the current reporting period.

**III. Illegal Provision of Guarantees for External Parties**

☐ Applicable ☒ Inapplicable

No such case in the current reporting period.

**IV. Explanation Given by the Board of Directors regarding the Latest "Non-standard Auditor's Report"**

☐ Applicable ☒ Inapplicable

**V. Explanation Given by the Board of Directors, Supervisory Committee and Independent Directors (if applicable) regarding the "Non-standard Auditor's Report" Issued by the CPA Firm for the Current Reporting Period**

☐ Applicable ☒ Inapplicable

**VI. For Changes in Accounting Policies, Accounting Estimates or Correction of Significant Accounting Errors Compared with the Financial Report for the Prior Year**

☒ Applicable ☐ Inapplicable

For details, please refer to the Note (III) 35.

**VII. Explanation for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Prior Year**

☒ Applicable ☐ Inapplicable

During the reporting period, the Company established four domestic subsidiaries and three overseas



subsidiaries, and gained actual control of 1 subsidiary through entrusted management agreements. All of this result in changes in the scope of its consolidation scope. For details, please refer to changes in the consolidation scope in Note (VI) to the financial statements.

## VIII. Engagement and Disengagement of the CPA firm

CPA firm engaged at present

Name of the domestic CPA firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration for the domestic CPA firm (RMB'0000)	440
Consecutive years of the audit service provided by the domestic CPA firm	9
Name of the certified public accountants from the domestic CPA firm	Chen Yan, Liu Ying
Consecutive years of the audit service provided by the certified public accountants from the domestic CPA firm	Chen Yan has provided audit service for 2 year; Liu Ying has provided audit service for 2 year.

Whether the CPA firm was changed in the current period

☐ Yes ☒ No

Whether to reappoint a CPA firm during the audit

☐ Yes ☒ No

Engagement of internal control audit CPA firm, financial advisor or sponsor

☒ Applicable ☐ Inapplicable

During the reporting period, the Company hired Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control audit accounting firm, and paid a total of RMB 630,000 of internal control audit fees during the period.

## IX. Delisting after Disclosure of this Annual Report

☐ Applicable ☒ Inapplicable

## X. Bankruptcy and Restructuring

☐ Applicable ☒ Inapplicable

No such case during the reporting period.

**XI. Material Litigations and Arbitration**

☐ Applicable    ☒ Inapplicable

The Company had no material litigation or arbitration during the current reporting period.

**XII. Punishments and Rectifications**

☐ Applicable    ☒ Inapplicable

No such case during the reporting period.

**XIII. Integrity of the Company and its Controlling Shareholders and Actual Controllers**

☐ Applicable    ☒ Inapplicable

# XIV. Significant Related-party Transaction

## 1. Related-party Transactions Arising from Routine Daily Operations

√ Applicable    □ Inapplicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principles for related party transactions	Related party transaction amount(0'000 RMB)	Proportion to the amount of similar transactions.	Approved trading quota (0'000 RMB)	Whether exceed the approved quota	Settlement method	Disclosure date	Disclosure reference
Subsidiaries or research institutes of CETC	Under the common control of the Company's actual controller	Procurement	Purchasing of raw materials, receiving services, and others	Reference market price agreed by both parties	189,782.68	3.89%	350,000.00	No	Payment on delivery	April 20, 2024	Announcement on the forecast of daily related-party transactions in 2024 (No. 2024-014)
Joint ventures	Joint ventures held by the Company				765.20	0.02%	2,200.00	No	Payment on delivery		
Associated companies	Associated companies held by the Company				28,161.30	0.58%	61,900.00	No	Payment on delivery		
Other related parties	See Note 1 for details				118,964.55	2.44%	200,200.00	No	Payment on delivery		
Subsidiaries or research institutes of CETC	Under the common control of the Company's actual controller.	Sales	Providing services, selling products commercial goods, and others	Reference market price agreed by both parties	21,928.03	0.24%	50,000.00	No	Payment on delivery	April 20, 2024	
Joint ventures	Joint ventures held by the Company				3,487.95	0.04%	18,600.00	No	Payment on delivery		
Associated companies	Associated companies held by the Company				3,447.41	0.04%	15,700.00	No	Payment on delivery		
Other related parties	See Note 1 for details				2,200.44	0.02%	10,300.00	No	Payment on delivery		

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principles for related party transactions	Related party transaction amount(0'000 RMB)	Proportion to the amount of similar transactions.	Approved trading quota (0'000 RMB)	Whether exceed the approved quota	Settlement method	Disclosure date	Disclosure reference
Subsidiaries or research institutes of CETC	Under the common control of the Company's actual controller.	Lease	Renting house from related parties	Reference market price agreed by both parties	167.06	0.37%	500.00	No	Based on contract	April 20, 2024	
Total					368,904.61	-	709,400	-	-	-	-
Details on significant sales return			None								
Total amount of related transactions projected based on different categories, and the actual performance during the current reporting period (if any)			The aforementioned estimated amount includes the additional amount that was added during the actual execution. According to the relevant rules and the Company's <i>Management System of Related Transaction</i> , this additional amount has been approved by the Company's chairman.								
Reasons on significant difference between trading price and market referencing price (if applicable)			Not applicable								

Note 1: Enterprises controlled, jointly controlled or serving as directors or senior management personnel by affiliated natural persons of the Company (including directors, supervisors, senior management of the Company, shareholders holding more than 5% of the shares of the Company and their close family members).

Note 2: The data shown in the totals may differ slightly from the sum of the relevant individual data due to rounding.

## 2. Related-party Transactions regarding Purchase and Disposal of Assets or Equity

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

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

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

## 4. Related Credit and Debt Transactions

☐ Applicable ☒ Inapplicable

No related-parties' creditor's rights or debts during the reporting period.

## 5. Transactions with Related Financial Companies

☒ Applicable ☐ Inapplicable

### Deposit business

Related Party	Relationship	Maximum daily deposit limit (0,000 RMB)	Deposit interest rate range	Opening balance (restated) (0,000 RMB)	Amount incurred (0,000 RMB)		Closing Balance (0,000 RMB)
					Total deposit amount for the current period (0,000 RMB)	Total withdrawal amount for the current period (0,000 RMB)	
CETC Finance Co., Ltd.	Under the common control of the Company's actual controller	1,643,272.24	0.1%-1.75%	401,364.74	538,540.57	539,886.94	400,018.37

### Loan business

Related Party	Relationship	Loan Quota (0,000 RMB)	Loan Interest Rate Range	Opening Balance (0,000 RMB)	Amount incurred (0,000 RMB)		Closing Balance (0,000 RMB)
					Total Loan Amount for the Current Period (0,000)	Total Repayment Amount for the Current	

					RMB)	Period (0,000 RMB)	
CETC Finance Co., Ltd.	Under the common control of the Company's actual controller	500,000.00	2.8%	-	15,000.00	-	15,000.00

**Credit or other financial services**

Related Party	Relationship	Business Type	Total Amount (0,000 RMB)	Actual amount incurred (0,000 RMB)
CETC Finance Co., Ltd.	Under the common control of the Company's actual controller	Other financial services	600,000.00	415,600.00

Note: 1. The above amount is the amount of entrusted loans issued by the Company to its subsidiaries through China Electronics Technology Finance Co., Ltd. during the year.

2. The Company's renewable credit line with CETC Finance Co., Ltd. in the current year shall not exceed RMB 5 billion (inclusive), with actual utilized amount reaching RMB 150 million, all of which are loan businesses (see the table above).

**6. Transactions between the Financial Company Controlled by the Company and Related Parties**

☐ Applicable ☒ Inapplicable

**7. Other Significant Related Party Transactions**

☐ Applicable ☒ Inapplicable

There is no other significant related party transactions during the reporting period.

**XV. Significant Contracts and Their Execution**
**1. Trusteeship, Contracting and Leasing**
**(1) Trusteeship**

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

**(2) Contracting**

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

**(3) Leasing**

☐ Applicable ☒ Inapplicable

No such case in the reporting period.



## 2. Significant Guarantees

√ Applicable    □ Inapplicable

Unit: RMB'0000

Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related party or not
Hangzhou Hikvision Technology Ltd.	April 20, 2024	1,088,400.00	July 26, 2021	294,596.32	Joint guarantee	May 9, 2029	No	No
LuoPu HaiShi DingXin Electronic Technology Ltd.	April 20, 2024	29,000.00	March 26, 2019	19,520.00	Joint guarantee	March 3, 2025	Yes	No
PiShan HaiShi YongAn Electronic Technology Ltd.	April 20, 2024	28,000.00	March 26, 2019	18,678.00	Joint guarantee	March 27, 2025	Yes	No
Moyu HaiShi Electronic Technology Ltd.	April 20, 2024	24,000.00	March 26, 2019	15,440.00	Joint guarantee	March 27, 2025	Yes	No
Hangzhou Hikvision System Technology Ltd.	April 20, 2024	80,000.00	March 23, 2021	13,351.44	Joint guarantee	March 31, 2026	No	No
Urumqi HaiShi Xin'An Electronic Technology Ltd.	April 20, 2024	37,000.00	March 26, 2019	9,542.00	Joint guarantee	January 13, 2025	Yes	No
Hangzhou Hikvision Electronic Ltd.	April 20, 2024	21,500.00	October 23, 2023	4,200.00	Joint guarantee	March 31, 2026	No	No
Nanjing Hikvision Digital Technology Ltd.	April 20, 2024	11,000.00	June 30, 2022	3,853.70	Joint guarantee	July 31, 2025	No	No
Chongqing Hikvision Technology Ltd.	April 20, 2024	25,000.00	May 10, 2024	2,400.00	Joint guarantee	March 31, 2026	No	No

Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related party or not
Chongqing Hikvision System Technology Ltd.	April 20, 2024	2,000.00	March 30, 2023	173.95	Joint guarantee	July 24, 2025	No	No
Yutian HaiShi Meitian Electronic Technology Ltd.	April 20, 2024	30,000.00	March 26, 2019	-	Joint guarantee	December 23, 2024	Yes	No
Xi'an Hikvision Digital Technology Ltd.	April 20, 2024	18,000.00	September 29, 2022	-	Joint guarantee	July 31, 2025	Yes	No
Wuhan Haorong Technology Ltd.	April 20, 2024	33,000.00	December 4, 2023	-	Joint guarantee	July 31, 2025	Yes	No
Shijiazhuang Hikvision Technology Ltd.	April 20, 2024	12,000.00	October 18, 2023	-	Joint guarantee	July 31, 2025	Yes	No
Hikvision International Co.,Limited	April 20, 2024	85,000.00	Not happened during the reporting period					
HIKVISION TECHNOLOGY PTE. LTD	April 20, 2024	10,000.00	Not happened during the reporting period					
Zhengzhou Hikvision Digital Technology Ltd.	April 20, 2024	6,100.00	Not happened during the reporting period					
Chengdu Hikvision Digital Technology Ltd.	April 20, 2024	6,000.00	Not happened during the reporting period					
Nanchang Hikvision Digital Technology Ltd.	April 20, 2024	4,500.00	Not happened during the reporting period					
Hefei Hikvision Digital Technology Ltd.	April 20, 2024	3,500.00	Not happened during the reporting period					
Hikvision Digital Technology (Shanghai) Ltd.	April 20, 2024	3,000.00	Not happened during the reporting period					
Fuzhou Hikvision Digital Technology Ltd.	April 20, 2024	2,500.00	Not happened during the reporting period					

Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related party or not
Wuhan Hikvision Technology Ltd.	April 20, 2024	1,000.00	Not happened during the reporting period					
Total guarantee cap for subsidiaries approved during the reporting period (B1)		1,560,500.00		Total actual guarantee amount for subsidiaries during the reporting period (B2)		1,195,187.89		
Total approved guarantee cap for subsidiaries at the end of the reporting period (B3)		1,560,500.00		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)		381,755.41		
Guarantees provided by the Company's subsidiary to another subsidiary								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related
Hangzhou Haikang Machine Intelligence Ltd.	April 20, 2024	23,000.00	June 13, 2023	2,373.92	Joint guarantee	2025.04.12	No	No
Hangzhou Hikmicro Intelligent Technology Ltd.	April 20, 2024	11,000.00	November 2, 2023	1,935.15	Joint guarantee	2025.04.12	No	No
Hangzhou Haikang Intelligent Technology Ltd.	April 20, 2024	32,000.00	March 14, 2022	1,297.51	Joint guarantee	2026.02.27	No	No
Hikrobot Europe B.V.	April 20, 2024	5,000.00	August 29, 2024	515.82	Joint guarantee	2026.07.19	No	No
Chongqing EZVIZ Electronic Ltd.	April 20, 2024	17,000.00	September 11, 2023	-	Joint guarantee	2024.09.11	Yes	No
Zhangjiang Hikfire Technology Ltd.	April 20, 2024	10,000.00	Not happened during the reporting period					

Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related party or not
Hikrobot Korea Limited	April 20, 2024	5,000.00	Not happened during the reporting period					
Wuhan Hikfire Technology Ltd.	April 20, 2024	3,000.00	Not happened during the reporting period					
Hangzhou EZVIZ Software Ltd.	April 20, 2024	1,000.00	Not happened during the reporting period					
Total guarantee cap for subsidiaries approved during the reporting period (C1)			107,000.00	Total actual guarantee amount for subsidiaries during the reporting period (C2)		32,322.40		
Total approved guarantee cap for subsidiaries at the end of the reporting period(C3)			107,000.00	Total actual guarantee balance for subsidiaries at the end of the reporting period(C4)		6,122.40		
The total amount of Company's guarantees (that is, the total of the first three items)								
Total guarantee cap approved during the reporting period(A1+B1+C1)			1,667,500.00	Total actual guarantee amount during the reporting period(A2+B2+C2)		1,227,510.29		
Total approved guarantee cap at the end of the reporting period(A3+B3+C3)			1,667,500.00	Total actual guarantee balance at the end of the reporting period(A4+B4+C4)		387,877.81		
Portion of the total actual guarantee (A4+B4+C4) amount in net assets of the Company		4.81%						
Of which:								
The balance of guarantee for shareholders, actual controllers and their affiliates. (D)		0						

Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of announcement of the guarantee cap	Guarantee cap	Actual occurrence date	Actual guaranteed amount	Type of guarantee	Guarantee expiration date	Fulfilled or not	Guarantee for a related party or not
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)		367,752.42						
Total amount of guarantee exceeding 50% of net assets (F)		0						
Total guarantee amount of the above-mentioned 3 kinds of guarantees (D+E+F)		367,752.42						
Disclosure regarding outstanding guarantee contracts during the reporting period where guarantee obligations have been triggered or there is evidence indicating potential joint and several liability (if applicable).		None						
Disclosure regarding external guarantees provided in violation of established procedures (if applicable).		None						

### 3. Entrusted Others to Manage Cash Assets

#### (1) Entrusted financial management

☐ Applicable    ☒ Inapplicable

No such case during the reporting period

#### (2) Entrusted loan management

☐ Applicable    ☒ Inapplicable

No such case during the reporting period

#### 4. Other Significant Contracts

☐ Applicable ☒ Inapplicable

No such case during the reporting period

## XVI. Other Significant Events

☒ Applicable ☐ Inapplicable

### 1. During the reporting period, the Company re-elected the board of directors, supervisors and senior management personnel.

On August 2, 2024, the company convened the 1<sup>st</sup> First Extraordinary General Meeting of Shareholders in 2024, electing the 6<sup>th</sup> Board of Directors and 6<sup>th</sup> Board of Supervisors.

The 6<sup>th</sup> Board of Directors consists of 9 members: 5 Non-independent Directors, Mr. Hu Yangzhong, Mr. Fu Baijun, Mr. Xu Lixing, Mr. Xu Peng, Mr. Wang Qiuchao), and 4 Independent Directors, Mr. Wu Xiaobo, Mr. Hu Ruimin, Mr. Lv Changjiang (Accounting Professional), Mr. Tan Xiaofen.

The 6<sup>th</sup> Board of Supervisors comprises 3 members: Mr. Lu Jianzhong, Ms. Huang Xing, and Mr. Pan Jia (Employee Representative Supervisor, elected through the Employee Representative Assembly).

On August 2, 2024, the Company held the 1<sup>st</sup> Meeting of the 6<sup>th</sup> Board of Directors, electing Mr. Hu Yangzhong as Chairman of the Board of Directors and appointing Mr. Xu Peng as General Manager, along with other senior management personnel.

On August 2, 2024, the company convened the 1<sup>st</sup> Meeting of the 6<sup>th</sup> Board of Supervisors, electing Mr. Lu Jianzhong as Chairman of the Board of Supervisors.

On October 25, 2024, the company held the 3<sup>rd</sup> Meeting of the 6<sup>th</sup> Board of Directors, appointing Mr. Feng Wei as Senior Deputy General Manager and concurrently Board Secretary.

For details, please refer to *Announcement on Resolutions of the 1st Extraordinary General Meeting of 2024*, *Announcement on Resolutions of the 1st Meeting of the 6th session of the Board of Directors*, *Announcement on the Election of Employee Representative Supervisors for the 6th Supervisory Board*, *Announcement on Resolutions of the 1st Meeting of the 6th session of the Board of Supervisors*, and *Announcement on Resolutions of the 3rd Meeting of the 6th session of the Board of Directors*, which were published by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) on August 3, 2024 and October 25, 2024.

### 2. The Company's controlling shareholder and persons acting in concert have completed the plan to



**increase their shareholdings.**

The Company received a notice from China Electronics Technology HIK Group Ltd. (hereinafter referred to as "CETHIK"), the Company's controlling shareholder, and its concerted actor CETC Investment Holdings Co., Ltd. (hereinafter referred to as "CETC Investment") on October 18, 2024 that CETHIK and CETC Investment intended to increase its shareholdings of the Company's shares through the trading system of the Shenzhen Stock Exchange through centralized bidding within 6 months from October 19, 2024. The total amount of the increased shareholdings by CETHIK would not be less than RMB200 million and not more than RMB300 million, while the total amount of the increased shareholdings by CETC Investment would not be less than RMB100 million and not more than RMB200 million. The funding sources for CETHIK include its own funds and special loans for stock acquisition, whereas CETC Investment's funding comes from its own capital.

By the close of 8 April, 2025, CETHIK cumulatively acquired 6,845,600 shares through centralized bidding transactions on the Shenzhen Stock Exchange, representing 0.0741% of the company's total share capital at the time, with a total investment of RMB 200,182,737.28 (excluding transaction fees). By the close of 8 April, 2025, CETC Investment cumulatively acquired 12,853,665 shares through centralized bidding transactions on the Shenzhen Stock Exchange, representing 0.0347% of the company's total share capital at the time, with a total investment of RMB 100,016,373.80 (excluding transaction fees).

The Company has duly fulfilled its disclosure obligations in accordance with relevant regulations upon reaching the halfway point and completion of the aforementioned share increase plan and its completion. For details, please refer to the announcements published on the CNINFO website: the *Announcement on the Share Increase Plan by the Company's Controlling Shareholder and Its Concerted Parties* (October 19, 2024), the *Announcement on the Controlling Shareholder Obtaining a Special Loan Commitment Letter for Share Increase* (December 14, 2024), the *Progress Announcement at the Midpoint of the Share Increase Plan by the Controlling Shareholder and Its Concerted Parties* (January 18, 2025), and the *Announcement on Implementation Completion* (April 9, 2025).

In addition to the above plan, CETHIK disclosed a share increase plan on October 17, 2023, which was completed on January 9, 2024, while CETC Investment disclosed a plan on January 17, 2024, completed on February 6, 2024. For details, refer to the announcements published on the CNINFO website: the *Announcement on Completion of Share Increase Plan by the Controlling Shareholder* (January 10, 2024) and the *Announcement on Completion of Share Increase Plan by Concerted Parties of the Controlling Shareholder* (February 7, 2024).

**3. The Company's share repurchase plan and its implementation progress.**

Based on the firm confidence in the Company's future development prospects and the high recognition of its long-term value, the Chairman of the board proposed a share repurchase on October 18, 2024. The proposal was reviewed and approved at the 4<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors on December 9, 2024, and the 2024 2<sup>nd</sup> Extraordinary General Meeting on December 25, 2024, through the Share Repurchase Plan Proposal. The company is authorized to repurchase a portion of its domestically issued RMB ordinary shares (A-shares) via centralized bidding on the Shenzhen Stock Exchange. The total repurchase amount shall not exceed RMB 2.5 billion (inclusive) and shall be no less than RMB 2.0 billion (inclusive), with a maximum repurchase price of RMB 40 per share (inclusive). Funding sources include the company's own capital and a dedicated share repurchase loan. The repurchase period shall not exceed 12 months from the date of shareholder approval. The repurchased shares will be canceled to reduce registered capital. For details, refer to the announcements published on October 19, December 10, and December 26, 2024: *Announcement on the Chairman of the board's Share Repurchase Proposal, Resolution of the Fourth Meeting of the Sixth Board of Directors, Announcement on the Share Repurchase Plan, Resolution of the 2024 Second Extraordinary General Meeting, and Share Repurchase Report*.

On December 26, 2024, the Company completed its first repurchase of 4,003,019 shares via a dedicated securities account through centralized bidding, representing 0.0434% of the total shares outstanding. The highest and lowest transaction prices were RMB 31.50/share and RMB 31.06/share, respectively, with a total share value of RMB 125,613,283.27 (excluding fees).

As of the market close on March 31, 2025, the Company has implemented the share repurchase through the dedicated securities account for share repurchases via centralized bidding, cumulatively repurchasing 40,504,219 shares, which represents 0.4387% of the Company's current total issued share capital. The highest transaction price was RMB32.70 per share, and the lowest transaction price was RMB27.53 per share. The total transaction amount was RMB1,235,479,288.81 (excluding transaction fees).

The Company strictly complies with regulatory requirements, follows lawful procedures, and discloses repurchase progress announcements within the first three trading days of each month. For details, refer to the *Announcement on the First Share Repurchase* published on December 27, 2024, on the CNINFO website, and the monthly *Announcement on Share Repurchase Progress*.

## **XVII. Significant Events of the Company's Subsidiaries**

✓ Applicable   ☐ Inapplicable

**Matters Relating to Steady Promotion of the Spin-off of HikRobot to be Listed on the SZSE ChiNext Market**

On March 7, 2023, Hangzhou Hikrobot Co., Ltd. (hereinafter referred to as "HikRobot") received Notice on Accepting the Application Documents for the Initial Public Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd. (SZSE Listing Review [2023] No. 252) issued by Shenzhen Stock Exchange, and SZSE considered that application documents were completed and decided to accept. For details, please refer to the Announcement on the Application for the Initial Public Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd., a Subsidiary of the Company, is Accepted by the SZSE (Announcement No.: 2023-008) published by the Company on CNINFO website (www.cninfo.com.cn) on March 8, 2023. Shenzhen Stock Exchange issued the Inquiry Letter on the Review of Application Documents for the Initial Public Share Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd. (Inquiry Letter (2023) No. 010121) on March 30, 2023, and HikRobot has submitted the Reply to the Inquiry Letter on the Review of Application Documents for the Initial Public Share Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd. on May 17, 2023. Shenzhen Stock Exchange issued the Second Inquiry Letter on the Review of Application Documents for the Initial Public Share Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd. (Inquiry Letter (2023) No. 010218) on June 30, 2023, and HikRobot has submitted the Reply to the Second Inquiry Letter on the Review of Application Documents for the Initial Public Share Offering of Shares and Listing on the SZSE ChiNext Market of Hangzhou Hikrobot Co., Ltd. on July 27, 2023. Shenzhen Stock Exchange issued the Review Opinions Implementation Letter for the Application of Hangzhou Hikrobot Co., Ltd. for the Initial Public Offering of Shares and Listing on the ChiNext Board (Review Letter (2024) No. 010010) on January 15, 2024, and subsequently announced Hikrobot's submission of the Reply to the Review Opinions Letter from the Application Documents Review Center for the Initial Public Offering of Shares and Listing on the ChiNext Board of Hangzhou Hikrobot Co., Ltd. on January 2, 2025.

## Section VII Changes in Shares and Information about Shareholders

### I. Changes in Share Capital

#### 1. Table of Changes in Share Capital

Unit: Share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus share	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	222,167,673	2.38%				-94,639,161	-94,639,161	127,528,512	1.38%
1) State holdings									
2) Shares held by state-owned corporates									
3) Shares held by other domestic investors	222,031,673	2.38%				-94,503,161	-94,503,161	127,528,512	1.38%
Including: held by domestic corporations									
held by domestic individuals	222,031,673	2.38%				-94,503,161	-94,503,161	127,528,512	1.38%
4) Shares held by overseas investors	136,000	0.00%				-136,000	-136,000	0	0.00%
Including: held by overseas corporations									
held by overseas individuals	136,000	0.00%				-136,000	-136,000	0	0.00%
2. Shares without restriction	9,108,433,258	97.62%				-2,763,444	-2,763,444	9,105,669,814	98.62%
1) RMB ordinary shares	9,108,433,258	97.62%				-2,763,444	-2,763,444	9,105,669,814	98.62%
2) Domestically listed foreign shares									

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus share	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
3) Foreign shares listed overseas									
4) Others									
3. Total	9,330,600,931	100.00%				-97,402,605	-97,402,605	9,233,198,326	100.00%

### Reason for the changes in share capital

✓ Applicable ☐ Inapplicable

(1) During the reporting period, the number of senior managers' locked-up shares changed due to senior managers' increase in shareholdings and leadership re-election of the Company. For details, please refer to the table from "V. Information about Directors, Supervisors, and Senior Management" in Section IV "Corporate Governance" of this report.

(2) During the reporting period, the Company terminated the 2021 Restricted Stock Plan and repurchased and canceled all relevant restricted shares.

On April 18, 2024 and May 10, 2024, the 20<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Directors, the 18<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Supervisors and 2023 Annual General Meeting reviewed and approved *Proposal on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares*, and agreed the company terminate the implementation of the 2021 Restricted Stock Plan and repurchase and cancel all restricted stocks granted but not yet unlocked. The number of restricted stocks proposed to be repurchased and cancelled this time totals 97,402,605 shares, accounting for 1.0439% of the company's total share capital (9,330,600,931 shares) before the repurchase and cancellation. On August 15, 2024, the aforementioned restricted stocks have completed the repurchase and cancellation procedures at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. As of the reporting day, the Company does not have any outstanding restricted shares.

For details, please refer to *the Announcement on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares and the Announcement on the Completion of Repurchase and Cancellation of Restricted Stocks Related to the 2021 Restricted Stock Plan* published by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) on April 20, 2024 and August 17, 2024.

**Approval for changes in share capital**

☒ Applicable ☐ Inapplicable

On April 18, 2024 and May 10, 2024, the 20<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Directors, the 18<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Supervisors and 2023 Annual General Meeting reviewed and approved *Proposal on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares*, and agreed the company terminate the implementation of the 2021 Restricted Stock Plan and repurchase and cancel all restricted stocks granted but not yet unlocked.

**Transfer for changes in share capital**

☒ Applicable ☐ Inapplicable

On August 15, 2024, the Company completed the repurchase and cancellation procedures for 97,402,605 restricted shares under its 2021 Restricted Share Incentive Plan through China Securities Depository and Clearing Corporation Limited (Shenzhen Branch). Consequently, the total share capital was adjusted from 9,330,600,931 shares to 9,233,198,326 shares. As of the reporting day, the Company does not have any outstanding restricted shares.

**Effects of changes in share capital 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 ☒ Inapplicable



**Other contents that the Company considers necessary or required by the securities regulatory authorities to disclose**
☐ Applicable ☒ Inapplicable

**2. Changes in Restricted Shares**
☒ Applicable ☐ Inapplicable

Unit: Share

Name of shareholder	Opening restricted shares	Increased in current period	Vested in current period	Closing restricted shares	Note for restricted shares	Unlock date
Grantees of restricted share incentive plan (consolidated)	97,402,605	0	97,402,605	0	Equity Incentive Restricted Shares	August 15, 2024, 2021 Restricted Stock Plan repurchased and canceled
Hu Yangzhong	116,727,358	270,000	0	116,997,358	Restricted shares for senior executives	In accordance with relevant regulations on the management of shares held by senior executives.
Xu Peng	11,466	0	0	11,466	Restricted shares for senior executives	
Wang Qiuchao	26,250	0	0	26,250	Restricted shares for senior executives	
Pan Jia	40,969	0	0	40,969	Restricted shares for senior executives	
He Hongli	248,625	0	0	248,625	Restricted shares for senior executives	
Pu Shiliang	176,925	0	0	176,925	Restricted shares for senior executives	
Guo Xudong	15,855	22,500	0	38,355	Restricted shares for senior executives	
Xu Ximing	80,925	7,500	0	88,425	Restricted shares for senior executive	
Huang Fanghong	257,125	22,500	0	279,625	Restricted shares for senior executives	
Jin Yan	188,250	0	0	188,250	Restricted shares for senior executives	
Cai Changyang	82,125	0	0	82,125	Restricted shares for senior executives	
Qu Liyang	11,812	3,938	0	15,750	Restricted shares for senior executives	
Wu Weiqi	6,514,342	2,171,447	0	8,685,789	Restricted shares for senior executives	

Name of shareholder	Opening restricted shares	Increased in current period	Vested in current period	Closing restricted shares	Note for restricted shares	Unlock date
Xu Lirong	227,250	75,750	0	303,000	Restricted shares for senior executives	
Jin Duo	82,125	27,375	0	109,500	Restricted shares for senior executives	
Bi Huijuan	177,075	59,025	0	236,100	Restricted shares for senior executives	
<b>Total</b>	222,271,082	2,660,035	97,402,605	127,528,512	--	--

Note:

- 1) Executives who are grantees under incentive restricted shares scheme, his/her holding incentive restricted shares are counted within the "Grantees of restricted share incentive plan (consolidated)" on the second row.
- 2) The total amount of vested shares of the "Grantees of restricted share incentive plan (consolidated)" in the current reporting period is 97,402,605 shares, which results from the repurchase and cancellation of restricted shares granted but not unlocked of the Company's 2021 Restricted Stock Plan in the current period (including the repurchase and cancellation of the corresponding restricted shares held by the above senior executives).
- 3) The chairman of the board, Hu Yangzhong and senior managers, Guo Xudong, Xu Ximing, Huang Fanghong increased their holdings of the Company. These shares are classified as restricted shares for senior managers in accordance with the relevant rules. Qu Liyang, Wu Weiqi, Xu Lirong, and Jin Duo retired upon expiration of their terms, while Bi Huijuan resigned from her executive position during the reporting period. All shares held by them are fully classified into executive restricted shares within 6 months of her resignation in accordance with relevant equity restriction rules.
- 4) For newly appointed directors, supervisors, and senior management during the reporting period, their initial restricted shares are the number of shares classified as restricted shares at the time of appointment in accordance with relevant equity restriction rules.

## II. Issuance and Listing of Securities

### 1. Securities (exclude Preferred Share) Issued during the Reporting Period

☐ Applicable ☒ Inapplicable

### 2. Explanation on Changes in Total Share Capital, the Structure of Shareholders, and the Structure of Assets and Liabilities of the Company

☒ Applicable ☐ Inapplicable

On August 15, 2024, the company completed the repurchase and cancellation procedures for 97,402,605 restricted shares under its 2021 Restricted Share Incentive

Plan through China Securities Depository and Clearing Corporation Limited (Shenzhen Branch). Consequently, the total share capital was adjusted from 9,330,600,931 shares to 9,233,198,326 shares. As of the reporting day, the Company does not have any outstanding restricted shares.

After the completion of the above matters, there has been no significant change in the shareholder structure, asset and liability structure of the Company.

### 3. Existent Shares Held by Internal Staff of the Company

☐ Applicable ☒ Inapplicable

## 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		401,004		The total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report			340,254	
Particulars about shares held by shareholders with a shareholding percentage over 5% or the Top 10 of them (Excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total ordinary shares held at the end of the reporting period	Increase/decrease during the reporting period	The number of shares held with trading restrictions	The number of shares held without trading restrictions	Pledged or marked or frozen	
							Status	Amount
China Electronics Technology HIK Group Ltd.	Domestic state-owned corporation	36.93%	3,410,150,909	6,271,400	0	3,410,150,909	Pledged	50,000,000
Gong Hongjia	Overseas individual	10.42%	962,504,814	0	0	962,504,814	Pledged	231,058,200
Hangzhou Weixun Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	4.88%	450,795,176	0	0	450,795,176	Pledged	22,200,000

Shanghai Perseverance Asset Management Partnership (Limited Partnership) - Perseverance Adjacent Mountain 1 Yuanwang Fund	Other	4.18%	385,950,050	-41,049,950	0	385,950,050	-	-
CETC Investment Holdings Co., Ltd.	Domestic state-owned corporation	2.66%	245,484,168	13,176,265	0	245,484,168	-	-
Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.98%	182,510,174	0	0	182,510,174	Pledged	51,980,000
The 52 <sup>nd</sup> Research Institute at China Electronics Technology Group Corporation	Domestic state-owned corporation	1.96%	180,775,044	0	0	180,775,044	-	-
Hu Yangzhong	Domestic individual	1.69%	155,996,477	360,000	116,997,358	38,999,119	-	-
Central Huijin Investment Co., Ltd.	Domestic state-owned corporation	0.70%	64,700,691	0	0	64,700,691	-	-
Industrial and Commercial Bank of China Co., Ltd. - Huatai Pinebridge CSI 300 ETF Securities Investment Fund	other	0.69%	63,851,856	35,931,100	0	63,851,856	-	-

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Explanation on associated relationship or concerted actions among the above-mentioned shareholders:	Among the above shareholders, China Electronics Technology HIK Group Ltd., CETC Investment Holdings Co., Ltd., and the 52 <sup>nd</sup> Research Institute at China Electronics Technology Group Corporation are acting-in-concert parties. Mr. Gong Hongjia and Hangzhou Pukang Equity Investment Partnership (Limited Partnership) are acting-in-concert parties. Mr. Hu Yangzhong and Hangzhou Weixun Equity Investment Partnership (Limited Partnership) are acting-in-concert parties. Except for these, the Company does not know whether the other shareholders are related parties or whether they are acting-in-concert parties in accordance with the <i>Administrative Measures for Acquisitions of Listed Companies</i> .		
Shareholding details of the top 10 unrestricted shareholders (excluding shares lent out through securities lending arrangements and management locked-in shares).			
Name of shareholder	Number of shares without trading restrictions held at the period-end	Type of shares	
		Type	Number
China Electronics Technology HIK Group Co., Ltd.	3,410,150,909	RMB ordinary shares	3,410,150,909
Gong Hongjia	962,504,814	RMB ordinary shares	962,504,814
Hangzhou Weixun Equity Investment Partnership (Limited Partnership)	450,795,176	RMB ordinary shares	450,795,176
Shanghai Perseverance Asset Management Partnership (Limited Partnership) - Perseverance Adjacent Mountain 1 Yuanwang Fund	385,950,050	RMB ordinary shares	385,950,050
CETC Investment Holdings Co., Ltd.	245,484,168	RMB ordinary shares	245,484,168
Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	182,510,174	RMB ordinary shares	182,510,174
The 52 <sup>nd</sup> Research Institute at China Electronics Technology Group Corporation	180,775,044	RMB ordinary shares	180,775,044
Central Huijin Investment Co., Ltd.	64,700,691	RMB ordinary shares	64,700,691
Industrial and Commercial Bank of China Co., Ltd. - Huatai Pinebridge CSI 300 ETF Securities Investment Fund	63,851,856	RMB ordinary shares	63,851,856
Hong Kong Securities Clearing Company Ltd.(HKSCC)	49,563,620	RMB ordinary shares	49,563,620
Explanation on associated relationship and concerted actions among Top 10 shareholders holding shares without trading restrictions, and among Top 10 shareholders and Top 10 shareholders holding shares without trading restrictions	Among the above shareholders, China Electronics Technology HIK Group Co., Ltd., CETC Investment Holdings Co., Ltd., and the 52 <sup>nd</sup> Research Institute at China Electronics Technology Group Corporation are acting-in-concert parties. Mr. Gong Hongjia and Hangzhou Pukang Equity Investment Partnership (Limited Partnership) are acting-in-concert parties. Hangzhou Weixun Equity Investment Partnership (Limited Partnership) and Mr. Hu Yangzhong, chairman of the board, are acting-in-concert parties. Except for these, the Company does not know whether the other shareholders are related parties or whether they are acting-in-concert parties in accordance with the <i>Administrative Measures for Acquisitions of Listed Companies</i> .		

Details of share lending activities through securities lending arrangements by shareholders holding more than 5% of shares, top 10 shareholders, and top 10 holders of unrestricted circulating shares.

✓ Applicable ☐ Inapplicable

Unit: shares

Details of share lending activities through securities lending arrangements by shareholders holding more than 5% of shares, top 10 shareholders, and top 10 holders of unrestricted circulating shares.								
Name of shareholder	Period-beginning common account and credit account holdings		Period-beginning refinancing lending shares that have not yet been returned		Period-end common account and credit account holdings		Period-end refinancing lending shares that have not yet been returned	
	Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage
Industrial and Commercial Bank of China Co., Ltd. - Huatai Pinebridge CSI 300 ETF Securities Investment Fund	27,920,756	0.30%	15,900	0.00%	63,851,856	0.69%	0	0.00%

Any changes of the Company's top 10 common shareholders or top 10 non-restricted common shareholders were due to refinancing, lending/repayment issues compared with the previous period?

☐ Applicable ✓ Inapplicable

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducted any agreed buy-back in the reporting period?

☐ Yes ✓ No

No such case during the current reporting period.

## 2. Particulars about Controlling Shareholder of the Company

Nature of the controlling shareholder: Central State-owned

Type of the actual controller: Corporation



Name of controlling shareholder	Legal Representative /People in charge	Date of establishment	Organization code	Business scope
China Electronics Technology HIK Group Ltd.	Chen Zongnian	November 29, 2002	9133000014306073XD	Industrial investment; R&D of environmental protection products, network products, intelligent products and electronic products; technology transfer, technical services, manufacturing and sales; business consulting services, rental services of self-owned real estate; import and export businesses.
Shares held by the controlling shareholder in other listed companies through controlling or holding during the reporting period	Directly holds 47.16% shares of domestic listed company Phoenix Optical Co. Ltd., and directly holds 13.50% shares of domestic listed company Anbang Save-guard Group Co., Ltd. and indirectly holds 17.73% shares of domestic listed company Hangzhou EZVIZ Network Co., Ltd. (China Electronics Technology HIK Group Ltd. holds 36.93% shares of the Company and the Company holds 48.00% shares of Hangzhou EZVIZ Network Co., Ltd).			

Change of the controlling shareholder during the reporting period

☐ Applicable ☒ Inapplicable

The Company's controlling shareholder has not changed during the reporting period.

### 3. Particulars about the Company's Actual Controller & Concerted Parties

Nature of the actual controller: Central state-owned assets management agency

Type of the actual controller: Corporation

Engaged in the construction of national major electronic information system projects, as well as the research, development, production, and sales of equipment, civil electronic information software, materials, components, complete machines, system integration, and related common technologies.

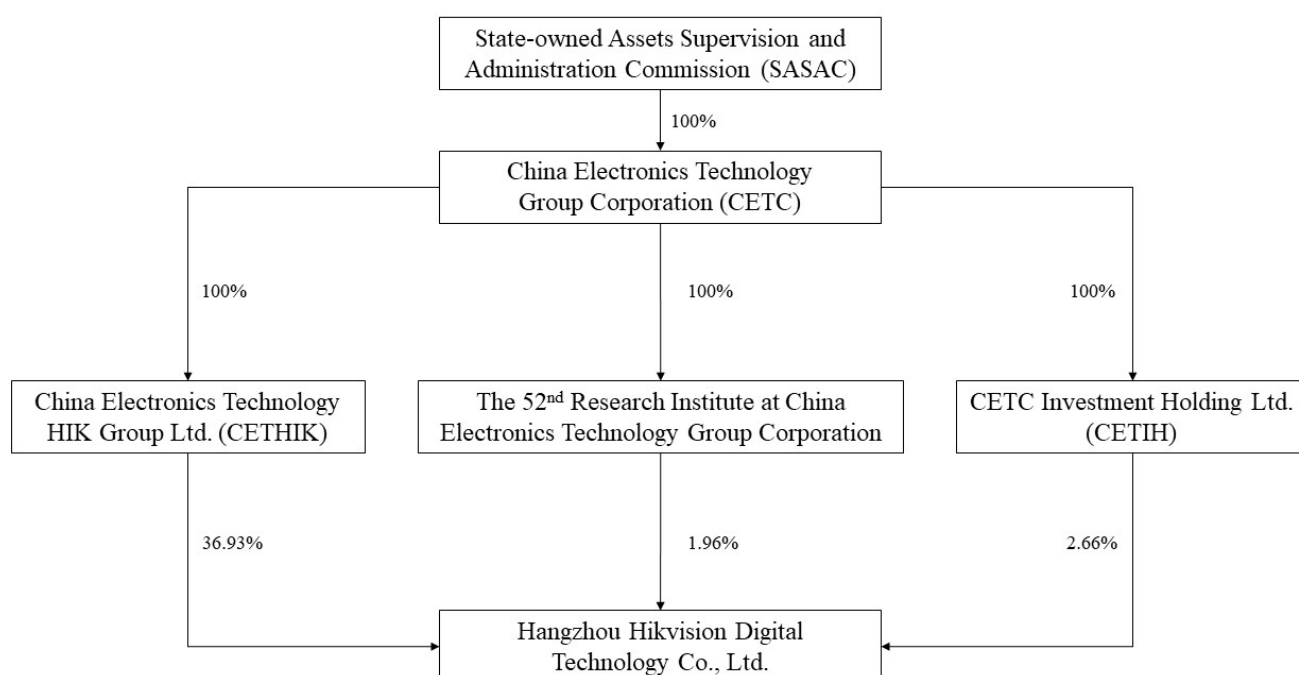
Name of the actual controller	Legal Representative /People in charge	Date of establishment	Organization code	Business scope
China Electronics Technology Group Corporation	Wang Haibo	February 25, 2002	91110000710929498G	Engaged in the construction of national major electronic information system projects, as well as the research, development, production, and sales of equipment, civil electronic information software, materials, components, complete machines, system integration, and related common technologies.
Shares held by the actual controlling shareholder in other listed companies through controlling or holding during the reporting period	China Electronics Technology Group Corporation is the actual controller of 18 domestic listed companies including Sun Create Electronic Co., Ltd, CETC Digital Technology Co., Ltd, CETC Cyberspace Security Technology Co., Ltd., CETC Putian Technology Co., Ltd., Tai'ji Computer Corporation Limited, GLARUN Technology Co., Ltd., Phoenix Optics Co., Ltd., Chengdu Spaceon Electronics Co.,Ltd., CETC Chip Technology Inc., Hebei Sinopack Electronic Technology Co., Ltd., Eastern Communications Co.,Ltd., Eastcompeace Technology Co.,Ltd., Nanjing Potevio Telecommunications Co., Ltd., Chengdu Siwi Science and Technology Co., Ltd., Nanjing Guobo Electronics Co., Ltd., Hangzhou EZVIZ Network Co., Ltd., Nanjing Les Information Technology Co., Ltd., Beijing E-hualu Information Technology Co., Ltd. and etc.			

Change of the actual controller during the reporting period

☐ Applicable ☒ Inapplicable

No such change during the reporting period.

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



The actual controller controls the Company through trust or other asset management methods

☐ Applicable ☒ Inapplicable

**4. The Company's Controlling Shareholder or the Largest Shareholder and its Concerted Action Person's Cumulative Pledged Shares Account for 80% of the Company's Shares Held by Them**

☐ Applicable ☒ Inapplicable

**5. Particulars about Other Corporate Shareholders with Shareholding Proportion over 10%**

☐ Applicable ☒ Inapplicable

**6. Particulars on Shareholding Decrease Restrictions for the Controlling Shareholders, Actual Controller, Restructurer or Other Committing Parties**

☐ Applicable ☒ Inapplicable

**IV. The Specific Implementation of Share Repurchase during the Reporting Period**

Implementation progress of share repurchase

☒ Applicable ☐ Inapplicable

Disclosure Date	Planned repurchase amount of shares	Proportion to total share capital	Planned amount of repurchase fund	Repurchase period	Use of repurchase	Amount of repurchased shares (share)	The number of repurchased shares as a proportion of the underlying stock covered by the share incentive scheme
December 10, 2024	Calculated based on that the repurchase price shall not exceed RMB40 per share. The amount shall not exceed 62,500,000 shares and not less than 50,000,000 share, and the final result is subject to the actual repurchase.	Calculated based on that the repurchase price shall not exceed RMB40 per share. The repurchased portion of shares shall not exceed 0.68% and not less than 0.54%, and final result is subject to the actual repurchase.	Shall not exceed RMB2.5 billion (inclusive) and not less than RMB 2 billion (inclusive)	December 25, 2024 – December 24, 2025	Cancel and reduce registered capital in accordance with law	10,000,219	Inapplicable

Note: The number of shares repurchased presented in the table reflects the actual repurchased shares as of the close of trading on December 31, 2024.

Based on the firm confidence in the Company's future development prospects and the high recognition of its long-term value, the Chairman of the board proposed a share repurchase on October 18, 2024. The proposal was reviewed and approved at the 4<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors on December 9, 2024, and the 2024 2<sup>nd</sup> Extraordinary General Meeting on December 25, 2024, through the Share Repurchase Plan Proposal. The Company is authorized to repurchase a portion of its domestically issued RMB ordinary shares (A-shares) via centralized bidding on the Shenzhen Stock Exchange. The total repurchase amount shall not exceed RMB 2.5 billion (inclusive) and shall be no less than RMB 2.0

billion (inclusive), with a maximum repurchase price of RMB 40 per share (inclusive). Funding sources include the Company's own capital and a dedicated share repurchase loan. The repurchase period shall not exceed 12 months from the date of shareholder approval. The repurchased shares will be canceled to reduce registered capital. For details, refer to the announcements published on October 19, December 10, and December 26, 2024: *Announcement on the Chairman of the board's Share Repurchase Proposal, Resolution of the Fourth Meeting of the Sixth Board of Directors, Announcement on the Share Repurchase Plan, Resolution of the 2024 Second Extraordinary General Meeting, and Share Repurchase Report*.

On December 26, 2024, the Company completed its first repurchase of 4,003,019 shares via a dedicated securities account through centralized bidding, representing 0.0434% of the total shares outstanding. The highest and lowest transaction prices were RMB 31.50/share and RMB 31.06/share, respectively, with a total share value of RMB 125,613,283.27 (excluding fees).

As of the close of March 31, 2025, the Company had cumulatively repurchased 40,504,219 shares through the dedicated securities account, accounting for 0.4387% of the total shares outstanding. The highest and lowest transaction prices were RMB 32.70/share and RMB 27.53/share, respectively, with a total share value of RMB 1,235,479,288.81 (excluding fees).

The Company strictly complies with regulatory requirements, follows lawful procedures, and discloses repurchase progress announcements within the first three trading days of each month. For details, refer to the *Announcement on the First Share Repurchase* published on December 27, 2024, on the CNINFO website, and the monthly *Announcement on Share Repurchase Progress*.

Implementation progress of reduce holdings of repurchased shares by means of centralized bidding

☐ Applicable ☒ Inapplicable

## **Section VIII Information of Preferred Shares**

☐ Applicable   ☒ Inapplicable

There is no preferred share existed for the Company during the current reporting period.

## Section IX Bonds

☐ Applicable   ☒ Inapplicable

## Section X Financial Report

### Audit Report

Audit Opinion	Standard unqualified audit opinion
Audit Report sign-off Date	April 17, 2025
Audit Institution Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Audit Report Number	Deloitte Auditors' Report (Audit) No. 25- P04523
Certified Public Accounts Name	Chen yan, Liu ying

To all shareholders of Hangzhou Hikvision Digital Technology Co., Ltd.:

#### 1. Audit Opinion

We have audited the accompanying financial statements of Hangzhou Hikvision Digital Technology Co., Ltd. (hereinafter referred to as "Hikvision" or "The Group"), including consolidated and parent company's balance sheet as of December 31, 2024, consolidated and parent company's income statement, cash flow statement and statement of changes in owners' equity of 2024 as well as relevant financial notes to financial statements.

In our opinion, the financial statements annexed have been prepared in accordance with Accounting Standards for Business Enterprises in all material respects and they present fairly the consolidated and parent company's financial position of Hikvision as of December 31, 2024 and consolidated and parent company's financial performance and cash flows of 2024.

#### 2. Basis of Opinion

We have conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. "Responsibilities of Certified Public Accountants for Financial Statements Audit" in the audit report further states our responsibilities under the standards. As per the code of ethics of Chinese certified public accountants, we are independent from Hikvision and have implemented other responsibilities as required by the code of ethics. We believe that the audit evidence we have acquired is sufficient and appropriate to provide a basis for our audit opinion.

#### 3. Key Matters

Key matters are matters we deem the most significant to the financial statements audit for this year based on our professional judgment. These matters are handled based on the financial statements audit as a whole and the audit opinion formed accordingly. We don't present opinions separately on these matters. We confirm that the following matters are key matters to be communicated through in the audit report.

##### (1) Recognition of Sales Revenues

Description:



As shown in Note (V) 45, the operating revenue in the consolidated financial statements of the Group for the year ended December 31, 2024 is RMB92,495,525,118.30. The product sales revenue, a key performance indicator, reaches RMB87,408,184,677.06, accounting for 94.50% of the operating revenue, which is a significant indicator of the Group and has a significant influence on results of business operations. The product sales revenue include different sales models such as product domestic sales and product export sales by domestic companies and the overseas sales of overseas subsidiaries, and the revenue recognition is complicated. Therefore, we regard the occurrence of product sales revenue as a key audit matter.

Audit Measures:

Main audit procedures that we perform for the aforesaid key audit matters include:

- (1) Understanding and evaluating design and implementation of key internal control in relation to revenue recognition, and testing the effectiveness of its operation;
- (2) For revenues under different sales models, selecting a sample to check the sales contract, reviewing its main transaction terms, evaluating whether revenue recognition complies with requirements of accounting policies of the Group and the Accounting Standards for Business Enterprises;
- (3) Analyzing revenues and gross profits based on product types, to understand whether there are abnormal fluctuations in the revenues and gross profits for the year, and conducting a test of details for identified specific transactions, through systematic analysis of revenue data, and reviewing relevant supporting documents;
- (4) Selecting sample(s) from product sales revenues recorded for the year, checking invoices, sales contracts or orders, shipping orders, signature forms, and other supporting documents; for the sample(s) of income under the export model of the selected domestic companies, additional inspections will be made to the customs declaration record and shipment record.

**(2) Provision for Credit Loss of Accounts Receivable**

Description:

As disclosed in Note (V) 4 to the consolidated financial statements of the Group, as of December 31, 2024, the balance of accounts receivable amounted to RMB41,824,083,460.37, and the balance of provision for credit losses of accounts receivable amounted to RMB3,913,954,724.95. The book value of the Group's accounts receivable is relatively high, and the provision for credit loss of accounts receivable has a significant impact on the financial statements. As shown in Note (III) 11.2, Note (III) 13 and Note (III) 35 of the financial statements, the Group makes provisions for credit losses for accounts receivable at an amount equivalent to expected credit losses during the entire duration. For accounts receivable with significant individual amount and when the debtor has major financial difficulties, etc., the Group recognizes its credit losses based on individual assets, and classifies other accounts receivable into different combinations based on common credit risk characteristics and calculates expected credit losses on a portfolio basis.

For accounts receivable classified into portfolios, the Group uses impairment matrix to determine the expected credit loss provision for accounts receivable. The expected credit loss provision ratio for each portfolio is determined based on the Group's historical overdue ratio and default and with reference to the forward-looking information of the industry. The accounting estimates above are subject to a high level of uncertainties. Therefore, we identify the recognition of credit loss provision for accounts receivable on a portfolio basis as a key audit matter.

Audit Measures:

Main audit procedures that we perform for the aforesaid key audit matters include:

- (1) Understanding and evaluating design and implementation of key internal control in relation to expected credit loss provision for accounts receivable by the Group, and testing the effectiveness of its operation;
- (2) Understanding the Group's accounting policies for expected credit loss on accounts receivable; for the model credit loss provision for accounts receivable on a portfolio basis, the following main procedures were performed
  - Assessing the rationality of measurement method by using impairment matrix model, and the rationality of the key parameters and assumptions used in the impairment matrix model, including classification of different portfolios, classification of stage, forward-looking adjustment, etc.;
  - Obtaining the historical default data used by the Group's management in determining the historical loss rate of accounts receivable, and evaluating the accuracy thereof;
  - Selecting samples to test the accuracy of the classification of portfolio and stage by the Group's management;
  - Recalculating the expected credit loss provision based on default loss percentage.

#### **4. Other Information**

Management of Hikvision shall be responsible for other information. Other information includes the information covered in the annual report, excluding the financial statements and our audit report.

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

In connection with our audit of the financial statements, our responsibility is to read other information and to consider whether other information is significantly misstated or materially inconsistent with the financial statements or the information we learned during the audit.

Based on the works we have performed, if we determine that there is a material misstatement in other information, we should report the fact. In this respect, we have nothing to report.

#### **5. Responsibility of the Management and Governance for the Financial Statements**

The management of Hikvision is responsible for the preparation of financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation, and design, implementation and maintenance of necessary internal control to enable the financial statements are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the management is responsible for assessing the going-concern ability of Hikvision, disclosing issues related to going-concern as applicable, and applying going-concern assumptions, unless the management plans to liquidate Hikvision, terminate operation or has no other realistic choice.

The governance is responsible for supervising financial reporting processes of Hikvision.

#### **6. Responsibility of Certified Public Accountants on Audit of the Financial Statements**

Our objective is to obtain reasonable assurance as to whether the overall financial statements are free from material misstatement, whether due to fraud or error, and to issue audit report that contain audit opinions. Reasonable assurance is a high level of assurance, but could not guarantee that an audit performed in accordance with the Auditing Standards can always figure out any existing material misstatements. Misstatements may be caused by fraud or error. Misstatement is

generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect the users' financial decisions based on the financial statements.

In performing the audit in accordance with the Auditing Standards, we applied professional judgment and maintained professional skepticism. Meanwhile, we also perform the following duties:

- (1) Identify and evaluate the risk of material misstatement of financial statements due to fraud or error; design and implement audit procedures to cope with these risks, and obtain adequate and appropriate audit evidence as the basis for expressing audit opinions. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement due to error.
- (2) Understand the internal control related to auditing as a way to design appropriate audit procedures.
- (3) Evaluate the properness of accounting policy selected by the management and the rationality of accounting estimate and related disclosure.
- (4) Reach a conclusion on whether the going concern assumption adopted by the management is appropriate. Meanwhile, based on the audit evidence obtained, reach a conclusion on whether there are material uncertainties in the events or conditions that may cast significant doubts on Hikvision's ability to continue as a going concern. If we reach a conclusion that there is a material uncertainty, the Auditing Standards require us to call the attention of the users of the report to the relevant disclosures in the financial statements in the audit report. If the disclosure is insufficient, we should issue modified audit opinions. Our conclusion is based on the information available up to the date of the audit report. However, future events or conditions may result in the failure of Hikvision to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosure), structure and content of the financial statements and evaluate whether the financial statements fairly reflect the related transactions and events.
- (6) Obtain adequate and appropriate audit evidence on the financial information of entity or business activities of Hikvision so as to express audit opinions on the financial statements. We are responsible for directing, supervising and executing the audit on the Group, and assume full responsibility for the audit opinions.

We communicated with the governance about the scope of the audit, the schedule and major audit findings, including the notable shortcomings of internal control identified during the auditing.

We also provide statement to the governance on the independence-related work ethics we follow, and communicate with the governance on all relations and other matters that might be reasonably deemed to influence our independence as well as relevant precautionary measures (as applicable).

We determine which of the matters we communicated with the governance are of the greatest importance to the audit of financial statements of the current period so as to make them key matters. We describe the matters in the audit report. We decide not to communicate on such matters in the audit report unless the laws and regulations forbid the public disclosure of such matters, or, in rare circumstances, if the negative consequence of communication of matters in the audit report is reasonably expected to exceed the benefit of the public interest.

On December 31, 2024

### Consolidated Balance Sheet

Unit: RMB

Item	Notes	On December 31, 2024	On December 31, 2023(Restated)
<b>Current Assets:</b>			
Cash and bank balances	(V)1	36,271,488,337.03	49,638,158,662.54
Derivative financial assets	(V)2	26,775,923.93	37,380.00
Notes receivable	(V)3	2,722,596,142.46	2,606,071,375.74
Accounts receivable	(V)4	37,910,128,735.42	35,816,573,511.44
Receivables for financing	(V)6	2,291,648,244.05	1,594,219,832.62
Prepayments	(V)7	664,602,593.01	508,151,405.92
Other receivables	(V)8	531,344,606.50	571,912,035.93
Inventories	(V)9	19,110,711,958.11	19,211,444,296.82
Contract assets	(V)5	985,822,785.69	1,173,312,415.20
Non-current assets due within one year	(V)10	894,327,647.82	1,079,721,006.23
Other current assets	(V)11	1,071,066,653.10	961,593,616.75
<b>Total Current Assets</b>		<b>102,480,513,627.12</b>	<b>113,161,195,539.19</b>
<b>Non-current Assets:</b>			
Long-term receivables	(V)12	380,453,188.09	538,698,618.76
Long-term equity investment	(V)13	1,527,223,390.79	1,151,104,887.85
Other non-current financial assets	(V)14	472,000,082.76	472,184,937.66
Fixed assets	(V)15	15,063,752,296.49	11,508,312,342.17
Construction in progress	(V)16	4,699,473,381.21	4,307,651,074.46
Right-of-use assets	(V)17	530,138,023.79	521,061,396.66
Intangible assets	(V)18	1,828,287,135.99	1,810,476,551.45
Goodwill	(V)19	312,165,129.29	311,353,640.88
Long-term deferred expenses	(V)20	162,841,758.91	177,361,533.93
Deferred tax assets	(V)21	2,206,191,157.06	1,978,373,012.15
Other non-current assets	(V)22	2,353,160,984.64	2,920,349,344.39
<b>Total Non-current Assets</b>		<b>29,535,686,529.02</b>	<b>25,696,927,340.36</b>
<b>Total Assets</b>		<b>132,016,200,156.14</b>	<b>138,858,122,879.55</b>

On December 31, 2024

### Consolidated Balance Sheet-continued

Unit: RMB

Item	Notes	On December 31, 2024	On December 31, 2023 (Restated)
<b>Current Liabilities:</b>			
Short-term borrowings	(V)24	1,031,895,812.62	2,118,952,026.06
Derivative financial liabilities	(V)25	1,874,341.64	38,079,755.04

Notes payable	(V)26	1,197,128,746.56	1,163,687,279.58
Accounts payable	(V)27	20,185,303,107.69	19,163,485,888.09
Contract liabilities	(V)28	3,353,943,054.24	2,977,990,775.40
Payroll payable	(V)29	5,666,415,834.10	6,120,471,280.78
Taxes payable	(V)30	1,535,936,096.02	1,622,550,187.86
Other payables	(V)31	3,528,359,044.48	3,911,612,841.06
Including: dividend payables	(V)31.2	186,793.11	253,957,413.29
Non-current liabilities due within one year	(V)32	767,030,688.91	5,814,660,214.96
Other current liabilities	(V)33	377,117,275.65	1,481,222,044.19
<b>Total Current Liabilities</b>		<b>37,645,004,001.91</b>	<b>44,412,712,293.02</b>
<b>Non-current Liabilities:</b>			
Long-term borrowings	(V)34	5,119,185,000.00	8,940,122,961.01
Lease liabilities	(V)35	375,432,749.68	344,005,866.13
Long-term payables		9,780,220.80	15,526,169.45
Provisions	(V)36	305,250,049.71	213,084,038.31
Deferred income	(V)37	874,512,073.53	966,259,592.34
Deferred tax liabilities	(V)21	112,711,363.52	129,866,978.18
Other non-current liabilities	(V)38	74,029,948.84	1,672,933,103.20
<b>Total Non-current Liabilities</b>		<b>6,870,901,406.08</b>	<b>12,281,798,708.62</b>
<b>Total Liabilities</b>		<b>44,515,905,407.99</b>	<b>56,694,511,001.64</b>
<b>Owners' Equity</b>			
Share capital	(V)39	9,233,198,326.00	9,330,600,931.00
Capital reserves	(V)40	6,181,644,265.06	7,864,903,763.52
Less: Treasury shares	(V)41	310,044,296.12	2,737,987,226.55
Other comprehensive income	(V)42	(111,510,486.21)	44,667,516.16
Surplus reserves	(V)43	4,715,460,312.00	4,715,460,312.00
Retained earnings	(V)44	60,959,912,942.15	57,136,620,244.01
<b>Total Owners' Equity Attributable to Owner of the Company</b>		<b>80,668,661,062.88</b>	<b>76,354,265,540.14</b>
Minority equity		6,831,633,685.27	5,809,346,337.77
<b>Total Owners' Equity</b>		<b>87,500,294,748.15</b>	<b>82,163,611,877.91</b>
<b>Total Liabilities and Owners' Equity</b>		<b>132,016,200,156.14</b>	<b>138,858,122,879.55</b>

The accompanying notes form part of the financial statements.

The financial statements were signed by the following:

Legal Representative: Hu Yangzhong; Person in charge of the accounting work: Jin Yan;

Person in Charge of the Accounting Department: Zhan Junhua

On December 31, 2024

### Balance Sheet of the Parent Company

Unit: RMB

Item	Notes	On December 31, 2024	On December 31, 2023
<b>Current Assets:</b>			
Cash and bank balances		22,813,537,991.27	36,366,610,163.17
Notes receivable		226,470,150.02	214,433,654.20
Accounts receivable	(XVI)1	25,733,620,869.95	19,016,777,665.77
Receivables for financing		50,535,530.46	44,650,466.33
Prepayments		234,363,667.93	53,649,708.62
Other receivables	(XVI)2	4,405,567,174.71	3,061,246,174.74
Including: dividend receivables	(XVI)2.2	-	41,423,446.39
Inventories		143,812,782.98	199,049,157.84
Contract assets		18,901,004.71	10,490,078.61
Non-current assets due within one year		106,879,332.17	157,086,525.60
Other current assets		1,720,538,797.37	1,676,541,190.03
<b>Total Current Assets</b>		<b>55,454,227,301.57</b>	<b>60,800,534,784.91</b>
<b>Non-current Assets:</b>			
Long-term accounts receivable		1,204,913,267.41	3,633,588,076.55
Long-term equity investment	(XVI)3	9,486,970,485.01	8,681,387,048.75
Other non-current financial assets		307,130,117.76	338,767,764.24
Fixed assets		3,415,196,347.85	3,392,288,906.32
Construction in progress		79,844,913.85	17,377,463.50
Right-of-use assets		84,298,386.18	124,744,108.19
Intangible assets		173,965,691.99	96,021,508.25
Long-term deferred expenses		37,381,601.80	39,437,083.99
Deferred tax assets		298,084,602.58	322,869,398.52
Other non-current assets		62,355,873.60	146,216,939.94
<b>Total Non-current Assets</b>		<b>15,150,141,288.03</b>	<b>16,792,698,298.25</b>
<b>Total Assets</b>		<b>70,604,368,589.60</b>	<b>77,593,233,083.16</b>

On December 31, 2024

### Balance Sheet of the Parent Company - continued

Unit: RMB

Item	Notes	On December 31, 2024	On December 31, 2023
<b>Current Liabilities:</b>			
Short-term borrowings		200,075,833.33	-
Accounts payable		1,184,469,965.39	1,050,518,329.53
Contract liabilities		191,877,808.28	218,875,534.52
Payroll payable		3,247,226,282.17	3,644,152,847.04
Taxes payable		574,239,387.19	944,807,901.59
Other payables		635,628,127.73	738,553,487.03
Non-current liabilities due within one year		210,197,535.44	1,523,328,743.28
Other current liabilities		44,720,937.37	1,134,059,460.70
<b>Total Current Liabilities</b>		<b>6,288,435,876.90</b>	<b>9,254,296,303.69</b>
<b>Non-current Liabilities:</b>			
Long-term borrowings		1,827,000,000.00	5,887,380,000.00
Lease liabilities		46,955,785.74	66,330,125.99
Provisions		107,030,168.03	97,586,882.51
Deferred Income		365,813,574.47	410,243,110.75
Other non-current liabilities		-	1,642,792,335.93
<b>Total Non-current Liabilities</b>		<b>2,346,799,528.24</b>	<b>8,104,332,455.18</b>
<b>Total Liabilities</b>		<b>8,635,235,405.14</b>	<b>17,358,628,758.87</b>
<b>Owners' Equity</b>			
Share capital		9,233,198,326.00	9,330,600,931.00
Capital reserves		3,849,752,890.09	5,776,371,174.04
Less: Treasury shares		310,044,296.12	2,737,987,226.55
Surplus reserves		4,715,460,312.00	4,715,460,312.00
Retained earnings		44,480,765,952.49	43,150,159,133.80
<b>Total Owners' Equity</b>		<b>61,969,133,184.46</b>	<b>60,234,604,324.29</b>
<b>Total Liabilities and Owners' Equity</b>		<b>70,604,368,589.60</b>	<b>77,593,233,083.16</b>



For the reporting period from January 1, 2024 to December 31, 2024

### Consolidated Income Statement

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period (Restated)
<b>I. Total Revenue</b>	(V)45	92,495,525,118.30	89,341,177,610.40
Less: Total operating costs	(V)45	51,953,857,912.21	49,732,768,547.57
Business taxes and surcharges	(V)46	692,285,927.36	704,641,378.69
Selling expenses	(V)47	12,051,218,102.62	10,746,788,076.01
Administrative expenses	(V)48	3,095,939,643.92	2,770,781,203.45
Research and Development (R&D) expenses	(V)49	11,864,013,392.27	11,392,948,404.47
Financial expenses	(V)50	(114,817,493.16)	(749,800,283.79)
Including: Interest expenses		391,404,187.13	457,605,119.59
Interest income		878,035,430.32	1,067,169,946.60
Add: Other Income	(V)51	2,653,682,810.87	2,559,523,242.99
Investment income	(V)52	187,021,018.77	63,302,304.25
Including: Investment gains (Losses) in associated enterprise and joint-venture enterprise		30,668,990.87	(29,966,477.85)
Gains (losses) from changes in fair values	(V)53	47,759,102.43	22,679,257.89
Credit impairment gains (losses)	(V)54	(1,068,789,505.74)	(879,922,773.25)
Impairment gains (losses) of assets	(V)55	(445,914,387.59)	(463,382,275.12)
Asset disposal income (losses)		(14,539,975.31)	(5,674,511.78)
<b>II. Operating Profit</b>		14,312,246,696.51	16,039,575,528.98
Add: Non-operating income	(V)56	63,737,582.35	87,573,120.04
Less: Non-operating expenses	(V)57	32,490,638.86	27,933,016.91
<b>III. Total Profit</b>		14,343,493,640.00	16,099,215,632.11
Less: Income tax expenses	(V)58	1,202,471,579.49	943,313,868.90
<b>IV. Net Profit</b>		13,141,022,060.51	15,155,901,763.21
(I) Classification by continuous operation			
(a) Net profit on continuous operation		13,141,022,060.51	15,155,901,763.21
(b) Net loss on terminated operation		-	-
(II) Classification by attribution of ownership			
(a) Net profit attributable to owners of parent company		11,977,327,023.54	14,107,726,276.26
(b) Profit or loss attributable to minority shareholders		1,163,695,036.97	1,048,175,486.95
<b>V. Other Comprehensive Income, Net of Income Tax</b>	(V)42	(285,156,327.33)	183,798,707.05
Other comprehensive income attributable to owners of the Company, net of tax		(156,178,002.37)	87,254,674.97
(I) Items that will not be reclassified subsequently to profit or loss		-	-
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		(156,178,002.37)	87,254,674.97
1. Exchange differences arising on conversion of financial statements denominated in foreign currencies		(156,178,002.37)	87,254,674.97
Other comprehensive income attributable to minority interests, net of tax		(128,978,324.96)	96,544,032.08
<b>VI. Total Comprehensive Income</b>		12,855,865,733.18	15,339,700,470.26

Item	Notes	Amount for the current period	Amount for the prior period (Restated)
Total comprehensive income attributable to owners of the parent company		11,821,149,021.17	14,194,980,951.23
Total comprehensive income attributable to minority shareholders		1,034,716,712.01	1,144,719,519.03
<b>VII. Earnings per Share</b>			
(I) Basic earnings per share (RMB/share)	(XVII)2	1.297	1.520
(II) Diluted earnings per share (RMB/share)	(XVII)2	1.297	1.520

In the current year, for business combinations under common control, the net loss realized by the combined party prior to the combination was: RMB 295,677.15, while the net profit realized by the combined party in the previous year was: RMB 218,576.25.

For the reporting period from January 1, 2024 to December 31, 2024

### Income Statement of the Parent Company

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period (Restated)
<b>I. Total Revenue</b>	(XVI)4	24,148,421,603.36	25,547,794,166.85
Less: Total operating Cost	(XVI)4	4,483,355,526.93	4,557,434,594.05
Business taxes and surcharges		288,929,873.36	315,430,824.67
Selling expenses		3,729,196,616.91	3,866,288,945.36
Administrative expenses		885,742,669.64	911,095,185.51
Research and Development (R&D) expenses		7,164,260,715.25	7,500,668,818.36
Financial expenses		(460,591,487.54)	(642,865,974.82)
Including : Interest expenses		134,657,024.82	161,668,592.71
Interest income		578,070,079.98	865,373,583.65
Add: Other income		1,671,483,871.95	1,634,201,874.22
Investment income	(XVI)5	428,959,177.60	499,611,155.15
Including: Investment gains(Losses) in associated enterprise and joint-venture enterprise		26,003,020.74	(36,401,170.84)
Gains (losses) from changes in fair values		(31,637,646.48)	2,475,310.72
Credit impairment gains (losses)		(114,296,061.01)	(98,343,814.70)
Impairment gains (losses) of assets		(98,433.91)	2,652,989.00
Asset disposal income (losses)		(7,215,529.29)	1,072,329.19
<b>II. Operating profit</b>		10,004,723,067.67	11,081,411,617.30
Add: Non-operating income		8,474,270.33	15,820,653.67
Less: Non-operating expenses		1,565,470.96	1,821,528.02
<b>III. Total profit</b>		10,011,631,867.04	11,095,410,742.95
Less: Income tax expenses		526,990,722.95	543,355,227.07
<b>IV. Net profit</b>		9,484,641,144.09	10,552,055,515.88
<b>V. Other comprehensive income, net of income tax</b>		-	-
<b>VI. Total comprehensive income</b>		9,484,641,144.09	10,552,055,515.88

For the reporting period from January 1, 2024 to December 31, 2024

### Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period (Restated)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sale of goods or rendering of services		98,512,386,004.95	93,594,226,079.25
Receipts of tax refunds		4,198,239,416.84	3,991,363,648.68
Other cash receipts relating to operating activities	(V)59(1)	1,760,845,198.13	1,806,494,187.72
<b>Sub-total of ash inflows from operating activities</b>		<b>104,471,470,619.92</b>	<b>99,392,083,915.65</b>
Cash payments for goods purchased and services received		56,858,146,890.75	52,008,690,617.35
Cash paid to and on behalf of employees		20,140,688,302.14	17,978,448,952.57
Payments of various types of taxes		6,679,316,991.20	6,494,801,736.38
Other cash payments relating to operating activities	(V)59(1)	7,529,226,413.10	6,287,932,888.30
<b>Sub-total of cash outflows from operating activities</b>		<b>91,207,378,597.19</b>	<b>82,769,874,194.60</b>
<b>Net Cash Flows from Operating Activities</b>	(V)60(1)	<b>13,264,092,022.73</b>	<b>16,622,209,721.05</b>
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from recovery of investments	(V)59(2)	3,002,416,092.15	4,688,412,447.25
Cash receipts from investment income		67,333,430.58	67,123,840.33
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		18,893,652.30	30,738,410.30
Other cash receipts relating to investing activities	(V)59(2)	84,419,763.14	121,237,455.42
<b>Sub-total of cash inflows from investing activities</b>		<b>3,173,062,938.17</b>	<b>4,907,512,153.30</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	(V)59(2)	4,665,742,203.72	4,047,816,024.05
Cash payments to acquire investments	(V)59(2)	3,046,421,031.55	4,803,003,467.44
Net cash paid for obtaining subsidiaries and other business units	(V)60(2)	8,440,700.00	43,992,651.82
<b>Sub-total of cash outflows from investing activities</b>		<b>7,720,603,935.27</b>	<b>8,894,812,143.31</b>
<b>Net Cash Flows from Investing Activities</b>		<b>(4,547,540,997.10)</b>	<b>(3,987,299,990.01)</b>
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		149,000,000.00	72,570,000.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		149,000,000.00	72,570,000.00
Cash receipts from borrowings		7,214,406,837.74	11,032,367,859.61
Other cash receipts from financing activities	(V)59(3)	2,007,056.47	5,000,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>7,365,413,894.21</b>	<b>11,109,937,859.61</b>
Cash repayments of borrowings		17,073,833,780.12	6,174,788,332.85
Cash payments for distribution of dividends or profits or settlement of interest expenses		8,993,845,346.34	7,083,299,395.46
Including : Dividends and profits paid by subsidiaries to minority shareholders		327,176,023.62	194,009,629.27
Other cash payments relating to financing activities	(V)59(3)	3,376,723,553.38	997,281,629.42
<b>Sub-total of cash outflows from financing activities</b>		<b>29,444,402,679.84</b>	<b>14,255,369,357.73</b>
<b>Net Cash Flows from Financing Activities</b>		<b>(22,078,988,785.63)</b>	<b>(3,145,431,498.12)</b>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(12,487,215.49)</b>	<b>113,365,015.34</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	(V)60(1)	<b>(13,374,924,975.49)</b>	<b>9,602,843,248.26</b>
Add: Opening balance of Cash and Cash Equivalents	(V)60(3)	49,427,967,355.78	39,825,124,107.52
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(V)60(3)	<b>36,053,042,380.29</b>	<b>49,427,967,355.78</b>

For the reporting period from January 1, 2024 to December 31, 2024

### Cash Flow Statements of the Parent Company

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities::</b>			
Cash receipts from the sale of goods and the rendering of services		20,183,364,498.46	33,798,989,613.55
Receipts of tax refunds		1,437,778,163.22	1,484,786,334.10
Other cash receipts relating to operating activities		904,245,500.67	1,003,715,734.81
<b>Sub-total of cash inflows from operating activities</b>		<b>22,525,388,162.35</b>	<b>36,287,491,682.46</b>
Cash payments for goods acquired and services received		5,072,134,963.21	5,141,659,409.02
Cash paid to and on behalf of employees		7,948,378,555.58	7,743,837,239.02
Payments of various types of taxes		3,393,746,907.86	2,810,558,011.92
Other cash payments relating to operating activities		4,427,556,481.06	4,018,574,345.87
<b>Sub-total of cash outflows from operating activities</b>		<b>20,841,816,907.71</b>	<b>19,714,629,005.83</b>
<b>Net Cash Flows from Operating Activities</b>	(XVI)8(1)	<b>1,683,571,254.64</b>	<b>16,572,862,676.63</b>
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from recovery of investments		4,114,000,000.00	876,506,386.63
Cash receipts from investment income		449,576,192.54	559,285,378.22
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		20,287,904.27	59,072,378.14
Other cash receipts relating to investing activities		74,971,218,190.24	66,769,850,832.31
<b>Sub-total of cash inflows from investing activities</b>		<b>79,555,082,287.05</b>	<b>68,264,714,975.30</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		521,185,569.34	319,040,089.07
Cash payments to acquire investments		4,529,752,620.00	3,569,972,354.33
Other cash payments relating to investing activities		73,178,198,874.61	70,028,455,422.77
<b>Sub-total of cash outflows from investing activities</b>		<b>78,229,137,063.95</b>	<b>73,917,467,866.17</b>
<b>Net Cash Flows from Investing Activities</b>		<b>1,325,945,223.10</b>	<b>(5,652,752,890.87)</b>
<b>III. Cash Flows from Financing Activities</b>			
Cash receipts from borrowings		1,650,000,000.00	5,481,410,000.00
Other cash receipts relating to financing activities		13,326,445,447.45	11,356,826,127.58
<b>Sub-total of cash inflows from financing activities</b>		<b>14,976,445,447.45</b>	<b>16,838,236,127.58</b>
Cash repayments of borrowings		6,785,400,600.00	473,648,200.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		8,424,721,408.99	6,590,228,195.38
Other cash payments relating to financing activities		16,338,194,784.59	12,107,588,596.15
<b>Sub-total of cash outflows from financing activities</b>		<b>31,548,316,793.58</b>	<b>19,171,464,991.53</b>
<b>Net Cash Flows from Financing Activities</b>		<b>(16,571,871,346.13)</b>	<b>(2,333,228,863.95)</b>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(2,076,162.95)</b>	<b>(3,379,613.83)</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	(XVI)8(1)	<b>(13,564,431,031.34)</b>	<b>8,583,501,307.98</b>
Add: Opening balance of cash and cash equivalents	(XVI)8(2)	36,354,702,554.38	27,771,201,246.40
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(XVI)8(2)	<b>22,790,271,523.04</b>	<b>36,354,702,554.38</b>

For the reporting period from January 1, 2024 to December 31, 2024

### Consolidated Statement of Changes in Owners' Equity

Unit: RMB

Items	2024							
	Owner's equity attributable to the parent company						Minority interests	Total owners' equity
	Share capital	Capital reserves	Less: Treasury share	Other comprehensive income	Surplus reserve	Retained profits		
<b>I. Closing balance of the prior year</b>	9,330,600,931.00	7,864,903,763.52	2,737,987,226.55	44,667,516.16	4,715,460,312.00	57,136,620,244.01	5,809,346,337.77	82,163,611,877.91
Due to the changes in accounting policies	-	-	-	-	-	-	-	-
<b>II. Opening balance of current year</b>	9,330,600,931.00	7,864,903,763.52	2,737,987,226.55	44,667,516.16	4,715,460,312.00	57,136,620,244.01	5,809,346,337.77	82,163,611,877.91
<b>III. Increase or decrease in the current period</b>	(97,402,605.00)	(1,683,259,498.46)	(2,427,942,930.43)	(156,178,002.37)	-	3,823,292,698.14	1,022,287,347.50	5,336,682,870.24
(I) Total comprehensive income	-	-	-	(156,178,002.37)	-	11,977,327,023.54	1,034,716,712.01	12,855,865,733.18
(II) Owners' contributions and reduction in capital	(97,402,605.00)	(1,683,259,498.46)	(2,583,787,098.43)	-	-	-	222,426,339.63	1,025,551,334.60
1. Capital contribution from shareholders	-	-	-	-	-	-	149,000,000.00	149,000,000.00
2. Share-based payment recognized in owners' equity	-	782,354,064.37	-	-	-	-	83,074,508.22	865,428,572.59
3. Others	(97,402,605.00)	(2,465,613,562.83)	(2,583,787,098.43)	-	-	-	(9,648,168.59)	11,122,762.01
(III) Profit distribution	-	-	155,844,168.00	-	-	(8,154,034,325.40)	(234,855,704.14)	(8,544,734,197.54)
1. Transfer to surplus reserves	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(8,309,878,493.40)	(234,855,704.14)	(8,544,734,197.54)
3. Others	-	-	155,844,168.00	-	-	155,844,168.00	-	-
<b>IV. Closing balance of the current period</b>	<b>9,233,198,326.00</b>	<b>6,181,644,265.06</b>	<b>310,044,296.12</b>	<b>(111,510,486.21)</b>	<b>4,715,460,312.00</b>	<b>60,959,912,942.15</b>	<b>6,831,633,685.27</b>	<b>87,500,294,748.15</b>

For the reporting period from January 1, 2024 to December 31, 2024

### Consolidated Statement of Changes in Owners' Equity-continued

Unit: RMB

Items	2023 (Restated)							
	Owner's equity attributable to the parent company						Minority interests	Total owners' equity
	Share capital	Capital reserves	Less: Treasury share	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior year	9,430,920,624.00	10,141,153,435.32	5,316,033,650.24	(42,587,158.81)	4,715,460,312.00	49,460,240,986.49	4,580,999,418.82	72,970,153,967.58
Due to the changes in accounting policies	-	-	-	-	-	182,975.56	1,391,408.52	1,574,384.08
II. Opening balance of current year	9,430,920,624.00	10,141,153,435.32	5,316,033,650.24	(42,587,158.81)	4,715,460,312.00	49,460,423,962.05	4,582,390,827.34	72,971,728,351.66
III. Increase or decrease in the current period	(100,319,693.00)	(2,276,249,671.80)	(2,578,046,423.69)	87,254,674.97	-	7,676,196,281.96	1,226,955,510.43	9,191,883,526.25
(I) Total comprehensive income	-	-	-	87,254,674.97	-	14,107,726,276.26	1,144,719,519.03	15,339,700,470.26
(II) Owners' contributions and reduction in capital	(100,319,693.00)	(2,276,249,671.80)	(2,609,860,174.19)	-	-	-	243,095,948.04	476,386,757.43
1. Capital contribution from shareholders	-	-	-	-	-	-	72,570,000.00	72,570,000.00
2. Share-based payment recognized in owners' equity	-	169,682,759.53	-	-	-	-	37,934,118.40	207,616,877.93
3. Others	(100,319,693.00)	(2,445,932,431.33)	(2,609,860,174.19)	-	-	-	132,591,829.64	196,199,879.50
(III) Profit distribution	-	-	31,813,750.50	-	-	(6,431,529,994.30)	(160,859,956.64)	(6,624,203,701.44)
1. Transfer to surplus reserves	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	(91,514,124.10)	-	-	(6,554,752,952.30)	(160,746,296.99)	(6,623,985,125.19)
3. Others	-	-	123,327,874.60	-	-	123,222,958.00	(113,659.65)	(218,576.25)
IV. Closing balance of the current period	9,330,600,931.00	7,864,903,763.52	2,737,987,226.55	44,667,516.16	4,715,460,312.00	57,136,620,244.01	5,809,346,337.77	82,163,611,877.91



For the reporting period from January 1, 2024 to December 31, 2024

### Statement of Changes in Owners' Equity of the Parent Company

Unit: RMB

Item	2024					
	Share capital	Capital reserves	Less: Treasury share	Surplus reserve	Retained profits	Total owners' equity
<b>I. Closing balance of the prior year</b>	9,330,600,931.00	5,776,371,174.04	2,737,987,226.55	4,715,460,312.00	43,150,159,133.80	60,234,604,324.29
Due to the changes in accounting policies	-	-	-	-	-	-
<b>II. Opening balance of current year</b>	9,330,600,931.00	5,776,371,174.04	2,737,987,226.55	4,715,460,312.00	43,150,159,133.80	60,234,604,324.29
<b>III. Increase or decrease in the current period</b>	(97,402,605.00)	(1,926,618,283.95)	(2,427,942,930.43)	-	1,330,606,818.69	1,734,528,860.17
(I) Total comprehensive income	-	-	-	-	9,484,641,144.09	9,484,641,144.09
(II) Owners' contributions and reduction in capital	(97,402,605.00)	(1,926,618,283.95)	(2,583,787,098.43)	-	-	559,766,209.48
1. Capital contribution from shareholders	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	652,558,986.86	-	-	-	652,558,986.86
3. Others	(97,402,605.00)	(2,579,177,270.81)	(2,583,787,098.43)	-	-	(92,792,777.38)
(III) Profit distribution	-	-	155,844,168.00	-	(8,154,034,325.40)	(8,309,878,493.40)
1. Transfer to surplus reserves	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	(8,309,878,493.40)	(8,309,878,493.40)
3. Others	-	-	155,844,168.00	-	155,844,168.00	-
<b>IV. Closing balance of the current period</b>	<b>9,233,198,326.00</b>	<b>3,849,752,890.09</b>	<b>310,044,296.12</b>	<b>4,715,460,312.00</b>	<b>44,480,765,952.49</b>	<b>61,969,133,184.46</b>
Item	2023					
	Share capital	Capital reserves	Less: Treasury share	Surplus reserve	Retained profits	Total owners' equity
<b>I. Closing balance of the prior year</b>	9,430,920,624.00	8,264,384,780.30	5,316,033,650.24	4,715,460,312.00	39,030,437,901.96	56,125,169,968.02
Due to the changes in accounting policies	-	-	-	-	(909,206.34)	(909,206.34)
<b>II. Opening balance of current year</b>	9,430,920,624.00	8,264,384,780.30	5,316,033,650.24	4,715,460,312.00	39,029,528,695.62	56,124,260,761.68
<b>III. Increase or decrease in the current period</b>	(100,319,693.00)	(2,488,013,606.26)	(2,578,046,423.69)	-	4,120,630,438.18	4,110,343,562.61
(I) Total comprehensive income	-	-	-	-	10,552,055,515.88	10,552,055,515.88
(II) Owners' contributions and reduction in capital	(100,319,693.00)	(2,488,013,606.26)	(2,609,860,174.19)	-	-	21,526,874.93
1. Capital contribution from shareholders	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	73,548,755.72	-	-	-	73,548,755.72

3. Others	(100,319,693.00)	(2,561,562,361.98)	(2,609,860,174.19)	-	-	(52,021,880.79)
(III) Profit distribution	-	-	31,813,750.50	-	(6,431,425,077.70)	(6,463,238,828.20)
1. Transfer to surplus reserves	-	-	-	-	-	-
2. Distributions to shareholders	-	-	(91,514,124.10)	-	(6,554,752,952.30)	(6,463,238,828.20)
3. Others	-	-	123,327,874.60	-	123,327,874.60	-
IV. Closing balance of the current period	9,330,600,931.00	5,776,371,174.04	2,737,987,226.55	4,715,460,312.00	43,150,159,133.80	60,234,604,324.29

## **I. Basic Information about the Company**

### **1. Overview of the Company**

Hangzhou Hikvision Digital Technology Co., Ltd. (hereinafter referred to as "Company" or "the Company" or "Hikvision"), is a Sino-foreign equity joint venture company, formerly known as "Hangzhou Hikvision Digital Technology Ltd", established on November 30, 2001 in Hangzhou upon the approval letter of Hangzhou High-tech No. 604 [2001] issued by Hangzhou High-tech Industrial Development Zone Management Committee. On June 25, 2008, with approval of document No. 598 [2008] issued by the MOFCOM (The Ministry of Commerce of the People's Republic of China), the Company was renamed as "Hangzhou Hikvision Digital Technology Co., Ltd.", headquartered in Hangzhou. On May 28, 2010, the Company was listed on the Shenzhen Stock Exchange.

The main business activities of the Company and its subsidiaries (hereinafter referred to as "the Group") include the manufacture and sale of security equipment, network equipment and intelligent equipment, the manufacture and wholesale of auto parts and accessories, the sale of electronic products, the provision of construction projects, technical services, technology development, technical consulting, software development, information system integration services, data processing and storage support services, etc.

### **2. Date of Approval for Issuance of Financial Statements**

The Company's consolidated financial reports were approved for issuance by the 5<sup>th</sup> meeting of the 6<sup>th</sup> session of the Board of Directors of the Company on April 17, 2025.

## **II. Basis of Preparation of Financial Statements**

### **Basis of preparation of financial statements**

The Group have adopted the Accounting Standards for Business Enterprises ("ASBE") and relevant provisions issued by the Ministry of Finance ("MoF"). In addition, the Group has disclosed relevant financial information in accordance with *Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reporting (revised in 2023)*.

### **Going concern**

The Group has evaluated its going concern for 12 months going forward starting from December 31, 2024, and there is no factor that may cast significant doubt on the entity's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

### **Bookkeeping base and valuation principles**

The Group measures the accounting elements in accordance with the accrual accounting basis. Except certain financial instruments are measured by fair value, these financial statements are prepared in accordance with the measurements basis of historical costs. If the asset decreases in value, the provision for impairment of assets should be made according to relevant regulations.

According to the historical cost measurement, the assets shall be measured as per the amount of cash or cash equivalent paid at the time of purchase, or the fair value of consideration paid for the purchase of such assets. The liabilities shall be measured in accordance with the amount of funds or assets actually received when undertaking current obligations, or the contract amount when undertaking the current obligations, or the amount of cash or cash equivalents required for paying back the debts in daily activities.

The fair value is a price received by the market participants from selling asset or transferring liability during orderly transaction at the measurement date. No matter the fair value is observable or estimated by using valuation technique, the measured and disclosed fair value in the financial statement shall be determined on this basis.

When measuring non-financial assets at fair value, the assets shall be measured considering the ability of market participants to use the assets for optimal use to generate economic benefits, or to sell the assets to other market participants to use the assets for optimal use to generate economic benefits.

For the financial assets measured with transaction price at the initial recognition, and the use of valuation techniques involving unobservable inputs in the subsequent fair value measurement, the valuation technique is corrected in the valuation process in order to make the initial recognition results confirmed by valuation techniques equal to the transaction price.

Based on the observable extent of the input value of the fair value, and the importance of such input value to the fair value measurement, the fair value measurement is divided into three levels:

- Level 1: The input value is the unadjusted offer of the same assets or liabilities on active market acquired on measurement date;
- Level 2: The input value is the input value of relevant assets or liabilities observable directly or indirectly in addition to level 1 input value;
- Level 3: The input value is the non-observable input value of relevant assets or liabilities.

### **III. Significant Accounting Policies and Accounting Estimates**

Specific accounting policies and accounting estimates suggests:

The Group has formulated specific accounting policies and accounting estimates for the method of determining materiality standards and the basis of selection, provision for credit losses on accounts receivable, provision for inventory depreciation, depreciation of fixed assets, and revenue recognition according to the actual production and operation characteristics. The significant judgements and accounting estimates and their key assumptions applied by the Group in identifying significant accounting policies are detailed in Notes (III), 35.

### 1. Statement for Compliance with Accounting Standards for Business Enterprises (ASBE)

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of December 31, 2024; and the Company's and consolidated results of operations, and the Company's and consolidated changes in owners' equity, and the Company's and consolidated cash flows for 2024.

### 2. Accounting Period

The Group has adopted the calendar year as its accounting year from January 1<sup>st</sup> to December 31<sup>st</sup> each year.

### 3. Business Cycle

The business cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The Group business cycle is usually 12 months.

### 4. Functional Currency

Renminbi ("RMB") is the currency in the primary economic environments in which the Company and its domestic subsidiaries are operated. The Company and its domestic subsidiaries take RMB as their functional currency. Overseas subsidiaries of the Company determine their functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

### 5. Methodology for determining materiality criteria and basis for selection

Item	Materiality Criteria
Significant single-item receivables with bad debt provision	Single amount accounts for 10% of accounts receivable balance
Significant single-item contract assets with bad debt provision	Single amount accounts for 10% of contract asset balance
Significant construction in progress	Single amount of investment of construction in progress accounts for 2% of net assets balance
Significant accounts payable, other payables, and contract liabilities aged over 1 year	Accounts payable, other payables, and contract liabilities aged more than one year account for 5% of the balance of liabilities
Significant non-wholly owned subsidiaries	Minority interests representing 10% of consolidated shareholders' equity

Significant joint ventures or associates	Investment income of individual joint ventures/associates accounts for 10% of consolidated net profit or the year-end balance of long-term equity investment in the enterprise accounts for 10% of the total consolidated assets
Cash received or paid in connection with significant investment activities	The amount of cash inflow or outflow from a single investing activity accounts for 10% of cash inflow or outflow from investing activities

## 6. The Accounting Treatment of Business Combinations Involving Enterprises under Common Control and Business Combinations Not Involving Enterprises under Common Control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

### 6.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are actual controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

### 6.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not actual controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. If a business combination not under the common control is realized step by step through multiple transactions, the cost of the combination is the sum of the consideration paid on the purchase date and the fair value of the equity of the purchase already held before the purchase date on the purchase date. The intermediary expenses incurred by the acquirer in respect of auditing, legal

services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately into profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

## **7. Criteria for determining control right and Preparation Method of Consolidated Financial Statements**

### 7.1 Criteria for determining control right

Control right means that an investor may control an investee; the investor may participate in relevant activities of the investee to obtain variable rewards and also be able to use the control rights for the investee to influence its amount of returns. The Group will re-evaluate, if the change of the relevant facts and circumstances leading to the change of the relevant elements involved in the above definition of control.

### 7.2 Preparation method of consolidated financial statements

The scope of consolidated financial statements shall be confirmed based on the control.

The merger of subsidiary starts from the Group obtaining the control power of the subsidiary, and terminates when the Group loses the control power of the subsidiary.



As for subsidiaries disposed by the Group, operating results and cash flows prior to the disposal date (the date of losing control right) have been properly included in the consolidated profit statement and consolidated cash flow statement.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the actual controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority equity" in the consolidated balance sheet. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the total owners' equity attributable to owner of the Company and minority equity are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

In the case that the equity of the acquiree is obtained through multiple deals in stages to finally form the business combination not under the common control, the business combination shall be handled differently based on whether it is "package deal": where it is package deal, the Company accounts each deal as a deal to obtain the control. If the deal is not a "package deal", a deal where the control is obtained on the acquisition date will be subject to accounting. The acquiree's equity held before the acquisition date will be re-measured based on the fair value of the equity on the acquisition date and the difference between the fair value and book value will be included in the profit or loss in the current period. If the acquiree's equity held before the acquisition date involves any changes in the other comprehensive income or in any other owner's equity accounted by the equity method, then it is transferred to income for the period in which it belongs at the date of purchase.

## **8. Joint Arrangement Classification and Joint Operation Accounting**

Joint arrangements include joint operation and joint ventures. Such classification is defined based on the rights and obligations of the joint parties in the joint arrangement, taking into account the structure and legal form of such arrangement and also the contractual provisions.

The Groups investment in any joint venture is accounted by the equity method. See the details in Note (III) "18.3.2 Long-term equity investment accounted under the equity method".

## **9. Recognition Criteria of Cash and Cash Equivalents**

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (Generally refers to due within three months from the purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **10. Conversion of Transactions and Financial Statements Denominated in Foreign Currencies.**

### 10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction; The exchange rate that approximates the actual spot exchange rate on the date of transaction is calculated according to the middle price of market exchange rate at the beginning of the month in which the transaction happened.

At the balance sheet date, foreign currency monetary items are translated into [RMB] using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the

balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except for exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on conversion of financial statements denominated in foreign currencies " in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are converted to the amounts in functional currency at the spot exchange rates on the dates of the transactions.

#### 10.2 Conversion of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are converted from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are converted at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the converted assets and the aggregate of liabilities and shareholders' equity items is recognized into other comprehensive income and shareholders' equity.

The foreign currency cash flows and cash flows of overseas subsidiaries adopt the exchange rate similar to the spot rate at the date of cash flows for conversion. The affected amount of cash and cash equivalents due to the change of exchange rate, as an adjustment item, shall be separately listed as "the impact of cash and cash equivalents due to the change of exchange rate" in the cash flow statement.

The closing balances of the prior year and the actual amount of the prior year are presented at the converted amounts of the prior year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on conversion of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, but only a decrease in proportion of overseas business interests, the proportionate share of accumulated exchange differences arising on conversion of financial statements are re-attributed to minority interests and are not recognized in profit and loss under current period. For partial disposals of equity interests in foreign operations, which are associates or joint ventures, the proportionate shares of the accumulated exchange differences arising on conversion of financial statements of foreign operations is reclassified to profit or loss under current period.

## **11. Financial Instruments**

The Group recognizes a financial asset or a financial liability when it becomes a party to a contract of financial instrument.

For the purchase or sale of a financial asset in conventional manner, the asset to be received and the liability to be assumed will be recognized on the trading day, or the asset sold will be derecognized on the trading day.

Financial assets and financial liabilities are measured by fair value upon initial recognition (The method of determining the fair value of financial assets and financial liabilities is described in the related disclosure of the basis of accounting and valuation principles in note (ii)). For financial assets and financial liabilities at fair value through profit and loss, the relevant trading costs will be directly charged to profit and loss of the current period. For other types of financial assets and financial liabilities, the relevant trading costs will be booked into the initial recognition amount. Upon initial recognition of accounts receivable which have no material financing components or have not taken into consideration the financing components in contracts with a term not exceeding one year according to Accounting Standards for Business Enterprise No. 14 – Revenue ("Revenue Standard"), such initial amount is measured by the transaction price as defined under the Revenue Standard.

Effective interest rate method refers to the method of calculating the amortized cost of financial asset or financial liability and apportioning interest income or interest expenses to each accounting period.

Effective interest rate refers to the interest rate used for discounting the estimated future cash flows of a financial asset or a financial liability for an expected subsisting period into the balance of book value of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flows are estimated on the basis of considering all contractual terms of the financial asset or financial liability (such as early repayment, extended term, call option or other similar option) but without considering the expected credit loss.

The amortized cost of a financial asset or a financial liability refers to the initial recognition amount of such financial asset or financial liability, less the repaid amount of principal, plus or minus the accrued amortized amount calculated by amortization of the difference between the initial recognition amount and the amount on maturity by using the effective interest rate method, and then deducts the accrued provision for losses (only applicable to financial assets).

### 11.1 Classification, Confirmation and Measurement of Financial Assets

After initial recognition, the Group will adopt amortized cost, fair value through other comprehensive income, or fair value through profit and loss for subsequent measurement depending on different categories of financial assets.

The Group will classify a financial asset into a financial asset measured at amortized cost if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. Financial assets classified by the Group as financial asset measured by amortized cost include cash and cash equivalents, notes receivables and accounts receivable, other receivables, long-term receivables and other non-current assets.

The Group will classify a financial asset into a financial asset measured by fair value through other comprehensive income if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. This category of financial assets mainly includes financial assets with a maturity of more than one year from the date of acquisition and which are presented under other debt investments, financial assets maturing within one year (inclusive) from the balance sheet date and which are presented under non-current assets maturing within one year, as well as the notes receivable classified as fair value at the time of acquisition and their changes are included in other comprehensive income are listed in the receivables for financing, and for those have acquisition period within one year (including one year) are listed in other current assets.

At the time of initial recognition, the Group may, on the basis of a single financial asset, irrevocably designate an investment in an equity instrument held for non-trading purpose recognized or without consideration in a business combination of enterprises not under the same control as a financial asset at fair value through other comprehensive income. This type of financial assets is presented as investment in other equity instruments.

Financial assets which have satisfied one of the following conditions indicate that such financial assets are held for trading purpose by the Group:

- The purpose of acquiring the relevant financial asset is mainly for sale in recent period.
- At the time of initial recognition, the relevant financial asset is a part of an identifiable portfolio of financial

instruments under collective management, and there is objective evidence showing a recent and actual existence of short-term profitable mode.

- The relevant financial assets are derivatives.

Financial assets at fair value through profit and loss include financial assets which are classified as financial assets at fair value through profit and loss and financial assets designated at fair value through profit and loss:

- Financial assets which do not satisfy the conditions of being classified as financial assets measured at amortized cost or as financial assets at fair value through other comprehensive income, they will be classified as financial assets at fair value through profit and loss.
- At the time of initial recognition, in order to eliminate or substantially reduce mismatch in accounting, the Group may irrevocably designate a financial asset as a financial asset measured at fair value with changes through profit and loss.

Financial assets measured at fair value with changes recognized in profit or loss, other than derivative financial assets, are presented as trading financial assets. If such financial assets have a maturity of more than one year from the balance sheet date (or without a fixed maturity) and which are expected to be held for more than one year, they will be presented under other non-current financial assets.

#### 11.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost adopt the effective interest rate method for subsequent measurement according to amortized cost, the profit or loss when impairment occurs or upon derecognition will be accounted in profit and loss of the current period.

The Group recognizes interest income by using effective interest rate method for financial assets measured at amortized cost. The Group determines interest income by multiplying the balance of book value of financial assets with the effective interest rate except under the following circumstances:

- For acquired or generated financial assets which incurred credit impairment already, their interest income will be determined by using the amortized cost of such financial asset calculated with the credit adjusted effective interest rate.
- For acquired or generated financial assets which have not incurred credit impairment but incur credit impairment in the subsequent period, the Group will determine their interest income by using the amortized cost of such financial assets multiplied with the effective interest rate in the subsequent period. If such financial asset ceases to have credit impairment due to improvement in credit risk in the subsequent period, then the Group should change to multiply the effective interest rate with the balance of book value of such financial asset instead to determine the interest income.

#### 11.1.2 Financial asset at fair value through other comprehensive income

The impairment loss or profit, or interest income calculated by using the effective interest rate method, relating to financial

asset at fair value through other comprehensive income should be accounted in the profit and loss of the current period, and other changes in fair value of such financial assets will be accounted in other comprehensive income. The amount charged by such financial asset to the profit and loss of each period is deemed to be equal to the amount which has been measured by amortized cost and charged to the profit and loss of each period. Upon derecognition of such financial asset, the accumulated profit or loss previously charged to other comprehensive income will be reversed from other comprehensive income and charged to profit and loss of the current period.

For non-trading equity instrument investment designated at fair value through other comprehensive income, its changes in fair value will be recognized in other comprehensive income. Upon derecognition of such financial asset, the accumulated profit or loss charged to other comprehensive income will be reversed from other comprehensive income and charged to retained earnings. During the period when such investment in equity instruments for non-trading purpose are held by the Group, the right to receive dividends by the Group has been established, and economic benefits related to dividends are likely to flow into the Group, and if the amount of dividends may be measured reliably, the dividend income is recognized and accounted in the profit and loss of the current period.

#### 11.1.3 Financial asset at fair value through profit and loss

For financial asset at fair value through profit and loss, subsequent measurement will be calculated at fair value, the profit or loss arising from changes in fair value and the dividend and interest income relating to such financial asset will be accounted in the profit and loss of the current period.

#### 11.2 Impairment of Financial Assets

For financial assets measured at amortized cost, financial assets that are classified as financial asset at fair value through other comprehensive income, lease receivables and contract assets, the Group will handle impairment on the basis of expected credit loss and recognize loss provision.

The Group's consideration of contract assets, notes receivable and accounts receivable that are generated by transactions regulated by revenue standards and do not contain significant financing components or that do not consider financing components in contracts that are not more than one year old, as well as those lease receivables formed from transactions that are defined by the *Accounting Standards for Business Enterprises No. 21-Leasing*, the loss reserve shall be measured based on the amount of the expected credit loss during the entire duration.

For other financial instruments, other than acquired or generated financial assets which have incurred credit impairment already, the Group will assess on each balance sheet date the changes in credit risk of the relevant financial instruments since initial recognition. If the credit risk of such financial asset has significantly increased after initial recognition, the Group will calculate its loss provision based on the amount equivalent to the expected credit loss for the entire subsisting



period. If the credit risk of such financial asset since initial recognition has not increased significantly, the Group will calculate its loss provision according to the expected credit loss amount of such financial asset for the next 12 months. The amount of increase or reversal in the provision for credit loss, apart from financial assets classified as financial asset at fair value through other comprehensive income, is accounted in the profit and loss of the current period. For financial asset classified as measured at fair value through other comprehensive income, the Group will recognize its credit loss provision in other comprehensive income and charged the impairment loss or gain to the profit and loss of the current period, and will not decrease the book value of such financial asset presented in the balance sheet.

The Group has calculated the loss provision equivalent to the expected credit loss amount for the entire subsisting period of the financial instrument in the preceding accounting period, but at the balance sheet date of the current period, such financial instrument is no longer under the condition of significant increase in credit risk since initial recognition, the Group calculates the loss provision for such financial instrument on the balance sheet date of the current period according to an amount equivalent to the expected credit loss for the next 12 months, and the resulting loss provision reversal amount will be counted as impairment gain and booked into the profit and loss of the current period.

#### 11.2.1 Significant increase in credit risk

The Group uses available and reasonable forward-looking information with justification, by comparing the default risk of the financial instrument at the balance sheet date with the default risk on the initial recognition date, to confirm whether the credit risk of the financial instrument has significantly increased after initial recognition.

The Group considers the following factors when assessing whether the credit risk has significantly increased:

- (1) Whether a significant change has been caused to the internal price indicator due to changes in credit risk.
- (2) Whether the external credit rating of financial instrument has actual or expected significant changes.
- (3) Whether the actual or expected internal credit rating of the debtor has been downgraded.
- (4) Whether adverse changes have occurred in the business, finance or economic conditions which are expected to cause significant changes in the capability of the debtor to perform debt repayment obligations.
- (5) Whether actual or expected significant changes have occurred in the operating results of the debtor.
- (6) Whether significant adverse changes have occurred in the supervision, economic or technical environment in which the debtor operates.
- (7) Whether significant changes have occurred in the value of security pledged for the debt or the quality of guarantee or credit enhancement provided by third parties. Such changes are expected to reduce the debtor's economic motivation of repayment according to contractual term or influence the probability of default.
- (8) Whether significant changes have occurred in the economic motivation which will lower the expectation of repayment by the borrower according to the contractual term.
- (9) Whether significant changes have occurred in the expected performance and repayment behavior of the debtor.

Whether or not the credit risks increase significantly after the foregoing assessments, if any contractual payment for any financial instrument that overdue for over (including) 30 days, it indicates the credit risks of that financial instrument have increased significantly.

On the balance sheet date, if the Group determines that the financial instrument only carries low credit risks, then it assumes that the credit risks of the financial instrument have not increased significantly since the initial recognition. If the risk of default on financial instruments is low, the borrower is highly able to perform its contractual cash flow obligations in the short term, and even if the economic situation and operating environment are adversely changed over a long period of time but not necessarily reducing the borrower's performance of its contractual cash obligations, the financial instrument is considered as having a lower credit risk.

### 11.2.2 Financial assets which have incurred credit impairment already

When one or more events which will have adverse effect on the expected future cash flows from the financial asset of the Group have occurred, such financial asset will become a financial asset which have incurred credit impairment already. The evidence of credit impairment occurred in a financial asset includes the following observable information:

- (1) Material financial difficulties have occurred in the issuer or debtor;
- (2) Breach of contract by the debtor, such as default or overdue for the payment of interest or repayment of principal;
- (3) Due to economic or contractual considerations relating to financial difficulties of the debtor, the creditor has granted concession to the debtor under no other circumstances;
- (4) The debtor is likely to go bankrupt or carry out other financial restructuring;
- (5) The financial difficulties of the issuer or debtor have caused the disappearance of the active market for the financial asset;
- (6) The purchase or generation of a financial asset at a large discount, such discount reflects the fact of occurrence of credit loss.

### 11.2.3 Confirmation of expected credit loss

The Group confirms the expected credit loss of the relevant financial instrument according to the following method:

- In respect of financial asset and lease receivables, the credit loss is the present value of the difference between the contractual cash flow that the group should receive and the cash flow that it expects to receive.
- In respect of financial assets with credit impairment on the balance sheet date but they are not acquired or generated financial assets with credit impairment, the credit loss represents the difference between the balance of the book value of such financial asset and the present value of the estimated future cash flows discounted by the original effective interest rate.

The factors reflected by the method used for calculating expected credit loss of financial instruments by the Group include:

an unbiased weighted average amount determined by assessing a series of probable outcomes; time value of currency; reasonable and justifiable information relating to past events, prevailing conditions and forecast of future economic conditions obtained on the balance sheet date without incurring unnecessary additional cost or effort.

#### 11.2.4 Write-off on financial asset

When the Group ceases to have reasonable expectation on the possible collection of all or part of the contractual cash flows from the financial asset, the balance of book value of such financial asset will be written off directly. Such a write-off constitutes a derecognition of the relevant financial asset.

#### 11.3 Transfer of financial asset

A financial asset that fulfills one of the following conditions will be de-recognized: (1) termination of contractual rights to receive cash flows from the financial asset; (2) upon transfer of such financial asset and transfer of substantially all the risks and rewards in respect of the ownership of such financial asset to the transferee; (3) upon transfer of such financial asset, though the Group has not transferred nor retained substantially all the risks and rewards in respect of the ownership of such financial asset, yet it has not retained the control over such financial asset.

If the Group has not transferred nor retained substantially all the risks and rewards in respect of the ownership of such financial asset, and has retained the control over such financial asset, then such transferred financial asset will continue to be recognized, and the relevant liabilities will continue to be recognized, according to the level of the Group's continuous involvement in such transferred financial asset. The relevant liabilities will be measured by the Group according to the following method:

- If the transferred financial asset is measured by amortized cost, the book value of the relevant liabilities is equivalent to the book value of the transferred asset of continuous involvement less the amortized cost of the rights retained by the Group (if the Group has retained the relevant rights due to transfer of the financial asset) and plus the amortized cost of the obligations undertaken by the Group (if the Group has undertaken the relevant obligations due to transfer of the financial asset), and the relevant liabilities are not designated as financial liabilities at fair value through profit and loss of the current period.
- If the transferred financial asset is measured by fair value, the book value of the relevant liabilities is equivalent to the book value of the transferred asset of continuous involvement less the fair value of the rights retained by the Group (if the Group has retained the relevant rights due to transfer of the financial asset) and plus the fair value of the obligations undertaken by the Group (if the Group has undertaken the relevant obligations due to transfer of the financial asset), and the fair value of the rights and obligations shall be measured at the fair value on a separate basis.

For full transfer, which satisfies the conditions of derecognition, of the financial assets, the difference between the sum of the book value of the transferred financial assets as at the date of derecognition and the consideration received from such

transfer and the accumulated amount of change in fair value originally included in other comprehensive income, which corresponds to the amount in respect of derecognition, shall be recognized in the profit and loss for the current period. If the transfer of the financial assets by the Group is designated as investment in equity instrument held for non-trading purpose measured at fair value through other comprehensive income, the accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and be included in retained earnings.

For transfer in part, which satisfies the conditions of derecognition, of the financial assets, the book value of the entire financial assets before the transfer shall be shared between the derecognized portion and the continuous recognition portion at their respective relative fair value on the date of transfer, and the difference between the sum of the consideration received from derecognition and the accumulated amount of change in fair value originally included in other comprehensive income, which corresponds to the amount in respect of derecognition, and the book value of the derecognized portion as at the date of derecognition shall be included in the profit and loss of the current period. If the transfer of the financial assets by the Group is designated as investment in equity instrument for non-trading purpose measured at fair value through other comprehensive income, the accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and be included in retained earnings.

For full transfer, which does not satisfy the conditions of derecognition, of the financial assets, the Group will continue to recognize the entire financial assets transferred and the consideration received as a result of the asset transfer is recognized as a liability when received.

#### 11.4 Classification, confirmation and measurement of financial liabilities and equity instruments

Pursuant to the contractual terms of the issued financial instruments and the substantive economic condition as reflected, but not in legal terms only, combined with the definitions of financial liabilities and equity instruments, the Group has classified such financial instruments or the components thereof as financial liabilities or equity instruments upon initial recognition.

##### 11.4.1 Classification, confirmation and measurement of financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit and loss of the current period and other financial liabilities upon initial recognition.

###### 11.4.1.1 Financial liabilities at fair value through profit and loss of the current period

Financial liabilities at fair value through profit and loss of the current period comprise of financial liabilities held for trading purpose (including derivatives of financial liabilities) and financial liabilities designated as measured at fair value

through profit and loss of the current period. Except for derivatives of financial liabilities, which are presented separately, financial liabilities at fair value through profit and loss of the current period are presented as financial liabilities held for trading.

Financial liabilities that fulfill one of the following conditions suggest that the Group assumes such financial liabilities for trading purpose:

- Assumption of the relevant financial liabilities is mainly for the purpose of the recent repurchases.
- The relevant financial liabilities, upon initial recognition, are part of a portfolio of identifiable financial instruments under centralized management, and available objective evidence shows the recent and actual existence of a short-term profit-making model.
- The relevant financial liabilities are derivatives.

Financial liabilities can be designated, upon initial recognition, by the Group as financial liabilities at fair value through profit and loss of the current period, provided that they have satisfied one of the following conditions: (1) such designation can eliminate or substantially reduce accounting mismatches; (2) managing and evaluating the performance of portfolios of financial liabilities, or portfolios of financial assets and financial liabilities, on fair value basis and reporting internally to key personnel of the Group on this basis in accordance with the risk management or investment strategies specified in formal written documents of the Group; (3) hybrid contracts, with embedded derivatives, have satisfied the conditions.

Financial liabilities held for trading purpose use fair value for subsequent measurement, gains or losses arise from changes in fair value and the dividends or interest expenses relating to such financial liabilities are accounted in the profit and loss of the current period.

#### 11.4.1.2 Other financial liabilities

Excluding transfer of financial assets not complying with derecognition conditions, or financial liabilities as a result of continuous involvement in transferred financial assets, as well as the financial guarantee contracts, the other financial liabilities will be classified as financial liabilities measured at amortized cost, subsequent measurement will be based on amortized cost, gains or losses on derecognition or amortization will be accounted in the profit and loss of the current period.

If the Group and the counterparty have revised or renegotiated the contract, this has not resulted in the derecognition of financial liabilities measured at amortized cost for subsequent measurement, but has caused changes in the contractual cash flows, then the Group should recalculate the book value of such financial liabilities, and the relevant gains or losses shall be accounted in the profit and loss of the current period. The recalculated book value of such financial liabilities will be determined by the Group by discounting the cash flows from the renegotiated or revised contract with the original effect interest rate of the financial liabilities. All costs or expenses incurred in the revision or renegotiation of the contract will

be reflected in the adjusted book value of financial liabilities after such revision, and will be amortized during the remaining period of the revised financial liabilities.

#### 11.4.2 Derecognition of financial liabilities

When the existing obligations of a financial liability have been wholly or partially discharged, such financial liability or such part of it will be derecognized. When the Group (as borrower) and the lender enter into an agreement to undertake new financial liabilities for replacing the original financial liabilities, if substantive difference exists in the contractual terms between the new financial liabilities and the original financial liabilities, the Group should derecognize the original financial liabilities while at the same time recognizes the new financial liabilities.

When a financial liability is wholly or partially derecognized, the difference between the book value of the derecognized portion and the consideration paid (including non-cash asset transferred out or new financial liabilities undertaken) will be accounted in the profit and loss of the current period.

#### 11.4.3 Equity instrument

Equity instrument refers to a contract which can prove the ownership of remainder interest in assets after deducting all liabilities of the Group. The Group issues (including refinances), repurchases, sells or cancels equity instruments for treatment of changes in equity. The Group will not recognize changes in the fair value of equity instruments. Trading expenses relating to equity transactions will be deducted from equity.

The Group's distribution to holder of equity instrument is treated as profit distribution, the share dividends paid out will not affect the total equity of shareholders.

#### 11.5 Derivatives

Derivatives include foreign exchange forward contract, among others. Derivatives are measured at fair value initially on the date of signing the relevant contract and will be measured at fair value for subsequent measurement.

#### 11.6 Offsetting between financial assets and financial liabilities

When the Group has legal right to offset the recognized financial assets and financial liabilities, and such legal right is enforceable currently, while at the same time the Group plans to perform netting settlement, or to liquidate the financial asset and repay the financial liability at the same time, the amount after offsetting between the financial asset and financial

liability will be presented in the balance sheet. Save as said above, the financial asset and financial liability are presented separately in the balance sheet without offsetting each other.

### 11.7 Reclassification of financial instruments

When the Group changes its business model for managing financial assets, all affected underlying financial assets will be reclassified. All financial liabilities are not reclassified.

The Group reclassifies financial assets and applies the prospective application method for relevant accounting treatment from the date of reclassification (i.e., the first day of the first reporting period after the change in the business model that led to the reclassification of financial assets).

If the Group reclassifies a financial asset measured at amortized cost to a financial asset at fair value through other comprehensive income, it is measured at the fair value of the financial asset at the date of reclassification. The difference between the original carrying amount and the fair value is recognized in other comprehensive income.

## **12. Notes receivable**

### 12.1 Combination category and determination basis of bad debt provision according to credit risk characteristics

Except for the notes receivable for which individual credit risk assessments are conducted, the Group classifies notes receivable into different portfolios based on the nature of the acceptor.

Portfolio categories	Determination basis
Bank acceptance bill	Notes receivable with acceptors are banks
Non-bank acceptance bill	Notes receivable with acceptors are non-banks

### 12.2 The criteria for determining individual provisioning for bad debts

The Group separately assesses the credit risk of the notes receivable with a single significant amount and the debtor with severe financial difficulties

## **13. Accounts receivable, financial lease receivables and installment receivables in long-term receivables**

### 13.1 Combination category and determination basis of bad debt provision according to credit risk characteristics

Except for the accounts receivable for which individual credit risk assessments are conducted, the Group categorizes accounts receivable into Portfolio A, Portfolio B and Portfolio C based on shared risk characteristics. Common credit risk characteristics adopted by the Group include the geographical location and business object.



For long-term receivables, the common credit risk profile adopted by the Group includes business objects.

### 13.2 Calculation of ageing based on age-based recognition of a portfolio of credit risk characteristics

The Group uses the ageing as a credit risk characteristics, and use impairment matrix to determine the credit losses of its accounts receivable and long-term receivables related to the financial lease and installment collection business. The ageing is calculated from the end of the credit period. The ageing is calculated on a continuous basis when the terms and conditions of accounts receivables and long-term receivables are modified but do not result in derecognition of them.

### 13.3 The criteria for determining individual provisioning for bad debts

The Group assesses the credit risk of accounts receivable with significant individual amounts and significant financial difficulties of debtors and financial lease receivables and installment receivables in long-term receivables individually

## **14. Receivables for Financing**

### 14.1 Combination category and determination basis of bad debt provision according to credit risk characteristics

Except for the receivables for financing for which individual credit risk assessments are conducted, the rest of receivables for financing includes bank acceptance bills and certificates of accounts receivable claims. Given the low likelihood of incurring significant losses due to default, the Group considers that the bank acceptance bills and certificates of accounts receivable claims it holds do not pose significant credit risk.

### 14.2 The criteria for determining individual provisioning for bad debts

This Group individually assesses the credit risk of financing of accounts receivable where the amount is material and the debtor has encountered severe financial difficulties.

## **15. Other receivables**

### 15.1 Combination category and determination basis of bad debt provision according to credit risk characteristics

Except for other receivables for which individual credit risk assessments have been conducted, the Group categorizes other receivables into different groups according to the nature of the amounts, and determines credit losses on a portfolio basis.

**15.2 The criteria for determining individual provisioning for bad debts**

The Group individually assesses the credit risk of other receivables that are material in amount and where the debtor has encountered severe financial difficulties.

**16. Inventories****16.1 Categories of inventories, valuation method, count system, amortization method for low cost and short-lived consumable items and packaging materials****16.1.1 Categories of inventories**

The Group's inventory mainly includes finished products, products in process, raw materials and contract performance costs. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

**16.1.2 Valuation method of inventories upon delivery**

The actual cost of inventories upon delivery is calculated using the moving weighted average method.

**16.1.3 Inventory count system**

The perpetual inventory system is maintained for stock system.

**16.1.4 Amortization method for low cost and short-lived consumable items and packaging materials**

Packaging materials and low cost and short-lived consumable items are amortized using the immediate write-off method.

**16.2 The recognition standard and accounting method of inventory falling price reserves**

At the balance sheet date, inventory is measured at the lower of cost or net realizable value. When the net realizable value is lower than the cost, the inventory falling price reserves is withdrawn.

Net realizable value is the amount of the estimated selling price of inventory in day-to-day activities less the estimated costs to be incurred at completion, estimated selling expenses and related taxes. The determination of net realizable value of inventories is based on firm evidence obtained, taking into account the purpose for which the inventories are held and the effect of events after the balance sheet date.

After the provision for inventory depreciation, if the factors affecting the previous reduction of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the amount of the original provision for inventory depreciation shall be reversed, and the amount of the reversal shall be included in the current profit or loss.

#### 16.3 The combination category and the basis for determining the inventory falling price reserves, and the basis for determining the net realizable value of different categories of inventories

The Group makes provision for inventory falling price reserves by inventory category for inventories with a large quantity and low unit price. For inventories manufactured and sold in the same region, having the same or similar use or purpose, and difficult to measure separately from other items, provision for inventory depreciation shall be made on a consolidated basis. The Group makes provision for inventory falling price reserves according to the nature and status of inventories.

### **17. Contract Assets**

#### 17.1 Method and standard for determination of contract assets

Contract assets refer to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

#### 17.2 Combination category and determination basis of bad debt provision according to credit risk characteristics

Consistent with accounts receivable, based on common risk characteristics, the Group provides for credit losses on a portfolio basis and the common credit risk characteristics adopted include the geographical location and business object.

#### 17.3 The criteria for determining individual provisioning for bad debts

The Group individually assesses the credit risk of contract assets that are material in amount and where the debtor has encountered significant financial difficulties.

## **18. Long-term Equity Investment**

### 18.1 Basis for determining joint control and significant influence over investee

Control is the power to govern an entity through participating in relevant activities of the investee; the investor is able to obtain variable benefits from its activities, and at same time, to use the control rights on the investee to influence the amount of returns. Joint control means that joint control for certain arrangement in accordance with relevant agreements; activities relevant to the arrangement cannot be decided until obtaining the unanimous consent of parties sharing control right. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee, such as current convertible debts, current executable warrants, etc., held by the investing enterprises or other parties shall be considered.

### 18.2 Determination of initial investment cost

For a long-term equity, investment acquired through a business combination involving enterprises under common control, the shares of merged party's book value of owners' equity in the final controlling party consolidated financial statements obtained on the merger date shall be considered as the initial investment cost of long-term equity investment. The differences between the initial investment cost of long-term equity investment and the paid cash, the transferred non-cash assets and the book value of the assumed debts are adjusted against the capital surplus; if the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings. In the case of issued equity securities treated as consolidation consideration, share of book value of owner's equity of merged party in the final controlling party consolidated financial statements is regarded as initial investment cost of long-term equity investments on the date of consolidation; capital reserve shall be adjusted in accordance with taking total nominal value of issued share as capital share, the difference between the initial investment cost of long-term equity investments and total book value of issued shares; In case the capital reserve is not enough for writing down, the retained earnings shall be adjusted.

For a long-term equity investment acquired through business combination not involving enterprises under common control, and the merging cost confirmed on the purchased date are regarded as the initial investment cost. In the case that the equity of the acquiree is obtained through multiple deals in stages to finally form the business combination not under the common control, the business combination shall be handled differently based on whether it is "package deal": where it is package deal, the Company accounts each deal as a deal to obtain the control. If the deal is not a "package deal", the sum of the carrying amount of the equity investment of the acquiree plus the cost of the new investment shall be used as the initial investment cost of the long-term equity investment calculated according to the cost method. The equity originally held is

accounted for by the equity method, and the relevant other comprehensive income will not be accounted for the time being.

The intermediate expenses made by the combining party or purchaser for audit, legal service, assessment and other management related expenses during the business merger should be included into the current profit and loss as it happens.

Long-term equity investment obtained by other means other than long-term equity investment formed by business combination shall be initially measured at cost.

### 18.3 Subsequent measurement and recognition of profit or loss

#### 18.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's financial statements. A subsidiary is an investee that is controlled by the Group.

The long-term equity investment accounted by the cost method shall be measured at its initial investment cost. If there are additional investments or disinvestments, the long-term equity investment cost shall be adjusted. Income from the investment in the current period shall be recognized in accordance with the cash dividends or profits declared and issued by the investee.

#### 18.3.2 Long-term equity investment accounted for using the equity method

Except for investments in associates and joint ventures that are wholly or partly classified as holding assets for sale, the Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group can only exercise joint control along with other investors on the investee's net assets.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and comprehensive income for the period, meanwhile, the book value of the long-term equity investment shall be adjusted; The Group shall accordingly reduce the book value of the long-term equity investment in terms of the part that shall be enjoyed according to the profit or cash dividends declared by the invested unit to be distributed; For other changes in the owners' equity of the invested unit other than net profits and losses, other comprehensive incomes and the profit distribution, the book value of long-term equity investment shall be adjusted and be included into the capital reserves. The Group shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies and accounting periods adopted by the invested unit are different from those adopted by the Group, the adjustment shall be made for the financial statements of the invested unit in accordance with the accounting policies and accounting periods of the Group to recognize the investment income and other comprehensive incomes. For the transaction incurred between the group and associated enterprises and joint ventures, invested or sold assets don't constitute a business, the part that doesn't achieve internal transaction profit or loss or belongs to the Group calculated according to the enjoyed ratio will be offset, and the profit or loss on investment will be confirmed on this basis. But for the unrealized loss arising from the internal transaction between the Group and the invested unit, if such transaction loss is defined as the impairment loss of the transferred asset, they cannot be offset.

When the Group determines the net loss of the invested unit that shall be shared, it is necessary to write-down the book value of the long-term equity investment and other long-term equities substantially constituting the net investment of the invested unit to zero as a limit. Besides, if the Group is obliged to bear extra loss for the invested unit, it shall be necessary to determine provisions and record them to current investment loss in compliance with obligations expected to be assumed. If the invested unit realizes any net profits later, the Group shall, after the amount of its attributable share of profits offsets its attributable share of the un-confirmed losses, resume recognizing its attributable share of profits.

#### 18.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period.

### **19. Fixed Assets**

#### 19.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

### 19.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation period, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Item	Depreciation method	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Buildings and Constructions	Straight-line depreciation	20 years	10	4.5
General-purpose equipment	Straight-line depreciation	3-5 years	10	18.0-30.0
Special-purpose equipment	Straight-line depreciation	3-5 years	10	18.0-30.0
Transportation vehicles	Straight-line depreciation	5 years	10	18.0

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

### 19.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on



disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

## 20. Construction in Process

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The standards and time points for carrying forward various types of projects under construction to fixed assets are as follows:

Item	Standards and timing of carry-over as fixed assets
Buildings and Constructions	The main construction project and supporting projects have been substantially completed and reached a state of practical usability.
Equipments to be installed and commissioned	Relevant equipment and other supporting facilities have been installed; after debugging, the equipment can maintain normal and stable operation for a period of time.

## 21. Borrowing Costs

Borrowing costs directly attributable to the acquisition & construction or production of assets eligible for capitalization shall be capitalized when assets expenditure, borrowing costs and necessary construction or production for bringing assets to expected conditions for use or marketing have taken place; when construction or production of assets ready for capitalization reach to expected conditions for use or marketing, capitalization shall be ceased. Other borrowing expenses are recognized as expenses in the current period.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose

borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

## 22. Intangible Assets

### 22.1 Service life and its basis for determination, estimate, amortization method or review procedure

Intangible assets include land use right, intellectual property (IP), application software, and franchise, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The amortization method, service life and net residual value of various intangible assets are shown as follows:

Class	Amortization method	Service life (year)	Determination basis	Salvage value rate (%)
Land use right	Straight-line method	40 or 50 years	Term of use of property rights	-
IP Right	Straight-line method	5-10 Years	Expected economic benefit life	-
Application Software	Straight-line method	5-10 years	Expected economic benefit life	-
Franchise	Straight-line method	Franchised operating period	Franchise contract duration	-

The fees charged by the Group to those who acquire public products and services during the project operation period do not constitute an unconditional right to receive cash. When the PPP project assets are ready for their intended use, the difference between the consideration amount of the relevant PPP project assets or the amount of confirmed construction income and the amount of cash (or other financial assets) that is entitled to receive a determinable amount will be recognized as intangible assets.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

### 22.2 The accounting treatment methods and the collection scope of research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The costs of the intangible assets generated by internal development activities only include the total expenditure incurred from the time point when the capitalization conditions are available to the point when the intangible assets are used for their intended purposes; for the expenditure that already becomes an expenditure in the profit and loss statement before the capitalization conditions are available during development of the same intangible asset, no adjustment will be made.

The aggregate scope of the Group's R&D expenses includes employee compensation for personnel directly engaged in R&D activities, materials and service fees directly consumed by R&D activities, depreciation expenses and amortization expenses of intangible assets for equipment and equipment used in R&D activities, intermediate testing expenses for R&D activities, new product design expenses, and travel, transportation and communication expenses required for research and test development. The Group uses the passing of feasibility studies and the completion of R&D project projects after evaluation as the specific criteria for classifying R&D projects into research and development phases.

### **23. Long-term Assets Impairment**

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, fixed assets, construction in process, and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable

amount is determined by the higher of 1) net amount of fair value of the asset or asset group deducted by the disposal expenses; or 2) the present value of the expected future cash flows of the asset or asset group.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted as an impairment provision and is recognized in profit or loss for the period.

Goodwill impairment test shall be conducted at the end of each year at least. Goodwill impairment test shall be conducted in accordance with the concerned asset group or asset portfolio. That is to allocate the book value of goodwill to the asset group or asset portfolio that is expected to benefit from the synergies of the combination in a reasonable way from the date of purchasing. When recoverable amount of apportion-included asset group or asset portfolio of goodwill is less than book value of goodwill, impairment loss shall be recognized. Firstly, amount of impairment loss shall be apportioned to the book value of goodwill of the said asset group or asset portfolio, and then book value of other assets, except for goodwill, in asset group or asset portfolio shall be abated in proportion.

Once the impairment loss of such assets is recognized, it cannot be reversed in any subsequent period.

## **24. Long-term Deferred Expenses**

Long-term deferred expenses are the expenses that are already incurred but will be shared in the current reporting period and later periods with amortization term of more than one year, mainly for the expenses on betterment of leased fixed assets and employee housing loan deferred interest. Long-term deferred expenses are evenly amortized in installments in three to five years during the expected benefit period.

## **25. Contract Liabilities**

Contract liabilities refer to the obligation of the Group to transfer goods or services to customers for consideration received or receivable from customers. Contract assets and contract liabilities under the same contract are presented in net terms.

## **26. Employee Compensation**

### **26.1 Accountant Arrangement Method of Short-term Remuneration**

During accounting period when the Group's employees provide services, actual short-term remuneration shall be recognized as the liabilities and current profit and loss or relevant asset cost. The Group's employee benefits and welfare

are included into current profit and loss or relevant asset cost according to actual amount occurred during the period. If the employee benefits and welfare is non-monetary, it shall be measured according to its fair value.

During the accounting period that the employees service the Group, the Group pays social insurance premiums such as medical insurance premium, industrial injury insurance premium, maternity insurance premium and housing accumulation fund for its employees, as well as labor union expenditure and employee education expenses calculated and withdrawn according to the regulations, corresponding employee remuneration amount shall be calculated and determined in accordance with specified calculation and withdrawal basis and proportion to recognize corresponding liabilities and included into the current profit and loss or relevant asset cost.

#### 26.2 Accountant Arrangement Method of Post-employment Benefits

All post-employment benefits shall be considered as the defined contribution plan.

In the accounting period when the employee serves for the Group, the deposited amount calculated based on defined contribution plan shall be recognized as liabilities and included in the current profit and loss or relevant asset cost.

#### 26.3 Accountant Arrangement Method of the Termination Benefits

Where the Group provides termination benefits, the employee remuneration liabilities caused by such termination benefits will be determined as the following date, whichever is earlier, and will be included in the current profit and loss: 1) When the Group cannot unilaterally withdraw the termination benefits provided due to labor relation cancellation plan or employee lay-off suggestion; or 2) when the Group determines costs or expenses in relation with the restructuring of the paid termination benefits.

### **27. Provisions**

Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, etc. And it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by

discounting the related future cash outflows.

The Group estimates product quality guarantee deposits based on expected claim rates, maintenance and replacement costs, etc.

## **28. Share-based Payment**

Share-based payment refers to a transaction in which the Group grants the equity instruments or undertakes the equity-instrument-based liabilities in return for services from employees. The Group's share-based payment is an equity-settled share-based payment.

### 28.1 Equity-settled share-based payments

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognized as related costs or expenses on a straight-line basis over the vesting period, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognized as related costs or expenses, with a corresponding adjustment to capital reserve.

### 28.2. Accounting treatment related to implementation, modification and termination of share-based payment arrangement

In case the Group modifies a share-based payment arrangement, if the modification increases the fair value of the equity instruments granted, the Group will include the incremental fair value of the equity instruments granted in the measurement of the amount recognized for services received. If the modification increases the number of the equity instruments granted, the Group will include the fair value of additional equity instruments granted in the measurement of the amount recognized for services received. The increase in the fair value of the equity instruments granted is the difference between fair value of the equity instruments before and after the modification on the date of the modification. If the Group modifies the terms or conditions of the share-based payment arrangement in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group will continue to account for the services received as if that modification had not occurred, other than a cancellation of some or all the equity instruments granted.

If cancellation of the equity instruments granted occurs during the vesting period, the Group will account for the cancellation of the equity instruments granted as an acceleration of vesting, and recognize immediately the amount that otherwise would have been recognized over the remainder of the vesting period in profit or loss for the period, with a corresponding recognition in capital reserve. When the employee or counterparty can choose whether to meet the non-vesting condition but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

## **29. Revenue**

The Group's revenue consists of product sales revenue, engineering construction revenue and cloud services and other service revenue.

When (or as) a performance obligation in a contract was satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. A performance obligation is the Group's commitment to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

The Group evaluates the contract on the commencement date of the contract, identifies the individual performance obligations contained in the contract and determines whether each individual performance obligation is to be performed over a certain period of time or at a certain point in time. Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs; or (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

If the contract contains two or more performance obligations, the Group allocates the transaction price to each single performance obligation on the contract start date in accordance with the relative proportion of the individual selling price of the goods or services promised by each single performance obligation. However, if there is strong evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the Group allocates the contract discount or variable consideration to the relevant one or more performances obligation. Individual selling price refers to the price at which the Group sells goods or services to customers separately. Where the individual selling price cannot be directly observed, the Group comprehensively considers all relevant information that can be reasonably obtained, and uses the observable input value to the maximum to estimate the individual selling price.



The Group judges whether the Group's identity is the principal or agent when engaging in transactions based on whether it has control over the goods or services before transferring the goods or services to customers. If the Group is able to control the goods or services before transferring them to customers, the Group is the principal responsible person, and revenue is recognized based on the total amount of consideration received or receivable. Otherwise, the Group acts as an agent and recognizes revenue based on the amount of commission or handling fee to which it is expected to be entitled, which is determined based on the net amount of the total consideration received or receivable less the consideration payable to other related parties, or based on a predetermined commission amount or proportion, etc.

### 29.1 Revenue from sale of products

Product sales revenue is the revenue from sales of video surveillance products, smart home products, robotics products and other products of the Group.

According to the contract, the Group recognizes revenue when the control of the product is transferred, that is, when the product is handed over to the agreed carrier or delivered to the place designated by the other party for receipt. As the delivery of the products to the customer represents the right to receive the contract consideration unconditionally, and the maturity of the payment is only subject to the passage of time, the Group recognises a receivable when the product is delivered to the customer. When a customer prepays for a purchase, the Group recognises the transaction amount received as a contractual liability until revenue is recognized when the product is delivered to the customer.

There is variable consideration in the product sales contracts between the Group and its distributors. The Group determines the best estimate of the variable consideration based on the expected delivery time, quantity and price of the products. The transaction price, including variable consideration, does not exceed the amount by which the accrued recognized revenue is unlikely to be materially reversed at the time the relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration that should be included in the transaction price.

When the Group sells products to distributors, it provides an additional purchase option under sales incentives, i.e., the Group's distributors can accumulate sales rebates when purchasing specific products from the Group and use them to offset the price of goods in future purchases. These sales rebates provide resellers with discounts on their future purchases that are not available to similar customers. As a result, the commitment to provide the dealer with a credit for future purchases is a separate performance obligation that is recognized as a contractual liability at the time of the sale transaction at the transaction price apportioned to the fair value of the rebate, and revenue is recognized when the reseller uses the sales rebate offset.

The Group provides quality assurance for the products sold, and the quality assurance related to the products sold by the Group cannot be purchased separately, but is to assure customers that the products sold meet the established standards, so the Group carries out accounting treatment in accordance with the provisions of *Accounting Standard for Business Enterprises No. 13 - Contingencies*.

For product sales of the Group with sales return terms attached, as the customer obtains ownership of related products, the Group recognizes revenue in accordance with the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to receive due to the transfer of products or services to the customer, and recognizes expected liabilities in accordance with expected refund amounts due to sales returns. The remaining amount, subsequent to deduction of expected costs from collecting the products (including the decrease in value of the returned products), is recognized as an asset in accordance with the carrying amount during the expected transfer of returned products after deducting the costs of the above net assets carried forward.

Some of the Group's product sales contracts have instalment payment clauses, and there is a significant financing component in the contract, the Group determines the transaction price based on the amount payable in cash when the customer assumes control of the products. The difference between the transaction price and the contract consideration is amortized using the effective interest rate method during the contract period. On the contract commencement date, the Group does not consider the significant financing components in the contract if the interval between the customer obtaining control of the products and the price being paid by the customer is not more than one year.

## 29.2 Project construction revenue

Project construction revenue is the revenue from constructions related to intelligent security solution projects and PPP Projects provided by the Group.

For project construction, the customer is able to control the assets under construction in the course of the Group's performance, and the Group regards them as a performance obligation to be performed within a certain period of time, and the revenue is recognized according to the performance progress, unless the performance progress cannot be reasonably determined.

The Group uses the output method to determine the progress of performance, which is to determine the progress of performance based on the value of engineering construction services transferred to customers. If the progress of performance cannot be reasonably determined and the costs incurred by the Group are expected to be compensated, revenue is recognized according to the amount of costs incurred until the progress of performance can be reasonably determined.

The Group's customers make milestone payments with the Group in respect of projects in accordance with the terms of the contract. The Group first recognizes the completed performance obligations as contract assets and reclassifies them as accounts receivable when the payment milestone is reached; if the contract price received or receivable by the Group exceeds the accumulated performance obligations completed, the excess part is recognized as a contract liability. The Group's contract assets and contractual liabilities under the same contract are presented on a net basis.

Some of the Group's construction contracts have long-term payment clauses, and there are significant financing elements in the contracts. The Group determines the transaction price on the basis of the amount payable in cash on the assumption

that the customer will take control of the asset-building. The difference between the transaction price and the contract consideration is amortized over the life of the contract using the effective interest method. At the commencement date of the contract, the Group expects that the interval between the customer obtaining control of the service and the customer paying the price will not exceed one year, regardless of the significant financing component existing in the contract.

The Group, as a private capital, entered into a PPP project contract with the government and provided construction, operation, maintenance and other services. The Group identifies construction services, operation services and maintenance services as individual performance obligations in the contract, and allocates the transaction price to each performance obligation based on the relative proportion of the stand-alone selling price of each performance obligation. When providing construction services or outsourcing projects to other parties, The identity of the Group is the principal responsible person, and then accounting for construction revenue to confirm the contract assets is made. After the PPP project is ready for use, the Group recognizes revenue related to operation and maintenance services.

### 29.3 Cloud service and other service revenue

Revenue from cloud services and other services refers to cloud services such as storage services, video services, and telephone services provided by the Group, maintenance services related to security projects, and other services, etc.

For cloud services and other services, the economic benefits brought by the customer are obtained and consumed at the time of the Group's performance, and the Group regards them as a performance obligation to be performed within a certain period, and the revenue is recognized according to the performance progress during the period of providing services. The Group adopts the output approach to determine the performance progress, i.e. the performance progress is determined based on the value of the services transferred to the customer to the customer. The customer paid for the cloud services in advance at the time of purchase, so the Group recognized the cloud service payment received at the time of the transaction as a contractual liability, and recognized the revenue according to the performance progress during the period of the provision of the services. The Group presents contract assets and contract liabilities under the same contract on a net basis.

For the provision of operation and maintenance services to customers, the economic benefits obtained and consumed by the customers at the same time as the performance of the contract by the Group shall be regarded as the performance obligation to be performed within a certain period of time, and the revenue shall be recognized according to the performance progress. The Group's customers make milestone payments with the Group for O&M services in accordance with the terms of the contract. The Group first recognizes completed performance obligations as contract assets and reclassifies them as accounts receivable when payment milestones are reached, and if the contract price received or receivable by the Group exceeds the accumulated performance obligations completed, the excess part is recognized as a contract liability. The Group's contract assets and contractual liabilities under the same contract are presented on a net basis.

For the provision of operation and maintenance services to customers, the economic benefits obtained and consumed by the customers at the same time as the performance of the contract by the Group shall be regarded as the performance

obligation to be performed within a certain period of time, and the revenue shall be recognized according to the performance progress. The Group's customers make milestone payments with the Group for O&M services in accordance with the terms of the contract. The part of the Group that has obtained the unconditional right to receive payment is recognized as accounts receivable, and the remainder is recognized as contract assets, and if the contract price received or receivable by the Group exceeds the accumulated performance obligations completed, the excess part is recognized as a contract liability. The Group's contract assets and contractual liabilities under the same contract are presented on a net basis.

### **30. Cost of Contract**

#### 30.1 Cost of obtaining a contract

Incremental costs incurred by the Group to obtain a contract (that is, costs that would not have occurred without a contract) and expected to be recovered are recognized as an asset, and amortized using the same basis as revenue recognition for the goods or services to which the asset relates, and included in current profit or loss. If the amortization period of the asset does not exceed one year, it is included in current profit or loss when it occurs. Other expenses incurred by the Group in order to obtain the contract shall be included in current profit or loss when incurred, unless it is clearly borne by the customer.

#### 30.2 Cost of contract fulfillment

The cost of the Group's performance of a contract that does not fall within the scope of accounting standards other than the revenue standard and meets the following conditions is recognized as an asset: (1) The cost is directly related to a current or anticipated contract; (2) The cost increases the Group's resources for fulfilling performance obligations in the future; (3) The cost is expected to be recovered. The aforesaid assets are amortized on the same basis as the recognition of income from goods or services related to the assets, and are included in the current profit or loss.

The Group's asset in relation to contract costs are mainly contract performance costs, and they are included in inventories based on their current nature.

#### 30.3 Impairment losses on assets related to contract costs

In determining impairment losses on assets related to contract costs, impairment losses are first determined for other assets recognized in accordance with other relevant ASBEs and related to the contract. Then, for assets related to contract costs whose carrying value is higher than the difference between the following two items, the Group makes provision for impairment for the excess to be recognized as asset impairment losses: (1) the remaining amount of consideration expected to be obtained by the Group for the transfer of goods or services related to the asset; (2) the estimated costs to be incurred in connection with the transfer of such relevant goods or services.

After provision for impairment is made for the asset related to contract costs, if the difference between the above two items is higher than the carrying value of the asset due to changes in the factors of impairment in previous periods, the original provision for impairment of the asset is reversed and included in the current profit or loss, but the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the reversal date assuming no provision for impairment is made.

### **31. Governmental Subsidies**

Government subsidies refer to the monetary and non-monetary assets obtained by the Group from the government for free. Government subsidies are recognized when they can meet the conditions attached to the government subsidies and can be received.

If a government subsidy is a monetary asset, it shall be measured at the amount received or receivable.

#### 31.1 Judgment basis and Accountant treatment of government subsidy related to assets

The government subsidies for some special subsidies and etc. are used for constructions and forms long-term assets, and therefore are categorized as government subsidy related to assets.

A government grant related to an asset is recognized as deferred income, and it should be evenly amortized to profit or loss over the useful life of the related asset.

#### 31.2 Judgment basis and accountant treatment of government subsidy related to income

The Group receives government subsidies including subsidies for special projects and Value-Added-Tax refund, etc. which are used to compensate the group-related costs or losses, and therefore are categorized as government subsidy related to income.

For a government grant related to income, if the subsidy is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs or losses are recognized; If the subsidy, such as VAT refund, is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the period.

For government subsidies related to the Group's daily operations shall be booked into other income; for those not related to the Group's daily operations, shall be booked into non-operating income/expense.

The policy-based preferential loan interest subsidy obtained by our group is directly allocated by the government to our group, and the corresponding interest subsidy offsets the relevant borrowing costs.

### **32. Deferred Tax Assets / Deferred Tax Liabilities**

The income tax expenses include current income tax and deferred income tax.

#### **32.1. Current Income Tax**

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

#### **32.2 Deferred Tax Assets and Deferred Tax Liabilities**

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized through the balance sheet liability method.

In general, all temporary differences are recognized as the relevant deferred income tax. However, for deductible temporary differences, the Group recognizes the relevant deferred tax assets to the extent that it is likely to obtain the taxable income to offset the deductible temporary differences. In addition, deferred tax assets or liabilities relating to the initial recognition of goodwill, as well as those arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) and do not result in equal taxable and deductible temporary differences, are not recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the

temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates in the period in which the related assets are recovered or the related liabilities are recovered in accordance with the tax laws.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

### 32.3 Offset of Income Tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## **33. Lease**

Lease refers to a contract that conveys the right to use an asset for a period of time in exchange for consideration.



The Group assesses whether a contract is, or contains, a lease at the inception date. The Group does not re-assess whether a contract contains a lease unless the terms and conditions of the contract are changed.

### 33.1 The Group as the lessee

#### 33.1.1 Separating components of lease

In case the contract contains one or more lease and non-lease components, the Group separates each lease component and non-lease component, and allocates the consideration to the lease and non-lease components based on the proportion of relative stand-alone prices of the components.

#### 33.1.2 Right-of-use assets

The Group recognizes the right-of-use assets for leases on the commencement date of the lease term, except for short-term lease and lease of low-value assets. The commencement date of the lease term refers to the date from which the lessor makes the leased assets available for use by the Group. Right-of-use assets are initially measured at cost. The cost includes:

- Initial measurement amount of lease liabilities;
- Amount of lease payment made at or before the commencement date of the lease, less any lease incentives received;
- Initial direct costs incurred by the Group;
- An estimate of any costs to be incurred by the Group in dismantling and removing the underlying asset, or restoring the site on which it is located, or restoring the leased assets to the conditions as agreed under the terms of the lease, excluding costs incurred to produce inventories.

The Group calculates depreciation of the right-of-use assets in accordance with the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset, unless there is a transfer of ownership or purchase option which is reasonably certain to be exercised at the end of the lease term.

The Group determines whether the right-of-use assets are impaired and accounts for the identified impairment loss in accordance with the provisions of *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*.

#### 33.1.3 Lease liabilities

The Group initially measures the lease liability on the commencement date at an amount equal to the present value of the lease payments during the lease term that are not paid at that date, except short-term lease and lease of low-value assets. In calculating the present value of the lease payments, the Group adopts the interest rate implicit in the lease as the discount rate. The Group uses its incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

Lease payments refer to the payments made by the Group to the lessor in connection with the right to use the leased asset during the lease term, including:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option;
- Payments for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease;
- Amounts expected to be payable by the Group under residual value guarantees.

After the commencement date of the lease term, the Group calculates interest expense of lease liabilities in each period of lease term at fixed periodic rate and recognizes in the current loss and profit or relevant asset costs.

After the commencement date of the lease term, the Group remeasures the lease liability and adjusts the corresponding right-of-use assets under the following circumstances. If the carrying value of the right-of-use assets has been reduced to zero while the lease liability needs to be further reduced, the Group will recognize the difference into the current loss and profit:

- In case of any change of the lease term or any change in the valuation of the purchase option, the Group remeasures the lease liability at the present value calculated based on the modified lease payments and the revised discount rate;
- In the event of any change in the amount expected to be payable based on the residual value guarantees, the Group remeasures the lease liability at the present value calculated based on the changed lease payments and the original discount rate.

#### 33.1.4 Basis for judgment and accounting treatment of the lessee's simplified treatment of short-term leases and leases of low-value assets

The Group has elected not to recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Short-term lease refers to lease with a term no more than 12 months from the commencement date of lease term and without purchase option. Lease of low-value assets refers to lease for single lease asset with low value when it is new. The Group recognizes lease payments under short-term leases and leases of low-value assets as the current loss and profit or the relevant asset costs on a straight-line basis over each period during the lease term.

#### 33.1.5 Lease modification

In case of lease modification, the Group makes accounting treatment of such lease change as a separate lease if all of the following conditions are met:

- Such lease modification increases the scope of the lease by adding the right to use one or more lease assets;
- The increased consideration is commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to reflect the circumstances of the particular contract.

Where accounting treatment is not made for lease modification as a separate lease, at the effective date of lease modification, the Group reallocates the contract consideration after the modification, redetermines the lease term, and remeasures the lease liability based on the present value calculated according to the modified lease payments and the revised discount rate.

In the event that the lease scope is decreased or the lease term is shortened as a result of the lease modification, the Group reduces the carrying amount of the right-of-use assets, and recognizes the relevant gains or losses relating to the partial or full termination of the lease in the income statement; for the lease liabilities remeasured due to other lease modifications, the Group adjusts the carrying amount of the right-of-use assets accordingly.

### 33.2 The Group as the lessor

#### 33.2.1 Separating components of lease

In case the contract contains both lease and non-lease components, the Group allocates the contract consideration in accordance with the provisions of Accounting Standards for Business Enterprises No. 14 - Revenue on portion of transaction prices, based on the respective stand-alone prices of the lease component and the non-lease component.

#### 33.2.2 Classification criteria and accounting treatment for leases as lessors

Finance lease is a lease that substantially transfers all the risks and rewards of incidental to ownership of an underlying asset. Operating lease refers to the leases other than finance lease.

##### 33.2.2.1 The Group records the operating lease business as the lessor

The Group recognizes the lease payments from operating leases as rental income on a straight-line basis for all periods over the lease term. The Group's initial direct costs incurred in connection with operating leases is capitalized as incurred, recognized in the income statement over the lease term on the same basis as the lease income.

##### 33.2.2.2 The Group records the finance lease business as the lessor

On the commencement date of the lease term, the Group uses the net lease investment as the carrying value of the finance lease receivables and derecognizes the finance lease assets. Net lease investment is the sum of present value of unguaranteed residual value and lease payments receivable discounted at the interest rate implicit in lease on the commencement date of the lease term.

Lease payments receivable, which refer to amounts receivable by the Group from the lessee for conveying the right to use the leased assets during the lease term, include:

- Fixed payment including in-substance fixed payments by the lessee, less any lease incentives payable;
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
- Payments for terminating the lease (if the lease term reflects the lessee exercising the option to terminate the lease);
- Residual value guarantees provided to the Group by the lessee, a party related to the lessee, or a third party unrelated to the lessor that is capable of discharging the obligations under the guarantee.

The Group calculates and recognizes the interest income in each period of the lease term according to the fixed periodic interest rate.

In financial leases in which the Group acts as a manufacturer or distributor as the lessor, on the commencement date of the lease term, the Group recognizes revenue based on the lower of the fair value of the leased assets and the present value of the lease receipts discounted at the market rate, and carries forward the cost of sales based on the balance of the carrying amount of the leased assets after deducting the present value of the unsecured residual value.

The costs incurred by the Group acting as a manufacturer or distributor as a lessor to obtain a financial lease are recognized in profit or loss for the current period on the commencement date of the lease term.

### 33.2.3 Lease modification

In case of modification of the operating lease, the Group accounts for it as a new lease as of the effective date of the modification, any prepaid or accrued lease payments relating to the original lease are considered as payments for the new lease .

In case of modification of the finance lease, the Group accounts for the modification of a finance lease as a separate lease if all of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more lease assets;
- The consideration for the lease increases by an amount that is commensurate with the stand-alone price for the increase in scope, and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a modification of finance lease is not accounted for as a separate lease, the Group accounts for the changed lease under the following circumstances:

- If the modification becomes effective on the commencement date of the lease and the lease is classified as an operating lease, the Group accounts for it as a new lease from the effective date of the lease modification and measures as the net lease investment prior to the effective date of the lease modification as the carrying value of the leased asset.

- If the modification becomes effective on the commencement date of the lease and the lease is classified as a finance lease, the Group accounts for it in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments regarding the modification or renegotiation of contracts.

### **34. Debt Restructuring**

#### **34.1 Recognize debt restructuring obligation as a creditor**

For debt restructuring carried out by modifying other terms, the Group recognizes and measures the restructured claims in accordance with the provisions of ASBE No. 22 - Recognition and Measurement of Financial Instruments.

### **35. Important Judgments while Applying Accounting Policy, and Key Assumptions and Uncertainty Factors Applied for Accounting Estimate**

During the process of using accounting policy described in note (III), due to the uncertainty in operation activities, the group should judge, estimate and assume the book value of the report items which may not be metered reliably. These judgments, estimates and assumptions are based on the historical experience of the Group's management and other related factors. Differences may exist between the actual results and the Group's estimate.

The Group regularly reviews the above judgments, assumptions and estimations on the basis of continuous operation. If the changes of accounting estimate only influence current period, the influence amount will be affirmed during the changing period; if it influences the current period and subsequent periods, the influence amount will be recognized in the current period and future period.

#### **- Key assumptions and uncertainties used in accounting estimate**

On balance sheet date, key assumptions and uncertainties for performing accounting estimates on book value of assets and liabilities in subsequent future periods are:

#### **Impairment provision for inventories**

Except for contract performance costs, inventories are measured at the lower of cost or net realizable value. For raw materials, the latest or future actual purchase price is used as the basis for determining the net realizable value; For products in progress, the net realizable value is determined by the actual selling price of the most recent or post-period finished product, less the estimated costs of the current similar type at the time of completion of the product, the estimated sales expenses and related taxes; For finished products, the actual selling price of the latest or future finished product minus the estimated selling expenses and related taxes will be incurred, is used as the basis for determining the net realizable value.

The Group will regularly conduct a comprehensive stocktaking to review the impairment circumstances on defective, obsoleted or slow-moving inventory if any; in addition, the Group's management will regularly review the impairment circumstance of inventory with long storage time according to the inventory aging.. Based on the above procedure, the Group's management deems that the full provision amounts have been withdrawn for inventory. For details, please refer to Note (V) 9.

#### Impairment of accounts receivable

Except for accounts receivable whose credit losses are determined on the basis of individual basis, the Group adopts an impairment matrix on a portfolio basis to determine its expected credit loss of the relevant accounts receivable. The Group divides the risk characteristics according to the region and object of its business, and divides the relevant accounts receivable into different portfolios. Based on the historical loss rate and consider reasonable and well-founded forward-looking information in the industry, the Group determines the proportion of corresponding loss reserves for different portfolios of various types of accounts receivable. As of December 31, 2024, based on the historically loss rate and consider reasonable and well-founded forward-looking information in the industry, the Group determines the corresponding proportion of loss provision for accounts receivable. The amount of the provision for expected credit losses will change as the estimation of the Group. The details on the provision for expected credit losses of the accounts receivable of the Group are given in Note (V) 4.

#### Useful life and predicted net residual value of fixed asset

The Group's estimation of fixed assets useful life is based on the historical experience of actual usable term of fixed assets with similar properties and functions, the estimation of predicted net residual value is the amount obtained currently by the Group from the assets after deducting the anticipated disposal expense based on the anticipated status assuming the conditions that fixed assets' predicted useful life expires and fixed assets are at the end of useful life. The Group shall conduct the review on the predicted service life and predicted net residual value of fixed assets at least annually. For the current reporting period, the Group's management did not see signs either indicating a shortened or extended useful life of the Group's fixed asset or indicating a change in predicted net residual value.

#### Accrued liabilities of product quality warranty

Accrued liabilities of product quality assurance are costs and expenses incurred to meet the established standards of product quality assurance obligations to customers in accordance with the product contract; the Group made such an estimation according to the predicted claim rate, repair and replacement cost of relevant products. The management deems that the current estimation on accrued liabilities of product quality warranty is reasonable, however, the Group will

continue to review the conditions of product repairs, and will conduct adjustment if any sign indicating the need to make adjustments on accounting estimates.

#### Deferred tax assets and deferred tax liabilities

Deferred income tax assets and deferred income tax liabilities are measured at the applicable income tax rate during the period when the relevant asset is expected to be recovered or the relevant debt is expected to be paid off. The expected applicable income tax rate is determined according to the relevant current tax regulations and the actual situation of the Group. If the estimated income tax rate is different from the original estimate, the management of the Group will adjust it.

The realization of deferred income tax assets mainly depends on the actual future taxable income, taxable temporary differences, and the effective tax rate of temporary difference in the future applicable years. If the actual taxable income and taxable temporary differences in the future is less than the estimation, or actual tax rate is lower than the estimation, then the confirmed deferred income tax assets will be reversed and confirmed in the income statement during the corresponding period. If the actual taxable income and taxable temporary differences in the future is more than the estimation, or actual tax rate is higher than the estimation, then the deferred tax assets that are partially unrecognized deductible losses and deductible temporary differences will be recognized and confirmed in the income statement during the corresponding period.

#### Goodwill impairment

When testing goodwill for impairment, a pre-tax interest discount rate that appropriately reflects the current market time value of money and asset-specific risk is determined and the present value of the projected future cash flows of the relevant asset group or combination of asset groups containing goodwill is calculated. When the future actual result is different from the original estimation, the result of the goodwill impairment test will alter.

### **36. Significant Alternation in Accounting Policy and Accounting Estimations**

The Ministry of Finance issued the *Interpretation No. 17 of Accounting Standards for Business Enterprises* (the "Interpretation No. 17") and *No. 18 of Accounting Standards for Business Enterprises* (the "Interpretation No. 18") on October 25, 2023 and December 6, 2024

#### Interpretation No. 17 of Accounting Standards for Business Enterprises



Interpretation No. 17 standardizes the classification of current liabilities and non-current liabilities and the accounting treatment of sale and leaseback transactions, which is effective from January 1, 2024.

*Regarding the classification of current liabilities and non-current liabilities*

Interpretation No. 17 has revised and improved the principles for classifying current and non-current liabilities in Accounting Standard for Business Enterprises No. 30 - Presentation of Financial Statements: It clarifies that if an enterprise does not have the substantive right to defer the settlement of a liability beyond one year from the balance sheet date, the liability shall be classified as a current liability. The subjective possibility of whether the enterprise will exercise the above right does not affect the classification of the liability's liquidity; It clarifies that for liabilities arising from loan arrangements of an enterprise, if the enterprise's right to defer the settlement of the liability beyond one year from the balance sheet date depends on contractual terms, the contractual terms to be followed by the enterprise before and on the balance sheet date and those to be followed after the balance sheet date should be distinguished, and whether there is the right to defer the settlement of the liability on the balance sheet date should be considered; It clarifies that if the counterparty to the enterprise's liability has the option to settle the liability with the enterprise's own equity instruments and this option is classified as an equity instrument and recognized separately, the relevant settlement terms are irrelevant to the classification of the liability's liquidity; and it clarifies the information disclosure requirements for loan arrangements subject to contractual terms and classified as non-current liabilities. Enterprises are also required to adjust comparative period information when first applying this provision.

After assessment, the Group believes that the adoption of the above provisions will not have a material impact on the Group's financial statements.

*Regarding the accounting treatment of sale and leaseback transactions*

Interpretation No. 17 stipulates that where the transfer of assets in a sale and leaseback transaction is deemed a sale, after the commencement of the lease term, the lessee shall not recognize gains or losses related to the right to use obtained from the leaseback when determining the lease payments or the changed lease payments in the subsequent measurement of the lease liability arising from the sale and leaseback. Where a lease modification results in a reduction of the scope of the lease or a shortening of the lease term, the lessee shall recognize any gains or losses related to the partial or full termination of the lease in the current period profit or loss, which is not subject to the above restriction. When an enterprise first applies this provision, it shall retrospectively adjust the sale and leaseback transactions conducted after the first application of Accounting Standard for Business Enterprises No. 21 - Leases.

After assessment, the Group believes that the adoption of the above provisions will not have a material impact on the Group's financial statements.

#### Interpretation No. 18 of Accounting Standards for Business Enterprises

Interpretation No. 18 standardizes the accounting treatment of warranty-type quality guarantees that do not constitute a separate performance obligation, which will be effective from December 6, 2024, and allows enterprises to apply it in advance from the year of issuance.

*Regarding the accounting treatment of warranty-type quality guarantees that do not constitute a separate performance obligation*

Interpretation No. 18 stipulates that, in accordance with Accounting Standard for Business Enterprises No. 14 - Revenue, when accounting for the provision recognized due to warranty-type quality guarantees that do not constitute a separate performance obligation, enterprises shall follow the relevant provisions of Accounting Standard for Business Enterprises No. 13 - Contingencies. The determined amount of the provision shall be debited to accounts such as "Cost of Main Business" or "Other Business Costs" and credited to the "Provision" account. Correspondingly, it shall be presented in the items of "Total Operating Costs" in the income statement and "Other Current Liabilities," "Non-current Liabilities Due within One Year," and "Provisions" in the balance sheet. When an enterprise first applies this interpretation, if the original recognition of warranty-type quality guarantees was recorded in "Selling Expenses," the changes in the accounting accounts and financial statement items involved in the accounting treatment of such warranty-type quality guarantees shall be retrospectively adjusted as a change in accounting policy. The Group originally recorded the warranty-type quality guarantees in "Selling Expenses" and has applied this provision in advance this year. The impact on the relevant items of the Group's consolidated income statement for the year 2023 is presented as follows:

Unit: RMB

Item	Before restatement	Adjustment	After restatement
Total operating costs	49,637,055,845.33	95,712,702.24	49,732,768,547.57
Selling expenses	10,842,500,778.25	(95,712,702.24)	10,746,788,076.01

In accordance with the *Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024*, the Group has changed the presentation of derivative financial instruments that were previously classified as "Financial Assets at Fair Value through Profit or Loss" or "Financial Liabilities at Fair Value through Profit or Loss" to separate line items, and has retrospectively adjusted the comparative data in the financial statements accordingly. The specific impacts are presented as follows:

Notes to Financial Statements  
For the reporting period from January 1, 2024 to December 31, 2024

The impact on the relevant items of the Group's consolidated balance sheet as of January 1, 2024, is presented as follows:

Unit: RMB			
Item	January 1, 2024	Adjustment	January 1, 2024
Held for trading financial assets	37,380.00	(37,380.00)	-
Derivative financial assets	-	37,380.00	37,380.00
Held for trading financial liabilities	38,079,755.04	(38,079,755.04)	-
Derivative financial liabilities	-	38,079,755.04	38,079,755.04

Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## IV. Taxes

### Major Categories of Taxes and Tax Rates

Category of tax	Basis of tax computation	Tax rate
Enterprise income tax	Taxable income	25% (Note 1)
VAT	For the taxable product sales revenue or taxable labor revenue, the Company and its domestic subsidiaries are ordinary Value-added Tax payers; the VAT payable is the balance of input tax after deducting the deductible output tax.	6%, 9%, 13% and simple collection rate of 5%, 3% (Note 2-4)
City maintenance and construction tax	Actual payable turnover tax	7%, 5%
Education surcharges	Actual payable turnover tax	3%
Local education surcharges	Actual payable turnover tax	2%

Note 1: Except that this Company and subsidiaries in China are applicable to the following tax preference, this Company's other subsidiaries in China are applicable to 25% of enterprise income tax rate, the overseas subsidiaries are applicable to corresponding local tax rate.

- (1) In accordance with the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2023* issued by the Leading Group Office of National High-tech Enterprise Identification Management on December 28, 2023, the Company was identified as the high-tech enterprise, and valid term is 3 years, and the preferential tax period is from 2023 to 2025. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).

According to the *Announcement on the Enterprise Income Tax Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry* (Ministry of Finance, State Administration of Taxation, National Development and Reform Commission, Ministry of Industry and Information Technology Announcement [2020] No. 45) (hereinafter referred to as "Preferential Tax Policies for Integrated Circuit and Software Industries"), the Company was approved by the tax authorities in May 2024 to pay the 2023 annual corporate income tax at the rate of 10%. As of the approval date of this report, the Company's preferential income tax in 2024 has not been verified and approved. Therefore, the Company's enterprise income tax in 2024 is calculated and paid at the rate of 15% (2023: 10%).

- (2) According to the *Announcement on Continuation of the Corporate Income Tax Policy for the Western Development* (Ministry of Finance, State Administration of Taxation, National Development and Reform Commission Announcement [2020] No.23), the subsidiaries of the Company, Chongqing Hikvision Technology Co., Ltd. (hereinafter referred to as "Chongqing Technology"), Chongqing Hikvision System Technology Co., Ltd. (hereinafter referred to as "Chongqing System"), and Chongqing EZVIZ Electronics Ltd. have enjoyed preferential tax policies for the development of the western region. Therefore, the current enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

- (3) According to the *Recording List of the First Batch of identified High-tech Enterprises of Zhejiang Province in 2021* and the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2024* issued by the Leading Group Office of National High-tech Enterprise Identification Management Work on January 24, 2022 and December 26, 2024, Hangzhou Fuyang Haikang Baotai Surveillance Technology Service Ltd. (hereinafter referred to as "Fuyang Baotai") and Hangzhou Hikstorage Technology Ltd. ("Hikstorage Technology"), subsidiaries of the Company, are identified as high-tech enterprises, and the valid terms of the identification for both are 3 years and the preferential tax period is from 2021 to 2023 and from 2024 to 2026. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).
- (4) In accordance with the *List of High-tech Enterprises Identified by the Zhejiang Provincial Accreditation Agency in 2022* issued by the leading group office of Zhejiang high-tech enterprise identification management work on January 17, 2022, the Company's subsidiaries, Hangzhou Hikvision System Technology Ltd. (hereinafter referred to as "Hangzhou System"), Hangzhou Rayin Technology Ltd. (hereinafter referred to as "Hangzhou Rayin Technology"), and Hangzhou Hikfire Technology Ltd. (hereinafter referred to as "HikFire Technology") were recognized as high-tech enterprises with a valid term of 3 years and the preferential tax period is from 2022 to 2024. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).
- (5) In accordance with the *List of Second Batch of High-tech Enterprises Identified and Reported by Shanghai Accreditation Agency in 2023* issued by Shanghai High-tech Enterprise Identification Office on January 4, 2024, the Company's subsidiary, Shanghai Goldway Intelligent Transportation System Ltd. was identified as the high-tech enterprise, and valid term is 3 years, and the preferential tax period is from 2023 to 2025. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).
- (6) In accordance with the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2023* issued by the Leading Group Office of National High-tech Enterprise Identification Management on December 28, 2023, the Company's subsidiaries, Hangzhou Hikauto Software Ltd. (hereinafter referred to as "HikAuto Software") and Hangzhou Hikimaging Technology Ltd. (hereinafter referred to as "HikImaging Technology") were identified as the high-tech enterprise, and valid term is 3 years, and the preferential tax period is from 2023 to 2025. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2023:15%).
- (7) In accordance with the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2023* issued by the Leading Group Office of National High-tech Enterprise Identification Management on December 28, 2023, the Company's subsidiary, Hangzhou Hikrobot Technology Co., Ltd. (hereinafter referred to as "HikRobot") was identified as the high-tech enterprises, and valid term is 3 years, and the preferential tax period is from 2023 to 2025.

According to the preferential tax policies for the integrated circuit industry and the software industry and the *Announcement No. 10 of 2021 of the Ministry of Industry and Information Technology of the People's Republic of China, the National Development and Reform Commission, the Ministry of Finance and the State Administration of Taxation*, Hikrobot is a qualified software enterprise., and is exempted from enterprise income tax in the first and second years after start of profiting and pays enterprise income tax at half of the 25%

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

statutory tax rate in the third to fifth years. The year of 2024 is the second year of HikRobot making profits and is exempted from enterprise income tax (2023: tax-exempted).

- (8) In accordance with the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2022* issued by the Leading Group Office of National High-tech Enterprise Identification Management on January 17, 2023, the Company's subsidiary, Hangzhou Hikmicro Sensing Technology Ltd. (hereinafter referred to as "Hikmicro Sensing") was identified as the high-tech enterprise with a valid term of 3 years and the preferential tax period is from 2022 to 2024.

In accordance with the Preferential Tax Policies for Integrated Circuit and Software Industries, Hikmicro Sensing is a qualified intergrated circuit company, and is exempted from enterprise income tax in the first and second years after start of profiting and pays enterprise income tax at half of the 25% statutory tax rate in the third to fifth years. The year of 2024 is the fourth year of Hikmicro Sensing making profits and enjoyed enterprise income tax at half of the 25% statutory tax rate (2023: half of the 25% statutory tax rate).

- (9) In accordance with the *Announcement on the Filing of High-tech Enterprises Recognized by Zhejiang Provincial Identification Institution in 2022* issued by the Leading Group Office of National High-tech Enterprise Identification Management on January 17, 2023, the Company's subsidiary, Hangzhou Hikmicro Software Ltd. (hereinafter referred to as "Hangzhou Hikmicro Software") was identified as the high-tech enterprise with a valid term of 3 years and the preferential tax period is from 2022 to 2024.

According to the preferential tax policies for the integrated circuit industry and the software industry and the *Announcement No. 10 of 2021 of the Ministry of Industry and Information Technology of the People's Republic of China, the National Development and Reform Commission, the Ministry of Finance and the State Administration of Taxation*, Hangzhou Hikmicro Software is a qualified software enterprise., and is exempted from enterprise income tax in the first and second years after start of profiting and pays enterprise income tax at half of the 25% statutory tax rate in the third to fifth years. The year of 2024 is the fifth year of Hangzhou Hikmicro Software making profits and enjoyed enterprise income tax at half of the 25% statutory tax rate.

According to the preferential tax policies for the integrated circuit industry and the software industry, Hangzhou Hikmicro Software obtained approval from the tax authorities in May 2024 for exemption from corporate income tax for the year 2023.

- (10) In accordance with the *Recording List of the Second Batch of identified High-tech Enterprises of Hebei Province in 2022* issued by the Leading Group Office of Hebei Province's High-tech Enterprise Identification Management on December 26, 2022, the Company's subsidiary, Sensortech Hebei Technology Ltd. (hereinafter referred to as "Hebei Sensortech") was identified as the high-tech enterprises with a valid term of 3 years and the preferential tax period is from 2022 to 2024. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period. (2023:15%)

- (11) In accordance with the *list of High-tech Enterprises Identified and Reported by the Zhejiang Provincial Accreditation Agency in 2023* issued by the Leading Group Office of National High-tech Enterprise Identification Management on December 28, 2023, the Company's subsidiary, Hangzhou EZVIZ Software Ltd. (hereinafter referred to as "EZVIZ Software")

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

was identified as the high-tech enterprise, and valid term is 3 years, and the preferential tax period is from 2023 to 2025.

According to the preferential tax policies for the integrated circuit industry and the software industry and the *Announcement No. 10 of 2021 of the Ministry of Industry and Information Technology of the People's Republic of China, the National Development and Reform Commission, the Ministry of Finance and the State Administration of Taxation*, EZVIZ Software is a qualified software enterprise, and is exempted from enterprise income tax in the first and second years after start of profiting and pays enterprise income tax at half of the 25% statutory tax rate in the third to fifth years. The year of 2024 is fifth year of EZVIZ Software making profits and enjoyed the preferential enterprise income tax at half of the 25% statutory tax rate (2023: half of the 25% statutory tax rate).

- (12) In accordance with the provisions of the *Announcement on Further Supporting the Development of Small and Micro-sized Enterprises and Individual Businesses* (Announcement No. 12 of 2023 by the Ministry of Finance and the State Taxation Administration), Hangzhou Furui Technology Ltd. ("Furui Technology"), Henan Hua'an Security Services Co., Ltd. (hereinafter referred to as "Henan Hua'an Security Services"), Hangzhou Hikimaging Electronics Ltd., Zhengzhou Hikvision Technology Ltd., Anhui Hikvision Urban Operation Service Co., Ltd., Shijiazhuang Haishi Digital Technology Ltd., Hangzhou Rayin Detection Technology Ltd. and Hangzhou Xingrong Information Technology Ltd. qualify as small and micro-sized profitable enterprises and are eligible for the preferential corporate income tax policy for small and micro-sized enterprises. The taxable income up to CNY 3 million is reduced to 25% of the taxable income and is subject to a corporate income tax rate of 20%. Therefore, the corporate income tax for this year is calculated and paid at a reduced rate of 5%.

Note 2: In accordance with the requirements of the *Notice on Software Product Value-added Tax Policy* (Cai Shui [2011] No. 100) promulgated by the Ministry of Finance and the State Administration of Taxation, as for self-developed software products sales of the Company, Hangzhou System, HikRobot, HikAuto Software, Hangzhou EZVIZ Software, Hikstorage Technology, Hikimaging Technology, HikFire Technology, Hangzhou Rayin Technology, Hangzhou Microimage Software, Henan Haikang Hua'an BaoQuan Electronics Co., Ltd. (hereinafter referred to as "Hua'an BaoQuan Electronics"), Hangzhou Kuangxin Technology Ltd., Fuyang Baotai, Zhejiang Hailai Yunzhi Technology Co., Ltd., and Hebei Sensortech, the VAT shall be calculated and paid with tax rate of 13% at first, then the portion with actual tax bearing excess 3% shall be refunded after State Administration of Taxation reviews.

Note 3: In accordance with the *Several Policies on Promoting the Recovery and Development of Difficult Industries in the Service Industry* Fa Gai Cai Jin [2022] No. 271, in 2022, taxpayers in the production and life service industries will be deducted by 10% and 15% respectively according to the deductible input tax deductible for the current period (hereinafter referred to as the "Additional Deduction Policy"). In accordance with the *Announcement on clarifying policies such as VAT reduction and exemption for small-scale taxpayers* (Ministry of Finance, State Administration of Taxation Announcement [2023] No. 1), In 2023, the current deductible input tax for production and living services taxpayers will continue to be deducted by 5% and 10% of the tax payable respectively. The policy is valid until December 31, 2023.

The Company's part of branches, and the subsidiaries, Hangzhou Hikvision Technology Ltd.'s part of branches, Chongqing System, Hangzhou Hikvision Financial Leasing Ltd. (formerly known as Hangzhou Hikvision Security Equipment Leasing Service Co., Ltd.), Anhui Hikvision Urban Operation Service Co., Ltd., a part of Hangzhou EZVIZ Network Co., Ltd. (hereinafter referred to as "EZVIZ Network")'s branches, Zhejiang Haikang City Service Co., Ltd. Luliang Branch, Henan Hua'an Bao Quan Intelligent Development Co., Ltd. (hereinafter referred to as "Hua'an Bao Quan Intelligent") and its Luoyang Branch, Hua'an Security Services, Urumqi HaiShi Xin'an Electronic Technology Ltd., Chengdu Hikvision Digital Technology Ltd., Hangzhou EZVIZ Software, Hangzhou branch of Zhejiang Hikfire Technology Ltd., Wuhan Hikvision Technology Ltd., some branches of Hangzhou Haikang Intelligent Technology Ltd., and Guizhou Haikang Transport Big Data Ltd. met the provisions of the VAT Additional Deduction Policy and were entitled to additional deduction preferential tax policy of input tax in 2023 and ceased the related preferential treatment in 2024.



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Note 4: In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on the Additional VAT Deduction Policy for Integrated Circuit Enterprises* (Finance and Taxation [2023] No. 17), from January 1, 2023 to December 31, 2027, enterprises in integrated circuit design, production, packaging and testing, equipment and materials are allowed to deduct an additional 15% of the current deductible input tax to deduct the tax payable. The Company's subsidiary, Hikmicro Sensing complies with the provisions of the policy and deducts an additional 15% of the current deductible input tax to deduct the tax payable.

## V. Notes to Items in the Consolidated Financial Statements

### 1. Cash and Bank Balances

Unit: RMB

Item	Closing balance			Opening balance (Restated)		
	Foreign currency amount	Exchange rate for conversion	RMB amount	Foreign currency amount	Exchange rate for conversion	RMB amount
<b>Cash:</b>						
RMB	-	-	2,759.07	-	-	1,678.63
EUR	32,977.56	7.5257	248,180.23	147,128.30	7.8592	1,156,310.77
USD	19,048.11	7.1884	136,926.36	30,104.54	7.0827	213,221.43
Other currencies			294,157.68	-	-	414,544.09
<b>Bank balance:</b>						
RMB	-	-	30,906,055,381.57	-	-	45,212,743,399.98
USD	525,069,475.29	7.1884	3,774,409,416.15	348,625,559.51	7.0827	2,469,210,250.34
EUR	71,544,059.18	7.5257	538,419,126.19	113,802,623.62	7.8592	894,397,579.52
Other currencies			715,042,893.37	-	-	824,341,197.50
<b>Other currency funds:</b>						
RMB	-	-	293,311,312.74	-	-	179,985,499.57
USD	1,925,634.95	7.1884	13,842,234.25	2,700,309.07	7.0827	19,125,479.05

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Closing balance			Opening balance (Restated)		
	Foreign currency amount	Exchange rate for conversion	RMB amount	Foreign currency amount	Exchange rate for conversion	RMB amount
EUR	159,997.07	7.5257	1,204,089.92	565,119.25	7.8592	4,441,385.18
Other currencies	-	-	28,521,859.50	-	-	32,128,116.48
<b>Total</b>			36,271,488,337.03			49,638,158,662.54
Including: deposited in overseas banks			796,652,984.09			942,602,817.26

## Details of other currency funds:

Unit: RMB

ItemItem	Closing balance			Opening balance		
	Foreign currency amount	Exchange rate for conversion	RMB amount	Foreign currency amount	Exchange rate for conversion	RMB amount
<b>Capitals with limitations:</b>						
Deposits for letter of credit	-	-	-	-	-	5,807,814.00
Bank acceptance bill	-	-	4,342,362.58	-	-	5,729,976.08
Deposits for letter of guarantee	-	-	187,030,125.71	-	-	150,406,759.09
Other security deposits	-	-	15,572,718.45	-	-	17,821,752.36
Other capitals with limitations	-	-	11,500,750.00	-	-	30,425,005.23
<b>Subtotal</b>			218,445,956.74			210,191,306.76
<b>Capitals without limitations:</b>						
Deposit in payment instrument provided by third-party and in securities account	-	-	118,364,276.15	-	-	25,453,125.41
Other currency funds in USD	1,309.50	7.1884	9,413.21	-	-	-
Other currency funds in EUR	7,952.79	7.5257	59,850.31	4,586.74	7.8592	36,048.11
<b>Subtotal</b>			118,433,539.67			25,489,173.52
<b>Total</b>			336,879,496.41			235,680,480.28

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 2. Derivative Financial Assets

Unit: RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	26,775,923.93	37,380.00
Total	26,775,923.93	37,380.00

On December 31, 2024, derivative financial assets are forward foreign exchange contracts, and they are not designated as hedging instruments, and the gains or losses arising from changes in their fair values are directly included in the current profit and loss.

## 3. Notes Receivable

### (1) Categories of notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	2,365,648,400.91	2,199,710,776.69
Finance company acceptance bill	150,839,104.68	123,274,741.72
Commercial acceptance bill	206,108,636.87	283,085,857.33
Total	2,722,596,142.46	2,606,071,375.74

(2) At the end of the current reporting period, the Group had no pledged notes receivable.

(3) At the end of the current reporting period, notes receivable endorsed or discounted by the Group but not yet due at the balance sheet day

Unit: RMB

Item	Amount not derecognized as of December 31, 2024
Bank acceptance bill	1,227,896,081.96
Finance company acceptance bill	46,990,625.40
Commercial acceptance bill	45,274.00
Total	1,274,931,981.36

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

As of December 31, 2024, the Group gave RMB1,193,485,939.57 (2023: RMB1, 075,118,808.52) undue bank acceptance bills to suppliers for endorsement, RMB46,990,625.40 (2023: RMB47,808,575.05) undue acceptance bill of the finance company to suppliers for endorsement, RMB45,274.00 (2023: RMB500,000.00) undue commercial acceptance bill to suppliers for endorsement. Discounted RMB34,410,142.39 (2023: RMB34,566,243.97) undue bank acceptance to banks. Since the Group has not transferred almost all the risks and rewards of ownership of financial assets, the Group has not terminated its confirmation. For details, please refer to Note (V) 24 and Note (V) 31.3.

## (4) Classified disclosure by method of provision for bad debts.

Unit: RMB

Category	Closing balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for bad debts of notes receivables on a single basis	-	-	-	-	-
Provision for bad debts of notes receivables by portfolios	2,725,650,950.56	100.00	3,054,808.10	0.11	2,722,596,142.46
Total	2,725,650,950.56	100.00	3,054,808.10	0.11	2,722,596,142.46

Unit: RMB

Category	Opening balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for bad debts of notes receivables on a single basis	-	-	-	-	-
Provision for bad debts of notes receivables by portfolios	2,608,563,766.39	100.00	2,492,390.65	0.10	2,606,071,375.74
Total	2,608,563,766.39	100.00	2,492,390.65	0.10	2,606,071,375.74

## Provision for bad debts of notes receivables by portfolios

Unit: RMB

Category	Closing balance		
	Carrying amount	Credit loss provision	Proportion (%)
Bank acceptance bill	2,365,648,400.91	-	-
Non-bank acceptance bill	360,002,549.65	3,054,808.10	0.85
Total	2,725,650,950.56	3,054,808.10	0.11

Explanation of provision for bad debts of notes receivables by portfolios:

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

The Group classifies notes receivable into different portfolios based on the characteristics of the acceptors. The Group believes that there is no significant credit risk to the acceptors of bank acceptance bills held by the Group, so no loss provision is made.

## (5) Provision for bad debts of notes receivables.

Unit: RMB

Provision for bad debts	Expected credit loss for the entire duration
Balance as of January 1, 2024	2,492,390.65
Provision for/ Reverse of the current year	562,417.45
Balance as at December 31, 2024	3,054,808.10

## (6) Situation of provision

Unit: RMB

Category	Opening balance	Amount of changes changed in the current reporting period		Closing balance
		Provision or reverse	Transfer or write-off	
Notes receivable	2,492,390.65	562,417.45	-	3,054,808.10
Total	2,492,390.65	562,417.45	-	3,054,808.10

## 4. Accounts Receivable

## (1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance (restated)
Within credit period	21,885,251,680.47	21,238,508,394.91
Within 1 year after exceeding credit period	13,413,302,524.64	12,622,668,221.07
1-2 years after exceeding credit period	3,351,710,793.78	2,520,053,396.18
2-3 years after exceeding credit period	1,353,841,038.81	1,029,311,890.05
3-4 years after exceeding credit period	664,972,595.95	579,297,343.23

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Aging	Closing balance	Opening balance (restated)
Over 4 years after exceeding credit period	1,155,004,826.72	1,018,167,722.39
Total	41,824,083,460.37	39,008,006,967.83
Less: Credit impairment provision	3,913,954,724.95	3,191,433,456.39
Book value	37,910,128,735.42	35,816,573,511.44

## (2) Classified disclosure of credit loss by provision methods

Unit: RMB

Category	Closing balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for credit loss on a single basis	-	-	-	-	-
Provision for credit loss by portfolios	41,824,083,460.37	100.00	3,913,954,724.95	9.36	37,910,128,735.42
Total	41,824,083,460.37	100.00	3,913,954,724.95	9.36	37,910,128,735.42

Unit: RMB

Category	Opening balance (restated)				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for credit loss on a single basis	-	-	-	-	-
Provision for credit loss by portfolios	39,008,006,967.83	100.00	3,191,433,456.39	8.18	35,816,573,511.44
Total	39,008,006,967.83	100.00	3,191,433,456.39	8.18	35,816,573,511.44

## Provision for credit loss by portfolios for accounts receivable

Unit: RMB

Customer	Closing balance		
	Carrying amount	Credit loss provision	Proportion (%)
Portfolio A	3,382,037,568.78	84,935,468.35	2.51
Portfolio B	28,763,549,515.79	3,562,845,181.45	12.39
Portfolio C	9,678,496,375.80	266,174,075.15	2.75
Total	41,824,083,460.37	3,913,954,724.95	9.36

## Description of credit loss provision by portfolios for accounts receivable

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

As part of the Group's credit risk management, the Group uses an impairment matrix to determine expected credit losses based on the ageing of accounts receivable beyond the credit period, and divides the risk characteristics account receivables into portfolio A, portfolio B and portfolio C according to the risk characteristics of business areas and objects. And the Company uses an impairment matrix to determine expected credit losses of each portfolio based on the ageing of accounts receivable beyond the credit period. These three portfolios involve a large number of customers with the same risk characteristics. Aging information is able to reflect the solvency of these three types of customers when the accounts receivable are due.

As of December 31, 2024 and January 1, 2024, the credit risk and expected credit losses during the duration of accounts receivable from portfolio A are as follows:

Unit: RMB

Aging	Closing balance				Opening balance (Restated)			
	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value
Within credit period	0.07	2,705,323,605.53	1,944,444.46	2,703,379,161.07	0.02	3,907,968,313.68	852,571.17	3,907,115,742.51
Within 1 year after exceeding credit period	2.26	554,426,756.05	12,545,412.20	541,881,343.85	1.90	676,630,538.84	12,829,329.20	663,801,209.64
1-2 years after exceeding credit period	32.98	71,438,423.74	23,559,515.25	47,878,908.49	30.36	50,103,162.12	15,213,054.67	34,890,107.45
2-3 years after exceeding credit period	70.25	13,320,979.94	9,358,292.92	3,962,687.02	63.25	12,070,966.60	7,635,014.88	4,435,951.72
3-4 years after exceeding credit period	100.00	11,703,561.65	11,703,561.65	-	100.00	20,084,869.22	20,084,869.22	-
Over 4 years after exceeding credit period	100.00	25,824,241.87	25,824,241.87	-	100.00	11,222,150.03	11,222,150.03	-
Total	2.51	3,382,037,568.78	84,935,468.35	3,297,102,100.43	1.45	4,678,080,000.49	67,836,989.17	4,610,243,011.32

As of December 31, 2024 and January 1, 2024, the credit risk and expected credit losses during the duration of accounts receivable from portfolio B are as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value
Within credit period	0.88	10,826,359,201.03	94,976,583.91	10,731,382,617.12	0.80	10,001,831,444.99	80,372,286.33	9,921,459,158.66
Within 1 year after exceeding credit period	5.21	11,759,406,126.15	612,261,723.49	11,147,144,402.66	4.69	10,816,276,812.71	506,914,857.87	10,309,361,954.84
1-2 years after exceeding credit period	21.84	3,187,571,282.52	696,103,763.26	2,491,467,519.26	23.34	2,416,434,272.21	564,052,271.46	1,852,382,000.75
2-3 years after exceeding credit period	48.51	1,321,386,954.11	640,970,300.26	680,416,653.85	42.77	993,475,956.99	424,940,431.68	568,535,525.31
3-4 years after exceeding credit period	76.24	632,604,288.10	482,311,146.65	150,293,141.45	69.63	522,837,171.09	364,030,874.76	158,806,296.33



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Over 4 years after exceeding credit period	100.00	1,036,221,663.88	1,036,221,663.88	-	100.00	920,056,259.62	920,056,259.62	-
Total	12.39	28,763,549,515.79	3,562,845,181.45	25,200,704,334.34	11.14	25,670,911,917.61	2,860,366,981.72	22,810,544,935.89

As of December 31, 2024 and January 1, 2024, the credit risk and expected credit losses during the duration of accounts receivable from portfolio C are as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value	Expected average loss rate (%)	Carrying value	Bad debt provision	Book value
Within credit period	0.25	8,353,568,873.91	21,130,742.84	8,332,438,131.07	0.28	7,328,708,636.24	20,812,836.46	7,307,895,799.78
Within 1 year after exceeding credit period	6.05	1,099,469,642.44	66,495,406.43	1,032,974,236.01	6.19	1,129,760,869.52	69,879,355.77	1,059,881,513.75
1-2 years after exceeding credit period	51.18	92,701,087.52	47,448,581.31	45,252,506.21	50.85	53,515,961.85	27,212,412.79	26,303,549.06
2-3 years after exceeding credit period	91.34	19,133,104.76	17,475,677.40	1,657,427.36	92.83	23,764,966.46	22,060,264.82	1,704,701.64
3-4 years after exceeding credit period	100.00	20,664,746.20	20,664,746.20	-	100.00	36,375,302.92	36,375,302.92	-
Over 4 years after exceeding credit period	100.00	92,958,920.97	92,958,920.97	-	100.00	86,889,312.74	86,889,312.74	-
Total	2.75	9,678,496,375.80	266,174,075.15	9,412,322,300.65	3.04	8,659,015,049.73	263,229,485.50	8,395,785,564.23

### (3) Bad debt provision

Unit: RMB

Category	Opening balance	Amount of changes changed in the current reporting period			Difference due to foreign currency statement translation	Closing balance
		Provision	Recollect or reverse	Transfer or write-off		
Accounts receivable	3,191,433,456.39	976,548,145.21	47,789,545.95	203,689,533.26	(2,547,797.44)	3,913,954,724.95
Total	3,191,433,456.39	976,548,145.21	47,789,545.95	203,689,533.26	(2,547,797.44)	3,913,954,724.95

### (4) Top five debtors based on corresponding closing balance of accounts receivable and contract assets (including the part included in other non-current assets)

At the end of the current period, the aggregate amount of the Group's accounts receivable and contract assets (including the part included in other non-current assets) of top five companies amounted to RMB2,630,005,597.63 (of which the total amount of accounts receivable is RMB1,252,553,158.90 and the amount of contract assets is RMB1,377,452,438.73), accounting for 5.86% of the total year-end balance of accounts receivable and contract assets (including the part included in other non-current assets), and the amount of provision for bad debts was RMB265,120,104.87.

## 5. Contract Assets

### (1) Details of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provisions for impairment	Book value	Carrying amount	Provisions for impairment	Book value
Constructions	2,821,485,040.98	23,550,579.80	2,797,934,461.18	2,847,993,321.71	21,993,021.25	2,826,000,300.46
Maintenance services	253,714,700.92	2,071,050.36	251,643,650.56	227,366,849.25	1,945,550.21	225,421,299.04
Less: Contract assets that are included in other non-current assets (Note (V) 22)	2,081,248,707.05	17,493,381.00	2,063,755,326.05	1,893,506,565.03	15,397,380.73	1,878,109,184.30
Total	993,951,034.85	8,128,249.16	985,822,785.69	1,181,853,605.93	8,541,190.73	1,173,312,415.20

### (2) The classification and disclosure of the method of provision for impairment of contract assets (including the part included in other non-current assets)

Unit: RMB

Item	Closing balance				
	Carrying amount		Provisions for impairment		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	Amount
Provision for impairment on a single item	-	-	-	-	-
Provision for impairment by portfolio	3,075,199,741.90	100.00	25,621,630.16	0.83	3,049,578,111.74
Total	3,075,199,741.90	100.00	25,621,630.16	0.83	3,049,578,111.74

Item	Opening balance				
	Carrying amount		Provisions for impairment		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	Amount
Provision for impairment on a single item	-	-	-	-	-
Provision for impairment by portfolio	3,075,360,170.96	100.00	23,938,571.46	0.78	3,051,421,599.50
Total	3,075,360,170.96	100.00	23,938,571.46	0.78	3,051,421,599.50

### (3) Provision for bad debts of contract assets (including the part included in other non-current assets) in the current period

Unit: RMB

Category	Opening balance	Amount of changes changed in the current reporting period		Difference due to foreign currency statement translation	Closing balance
		Provision	Transfer or write-off		
Contract assets	23,938,571.46	1,680,465.16	-	2,593.54	25,621,630.16
Total	23,938,571.46	1,680,465.16	-	2,593.54	25,621,630.16

## 6. Receivables for Financing

### (1) Receivables for financing by categories

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	2,128,242,910.57	1,594,219,832.62
Certificates of accounts receivable claims	163,405,333.48	
Total	2,291,648,244.05	1,594,219,832.62

(2) At the end of the reporting period, the Group had no pledged receivables for financing.

(3) At the end of the reporting period, receivables for financing endorsed or discounted by the Group that have not yet expired on the balance sheet date.

Unit: RMB

Item	Derecognized amount as of December 31, 2024
Bank acceptance bill	2,344,850,710.82
Certificates of accounts receivable claims	10,546,904.23
Total	2,355,397,615.05

As of December 31, 2024, the Group endorsed to suppliers bank acceptance bills amounting to RMB2,098,075,845.62 that had not yet matured, and certificates of accounts receivable claims amounting to RMB10,546,904.23 that had not yet matured, and discounted to banks bank acceptance bills amounting to RMB246,774,865.20 that had not yet matured.

(4) The Group believes that the likelihood of non-payment upon maturity of the bank acceptance bills and certificates of accounts receivable claims it holds to be very low, and there is no significant credit risk, so no loss provision is made.

## 7. Prepayment

### (1) Prepayments by aging analysis

Unit: RMB

Aging	Closing balance		Opening balance	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year	624,943,424.42	94.03	439,229,846.71	86.44
1-2 years	24,319,470.26	3.66	54,598,580.98	10.74
2-3 years	11,026,833.66	1.66	9,132,956.08	1.80
Over 3 years	4,312,864.67	0.65	5,190,022.15	1.02
Total	664,602,593.01	100.00	508,151,405.92	100.00

### (2) Closing balances of top five prepayments parties

As of December 31, 2024, the Group's top five balances of prepayments amounted to RMB101,949,950.71, accounting for 15.34% of total closing balance of prepayments.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

**8. Other Receivables**

## (1) Other receivables by aging

Unit: RMB

Aging	Closing balance	Opening balance (restated)
Within contract period	438,536,805.11	497,353,510.04
Within 1 year	71,996,644.17	58,190,602.54
1-2 years	19,987,742.95	20,606,423.68
2-3 years	14,942,465.41	4,357,328.94
3-4 years	3,327,986.69	3,216,083.19
Over 4 years	15,860,010.64	20,110,646.73
<b>Total</b>	<b>564,651,654.97</b>	<b>603,834,595.12</b>
Less: Credit impairment provision	33,307,048.47	31,922,559.19
<b>Book value</b>	<b>531,344,606.50</b>	<b>571,912,035.93</b>

## (2) Other receivables by nature of the payment

Unit: RMB

Item	Closing balance of carrying amount	Opening balance of carrying amount (restated)
Guarantee deposits	240,519,111.89	217,477,539.62
Tax rebates	130,609,720.61	27,765,998.37
Temporary payments for receivables	116,667,509.52	109,941,412.72
Repurchase payments for restricted share	-	169,968,816.44
Others	76,855,312.95	78,680,827.97
<b>Total</b>	<b>564,651,654.97</b>	<b>603,834,595.12</b>

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## (3) Accrual for bad debts of other receivables

Unit: RMB

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (credit impairment has not incurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2024	2,161,771.42	5,709,846.71	24,050,941.06	31,922,559.19
Balance on January 1, 2024				
In the current reporting period:				
--Transfer into stage 2	(312,940.96)	312,940.96	-	-
-- Transfer into stage 3	-	(2,505,851.45)	2,505,851.45	-
--Accrual/( recollect or reverse) in the current reporting period	(43,350.56)	3,759,139.41	(1,899,179.64)	1,816,609.21
Derecognition of financial assets (including direct write-downs) and transfer out	-	-	(213,993.50)	(213,993.50)
Other changes	(218,126.43)	-	-	(218,126.43)
Balance on December 31, 2024	1,587,353.47	7,276,075.63	24,443,619.37	33,307,048.47

## (4) Provision for bad debts of other receivables

Unit: RMB

Category	Opening balance	Amount of changes in the current reporting period			Difference resulted from foreign currency statements conversion	Closing balance
		Provision	Recollect or reverse	Transfer or write-off		
Other receivables	31,922,559.19	7,212,313.69	5,395,704.48	213,993.50	(218,126.43)	33,307,048.47
Total	31,922,559.19	7,212,313.69	5,395,704.48	213,993.50	(218,126.43)	33,307,048.47

## Top five debtors based on corresponding closing balance of other receivables

At the end of current period, the aggregate amount of other receivables of the top five debtors of the Group was RMB146,450,707.35, accounting for 25.94% of the total balance of other receivables at the end of the year, and the provision for bad debts amounted to RMB114,373.25.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

**9. Inventories**

## (1) Categories of inventories

Unit: RMB

Category	Closing balance			Opening balance(restated)		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	6,112,813,706.01	321,520,672.33	5,791,293,033.68	7,912,250,689.30	368,431,917.68	7,543,818,771.62
Work-in-progress	722,550,293.30	-	722,550,293.30	561,630,556.81	-	561,630,556.81
Finished goods	13,151,518,051.53	990,672,547.73	12,160,845,503.80	11,653,219,740.75	950,498,742.24	10,702,720,998.51
Contract performance cost	444,030,393.50	8,007,266.17	436,023,127.33	409,869,715.64	6,595,745.76	403,273,969.88
Total	20,430,912,444.34	1,320,200,486.23	19,110,711,958.11	20,536,970,702.50	1,325,526,405.68	19,211,444,296.82

## (2) Provision for decline in value of inventories

Unit: RMB

Category	Opening balance	The amount accrued in the current reporting period	The amount reversed or resold in the current reporting period	Effect on conversion of financial statements denominated in foreign currencies	Closing balance
Raw materials	368,431,917.68	77,907,559.96	124,805,923.85	(12,881.46)	321,520,672.33
Finished goods	950,498,742.24	373,644,906.42	289,327,664.23	(44,143,436.70)	990,672,547.73
Contract performance cost	6,595,745.76	5,185,172.85	3,773,652.44	-	8,007,266.17
Subtotal	1,325,526,405.68	456,737,639.23	417,907,240.52	(44,156,318.16)	1,320,200,486.23

The write-offs of provision for inventories in the current reporting period are due to use or sale of inventories.

## (3) Descriptions of the amortization amount of the contract performance cost for the current reporting period

For the contract performance cost recognized as an asset, the Group adopts the same basis as the recognition of revenue related to the asset, and includes it in the profit or loss for the current period when commercial goods or service have been transferred in accordance with the contract requirements and the acceptance certificate of the other party has been obtained. The amount included in profit or loss for the current period in 2024 is RMB711,095,338.26.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 10. Non-current Assets Due within One Year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year (Note (V) 12)	894,327,647.82	1,079,721,006.23
Total	894,327,647.82	1,079,721,006.23

## 11. Other Current Assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible VAT input	901,841,078.74	733,273,484.32
Prepaid corporate income tax	90,832,918.17	132,978,082.06
Prepaid tariff	18,347,927.67	32,945,213.90
Others	60,044,728.52	62,396,836.47
Total	1,071,066,653.10	961,593,616.75

## 12. Long-term Receivables

### (1) Details of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Financial leases receivables	286,093,285.46	77,540,673.10	208,552,612.36	265,985,187.99	53,601,885.63	212,383,302.36
Including: Unrealized income from financing	5,907,102.54	-	5,907,102.54	7,730,078.24	-	7,730,078.24
Installments business	1,051,389,224.08	349,486,719.21	701,902,504.87	1,191,642,272.96	235,773,626.86	955,868,646.10
Including: Unrealized income from financing	13,619,170.58	-	13,619,170.58	26,937,454.05	-	26,937,454.05



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Employee housing loan	364,325,718.68	-	364,325,718.68	450,167,676.53	-	450,167,676.53
Including: Unrealized income from financing	31,285,136.32	-	31,285,136.32	42,598,988.47	-	42,598,988.47
Subtotal	1,701,808,228.22	427,027,392.31	1,274,780,835.91	1,907,795,137.48	289,375,512.49	1,618,419,624.99
Less: Non-current assets due within one year (Note (V) 10)	1,320,172,837.77	425,845,189.95	894,327,647.82	1,367,395,229.26	287,674,223.03	1,079,721,006.23
Total	381,635,390.45	1,182,202.36	380,453,188.09	540,399,908.22	1,701,289.46	538,698,618.76

## (2) Disclosure by method of provision for bad debts

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Provision for bad debts by portfolio (including the portion due within one year)	1,701,808,228.22	427,027,392.31	1,274,780,835.91	1,907,795,137.48	289,375,512.49	1,618,419,624.99
Including: portfolio of employees	364,325,718.68	-	364,325,718.68	450,167,676.53	-	450,167,676.53
Portfolio of financial leasing and installment collection customers	1,337,482,509.54	427,027,392.31	910,455,117.23	1,457,627,460.95	289,375,512.49	1,168,251,948.46
Total	1,701,808,228.22	427,027,392.31	1,274,780,835.91	1,907,795,137.48	289,375,512.49	1,618,419,624.99

Portfolio of employees

The Group believes that the employees corresponding to the long-term receivable employee housing loans held by the Group all have labor relations with the Group and the Group assesses that the relevant debtors have good credit records, and the Group believes that there is no significant credit risk and therefore no loss of provision is made.

Portfolio of financial leasing and installment collection customers

As of December 31, 2024, the credit risk and expected credit losses of long-term receivables relevant to financial leasing and installment collection customers are as follows:

Unit: RMB

Aging	Closing balance		
	Amounts	Credit loss provision	Estimated average loss rate (%)
Within credit period	379,383,102.82	2,656,826.86	0.70
Within 1 year after exceeding credit period	208,713,298.89	9,609,275.09	4.60

Notes to Financial Statements  
For the reporting period from January 1, 2024 to December 31, 2024

Aging	Closing balance		
	Amounts	Credit loss provision	Estimated average loss rate (%)
1-2 years after exceeding credit period	198,492,819.37	39,460,372.49	19.88
2-3 years after exceeding credit period	227,883,932.22	94,708,562.23	41.56
3-4 years after exceeding credit period	147,897,491.66	105,480,491.06	71.32
Over 4 years after exceeding credit period	175,111,864.58	175,111,864.58	100.00
Total	1,337,482,509.54	427,027,392.31	31.93

(3) Provision for bad debts

Unit: RMB

Category	Opening balance	Amount of changes in the current reporting period			Difference resulted from foreign currency statements conversion	Closing balance
		Provision	Recollect or reverse	Transfer or write-off		
Long term receivables	289,375,512.49	138,280,648.52	628,768.70	-	-	427,027,392.31
Total	289,375,512.49	138,280,648.52	628,768.70	-	-	427,027,392.31

13. Long-term Equity Investment

Unit: RMB

The invested entity	Opening balance	Increase/ Decrease in the current reporting period								Closing balance	Closing balance for impairment provision
		Additional investments (note2)	Investment reduction	Investment profit (loss) recognized under the equity Method	Adjustment to other comprehensive income	Other changes in equity (note1)	Declaration of cash dividends or profit distribution	Impairment provision	others		
1. Joint venture companies											
Hangzhou Haikang Intelligent Industrial Equity Investment Fund Partnership	791,356,253.14	-	-	19,685,451.64	-	57,022,183.13	-	-	-	868,063,887.91	-

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

The invested entity	Opening balance	Increase/ Decrease in the current reporting period								Closing balance	Closing balance for impairment provision
		Additional investments (note2)	Investment reduction	Investment profit (loss) recognized under the equity Method	Adjustment to other comprehensive income	Other changes in equity (note1)	Declaration of cash dividends or profit distribution	Impairment provision	others		
(L.P.)											
Zhejiang City Digital Technology Ltd.	29,635,485.61	-	-	(3,765,849.98)	-	-	(5,792,258.59)	-	-	20,077,377.04	-
Zhejiang Haishi Huayue Digital Technology Ltd.	14,067,281.65	-	-	(362,700.73)	-	-	-	-	-	13,704,580.92	-
Guangxi Haishi Urban Operation Management Ltd.	12,450,335.88	-	-	(1,000,853.49)	-	-	-	-	-	11,449,482.39	-
Xuzhou Kangbo Urban Operation Management Service Ltd.	11,052,348.36	-	-	(206,602.05)	-	-	-	-	-	10,845,746.31	-
Others	5,172,387.15	10,500,000.00	-	(11,155,902.19)	-	-	-	-	-	4,516,484.96	-
Subtotal	863,734,091.79	10,500,000.00	-	3,193,543.20	-	57,022,183.13	(5,792,258.59)	-	-	928,657,559.53	-

## 2. Associated companies

Beijing Taifang Technology Co. Ltd. (Note 1)	36,942,210.69	-	-	(3,332,699.09)	-	-	-	-	-	33,609,511.60	-
Jiaxin Haishi JiaAn Zhicheng Technology Ltd.	27,941,495.40	-	-	1,120,872.94	-	-	-	-	-	29,062,368.34	-
Zhiguang Hailian Big Data Technology Ltd.	23,245,373.00	-	-	1,452,571.42	-	-	(300,000.00)	-	-	24,397,944.42	-
Terapark (Nanjing) Ltd.	18,257,785.52	-	-	(1,806,705.74)	-	1,090,599.45	-	-	-	17,541,679.23	-

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

The invested entity	Opening balance	Increase/ Decrease in the current reporting period								Closing balance	Closing balance for impairment provision
		Additional investments (note2)	Investment reduction	Investment profit (loss) recognized under the equity Method	Adjustment to other comprehensive income	Other changes in equity (note1)	Declaration of cash dividends or profit distribution	Impairment provision	others		
Others	180,983,931.45	3,000,000.00	-	30,041,408.14	-	279,928,988.08	-	-	-	493,954,327.67	-
Subtotal	287,370,796.06	3,000,000.00	-	27,475,447.67	-	281,019,587.53	(300,000.00)	-	-	598,565,831.26	-
Total	1,151,104,887.85	13,500,000.00	-	30,668,990.87	-	338,041,770.66	(6,092,258.59)	-	-	1,527,223,390.79	-

Note 1: Changes in other equities during the reporting period was due to the changes in equity caused by increasing or decreasing capital of the investee by other shareholders.

Note 2: During the reporting period, the Group made an additional investment of RMB 10,500,000.00 in a joint venture while maintaining its subscribed equity interest ratio unchanged. Additionally, the Group newly invested RMB 3,000,000.00 in an associate, acquiring a 30% equity stake.

#### 14. Other Non-current Financial Assets

Unit: RMB

Item	Closing balance	Opening balance
Investments in equity instruments (Note)	472,000,082.76	472,184,937.66
Total	472,000,082.76	472,184,937.66

Note: It refers to the Group's equity investments. The Group has no control, joint control or significant influence over these invested companies. During the current reporting period, the Group received a cash dividend of RMB61,241,171.99 from the investees. (2023: RMB65,923,840.33) and recognized it as current profit and loss. Please refer to Note (V) 52 for details.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 15. Fixed Assets

### (1) Details of fixed assets

Unit: RMB

Item	Buildings and constructions	General-purpose equipment	Special-purpose equipment	Transportation vehicles	Total
<b>I. Total original carrying amount</b>					
1. Opening balance (restated)	10,718,244,713.16	2,063,240,112.41	3,621,135,777.30	106,962,561.92	16,509,583,164.79
2. Increase in the current reporting period	3,622,041,774.04	473,070,615.96	1,021,757,163.88	10,825,607.94	5,127,695,161.82
1) purchase	116,585,618.70	469,875,616.21	566,266,251.04	10,825,607.94	1,163,553,093.89
2) transferred to construction in progress	3,505,456,155.34	3,194,999.75	454,850,445.12	-	3,963,501,600.21
3) transferred from inventory	-	-	640,467.72	-	640,467.72
3. Decrease in the current reporting period	14,141,833.41	49,272,757.13	124,019,016.32	7,472,082.60	194,905,689.46
1) disposal or write-off	14,141,833.41	49,272,757.13	87,374,960.15	7,472,082.60	158,261,633.29
2) transferred from construction in progress	-	-	36,644,056.17	-	36,644,056.17
4. Effect on conversion of financial statements denominated in foreign currencies	(23,734,108.54)	(22,032,397.28)	(1,379,985.60)	(3,550,912.44)	(50,697,403.86)
5. Closing Balance	14,302,410,545.25	2,465,005,573.96	4,517,493,939.26	106,765,174.82	21,391,675,233.29
<b>II. Accumulated depreciation</b>					
1. Opening balance (restated)	1,900,211,554.76	1,066,700,552.92	1,961,192,410.16	73,166,304.78	5,001,270,822.62
2. Increase in the current reporting period	532,988,200.72	317,336,506.25	631,103,472.80	10,303,545.24	1,491,731,725.01
1) accrual	532,988,200.72	317,336,506.25	631,103,472.80	10,303,545.24	1,491,731,725.01
3. Decrease in the current reporting period	6,814,691.00	41,220,698.49	97,054,551.45	5,978,344.74	151,068,285.68
1) disposal or write-off	6,814,691.00	41,220,698.49	69,587,837.31	5,978,344.74	123,601,571.54
2) transferred to construction in progress	-	-	27,466,714.14	-	27,466,714.14
4. Effect on conversion of financial statements denominated in foreign currencies	(1,864,088.94)	(9,636,345.23)	(758,033.48)	(1,752,857.50)	(14,011,325.15)
5. Closing balance	2,424,520,975.54	1,333,180,015.45	2,494,483,298.03	75,738,647.78	6,327,922,936.80
<b>III. Total book value</b>					
Closing balance on book value	11,877,889,569.71	1,131,825,558.51	2,023,010,641.23	31,026,527.04	15,063,752,296.49
Opening balance on book value (restated)	8,818,033,158.40	996,539,559.49	1,659,943,367.14	33,796,257.14	11,508,312,342.17

(2) As of December 31, 2024, the book value of the special-purpose equipment rent out through operating leasing by the Group is RMB54,026,704.89.

(3) Fixed assets of which certificates of title have not been granted as of December 31, 2024

Unit: RMB

Item	Carrying amount	Reason for certificates of title not granted
Office space for branch offices	128,504,791.84	In the process of obtaining the real estate certificates
Wuhan Intelligence Industrial Park (Phase I)	912,530,497.27	In the process of obtaining the real estate certificates
Xi'an Science and Technology Park Project	1,455,012,196.03	In the process of obtaining the real estate certificates
Total	2,496,047,485.14	

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

**16. Construction in Progress**

## (1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Wuhan Science and Technology Park Project	1,657,649,090.38	-	1,657,649,090.38	415,106.61	-	415,106.61
EZVIZ Intelligent Manufacturing Chongqing Base Project(Infrastructure Part)	1,144,333,377.23	-	1,144,333,377.23	628,214,692.80	-	628,214,692.80
HikRobot Intelligent Manufacturing (Tonglu) Base Project	498,800,343.68	-	498,800,343.68	20,299,490.56	-	20,299,490.56
HikRobot Product Industrial Base Construction Project	199,752,968.31	-	199,752,968.31	61,417,606.81	-	61,417,606.81
Infrared Thermal Imaging Complete Machine Products Industrial Base	166,668,535.02	-	166,668,535.02	70,932,363.98	-	70,932,363.98
Wuhan Intelligence Industry Park Project (Phase II)	13,854,531.11	-	13,854,531.11	5,671,116.16	-	5,671,116.16
Xi'an Science and Technology Park Project	-	-	-	1,189,310,650.73	-	1,189,310,650.73
Shijiazhuang Science and Technology Park Project (Phase II)	-	-	-	276,247,602.73	-	276,247,602.73
Chongqing Science and Technology Park Project (Phase III)	-	-	-	257,682,402.52	-	257,682,402.52
Others	1,018,414,535.48	-	1,018,414,535.48	1,797,460,041.56	-	1,797,460,041.56
Total	4,699,473,381.21	-	4,699,473,381.21	4,307,651,074.46	-	4,307,651,074.46

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## (2) Changes in significant construction in progress during the current reporting period

Unit: RMB

Item	Budget (RMB 0,000)	Opening balance	Increase in the current reporting period	Transferred to fixed assets during the current reporting period	Closing balance	Amount invested as a proportion of budget amount (%)	Construction in Progress (%)	Source of funds
Wuhan Science and Technology Park Project	189,850.00	415,106.61	1,657,233,983.77	-	1,657,649,090.38	87.31%	87.31%	Self-financing
EZVIZ Intelligent Manufacturing Chongqing Base Project (Infrastructure Part)	117,011.00	628,214,692.80	516,118,684.43	-	1,144,333,377.23	97.80%	97.80%	Self-financing/ raised fund
HikRobot Intelligent Manufacturing (Tonglu) Base Project	107,105.00	20,299,490.56	478,500,853.12	-	498,800,343.68	46.57%	46.57%	Self-financing
HikRobot Product Industrial Base Construction Project	101,346.00	61,417,606.81	138,335,361.50	-	199,752,968.31	19.71%	19.71%	Self-financing
Infrared Thermal Imaging Complete Machine Products Industrial Base	90,216.00	70,932,363.98	95,736,171.04	-	166,668,535.02	18.47%	18.47%	Self-financing
Wuhan Intelligence Industry Park Project Hangzhou Innovation Industry Park (Phase II)	140,460.00	5,671,116.16	8,183,414.95	-	13,854,531.11	0.99%	0.99%	Self-financing
Xi'an Science and Technology Park Project	152,557.00	1,189,310,650.73	271,269,582.66	1,460,580,233.39	-	95.74%	100.00%	Self-financing
Shijiazhuang Science and Technology Park Project (Phase II)	37,483.00	276,247,602.73	80,666,336.75	356,913,939.48	-	95.22%	100.00%	Self-financing



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 17. Right-of-use Assets

Unit: RMB

Items	Building and construction	General-purpose equipment	Special-purpose equipment	Transportation vehicles	Total
<b>I. Total original carrying amount</b>					
1. Opening balance	923,239,274.81	11,431,418.12	117,800,728.19	23,818,132.30	1,076,289,553.42
2. Increased	390,546,590.79	110,068.19	-	10,935,529.58	401,592,188.56
(1) New lease	390,546,590.79	110,068.19	-	10,935,529.58	401,592,188.56
3. Decreased	249,670,336.47	265,028.82	91,934,144.20	5,493,686.57	347,363,196.06
(1) The lease contract expires or terminates early	249,670,336.47	265,028.82	91,934,144.20	5,493,686.57	347,363,196.06
4. Effect on conversion of financial statements denominated in foreign currencies	(29,252,683.11)	(1,813,757.19)	-	(1,302,241.17)	(32,368,681.47)
5. Closing balance	1,034,862,846.02	9,462,700.30	25,866,583.99	27,957,734.14	1,098,149,864.45
<b>II. Accumulated depreciation</b>					
1. Opening balance	450,980,701.22	300,315.09	89,996,638.11	13,950,502.34	555,228,156.76
2. Increased	272,174,025.72	10,228,679.30	4,524,164.49	8,155,978.82	295,082,848.33
(1) Provisions	272,174,025.72	10,228,679.30	4,524,164.49	8,155,978.82	295,082,848.33
3. Decreased	167,186,335.82	265,028.82	91,934,144.20	5,493,686.57	264,879,195.41
(1) The lease contract expires or terminates early	167,186,335.82	265,028.82	91,934,144.20	5,493,686.57	264,879,195.41
4. Effect on conversion of financial statements denominated in foreign currencies	(15,924,975.16)	(907,058.96)	-	(587,934.90)	(17,419,969.02)
5. Closing balance	540,043,415.96	9,356,906.61	2,586,658.40	16,024,859.69	568,011,840.66
<b>III. Total book value</b>					
1. Closing balance on book value	494,819,430.06	105,793.69	23,279,925.59	11,932,874.45	530,138,023.79
2. Opening balance on book value	472,258,573.59	11,131,103.03	27,804,090.08	9,867,629.96	521,061,396.66

## 18. Intangible Assets

### (1) Details of construction in progress

Unit: RMB

Item	Land use right	Intellectual property right	Application software	Franchise	Total
<b>I. Total original carrying amount</b>					
1. Opening balance	1,715,411,561.60	274,154,371.83	416,681,260.92	110,245,727.75	2,516,492,922.10
2. Increased	68,190,841.13	4,479,079.11	43,681,536.86	1,822,301.03	118,173,758.13
(1) Purchase	68,190,841.13	4,479,079.11	43,681,536.86	1,822,301.03	118,173,758.13
3. Decreased	-	-	6,195,110.29	-	6,195,110.29
(1) Disposal or write-off	-	-	6,195,110.29	-	6,195,110.29
4. Effect on conversion of financial statements denominated in foreign currencies	-	(83,282.97)	(1,388,667.85)	(25,608.79)	(1,497,559.61)
5. Closing balance	1,783,602,402.73	278,550,167.97	452,779,019.64	112,042,419.99	2,626,974,010.33
<b>II. Total accumulated amortization</b>					
1. Opening balance	170,369,804.14	98,491,176.89	370,414,597.74	24,706,728.39	663,982,307.16
2. Increased	37,592,424.49	35,357,858.45	21,241,730.18	5,807,880.50	99,999,893.62
(1) Accrual	37,592,424.49	35,357,858.45	21,241,730.18	5,807,880.50	99,999,893.62

## Notes to Financial Statements

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Item	Land use right	Intellectual property right	Application software	Franchise	Total
3. Decreased	-	-	5,983,159.56	-	5,983,159.56
(1) Disposal or write-off	-	-	5,983,159.56	-	5,983,159.56
4. Effect on conversion of financial statements denominated in foreign currencies	-	(72,405.05)	(1,254,181.26)	(19,644.06)	(1,346,230.37)
5. Closing balance	207,962,228.63	133,776,630.29	384,418,987.10	30,494,964.83	756,652,810.85
III. loss provision					
1. Opening balance	-	-	-	42,034,063.49	42,034,063.49
2. Closing balance	-	-	-	42,034,063.49	42,034,063.49
IV. Total book value					
1. Closing balance on book value	1,575,640,174.10	144,773,537.68	68,360,032.54	39,513,391.67	1,828,287,135.99
2. Opening balance on book value	1,545,041,757.46	175,663,194.94	46,266,663.18	43,504,935.87	1,810,476,551.45

(2) At the end of the current reporting period, the land use right of the Group that has not completed the title certificate is nil.

## 19. Goodwill

### (1) Goodwill book value

Unit: RMB

The name of the investee or the matter that forming a goodwill	Opening balance	Increased	Decreased	Effect on conversion of financial statements denominated in foreign currencies	Closing balance
Wuhu Sensortech Intelligent Technology Ltd. (hereinafter referred to as the "Wuhu Sensortech") and Hebei Sensortech	92,088,117.87	-	-	-	92,088,117.87
SISTEMAS Y SERVICIOS DE COMUNICACIÓN, S.A. DE C.V.	81,236,394.36	-	-	1,212,346.54	82,448,740.90
Henan HuaAn Baoquan Intelligence development Ltd. and its subsidiaries	61,322,871.63	-	-	-	61,322,871.63
Hangzhou Kuangxin Technology Ltd.	59,060,454.06	-	-	-	59,060,454.06
Zhejiang Zhiyuan Fire Safety Engineering Ltd.	8,199,253.77	-	-	-	8,199,253.77
BK EESTI AKTSIASELTS	4,726,554.16	-	-	(200,568.23)	4,525,985.93
SIA "BK Latvia"	4,719,995.03	-	-	(200,289.90)	4,519,705.13
Total	311,353,640.88	-	-	811,488.41	312,165,129.29

### (2) Information about the asset group or asset group combination to which the goodwill belongs

Name	The composition and basis of the asset group or portfolio to which it belongs	Whether it is consistent with previous years
Wuhu Sensortech and Hebei Sensortech	The portfolio of the assets generates cash inflows independently.	Yes
SISTEMAS Y SERVICIOS DE COMUNICACIÓN, S.A. DE C.V.		Yes
Henan HuaAn Baoquan Intelligence development Ltd. and its subsidiaries		Yes
Hangzhou Kuangxin Technology Ltd.		Yes
Zhejiang Zhiyuan Fire Safety Engineering Ltd.		Yes
BK EESTI AKTSIASELTS		Yes
SIA "BK Latvia"		Yes

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

### (3) Goodwill impairment provision

When the Group conducts impairment test on goodwill at the end of the reporting period, the key assumptions adopted and their basis are as follows:

The recoverable amount of asset group portfolios containing apportioned goodwill is determined according to the present value of the estimated future cash flow of the relevant asset group portfolios. The forecast period for future cash flows is 5 years. The projection of future cash flows is based on management's estimate of sales revenue, cost of sales and operating expenses for the expected period based on past performance and expectations of market developments. The cash flow growth rate over 5 years is 0-2%.

During the reporting period, the Group did not find that the recoverable amount of the relevant asset group portfolios including the apportioned goodwill was lower than its book value, so it is considered that there is no need to accrue impairment loss for goodwill.

## 20. Long-term Deferred Expenses

Unit: RMB

Invested unit	Opening Balance	Increased	Amortized	Other decreased amount	Difference of foreign currency translation	Closing balance
Improvement expenditure for leased fixed asset	134,762,545.46	78,489,865.00	79,816,489.15	-	(1,879,298.72)	131,556,622.59
Employee housing loan deferred interest	42,598,988.47	6,476,901.90	17,299,277.22	491,476.83	-	31,285,136.32
Total	177,361,533.93	84,966,766.90	97,115,766.37	491,476.83	(1,879,298.72)	162,841,758.91

## 21. Deferred Tax Assets/ Deferred Tax Liabilities

### (1) Deferred tax assets that are not presented on net off basis

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	1,069,364,511.58	262,572,804.77	1,127,769,340.63	278,268,231.18
Provision for credit loss	4,124,476,014.55	871,658,710.55	3,364,947,416.28	704,178,085.23
Share-based payments	-	-	93,168,926.31	16,404,683.77
Provisions	222,850,155.25	42,567,907.88	135,644,054.99	24,189,557.95
Accrued but unsettled liabilities	2,328,549,255.13	397,756,108.86	2,515,576,691.84	426,431,441.31
Unrealized profit from inter-group transactions	3,007,410,744.33	451,057,918.47	2,578,365,430.99	367,414,352.61
Changes in the fair value of derivative financial instruments	1,874,341.64	468,585.41	38,079,755.04	9,519,938.76
Deferred income	868,928,757.73	138,068,886.25	940,537,242.40	127,045,105.84
Changes in fair value of other non-current financial assets	64,034,397.24	9,605,159.59	32,396,750.76	4,859,512.61
Difference in depreciation of fixed assets and difference in amortization of intangible assets	186,042,413.56	30,689,292.90	199,086,488.75	32,012,352.33
Tax deductible losses	1,104,881,983.80	174,500,339.85	1,205,938,357.65	184,742,525.11
Lease liabilities	542,520,611.31	79,492,726.88	517,071,628.81	81,703,353.99

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Others	151,226,802.47	47,687,727.75	79,735,281.12	23,121,972.50
Total	13,672,159,988.59	2,506,126,169.16	12,828,317,365.57	2,279,891,113.19

## (2) Deferred tax liabilities that are not presented on net off basis

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Difference in depreciation of fixed assets and difference in amortization of intangible assets	1,404,309,520.48	245,623,102.73	1,446,155,125.82	257,662,359.02
Long term investment – partnership accounted by the equity method	268,063,887.91	40,209,583.19	191,356,253.14	28,703,437.97
Changes in the fair value of derivative financial instruments	26,775,923.93	6,693,980.98	37,380.00	9,345.00
Changes in the fair value of other non-current financial assets	19,420,700.00	4,855,175.00	19,420,700.00	4,855,175.00
Right-of-use assets	530,138,023.79	77,298,681.61	521,061,396.66	80,828,988.24
Valuation and appreciation of assets of business combinations not under common control	139,474,285.68	34,868,571.42	174,342,857.16	43,585,714.29
Others	11,688,743.69	3,097,280.69	47,107,004.45	15,740,059.70
Total	2,399,871,085.48	412,646,375.62	2,399,480,717.23	431,385,079.22

## (3) Deferred tax assets or deferred tax liabilities that are presented at the net amount after offset

Unit: RMB

Item	Closing balance		Opening balance	
	Offset amount at the end of the reporting period	Deferred tax assets or liabilities at the net amount after offset	Offset amount at the beginning of the reporting period	Deferred tax assets or liabilities at the net amount after offset
Deferred tax assets	299,935,012.10	2,206,191,157.06	301,518,101.04	1,978,373,012.15
Deferred tax liabilities	299,935,012.10	112,711,363.52	301,518,101.04	129,866,978.18

## (4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	348,425,118.87	342,665,221.23
Deductible loss	4,872,004,375.75	3,281,013,576.44
Total	5,220,429,494.62	3,623,678,797.67

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

(5) Deductible losses for unrecognized deferred tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance
2024	-	15,999,871.35
2025	5,064,844.90	6,519,258.67
2026	21,423,245.81	24,119,133.46
2027	33,535,700.07	38,699,273.23
2028	305,106,077.53	382,611,825.49
2029 and beyond	4,506,874,507.44	2,813,064,214.24
Total	4,872,004,375.75	3,281,013,576.44

## 22. Other Non-current Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Contract assets	2,081,248,707.05	17,493,381.00	2,063,755,326.05	1,893,506,565.03	15,397,380.73	1,878,109,184.30
Prepayments for real estate	135,783,923.33	-	135,783,923.33	962,718,172.95	-	962,718,172.95
Prepayments for acquisition of land	89,318,973.58	-	89,318,973.58	1,049,973.59	-	1,049,973.59
Prepayments for equipment	61,129,209.00	-	61,129,209.00	68,421,659.50	-	68,421,659.50
Prepayments for infrastructure	3,122,181.73	-	3,122,181.73	8,032,635.16	-	8,032,635.16
Others	51,370.95	-	51,370.95	2,017,718.89	-	2,017,718.89
Total	2,370,654,365.64	17,493,381.00	2,353,160,984.64	2,935,746,725.12	15,397,380.73	2,920,349,344.39

## 23. Assets with Restriction in Ownership or Use Rights

Unit: RMB

Item	Book value at the end of the current reporting period	Cause of restriction
Cash and bank balances	218,445,956.74	Various guarantee deposits and other restricted funds
Notes receivable	1,274,931,981.36	Endorsed to the supplier, or discounted to the bank
Accounts receivable	352,621,694.25	Pledged for long-term borrowings
Contract assets	128,422,846.09	Pledged for long-term borrowings
Fixed assets	54,026,704.89	Fixed assets leased out under operating leases
Intangible assets	12,166,524.79	Pledged for long-term borrowings
Other non-current assets	1,276,495,354.49	Pledge for long-term borrowings
Total	3,317,111,062.61	

Unit: RMB

Item	Book value at the beginning of the current reporting period	Cause of restriction
Cash and bank balances	210,191,306.76	Various guarantee deposits and other restricted funds
Notes receivable	1,172,749,062.48	Endorsed to the supplier, discounted to the bank, and pledged for issuing bank acceptance bills
Receivables for financing	42,274,830.03	Pledged for issuing bank acceptance bills
Accounts receivable	320,648,995.89	Pledged for long-term borrowings
Contract assets	129,223,004.39	Pledged for long-term borrowings
Fixed assets	79,633,944.01	Fixed assets leased out under operating leases

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Book value at the beginning of the current reporting period	Cause of restriction
Intangible assets	37,374,930.65	Pledged and mortgage for long-term borrowings
Other non-current assets	1,500,999,221.99	Pledge for long-term debts
Total	3,493,095,296.20	

## 24. Short-term Borrowings

### (1) Categories of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit loan	997,485,670.23	2,084,385,782.09
Discounted but not expired notes (Note (V) 3)	34,410,142.39	34,566,243.97
Total	1,031,895,812.62	2,118,952,026.06

(2) As of December 31, 2024, the Group did not have any overdue short-term loans that were failed to repay.

## 25. Derivative Financial Liabilities

Unit: RMB

Item	Closing balance	Opening balance
Forward foreign exchange contracts	1,874,341.64	38,079,755.04
total	1,874,341.64	38,079,755.04

As of December 31, 2024, derivative financial liabilities are forward foreign exchange contracts, which are not designated as hedging instruments, measured at fair value and their changes are recognized in profit and loss for the current period.

## 26. Notes Payable

### List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	1,197,128,746.56	1,163,687,279.58
Total	1,197,128,746.56	1,163,687,279.58

As of December 31, 2024, the Group did not have any unpaid matured notes payable.

## 27. Accounts Payable

### (1) List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payments for goods	19,158,300,660.13	18,669,058,955.74
Payables on project equipment	1,027,002,447.56	494,426,932.35
Total	20,185,303,107.69	19,163,485,888.09

(2) As of December 31, 2024, the Group did not have any significant accounts payable with aging above one year.

## 28. Contract Liabilities

### (1) List of contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advanced receipts from product sales	2,541,743,559.81	2,411,948,613.09
Advanced receipts from construction settlement payment	342,197,373.57	267,231,078.24
Advanced receipts from other services payment	544,032,069.70	328,951,851.34
Subtotal	3,427,973,003.08	3,008,131,542.67
Less: Contract liabilities included in other non-current liabilities (Note (V) 38)	74,029,948.84	30,140,767.27
Total	3,353,943,054.24	2,977,990,775.40

(2) As of the end of the 2024, the Group has no significant contract liabilities with an aging period exceeding one year.

### (3) Qualitative and Quantitative Analysis on the Above Contract Liabilities:

Advanced receipts from product sales are prepayments for goods by customers and sales rebates provided to distributors. Revenue will be recognized when the goods are shipped to or delivered to the customer, and sales rebates provided to resellers will be recognized when resellers use sales rebates to offset the price.

Advanced receipts from construction settlement payment are the part of the contract price received or receivable from the customer for the construction project according to the contract according to the contract provisions in excess of the cumulative completed performance obligations, and the revenue will be recognized according to the performance progress during the contract period.

Advanced receipts from other services payment are the cloud service fees paid in advance by some customers and the part of the contract price received or receivable from customers for operation and maintenance according to the contract provisions that exceeds the cumulative completed performance obligations, and the revenue will be recognized according to the performance progress during the service period.

(4) The amount of RMB 2,977,990,775.40 in the contract liabilities at the beginning of the year has been recognized as revenue during this year. It is expected that RMB 30,140,767.27 will be recognized as revenue in 2025 and beyond. The year-end contract liabilities are expected to recognize RMB 3,353,943,054.24 as revenue within the next year and RMB 74,029,948.84 in 2026 and beyond.

## 29. Payroll Payable

### (1) Details of payroll payable

Unit: RMB

Item	Opening balance (restated)	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Short-term remuneration	6,031,274,769.74	18,261,307,521.20	18,737,146,923.04	5,555,435,367.90
2. Termination benefits – defined contribution scheme	89,196,511.04	1,470,873,139.52	1,449,089,184.36	110,980,466.20
Total	6,120,471,280.78	19,732,180,660.72	20,186,236,107.40	5,666,415,834.10



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## (2) List of Short-term remuneration

Unit: RMB

Item	Opening balance (restated)	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	5,563,702,232.42	15,194,989,269.67	15,805,423,620.56	4,953,267,881.53
2. Staff welfare	612,991.96	624,569,199.47	594,563,244.14	30,618,947.29
3. Social insurance contributions	38,766,515.01	756,566,713.74	748,481,673.20	46,851,555.55
Including:				
Medical insurance	36,814,275.30	717,254,802.38	710,325,452.18	43,743,625.50
Injury insurance	1,744,358.44	35,358,160.08	34,063,784.28	3,038,734.24
Maternity insurance	207,881.27	3,953,751.28	4,092,436.74	69,195.81
4. Housing funds	-	1,408,489,560.73	1,404,655,026.62	3,834,534.11
5. Labor union and education fund	428,193,030.35	276,692,777.59	184,023,358.52	520,862,449.42
Subtotal	6,031,274,769.74	18,261,307,521.20	18,737,146,923.04	5,555,435,367.90

## (3) List of defined contribution plan

Unit: RMB

Item	Opening balance (restated)	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension insurance	87,283,204.70	1,416,767,806.77	1,397,068,691.06	106,982,320.41
2. Unemployment insurance	1,913,306.34	54,105,332.75	52,020,493.30	3,998,145.79
Subtotal	89,196,511.04	1,470,873,139.52	1,449,089,184.36	110,980,466.20

Note: The Group participates in pension insurance and unemployment insurance plans established by government agencies in accordance with regulations. According to these plans, the Group pays monthly fees to these plans in proportion to the payment base. The Group has no other material obligation for the payment of pension benefits beyond the contributions described above, and corresponding expenses were booked into current profits and losses or corresponding assets.

In 2024, the Group shall pay RMB1,416,767,806.77 and RMB54,105,332.75 to the pension insurance plan and unemployment insurance plan respectively (2023: RMB1,148,680,658.64 and RMB43,814,265.77). As of December 31, 2024, the Group had fees payables of RMB106,982,320.41 and RMB3,998,145.79 (December 31, 2023: RMB87,283,204.70 and RMB1,913,306.34), which were due but not paid during the reporting period for pension and unemployment insurance plans.

**30. Taxes Payable**

Unit: RMB

Item	Closing balance	Opening balance (restated)
Corporate income tax	913,040,846.83	990,235,254.45
Value-added tax	404,940,647.59	476,152,883.91
City construction and maintenance tax	26,303,950.83	28,555,595.11
Education surcharges	11,664,982.93	11,969,432.94
Local education surcharges	8,323,731.96	8,314,407.76
Others	171,661,935.88	107,322,613.69
Total	1,535,936,096.02	1,622,550,187.86

### 31. Other Payables

#### 31.1 Categories

Unit: RMB

Item	Closing balance	Opening balance
Dividend payables	186,793.11	253,957,413.29
Other payables	3,528,172,251.37	3,657,655,427.77
Total	3,528,359,044.48	3,911,612,841.06

#### 31.2 Dividend payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends of incentive restricted shares	-	155,844,168.00
Dividends payable to minority shareholders	186,793.11	98,113,245.29
Total	186,793.11	253,957,413.29

#### 31.3 Other payables

(1) List of other payables according to the nature of the payment

Unit: RMB

Item	Closing balance	Opening balance
Unexpired commercial acceptance bills that were endorsed (Note (V) 3)	1,240,521,838.97	1,123,427,383.57
Accrued expenses	1,527,405,326.55	1,682,496,005.40
Guarantee and deposit fees	477,797,205.49	445,461,469.36
Collection and payment on behalf	209,269,289.66	294,323,679.79
Other expense payable	73,178,590.70	111,946,889.65
Total	3,528,172,251.37	3,657,655,427.77

(2) As of December 31, 2024, the Group did not have any significant other payables aging over one year.

### 32. Non-current Liabilities Due within One Year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year (Note (V) 34)	586,589,318.45	5,627,525,836.16
Lease liabilities due within one year (Note (V) 35)	180,403,223.06	184,722,447.43
Long-term payables due within one year	38,147.40	2,411,931.37
Total	767,030,688.91	5,814,660,214.96

### 33. Other Current Liabilities

Unit: RMB

Item	Closing balance	Opening balance
Subscription payment of restricted shares	-	1,095,194,890.62
Output VAT to be transferred	377,117,275.65	386,027,153.57
Total	377,117,275.65	1,481,222,044.19

### 34. Long-term Borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan (Note 1)	1,033,059,164.49	1,259,495,605.29
Mortgage loan	-	320,694,296.02
Credit loan (Note 2)	4,672,715,153.96	12,959,458,895.86
Other borrowing (Note 3)	-	28,000,000.00
Less: Long-term loans due within one year (Note (V) 32)	586,589,318.45	5,627,525,836.16
Total	5,119,185,000.00	8,940,122,961.01

Note 1: As of December 31, 2024, the pledged loan was mainly obtained by the Group with all the rights and benefits pledged under relevant PPP Projects. The maturity period is from June 20, 2028 to March 26, 2040, the above annual interest rate of the loan is variable interest rate, ranging from 3.61% to 4.25%.

Note 2: As of December 31, 2024, the maturity period of credit loan is from July 22, 2025 to February 8, 2028, and the annual interest rate ranges from 1.75% to 3.40%

Note 3: During 2016, the Group and CDB Development Fund Ltd. (CDBDF) jointly injected capital into Hangzhou Hikvision Electronics Co., Ltd. ("Hangzhou Electronics"), a subsidiary of the Group. Pursuant to the capital injection agreement, CDBDF would not participate in senior management personnel such as directors, and it would either take part in decision-making or make significant influence on Hangzhou Electronics. The Group shall pay a 1.2% annualized return to CDBDF through dividends or interest payments, and the Group is required to redeem its equity holdings from CDBDF in installments each year from 2021 to 2024. Therefore, the capital injection by CDBDF is treated as a long-term loan. As the end of the reporting period, the Group has cumulatively redeemed the equity of Hangzhou Electronics held by CDBDF for a total amount of RMB 190 million, and the balance of the loan is zero (December 31, 2023: RMB 28 million).

### 35. Lease Liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities	555,835,972.74	528,728,313.56
Less: Lease liabilities due within one year (Note (V) 32)	180,403,223.06	184,722,447.43
Total	375,432,749.68	344,005,866.13

The Group's lease liabilities are analysed according to the maturity period of the remaining undiscounted contractual obligations as follows:

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	191,378,600.65	197,066,597.67
1- 5 years	375,285,265.86	324,095,420.30

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Closing balance	Opening balance
Over 5 years	29,402,566.24	41,329,449.20
Total	596,066,432.75	562,491,467.17

**36. Provisions**

Unit: RMB

Item	Closing balance	Opening balance
Product quality warranty	283,376,593.23	197,386,826.08
Return payment payable	21,873,456.48	15,697,212.23
Total	305,250,049.71	213,084,038.31

**37. Deferred Income**

Unit: RMB

Item	Opening balance	Increase in current reporting period	Decrease in current reporting period	Closing balance
Government Subsidies (Note (VIII) 1)	966,259,592.34	291,742,286.11	383,489,804.92	874,512,073.53
Total	966,259,592.34	291,742,286.11	383,489,804.92	874,512,073.53

**38. Other Non-current Liabilities**

Unit: RMB

Item	Closing balance	Opening balance
Subscription for restricted stocks	-	1,642,792,335.93
Contract liabilities (Note (V), 28)	74,029,948.84	30,140,767.27
Total	74,029,948.84	1,672,933,103.20

**39. Share Capital**

Unit: RMB

	Opening balance	Changes for the current reporting period					Closing balance
		New issue of shares	Bonus issue	Restricted repurchased shares	Others	Subtotal	
Total shares	9,330,600,931.00	-	-	(97,402,605.00)	-	(97,402,605.00)	9,233,198,326.00

Note: According to the *Proposal on Terminating the Implementation of the 2021 Restricted Stock Plan and Repurchasing and Canceling Relevant Restricted Shares*, that is reviewed and approved by the 20<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Directors, the 18<sup>th</sup> meeting of the 5<sup>th</sup> session of the Board of Supervisors and 2023 Annual General Meeting, it is agreed the company terminate the implementation of the 2021 Restricted Stock Plan and repurchase and cancel all restricted stocks granted but not yet unlocked. In 2024, the Company reduced its share capital by RMB97,402,605.00 and its capital reserve by RMB2,796,377,189.55. The Company completed the deregistration on August 15, 2024.

#### 40. Capital Reserves

Unit: RMB

Item	Opening balance	Increase in the current reporting period (Note 1)	Decrease in the current reporting period (Note 2)	Closing balance
Share capital premium	6,989,138,129.40	1,383,877,950.50	2,812,856,534.90	5,560,159,545.00
Other capital reserves	875,765,634.12	1,127,958,356.12	1,382,239,270.18	621,484,720.06
Total	7,864,903,763.52	2,511,836,306.62	4,195,095,805.08	6,181,644,265.06

Note 1: The increase of RMB1,382,239,270.18 in the share capital premium in the current period was due to the transfer of other capital reserves to share capital premiums due to the exercise of equity-settled share-based payments.

During the current period, the Group received an international operation subsidy of RMB 2,007,056.47 from its actual controlling party, China Electronics Technology Group Corporation (hereinafter referred to as "CETC"). This increased the Group's share capital premium by RMB 1,517,235.64 and minority interests by RMB 489,820.83. Please refer to Note (XI), 5(4) for details.

The increase in share capital premium in the current reporting period of RMB121, 444.68 is due to the Group's acquisition of the original minority shareholders' equity in its subsidiaries, Hua'an Security Electronics, Hua'an Security Intelligence, and Hua'an Security Services, resulting in the Group's ownership increasing to 100%. Please refer to Note (VII), 2(1).

The increase in other capital reserves in the current reporting period of RMB798,833,409.72 is due to the equity-settled share-based payment; RMB329,124,946.40 was due to changes in other equity of the investees in the long-term equity investments accounted for by the equity method.

Note 2: The decrease of RMB2,796,377,189.55 in share capital premium in the current reporting period was due to the repurchase and cancellation of 97,402,605 restricted shares by the Company. Please refer to Note (V) 39.

The decrease of RMB 16,479,345.35 in the share premium in the current reporting period was due to the portion of equity-settled share-based payments shared by the non-controlling interests.

#### 41. Treasury Shares

Unit: RMB

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
Restricted shares incentive scheme	2,737,987,226.55	-	2,737,987,226.55	-
Outstanding shares	-	310,044,296.12	-	310,044,296.12
Total	2,737,987,226.55	310,044,296.12	2,737,987,226.55	310,044,296.12

Note: The increase of 310,044,296.12 shares in treasury shares during the current reporting period, is due to the repurchase of 10,000,219 shares through centralized bidding using its own funds, and the repurchased shares are held in the special securities account for share repurchase.

The decrease in treasury shares includes the repurchase and cancellation of 97,402,605 restricted shares, reducing treasury shares by RMB 2,737,987,226.55. For more details, see Note (V), 39.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

**42. Other Comprehensive Income**

Unit: RMB

Item	Opening balance	Amounts occurred in the current reporting period					Closing balance
		The before-income-tax amount incurred during the current reporting period	Less: transfer to current period P/L from previous other comprehensive income	Less: income tax expense	Attributable to the parent company (after tax)	Attributable to minority shareholders (after tax)	
Other incomes that may be reclassified subsequently to profit or loss	44,667,516.16	(285,156,327.33)	-	-	(156,178,002.37)	(128,978,324.96)	(111,510,486.21)
Including: Effect on conversion of financial statements denominated in foreign currencies	44,667,516.16	(285,156,327.33)	-	-	(156,178,002.37)	(128,978,324.96)	(111,510,486.21)
Other comprehensive income	44,667,516.16	(285,156,327.33)	-	-	(156,178,002.37)	(128,978,324.96)	(111,510,486.21)

**43. Surplus Reserves**

Unit: RMB

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
Statutory surplus reserves	4,715,460,312.00	-	-	4,715,460,312.00
Total	4,715,460,312.00	-	-	4,715,460,312.00

Note: According to the *Company Law of the People's Republic of China* and the *Articles of Association* of the Company, The Company shall withdraw the statutory surplus reserve fund at 10% of the annual net profit of the parent company, and when the accumulated amount of the statutory surplus reserve fund reaches more than 50% of the registered capital, it may not be withdrawn. The statutory surplus reserve can be used to make up for losses or increase the share capital after approval. The accumulated amount of the Company's statutory surplus reserve is RMB 4,715,460,312.00, which exceeds 50% of the Company's share capital.

**44. Retained Earnings**

Unit: RMB

Item	2024	2023 (Restated)
Retained Earnings at the close of the prior reporting period before adjustments	57,136,620,244.01	49,460,240,986.49
Adjustments on retained earnings at the open of the current reporting period	-	182,975.56
Retained Earnings at the close of current he reporting period after adjustments	57,136,620,244.01	49,460,423,962.05
Add: Net profit attributable to the parent company for the reporting period	11,977,327,023.54	14,107,726,276.26
Less: withdraws on the statutory surplus reserve	-	-
Dividends payable on common shares (Note 1)	8,154,034,325.40	6,431,425,077.70

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	2024	2023 (Restated)
Others (Note 2)		104,916.60
Retained earnings at the end of the current reporting period	60,959,912,942.15	57,136,620,244.01

Note 1: According to the resolution of 2023 Annual General Meeting dated on May 10, 2024, based upon the total capital share of the Company on the equity distribution date, for each 10 ordinary shares, the Company distributed cash dividends of RMB 9 (tax inclusive), the rest of retained earnings were all carried forward for future distributions.

Note 2: The subsidiary company, EZVIZ Network, of the Group, signed a management entrustment agreement with the parent company, CETHIK Group Ltd. (hereinafter referred to as "CETHIK") for Furui Technology this year. This transaction constitutes a business combination under common control. For details, see Note (VI), 1. According to the management entrustment agreement, the net profit generated by Furui Technology in the previous year actually belongs to CETHIK.

**45. Revenue / cost of sales and services**

## (1) Revenue and cost of sales and services

Unit: RMB

Item	2024		2023 (Restated)	
	Revenue	Cost	Revenue	Cost
Major business	91,848,150,416.12	51,450,813,344.31	88,735,530,906.73	49,331,525,439.10
Other business	647,374,702.18	503,044,567.90	605,646,703.67	401,243,108.47
Total	92,495,525,118.30	51,953,857,912.21	89,341,177,610.40	49,732,768,547.57

## (2) Revenue (by product or business type)

Unit: RMB

Item	2024	2023 (Restated)
Products and services for main business (Note)	67,963,258,099.83	68,781,078,704.92
Constructions of main business	2,048,116,006.90	2,007,188,913.81
Innovative businesses	22,484,151,011.57	18,552,909,991.67
Including: Robotic business	5,928,825,303.14	4,940,495,688.57
Smart home business	5,190,222,359.58	4,686,023,001.37
Thermal imaging business	4,191,132,575.45	3,284,778,727.13
Auto electronics business	3,919,493,044.46	2,706,680,020.16
Storage business	2,314,389,221.29	1,931,387,706.41
Other innovative businesses	940,088,507.65	1,003,544,848.03
Total	92,495,525,118.30	89,341,177,610.40

Note: Main business refers to the business parts other than the innovative businesses.

## (3) Major business (by business type)

Unit: RMB

Item	2024	
	Revenue	Cost
Product sales	87,408,184,677.06	48,876,816,169.66
Construction contract	2,048,116,006.90	1,624,213,884.66
Provide services	2,391,849,732.16	949,783,289.99
Total	91,848,150,416.12	51,450,813,344.31

## (4) Major business (by the time of revenue recognition)



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Item	2024	
	Revenue	Cost
Recognized at a point in time	87,408,184,677.06	48,876,816,169.66
Recognized over time	4,439,965,739.06	2,573,997,174.65
Total	91,848,150,416.12	51,450,813,344.31

#### 46. Business Taxes and Surcharges

Unit: RMB

Item	2024	2023
City construction and maintenance tax	289,723,169.24	314,257,068.06
Education surcharges	127,072,888.33	136,548,924.16
Real estate tax	93,318,578.98	68,387,163.53
Local education surcharges	84,715,259.14	91,032,619.45
Stamp duty	78,856,150.38	83,472,191.23
Tax on use of land	14,983,870.80	7,973,676.69
Vehicle and vessel tax	133,510.29	142,212.47
Others	3,482,500.20	2,827,523.10
Total	692,285,927.36	704,641,378.69

#### 47. Selling Expenses

Unit: RMB

Item	2024	2023 (Restated)
Payroll	7,332,316,817.36	6,810,618,419.65
Marketing Expenses	1,925,239,948.86	1,451,289,954.94
Travelling expenses	629,945,028.62	535,865,115.05
Shipping, transportation, and vehicle expense	442,927,059.62	399,732,317.41
Office expenses	360,077,188.10	292,733,211.13
Depreciation and amortization expenses	323,848,822.04	278,842,930.03
Business hospitality expenses	306,984,860.46	299,654,749.49
Professional Intermediary expenses	293,901,523.38	204,146,036.74
Rental expenses	55,316,900.89	97,873,220.30
Others	380,659,953.29	376,032,121.27
Total	12,051,218,102.62	10,746,788,076.01

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

#### 48. Administrative Expenses

Item	2024	2023 (Restated)
Payroll	1,896,569,807.90	1,695,038,546.31
Depreciation and amortization expenses	435,391,420.72	331,435,183.33
Office expenses	308,564,147.69	300,578,446.48
Professional Intermediary expenses	97,689,845.38	109,043,766.60
Shipping, transportation, car expense	63,738,885.26	62,205,098.49
Travelling expenses	57,416,967.08	48,698,135.31
Business hospitality expenses	14,512,396.60	12,101,649.04
Others	222,056,173.29	211,680,377.89
Total	3,095,939,643.92	2,770,781,203.45

#### 49. R&D Expenses

Unit: RMB

Item	2024	2023
Payroll	9,199,042,429.59	9,106,625,103.96
Consumables and service fees	1,080,897,304.01	827,535,055.34
Depreciation and amortization expenses	420,528,831.63	396,521,961.36
Intermediate testing fees	378,195,302.14	279,447,277.60
Office expenses	316,503,443.21	294,212,819.79
Travelling expenses	197,483,910.19	186,837,407.75
New product design fees	172,623,502.86	197,702,784.59
Others	98,738,668.64	104,065,994.08
Total	11,864,013,392.27	11,392,948,404.47

#### 50. Financial Expenses

Unit: RMB

Item	2024	2023 (restated)
Interest expenses	355,616,402.34	443,682,056.79
Interest expense on lease liabilities	41,603,299.47	20,277,211.42
Less: Interest income	878,035,430.32	1,067,169,946.60
Foreign exchange losses (gains)	291,278,463.86	(201,813,404.51)
Less: Capitalized specific loan interests and foreign exchange differences on specific loan	5,815,514.68	6,354,148.62
Others	80,535,286.17	61,577,947.73
Total	(114,817,493.16)	(749,800,283.79)

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

**51. Other Income**

Unit: RMB

Item	2024	2023 (restated)
VAT refund	1,874,624,340.02	1,905,727,477.36
Special subsidies	688,670,655.22	594,438,518.34
Others	90,387,815.63	59,357,247.29
Total	2,653,682,810.87	2,559,523,242.99

**52. Investment Income**

Unit: RMB

Item	2024	2023
Long-term equity investment gains (losses) based on the equity method	30,668,990.87	(29,966,477.85)
Investment income from other non-current financial assets during the holding period	61,241,171.99	65,923,840.33
Investment income (losses) from disposal of derivative financial assets	(5,998,577.35)	(90,195,333.19)
Income (losses) from multi-transactions business combination of enterprises not under the same control	-	116,433,610.45
Income from Debt Restructuring	101,109,433.26	-
Others	-	1,106,664.51
Total	187,021,018.77	63,302,304.25

Note: During the reporting year, the Group and its debtor restructured accounts receivable with book value of RMB 49,360,966.74 by adjusting the principal amount and changing the repayment terms. This reduced the original value of accounts receivable by RMB 180,617,041.15 and decreased the allowance for bad debts by RMB 131,256,074.41. The debt forgiveness amounted to RMB 30,146,641.15. The total gain recognized due to the debt restructuring this year was RMB 101,109,433.26.

**53. Gains (Losses) from Changes in Fair Values**

Unit: RMB

Sources of gains (losses) from changes in fair values	2024	2023
Gains (losses) from changes in fair value of derivative financial assets	26,738,543.93	(12,770,058.36)
Gains (losses) from changes in fair value of other non-current financial assets	(15,184,854.90)	5,229,385.72
Gains (losses) on the changes in fair value of derivative financial liabilities	36,205,413.40	30,219,930.53
Total	47,759,102.43	22,679,257.89

**54. Credit Impairment Gains (Losses)**

Unit: RMB

Item	2024	2023
Credit impairment gains (losses) on notes receivable	(562,417.45)	(2,492,390.65)
Credit impairment gains (losses) on accounts receivable	(928,758,599.26)	(743,585,106.95)
Credit impairment reverses gains (losses) on other receivables	(1,816,609.21)	(1,453,975.50)
Credit impairment gains (losses) on long-term receivables	(137,651,879.82)	(132,391,300.15)
Total	(1,068,789,505.74)	(879,922,773.25)

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 55. Impairment Gains (Losses) of Assets

Unit: RMB

Item	2024	2023
Gains (losses) on inventory depreciation	(444,233,922.43)	(467,275,356.52)
Gains (losses) on impairment of contract assets (including the portion recognized in other non-current assets)	(1,680,465.16)	3,893,081.40
Total	(445,914,387.59)	(463,382,275.12)

## 56. Non-operating Income

Unit: RMB

Item	2024	2023	The amount booked into current period non-recurring profits and losses
Fines and confiscations	45,474,188.29	71,548,457.58	45,474,188.29
Government subsidies	829,499.67	630,722.79	829,499.67
Others	17,433,894.39	15,393,939.67	17,433,894.39
Total	63,737,582.35	87,573,120.04	63,737,582.35

## 57. Non-operating Expenses

Unit: RMB

Item	2024	2023	The amount booked into current period non-recurring profits and losses
Local water conservancy construction fund	2,862,778.24	2,682,863.47	-
Donation expenses	2,796,454.31	2,078,792.44	2,796,454.31
Losses on disposal of non-current assets	322,794.37	4,832,681.02	322,794.37
Others	26,508,611.94	18,338,679.98	26,508,611.94
Total	32,490,638.86	27,933,016.91	29,627,860.62

## 58. Income Tax Expenses

### (1) Details of income tax expenses

Unit: RMB

Item	2024	2023 (Restated)
Income tax for the current reporting period	1,797,231,764.17	1,839,138,688.39
Deferred income tax expenses	(262,111,502.20)	(535,918,231.15)
Differences in filing and payment of income tax in previous reporting years	(332,648,682.48)	(359,906,588.34)
Total	1,202,471,579.49	943,313,868.90

### (2) Reconciliation of income tax expenses to the accounting profit

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Item	2024	2023 (Restated)
Total profit	14,343,493,640.00	16,099,215,632.11
Income tax expenses calculated at applicable tax rates of 15%	2,151,524,046.00	2,414,882,344.80
Impact of non-deductible costs, expenses and losses	191,981,349.17	34,413,929.90
Tax effect of non-taxable income	(1,504,602.82)	(98,174,019.29)
Impact of deductible temporary differences or deductible losses for which no deferred income tax assets is recognized for the current period	294,369,183.13	172,197,460.01
Impact of using deductible temporary differences or deductible losses for which no deferred income tax assets was recognized for the prior periods	(33,438,275.11)	(117,780,210.38)
Differences of income tax annual filing	(332,648,682.48)	(359,906,588.34)
Impact by different tax rates applicable to different subsidiaries	273,802,509.46	184,279,068.80
Impact of additional deduction of R&D expenses	(1,327,003,879.64)	(1,272,836,446.36)
Others	(14,610,068.22)	(13,761,670.24)
Income tax expenses	1,202,471,579.49	943,313,868.90

## 59. Notes to Consolidated Cash Flow Statement Items

### (1) Cash flow from operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	2024	2023 (Restated)
Interest income	750,781,420.97	938,159,935.34
Government subsidies	597,752,636.08	598,933,415.73
Withdrawal of restricted currency funds	234,681,725.23	115,110,998.04
Others	177,629,415.85	154,289,838.61
Total	1,760,845,198.13	1,806,494,187.72

Other cash payments relating to operating activities

Unit: RMB

Item	2024	2023 (Restated)
Office expenses and business expenses	2,022,766,137.12	1,714,220,908.73
R&D expense	1,631,755,731.65	1,310,339,918.88
Advertising and selling service	1,295,809,508.16	1,100,850,473.21
Travelling expense	884,845,905.89	771,400,658.11
Outsourcing service fees, fees for hiring intermediaries, etc.	514,516,193.91	457,158,581.72
Shipping and transportation expense	506,665,944.88	461,937,415.90
Deposits to restricted monetary funds	242,936,375.21	123,808,399.08
Rental expense	59,220,236.26	118,308,723.14
Others	370,710,380.02	229,907,809.53
Total	7,529,226,413.10	6,287,932,888.30

### (2) Cash flow from investing activities

Cash receipts relating to important investing activities

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Item	2024	2023
Forward foreign exchange contract	3,002,416,092.15	4,687,808,134.25
Total	3,002,416,092.15	4,687,808,134.25

## Cash payments relating to important investing activities

Unit: RMB

Item	2024	2023
Forward foreign exchange contract payments	3,017,921,031.55	4,778,003,467.44
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	4,665,742,203.72	4,047,816,024.05
Total	7,683,663,235.27	8,825,819,491.49

## Other cash receipts relating to investing activities

Unit: RMB

Item	2024	2023
Receipts of financing lease payments	84,419,763.14	121,237,455.42
Total	84,419,763.14	121,237,455.42

## (3) Cash flow from financing activities

## Other cash receipts relating to financing activities

Unit: RMB

Item	2024	2023
Cash receipts from project fund (refer to XI 5(4) for details)	2,007,056.47	5,000,000.00

## Other cash payments relating to financing activities

Unit: RMB

Item	2024	2023
Repurchase of restricted shares	2,723,810,978.11	655,807,536.16
Repayment of lease liabilities	332,488,237.61	285,474,093.26
Repurchase of outstanding shares	310,044,296.12	-
Consideration paid for the acquisition of minority shareholder equity	10,380,041.54	56,000,000.00
Total	3,376,723,553.38	997,281,629.42

## Changes in liabilities from financing activities

Unit: RMB

Item	December 31, 2023	2024		December 31, 2024
		Cash changes	Non-cash changes	
Lease liabilities (including lease liabilities due within one year)	528,728,313.56	(332,488,237.61)	359,595,896.79	555,835,972.74
Long-term borrowings (including loan due within one year) and short-term borrowings	16,686,600,823.23	(10,216,217,771.70)	267,287,079.54	6,737,670,131.07
Dividend payables	253,957,413.29	(8,637,054,517.02)	8,383,283,896.84	186,793.11
Total	17,469,286,550.08	(19,185,760,526.33)	9,010,166,873.17	7,293,692,896.92

## 60. Supplementary Information about Cash Flow Statement

### (1) Supplementary information about cash flow statement

Unit: RMB

Supplementary information	2024	2023 (Restated)
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	13,141,022,060.51	15,155,901,763.21
Add: Impairment of assets	445,914,387.59	463,382,275.12
Provision for credit losses	1,068,789,505.74	879,922,773.25
Fixed assets depreciation	1,491,731,725.01	1,302,911,665.68
Amortization of right-of-use assets	295,082,848.33	316,765,782.26
Amortization of intangible assets	99,999,893.62	98,924,636.89
Long-term deferred expenses amortization	97,115,766.37	84,144,427.77
Losses on disposal of fixed assets, intangible assets and other long-term assets	14,539,975.31	5,674,511.78
Fixed asset scrapping losses	322,794.37	4,832,681.02
Losses (gains) from changes in fair value	(47,759,102.43)	(22,679,257.89)
Financial expenses	256,441,388.18	325,040,311.15
Investment losses (gains)	(85,911,585.51)	(63,302,304.25)
Share-based payment based on equity settlement	865,428,572.59	207,616,877.93
Decrease (increase) of restricted funds	(8,254,649.98)	(8,697,401.04)
Decrease (increase) in deferred tax assets	(236,371,472.37)	(507,175,433.89)
Increase (decrease) in deferred tax liabilities	(17,155,614.66)	(54,853,902.30)
Decrease (increase) in inventories	(299,985,733.29)	(365,476,343.55)
Decrease (increase) of other operating non-current assets	(185,775,794.08)	340,718,688.36
Decrease (increase) in operating receivables	(4,018,940,188.01)	(6,132,832,357.74)
Increase (decrease) in operating payables	479,604,764.25	4,587,526,152.69
Increase (decrease) in deferred income	(91,747,518.81)	3,864,174.60
<b>Net cash flows from operating activities</b>	<b>13,264,092,022.73</b>	<b>16,622,209,721.05</b>
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	36,053,042,380.29	49,427,967,355.78
Less: Opening balance of cash	49,427,967,355.78	39,825,124,107.52
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(13,374,924,975.49)</b>	<b>9,602,843,248.26</b>

### (2) Net cash paid for obtaining subsidiaries during the current year

Unit: RMB

	Amounts
Cash or cash equivalents paid for the business combination in previous years	8,440,700.00
Including: Zhejiang Zhiyuan Fire Safety Engineering Co., Ltd.	8,440,700.00
<b>Net cash paid for obtaining the subsidiary</b>	<b>8,440,700.00</b>

### (3) Constituents of cash and cash equivalents



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Item	Closing balance	Opening balance (restated)
Cash	36,053,042,380.29	49,427,967,355.78
Including: Cash on hand	682,023.34	1,785,754.92
Bank deposit for payment at any time	35,933,926,817.28	49,400,692,427.34
Other monetary capital for payment at any time	118,433,539.67	25,489,173.52
Cash equivalents	-	-
Closing balance of cash and cash equivalents	36,053,042,380.29	49,427,967,355.78

## 61. Monetary Items of Foreign Currencies

Unit: RMB

Item	Balance in foreign currency at the end of the reporting period	Exchange rate for conversion	Balance of RMB converted at the end of the reporting period
Cash and bank balances			
Including: USD	521,635,040.48	7.1884	3,749,721,325.00
EUR	54,445,885.15	7.5257	409,743,397.87
Accounts receivable			
Including: USD	329,067,851.99	7.1884	2,365,471,347.24
EUR	162,993,618.06	7.5257	1,226,641,071.43
Accounts payable			
Including: USD	68,397,350.51	7.1884	491,667,514.41
EUR	878,420.96	7.5257	6,610,732.62

## 62. Lease

### (1) As lessee

The company leases a number of assets, including houses and buildings, general equipment, special purpose equipment and transport vehicles, ranging from 1 month to 13 years. Such assets cannot be used for loan, mortgage, guarantee and other purposes.

The total amount of short-term lease expenses and lease expenses of low-value assets included in profit or loss for the period was RMB80,310,605.02 (2023: RMB133,767,688.72).

Total lease-related cash outflows for the year is RMB 412,798,842.63 (2023: RMB 419,241,781.98)

### (2) As a lessor

Operating lease as a lessor

Unit: RMB

Item	Lease income	Among which: income related to variable lease payments not included in lease collections
Special-purpose equipment lease	101,545,490.69	-
Total	101,545,490.69	-

The Company's operating leases as a lessor relate to special-purpose equipment.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## Financial lease as a lessor

,Unit: RMB

Item	Profit or loss on sales	Financing proceeds	Income related to variable lease payments that are not included in net lease investments
Special-purpose equipment lease	23,159,788.34	5,480,145.59	-
Total	23,159,788.34	5,480,145.59	-

As a lessor, the Group entered into financial lease contracts with customers in relation to special-purpose equipment.

## VI. Changes in Consolidation Scope

### 1. Business Combination of Enterprises under the Same Control

#### (1) Business combination of enterprises under the same control

##### Furui Technology

On April 10, 2024, the Group's subsidiary, EZVIZ Network, signed a management entrustment agreement with the parent company, CETCHIK, and thus EZVIZ Network has achieved control over Furui Technology. Since CETCHIK is the controlling shareholder of both the Group and Furui Technology, and EZVIZ Network is a subsidiary of the Group, this management entrustment of Furui Technology constitutes a business combination under common control.

Unit: RMB

Name of the acquiree	Equity acquisition ratio (note)	Reason for the transaction constituting a business combination under common control.	Date of acquisition	Basis for determining the acquisition date	Income of acquiree from acquisition data to the end of the reporting period	Net profit (loss) of acquiree from acquisition data to the end of the reporting period	Income of acquiree during comparison period	Net profit of acquiree during comparison period
Hangzhou Furui Technology Co, Ltd.	48%	Before and after the business combination, the controlling shareholder of both the Group and Furui Technology is CETCHIK, and this control is not temporary.	April 10, 2024	Effective date of the management entrustment agreement.	-	(295,677.15)	1,320,754.72	218,576.25

Note: The Group collectively holds 48% of the equity in EZVIZ, which is the consolidated party.

#### (2) Cost of business combination and goodwill

Unit: RMB

Cost of business combination	Furui Technology
- Long-term payables	9,749,569.60

#### (3) The book value of assets and liabilities of the acquiree on the date of purchase

Unit: RMB

	Furui Technology	
	Fair value on the date of acquisition	Fair value on the date of acquisition
Assets:		
Cash and bank balances	9,642,829.41	8,689,008.08

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

	Furui Technology	
	Fair value on the date of acquisition	Fair value on the date of acquisition
Accounts receivables		1,400,000.00
Other receivables	6,387.00	6,387.00
Inventories	9,911.50	9,911.50
Fixed assets	8,845.06	10,024.42
Total assets	<b>9,667,972.97</b>	<b>10,115,331.00</b>
Liabilities:		
Payroll payable	65,107.62	216,788.50
Tax payable	148,972.90	148,972.90
Total liabilities	<b>214,080.52</b>	<b>365,761.40</b>
Net assets:	<b>9,453,892.45</b>	<b>9,749,569.60</b>

## 2. Changes of Consolidation Scope due to Other Causes

The subsidiaries newly established and incorporated in the consolidation scope during the current reporting period as follows:

Company Name	Time of establishment	Registered capital
Hangzhou Hikimaging Electronics Ltd.	March 2024	RMB 10 million
Hangzhou Rayin Detection Technology Co., Ltd.	April 2024	RMB 50 million
EZVIZ Vietnam LLC Co., Ltd	August 2024	USD 0.8 million
Hangzhou Micro Sensing Electronics Ltd.	September 2024	RMB 100 million
Guoneng Haikang Yaoshi Technology (Hangzhou) Co., Ltd.	October 2024	RMB 100 million
EZVIZ Trading FZE (Note)	November 2024	USD 0.5 million
Hikrobot Japan KK (Note)	December 2024	JPY 70 million

Note: As of the end of this year, EZVIZ Trading FZE and Hikrobot Japan KK have not yet completed their paid-in capital.

## VII. Interest in Other Entities

### 1. Equity in Subsidiaries

#### (1) Composition of the corporate group

Name	Location of operation	Place of registration	Nature of business	Acquisition method
Hangzhou Hikvision System Technology Ltd.	Hangzhou	Hangzhou, Zhejiang	System integration, Technology development	Establishment
Hangzhou Hikvision Technology Co., Ltd.	Hangzhou	Hangzhou, Zhejiang	Manufacture	Establishment
Hangzhou EZVIZ Network Co., Ltd.	Hangzhou	Hangzhou,	Technology	Establishment

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Name	Location of operation	Place of registration	Nature of business	Acquisition method
		Zhejiang	development	
Hangzhou EZVIZ Software Ltd.	Hangzhou	Hangzhou, Zhejiang	Technology development	Establishment
Hangzhou Hikrobot Technology Co., Ltd.	Hangzhou	Hangzhou, Zhejiang	Technology development	Establishment
Hangzhou Hikrobot Intelligence Ltd.	Hangzhou	Hangzhou, Zhejiang	Technology development	Establishment

## 2. Changes in the share of owners' equity in subsidiaries and still controls the transactions of subsidiaries.

### (1) Description of the change in the share of owners' equity in subsidiaries

#### Acquisition of minority stakes in Hua'an Security Intelligence, Hua'an Security Electronics, and Hua'an Security Services.

On April 30, 2024, the Group and the original minority shareholders of its subsidiary companies, Hua'an Security Intelligent and Hua'an Security Electronics, jointly signed the "Equity Transfer Agreement for Henan Hua'an Security Intelligent Development Co., Ltd. and Henan Hikvision Hua'an Security Electronics Co., Ltd." The agreement stipulates the acquisition of 6.14% of the minority equity in Hua'an Security Intelligent and Hua'an Security Electronics from the original minority shareholders for RMB 5.83 million and RMB 4.42 million, respectively. Upon completion of the acquisition, the Group will hold 100% of the equity in both Hua'an Security Intelligent and Hua'an Security Electronics. The equity transfer was completed on May 31, 2024. By the end of the year, the Group had fully paid the acquisition amount.

On April 30, 2024, Hua'an Security Intelligence, a subsidiary of the Group, entered into a Share Transfer Agreement with the original minority shareholders of Hua'an Security Services, a subsidiary of Hua'an Security Intelligence. The agreement stipulates the acquisition of 10% equity in Hua'an Security Services held by the original minority shareholders for RMB 127,400. After the acquisition, Hua'an Security Intelligence will hold 100% equity in Hua'an Security Services. Since the Group holds 100% equity in Hua'an Security Intelligence, the Group holds 100% equity in Hua'an Security Services. On May 31, 2024, both parties completed the equity transfer. As of the end of the year, the Group has completed the payment for the equity acquisition.

Unit: RMB

Cost of purchase	Hua'an Security Intelligence and its subsidiaries	Hu'an Security Electronics and its subsidiaries	Hua'an Security Service and its subsidiaries
Cash	5,831,820.00	4,420,800.00	127,421.54
Total cost of purchase	5,831,820.00	4,420,800.00	127,421.54
Less: net assets of subsidiaries according to the proportion of equity acquired	5,549,503.73	4,845,770.23	106,212.26
Adjustment of the difference to capital reserve	282,316.27	(424,970.23)	21,209.28

## 3. Equity in Joint Ventures or Associates

### (1) Aggregated financial information of insignificant joint-ventures and associates

Unit: RMB

	Closing balance / Amount for 2024	Opening balance / Amount for 2023
<b>Associates:</b>		
The aggregate carrying amount of investments in associates	598,565,831.26	287,370,796.06
The aggregate amount of the following items calculated based on the Company's equity share percentage of the associates		
- Net income	27,475,447.67	15,006,433.70
- Other comprehensive income	-	-
--Total comprehensive income	27,475,447.67	15,006,433.70
<b>Joint Ventures:</b>		
Total investment book value	928,657,559.53	863,734,091.79
The sum of the following items calculated according to the shareholding ratio		

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For the reporting period from January 1, 2024 to December 31, 2024

	Closing balance / Amount for 2024	Opening balance / Amount for 2023
- Net income (loss)	3,193,543.20	(44,972,911.55)
- Other comprehensive income	-	-
- Total comprehensive income (loss)	3,193,543.20	(44,972,911.55)

(2) There are no significant restrictions on the ability of the joint ventures or associates to transfer funds to the Group.

(3) The Group has no unrecognized commitments relating to investments in joint ventures.

(4) The Group has no contingent liabilities related to investments in joint ventures or associates.

## VIII. Government subsidy

### 1. Liabilities relating to government subsidy

Unit: RMB

Liabilities	Amount at the open of 2024	Increase in 2024	Other income 2024	Amount at the close of 2024	Asset-related /revenue-related
Special subsidy	741,121,772.61	195,769,448.77	122,672,090.78	814,219,130.60	Asset-related
Special subsidy	225,137,819.73	95,972,837.34	260,817,714.14	60,292,942.93	Revenue-related
Total	966,259,592.34	291,742,286.11	383,489,804.92	874,512,073.53	

### 2. Government subsidy recognized as gain or loss in the reporting period

Unit: RMB

Subsidy item	2024	2023
VAT collected and refunded	1,874,624,340.02	1,905,727,477.36
Special subsidy	689,500,154.89	595,069,241.13
Total	2,564,124,494.91	2,500,796,718.49

## IX. Risks Associated with Financial Instrument

The Company's principal financial instruments include cash and bank balances, other non-current financial assets, notes receivable, accounts receivable, receivables for financing, other receivables, long-term receivables, part of the other non-current assets, borrowings, notes payable, accounts payable, other payables, part of the other current liabilities, long-term payables, part of other non-current liabilities, derivative financial instruments, etc. Details of these financial instruments are set out in Note (V). Below are the risks associated with such financial instruments and the risk management policies adopted by the Group to mitigate such risks. The management of the Group manages and monitors such risk exposures to ensure such risks are contained within a prescribed scope.

Unit: RMB

Item	Closing balance of 2024	Closing balance of 2023 (restated)
<b>Financial assets:</b>		
<b>Measured at fair value through current profit and loss</b>		
Derivative financial assets	26,775,923.93	37,380.00
Other non-current financial assets	472,000,082.76	472,184,937.66
<b>Measured at fair value through other comprehensive income</b>		
Receivables for financing	2,291,648,244.05	1,594,219,832.62
<b>Measured at amortized cost</b>		
Cash and bank balances	36,271,488,337.03	49,638,158,662.54
Notes receivable	2,722,596,142.46	2,606,071,375.74
Accounts receivable	37,910,128,735.42	35,816,573,511.44
Other receivables	531,344,606.50	571,912,035.93
Other non-current assets	51,370.95	2,017,718.89
Long-term receivables (including those due within one year)	1,274,780,835.91	1,618,419,624.99
<b>Financial liabilities</b>		
<b>Measured at fair value through current profit and loss</b>		
Derivative financial liabilities	1,874,341.64	38,079,755.04
<b>Measured at amortized cost</b>		
Short-term borrowings	1,031,895,812.62	2,118,952,026.06
Notes payable	1,197,128,746.56	1,163,687,279.58
Accounts payable	20,185,303,107.69	19,163,485,888.09
Other payables	3,528,359,044.48	3,911,612,841.06
Other current liabilities	-	1,095,194,890.62
Long-term borrowings (including those due within one year)	5,705,774,318.45	14,567,648,797.17
Long-term payables (including those due within one year)	9,818,368.20	17,938,100.82
Other non-current liabilities	-	1,642,792,335.93

The Group adopts sensitivity analysis techniques to analyze the possible effects of rational and probable changes in risk variables to profit or loss for the period or to the interests of shareholders. Since risk variables seldom change on a stand-alone basis, while the correlation between variables may have significant influence to the ultimate amount of change effected by the change in a single risk variable, the analysis below is based on the assumption that the changes in each variable occurred separately.

## 1. Objectives, Policies and Procedures of Risk Management, and changes in the reporting period

The Group engages in risk management with the aim of achieving an appropriate balance between risk and return, where the negative effects of risks against the Group's operating results are minimized, in order to maximize the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of the Group's risk management is to ascertain and analyze all types of risks exposures of the Group, establish appropriate risk tolerance

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus containing risk exposures within a prescribed scope.

## 1.1 Market risks

### 1.1.1 Foreign exchange risks

Foreign exchange risks refer to the risk that losses will occur because of changes in foreign exchange rates. The Company is primarily exposed to risks relating to the currencies such as USD, EUR and etc. The Group's subsidiaries in the mainland of China whose procurement, sales and financing are denominated in RMB, USD and EUR. Other principal activities are settled in RMB. The Group's subsidiaries in Hong Kong and outside China are principally engaged in procurement, sales, financing and other major business activities in local currencies such as USD, EUR and etc.

As of December 31, 2024, except for monetary items of foreign currencies set out in Note (V) 61, the Group mainly adopted the functional currency of each of its subsidiary to present the balance of its assets and liabilities. The foreign exchange risks arising from assets and liabilities denominated in USD and EUR (which has been converted into RMB) as follows may generate significant impact on the operating results of the Group.

Unit: RMB

Currency	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
USD	6,115,192,672.24	3,459,224,512.51	491,667,514.41	325,809,696.61
EUR	1,636,384,469.30	3,068,403,192.93	6,610,732.62	1,908,485,738.15

The Group has been paying close attention to the effect of fluctuation in exchange rate on the foreign exchange risks of the Group, and has purchased various financial derivative instruments, such as forward foreign exchange contracts to mitigate the foreign exchange risk exposure.

### Sensitivity analysis on exchange rate risk

The sensitivity analysis of the Group's foreign exchange risk includes only monetary items denominated in foreign currencies and does not consider the impact of the purchased derivative financial instruments.

With other variables unchanged, the exchange rate might float within a reasonable range, and has the following before-tax effect on profit or loss and shareholders' equity for the current period:

Unit: RMB

Change in foreign exchange rates	2024		2023	
	Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
5% appreciation of USD against functional currency	281,176,257.89	281,176,257.89	156,670,740.80	156,670,740.80
5% depreciation of USD against functional currency	(281,176,257.89)	(281,176,257.89)	(156,670,740.80)	(156,670,740.80)
5% appreciation of EUR against functional currency	81,488,686.83	81,488,686.83	57,995,872.74	57,995,872.74
5% depreciation of EUR against functional currency	(81,488,686.83)	(81,488,686.83)	(57,995,872.74)	(57,995,872.74)

### 1.1.2. Interest rate risk

The risk of changes in cash flow of financial instruments due to changes in interest rates exposed to the Group are primarily related to bank borrowings bearing floating interest rate (please refer to Note (V) 24) and Note (V) 34) and bank deposits



bearing floating interest rate. The Group's risks of changes in the fair value of financial instruments due to changes in interest rates are related to fixed-rate bank borrowings (please refer to Note (V) 24 and Note (V) 34) and fixed-rate bank deposits.

The Group determines the relative proportion of fixed interest rate contracts and floating interest rate contracts based on the prevailing market environment. On December 31, 2024, the Group's total long-term and short-term interest-bearing debts bearing fixed interest rates amounted to RMB 5,538,078,464.46 (December 31, 2023: RMB 11,105,877,902.09). The total amount of long-term and short-term interest-bearing debts bearing floating interest rates is RMB 1,165,181,524.22 (December 31, 2024: RMB 5,546,156,677.17).

At present, the Group does not have any interest rate swap arrangements and will continue to pay close attention to the impact of changes in borrowing interest rates on the interest rate risk of the Group, and will make timely adjustments according to the latest market conditions.

The Group expects that the exposure to cash flow risk arising from floating-rate bank deposits and the exposure to changes in fair value arising from fixed-rate bank deposits are not significant.

### 1.1.3. Other price risks

The Group's price risk mainly arises from investments in held-for-trading equity instruments and derivative financial instruments. Held-for-trading equity instrument investments are all investments in unlisted held-for-trading equity instruments.

The Group is exposed to price risk due to the holding of financial assets measured at fair value. The fair value of certain financial instruments is determined by the general pricing model based on discounted future cash flow method or other valuation techniques, while the valuation techniques are based on certain valuation assumptions. Therefore, the valuation results are highly sensitive to valuation assumptions. However, at the end of the current reporting period, the amount of investment in held-for-trading equity instruments and derivative financial instruments is not significant, and the changes of the amount due to changes in price of financial instruments as a result of change in valuation assumptions is limited, accordingly, no sensitivity analysis is conducted.

## 1.2 Credit Risk

As of December 31, 2024, the largest credit risk exposure that may result in financial losses of the Group is mainly due to the loss of the Group's financial assets arising from the failure of the counterparty to perform its obligations, including: cash and bank balances (Note (V) 1), notes receivable (Note (V) 3), accounts receivable (Note (V) 4), receivables for financing (Note (V) 6), other receivables (Note (V) 8), contract assets (Note (V) 5 and Note (V) 22), non-current assets due within one year (Note (V) 10), long-term receivables (Note (V) 12), etc., and derivative financial assets that are not included in the scope of impairment assessment and are measured at fair value through current profit or loss (Note (V) 2). As of the balance sheet date, the book value of the Group's financial assets represents its maximum credit risk exposure.

In order to reduce credit risk, the Group has arranged a team to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover over-due debt. In addition, the Group reviews the recovery of financial assets on each balance sheet date to ensure that sufficient credit loss provisions are made for relevant financial assets. Therefore, the management of the Group believes that the credit risk exposure of the Group has been reduced significantly.

The credit risk on cash and bank balances of the Group is low as they are deposited with banks with high credit ratings.

For accounts receivable, contract assets and long-term receivables, the Group has put in place relevant policies to control credit risk exposure. The Group assesses credit quality of customers and sets corresponding credit period based on the customer's financial status, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Group will regularly monitor the credit history of its customers. For customers with poor credit history, the Group takes various measures, such as written payment reminders, shorten or cancel the credit period, to ensure that the overall credit risk of the Group is maintained in a controllable range. For accounts receivable

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and contract assets, the Group uses a simplified method, that is, to measure the loss provision based on the amount equivalent to the expected credit loss for the entire duration. For details of the relevant expected credit loss measurement, see (Note (V) 4 & Note (V) 5). For long-term receivables, the Group calculates the expected credit losses based on the expected credit loss rate in the next 12 months or the entire duration based on the default risk exposure. For details of the related expected credit loss measurement, see (Note (V) 12).

For bank acceptance bills and certificates of accounts receivable claims, the Company believes that there is no significant credit risk and will not incur any significant losses. For financial company acceptance bills and commercial acceptance bills, the Company has set relevant policies to control credit risk exposure. The Company evaluates the credit status of the acceptor based on its financial position, credit history and other factors, such as current market conditions, and sets an internal credit rating for the acceptor. The Company regularly monitors the credit records of the acceptors, and for the acceptors with bad credit records, the Company adopts written reminders and other means to ensure that the overall credit risk is within a controllable range. For the acceptance bills and commercial acceptance bills receivable from financial companies, the Group calculates the expected credit loss based on the default risk exposure based on the expected credit loss ratio in the entire duration, and the relevant expected credit loss measurement is detailed in (Note (V) 3).

For other receivables, the Group regularly monitors the debtor's credit history. For debtors with poor credit history, the Group takes various measures such as written payment reminders to ensure that the Group's overall credit risk is maintained in a controllable range. For other receivables, the Group calculates the expected credit loss based on the expected credit loss ratio in the next 12 months or the entire duration based on the default risk exposure. For details of the relevant expected credit loss measurement, see (Note (V) 8).

The Group's risk exposure is distributed among multiple contractors and multiple customers, so the Group has no significant credit concentration risk.

### 1.3. Liquidity risk

The Group maintains and monitors a level of cash and cash equivalents deemed adequate by the management to meet the operation needs of the Group and to reduce the effect of cash flow movements when managing liquidity risk. The management of the Group monitors the usage of bank borrowings, and ensures compliance with borrowing agreements.

According to the term to maturity of non-discounted and remaining contract obligations, the financial liabilities held by the Group are analyzed as below:

Unit: RMB

	December 31, 2024			
	Within one year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities				
Short-term borrowings	1,047,801,022.97	-	-	1,047,801,022.97
Notes payable	1,197,128,746.56	-	-	1,197,128,746.56
Accounts payable	20,185,303,107.69	-	-	20,185,303,107.69
Other payables	3,528,359,044.48	-	-	3,528,359,044.48
Long-term borrowings (including those due within one year)	732,114,066.41	4,820,841,448.18	518,433,071.37	6,071,388,585.96
Long-term payables (including those due within one year)	40,025.60	31,436.70	-	71,462.30
Derivative financial liabilities	1,874,341.64	-	-	1,874,341.64

## X. Fair Value Disclosure

### 1. The Financial Assets and Financial Liabilities Measured at Fair Value at the end of the Reporting Period

Unit: RMB

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
<b>I. Continuous fair value measurement</b>	-	<b>2,316,549,826.34</b>	<b>472,000,082.76</b>	<b>2,788,549,909.10</b>
(I) Derivative financial assets	-	26,775,923.93	-	26,775,923.93
1. Financial assets measured at fair value through profit and loss	-	26,775,923.93	-	26,775,923.93
(II) Other non-current financial assets	-	-	472,000,082.76	472,000,082.76
1. Financial assets at fair value through profit or loss	-	-	472,000,082.76	472,000,082.76
(III) Receivables for financing	-	2,291,648,244.05	-	2,291,648,244.05
1. Financial assets at fair value through other comprehensive income	-	2,291,648,244.05	-	2,291,648,244.05
<b>Total assets measured continuously at fair value</b>	-	<b>2,318,424,167.98</b>	<b>472,000,082.76</b>	<b>2,790,424,250.74</b>
(IV) Derivative financial liabilities	-	1,874,341.64	-	1,874,341.64
1. Financial liabilities measured at fair value through profit and loss	-	1,874,341.64	-	1,874,341.64
<b>Total liabilities measured continuously at fair value</b>	-	<b>1,874,341.64</b>	-	<b>1,874,341.64</b>

### 2. Information on the Estimation Technique and Important Parameters Adopted as for Continuous Level 2 Fair Value Measurement Items

Unit: RMB

	Fair value at December 31, 2024	Estimation technique	Inputs
Derivative financial assets	26,775,923.93	Discounted cash flow approach	Forward exchange rate Discounted rate that reflects the credit risk of counterparty
Derivative financial liabilities	1,874,341.64	Discounted cash flow approach	Forward exchange rate Discounted rate that reflects the credit risk of counterparty
Receivables for financing	2,291,648,244.05	Discounted cash flow approach	Discounted rate that reflects the credit risk of counterparty

### 3. The Third Level of Fair Value Measurement Item, the Valuation Techniques and Important Parameters Used

Unit: RMB

Items	Fair value on December 31, 2024	Valuation techniques	Inputs
Other non-current financial assets-- Investment in equity instruments of companies	472,000,082.76	Market approach /Income approach	Comparable public companies' PB (price/book value) ratio within the same industry /Future cash flows, Discount rate

### 4. The Third Level of Fair Value Measurement Item, Adjustment Information between the Opening and Closing Book Value

Unit: RMB

Other non-current financial assets	Amount
Book value on January 1, 2024	472,184,937.66
Increase in the current reporting period	15,000,000.00
Changes in fair value booked into profit and loss during the current reporting period	(15,184,854.90)
Book value on December 31, 2024	472,000,082.76

The total amount of profit or loss in 2024 includes unrealized losses related to financial assets measured at fair value at the end of the year is RMB 15,184,854.90(2023 unrealized losses: RMB5,229,385.72) and such gains or losses are included in changes in fair value; the realized gains of financial assets measured at fair value at the end of the current reporting period which were included in investment income was RMB61,241,171.99 (2023: RMB65,923,840.33).

**5. Items Measured at Continuous Fair Value. There Were No Transfers between Levels for the Current Reporting Period. There was No Estimation Technique Change for the Current Reporting Period**

**6. Fair Values of Financial Assets and Financial Liabilities that not Measured at Fair Value**

The Group's management team believes that financial assets and financial liabilities measured at amortized cost mainly include cash and bank balances, notes receivable, accounts receivable, other receivables, some other non-current assets, non-current assets due within one year, long-term receivables, short-term borrowings, notes payable, accounts payable, other payables, part of other current liabilities, non-current liabilities due within one year, long-term borrowings, long-term payables and part of other non-current liabilities, etc., carrying value of which approximates to its fair value.

## **XI. Related Party Relationships and Transactions**

### **1. Information on Parent Company of the Company**

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of parent company in the Company (%)	Percentage of voting rights of parent company to the Company (%)
China Electronics Technology HIK Group Ltd. (CETHIK)	Hangzhou, Zhejiang	Industrial investment	RMB 845 million	36.93	36.93

The actual controlling party of the Company is CETC.

### **2. Information on the Subsidiaries of the Company**

For details of the main subsidiaries of the Company, see Note ((VII)1).

### **3. Information on the Joint Ventures and Associated Companies of the Company**

Joint ventures and associates that had related party transactions with the Group in the current reporting period, or in the prior periods and formed balances are as follows:

Name of the associates or joint ventures	Relationship with the Company
Wuhu Sensortech and Hebei Sensortech (Note1)	Associated company
Maxio Technology (Hangzhou) Co., Ltd. and its subsidiaries (Note2)	Associated company
Zhiguang Hailian Big Data Technology Ltd. and its subsidiaries (Note2)	Associated company
Jiixin Haishi JiaAn Zhicheng Technology Ltd. (Note2)	Associated company
Sanmenxia Xiaoyun Vision Technology Ltd. (Note2)	Associated company
Beijing Taifang Technology Ltd. (Note2)	Associated company
Jiangsu Haishi Kaitai Technology Co., Ltd. (Note2)	Associated company
Guangxi Haishi Urban Operation Management Ltd. and its subsidiaries (Note3)	Joint venture
Shenzhen Haishi Urban Service Operation Ltd. and its subsidiaries (Note3)	Joint venture
Xuzhou Kangbo Urban Operation Management Service Ltd. (Note3)	Joint venture
Yunnan Yinghai Parking Service Ltd. (Note3)	Joint venture

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Zhejiang City Digital Technology Ltd. (Note3)	Joint venture
Zhejiang Haishi Huayue Digital Technology Ltd. (Note3)	Joint venture

Note 1: During the period from December 2016 to February 2023, Wuhu Sensortech and Hebei Sensortech were associates of the Company. On February 28, 2023, Wuhu Sensortech and Hebei Sensortech were included in the scope of the consolidated financial statements. During the period from January 2023 to February 2023, these two companies were still regarded as the Company's related parties.

Note 2: Those companies are collectively referred to as "associated companies" in the following disclosures of related party transactions, receivables from related parties, and payable from related parties.

Note 3: Those companies are collectively referred to as "joint ventures" in the following disclosures of related party transactions, receivables from related parties, and payable from related parties.

#### 4. Information on Other Related Parties

Name (Note1)	Relationship
Shanghai Fullhan Microelectronics Co., Ltd. and its subsidiaries	The related close family members of shareholder(s) that hold(s) more than 5% shares of the Company act in concert with the actual controller of the Company
Guandong Hutong Technology Co., Ltd.	The related close family members of shareholder(s) that hold(s) more than 5% shares of the Company act as a director from board of this company.
Shenzhen Guotengan Vocational Education Technology Ltd.	Shareholder(s) that hold(s) more than 5% shares of the Company serve(s) as the director(s) of this company
Confirmware Technology (Hangzhou) Co., Ltd. and its subsidiaries	The Group's senior management serve(s) as director(s) of this company
Zhejiang Fast Line data fusion Information Technology Co., Ltd. and its subsidiaries	The Group's senior management serve(s) as director(s) of this company
Chengdu Guoshengtianfeng Network Technology Ltd. and its subsidiaries	The Group's senior management serve(s) as director(s) of this company
Shenzhen Wanyu Security Service Co., Ltd. and its subsidiaries	The Group's senior management serve(s) as director(s) of this company
Ningbo Industrial Internet Research Institute Co., Ltd.	The Group's independent director(s) serve(s) as director(s) of this company
INESA (Group) Ltd. and its subsidiaries	The Group's chairman(chairmen) of Board of the Supervisors serve(s) as director(s) of this company
Shanghai Vico Precision Mold & Plastics Co.,Ltd. (Note2)	The Group's chairman(chairmen) of Board of the Supervisors was(were) independent director(s) of this company
Bank of Tianjin Co., Ltd. and its subsidiaries	The Group's chairman(chairmen) of Board of the Supervisors serve(s) as independent director(s) of this company
Shenzhen Zhongtu Instrument Co., Ltd. (Note3)	The Group's former chairman(chairmen) of Board of the Supervisors was(were) the director(s) of this company
Subsidiaries of CETC (Note 4)	Under common control of the actual controlling party of the Company

Note 1: Those companies (excluding subsidiaries of CETC) are collectively referred to as "other related parties" in the following disclosures of related party transactions, receivables from related parties, and payable from related parties.

Note 2: Lu Jianzhong, the chairman of Board of the Supervisors of our Group, once served as an independent director of the corresponding company. As he departed from his position as a director of the corresponding company in June 2024, and this year marks his first year of departure. Therefore, this company is considered a related party to our Group for this year.

Note 3: Hong Tianfeng, the former chairman of Board of the Supervisors of the Company, once served as a director of the corresponding company. As he departed from his position as a director of the corresponding company in April 2022, the corresponding company was recognized as a related party of the Company between January 2023 and April 2023.

Note 4: Subsidiaries and affiliated research institutes of CETC, excluding Hikvision and its subsidiaries.

## 5. Related Party Transactions

(1) Related party transactions regarding sales and purchases of goods, provision of services and receiving services

### Purchase of commodities / receiving of services:

Unit: RMB

Related party	Transaction type	2024	2023
Subsidiaries of CETC	Purchase of materials and receiving of services	1,897,826,757.19	2,411,065,827.96
Joint ventures	Purchase of materials and receiving of services	7,651,968.58	2,839,703.41
Associated companies	Purchase of materials and receiving of services	281,612,997.63	271,039,815.54
Other related parties	Purchase of materials and receiving of services	1,189,645,482.17	1,286,613,375.22
Total		3,376,737,205.57	3,971,558,722.13

### Sales of commodities / rendering of services:

Unit: RMB

Related party	Transaction content	2024	2023
Subsidiaries of CETC	Sales of products and rendering of services	219,280,317.07	269,454,480.67
Joint ventures	Sales of products and rendering of services	34,879,502.21	69,056,009.44
Associated companies	Sales of products and rendering of services	34,474,131.86	66,706,135.61
Other related parties	Sales of products and rendering of services	22,004,352.43	24,122,066.41
Total		310,638,303.57	429,338,692.13

### Fixed Asset Purchase and Sales:

Unit: RMB

Related party	Transaction content	2024	2023
Subsidiaries of CETC	Purchase of fixed assets	1,317,219.10	-
Total		1,317,219.10	-

(2) Related party lease

Unit: RMB

Lessor	Type of leased assets	Rental fee confirmed in 2024	Rental fee confirmed in 2023
Subsidiaries of CETC	Equipment	-	10,375,908.82
Subsidiaries of CETC	House	1,670,579.23	2,324,068.08
Total		1,670,579.23	12,699,976.90

(3) Compensation for key managers

Unit: RMB

Item	2024	2023
Compensation for key managers	31,903,090.50	42,555,350.07

(4) Other related party transactions

### Statement of capital deposits:

Unit: RMB

Related party	Content of related party transaction	Amount occurred in 2024	Balance at the end of the current reporting period	Amount occurred in 2023 (restated)	Opening balance (restated)
Subsidiaries of CETC	Deposit (withdraw from)	(13,463,687.38)	4,000,183,725.74	5,482,952.03	4,013,647,413.12



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Related party	Content of related party transaction	Amount occurred in 2024	Balance at the end of the current reporting period	Amount occurred in 2023 (restated)	Opening balance (restated)
Total		(13,463,687.38)	4,000,183,725.74	5,482,952.03	4,013,647,413.12

Note: This represents the deposits made by the Group with China Electronics Technology Finance Co., Ltd. The balance of time deposits at the end of this year is RMB4,000,000,000.00 (end of last year: RMB1,000,000,000.00), and the balance of demand deposits is RMB 183,725.74 (end of last year: RMB3,013,647,413.12). The interest income from deposits for this year is RMB 47,756,631.71. (last year: RMB81,945,762.01)

Information on entrusted loans:

In 2024, the Company issued entrusted loans to its subsidiaries through China Electronics Technology Finance Co., Ltd. in the amount of RMB4,156,000,000.00 (last year: RMB2,523,000,000.00), and the amount of handling fees confirmed to China Electronics Technology Finance Co., Ltd. was RMB415,600.00 (last year: RMB277,300.00).

Information on Working Capital Borrowing:

In 2024, Hikvision Automotive Technology Co., Ltd., a subsidiary of the Group, borrowed RMB150,000,000.00 in working capital from China Electronics Technology Finance Co., Ltd. (last year: nil). The interest expense recognized for China Electronics Technology Finance Co., Ltd. was RMB 128,333.33 (last year: nil).

Information on Related Entrusted Management

On April 10, 2024, EZVIS Network, a subsidiary of the Group, signed a agreement with the parent company, CETCHIK, for the entrustment management of Furui Technology. This transaction constituted a business combination under common control, see Note (VI), 1. Therefore, according to the agreement, EZVIS Network would pay management fee to CETCHIK. During the reporting year, the capital occupation fee of this transaction amounted to RMB 380,731.68.

Others:

During the reporting year, the Group received an international business subsidy of RMB 2,007,056.47 from the actual controlling party, CETC.

## 6. Receivables from Related Parties and Payables to Related Parties

### (1) Receivables from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Note receivables and account receivables financing	Subsidiaries of CETC	52,626,277.73	374,735.27	176,267,380.85	1,197,255.34
Note receivables and account receivables financing	Joint ventures	13,352,890.19	-	400,000.00	-
Note receivables and account receivables financing	Associated companies	4,392,879.50	-	22,277,196.50	-
Note receivables and account receivables financing	Other related parties	1,908,892.17	-	1,215,030.00	-
Total		72,280,939.59	374,735.27	200,159,607.35	1,197,255.34

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Account receivables	Subsidiaries of CETC	486,103,594.64	150,460,535.70	640,493,055.77	220,124,781.15
Account receivables	Joint ventures	26,582,054.99	2,439,410.80	59,425,217.10	1,625,142.58
Account receivables	Associated companies	67,058,711.03	10,008,346.67	72,319,683.18	8,556,237.95



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Account receivables	Other related parties	5,254,943.87	209,669.50	7,442,685.65	154,865.50
Total		584,999,304.53	163,117,962.67	779,680,641.70	230,461,027.18

Unit: RMB

Item	Related party	Closing balance	Opening balance
Prepayments	Subsidiaries of CETC	1,357,188.83	7,831,067.74
Prepayments	Associated companies	667,500.73	118,402.50
Total		2,024,689.56	7,949,470.24

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Other receivables	Subsidiaries of CETC	675,015.40	503,901.99	1,649,910.00	561,932.90
Other receivables	Joint ventures	45,506.53	373.15	191,713.33	6,768.82
Other receivables	Associated companies	-	-	4,387,500.00	30,273.75
Total		720,521.93	504,275.14	6,229,123.33	598,975.47

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Long-term receivables (including those due within one year)	Subsidiaries of CETC	119,906.12	983.23	47,210.22	325.75
Long-term receivables (including those due within one year)	Joint ventures	27,457,234.23	1,153,621.48	35,381,700.20	1,144,327.88
Total		27,577,140.35	1,154,604.71	35,428,910.42	1,144,653.63

## (2) Payables to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Short-term borrowings	Subsidiaries of CETC	150,128,333.33	-
Total		150,128,333.33	-

Unit: RMB

Item	Related party	Closing balance	Opening balance
Notes payables	Subsidiaries of CETC	5,438,628.32	1,224,954.15
Notes payables	Other related parties	1,570,383.71	4,390,639.49
Total		7,009,012.03	5,615,593.64

Unit: RMB

Item	Related party	Closing balance	Opening balance
Account payables	Subsidiaries of CETC	593,917,797.74	877,667,364.69
Account payables	Joint ventures	1,224,799.99	4,068,366.04
Account payables	Associated companies	114,410,719.92	43,869,241.50
Account payables	Other related parties	442,181,100.83	410,242,953.80

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Related party	Closing balance	Opening balance
Total		1,151,734,418.48	1,335,847,926.03

Unit: RMB

Item	Related party	Closing balance	Opening balance
Contract liabilities	Subsidiaries of CETC	4,070,684.79	6,277,318.83
Contract liabilities	Joint ventures	293,305.79	1,300,172.80
Contract liabilities	Associated companies	601,534.30	-
Contract liabilities	Other related parties	13,583.70	30,042.00
Total		4,979,108.58	7,607,533.63

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other payables	Subsidiaries of CETC	6,619,267.43	8,230,611.43
Other payables	Joint ventures	59,892.75	-
Other payables	Associated companies	696,315.00	20,527,386.00
Other payables	Other related parties	413,000.00	250,000.00
Total		7,788,475.18	29,007,997.43

Unit: RMB

Item	Related party	Closing balance	Opening balance
Lease liabilities (including those due within one year)	Subsidiaries of CETC	-	5,215,883.84
Total		-	5,215,883.84

Unit: RMB

Item	Related Party	Closing balance	Opening balance (restated)
Long-term payables	Subsidiaries of CETC	9,749,569.60	9,749,569.60
Total		9,749,569.60	9,749,569.60

## XII. Share-based Payments

### 1. Overview of Share-based Payments

#### Restrictive Share Incentive Scheme

According to the *Approval of the Implementation of the Restrictive Share Incentive Scheme of Hangzhou Hikvision Digital Technology Co., Ltd.* (Guo Zi Fen Pei [2012] No. 426) issued by the State-owned Assets Supervision and Administration Commission of the State Council and the *Opinion the Restrictive Share Incentive Scheme of Hangzhou Hikvision Digital Technology Co., Ltd.* (Shang Shi Bu Han [2012] No. 353) issued by China Securities Regulatory Commission, the Company convened the ninth meeting of the second session of the Board of Directors on July 25, 2012 and the first extraordinary general meeting for 2012 on August 13, 2012, whereat the Proposal Relating to the Restrictive Share Scheme (Amendments to the Draft) of the Company and Highlights was reviewed and passed. The purpose of the Share Incentive Scheme is to: further improve the Company's governance structure to establish a good and balanced value allocation system; establish a profit-sharing and restriction mechanism among shareholders, the Company and its employees, so as to provide shareholders with sustainable return; fully mobilize the positivity of core employees to support the Company in realizing its strategies and long-term sustainable development; attract and retain core employees to ensure the Company's long-term development.

The Scheme shall be effective for a term of 10 years commencing from the date of approval by general meeting of the Company, during which the Company may grant restricted shares to grantees under the Scheme. In principle, each grant

should be at an interval of two years. After the expiry of the Scheme, no restricted shares could be granted to grantees under the Scheme. However, all the provisions of the Scheme remain valid to the restricted shares granted under the Scheme.

Each batch of restricted shares shall not be unlocked unless fulfilling, each time, by the Company its unlock performance criteria (including net asset yield, revenue growth rate, and economic value added), and by grantees' individual performance criteria simultaneously. Where, during the unlocking period, any one or more unlock criteria for the Company or individuals is or are not fulfilled, such portion of subject shares shall be cancelled. The cancelled restricted shares will be repurchased by the Company based on the relevant regulations under the scheme.

On January 18, 2022, authorized by the 1<sup>st</sup> extraordinary general meeting of 2022 and reviewed by the Board of Directors, the Company granted 97,402,605 restricted shares to grantees at a grant price of RMB29.71 per share ("2021 Share Incentive Scheme"). The Lock-up Period of the Subject Shares shall last for a period of 24 months commencing on the grant date, during which the Subject Shares granted to grantees under the scheme shall be subject to lock-up and are not transferable. The Unlocking Period shall be the 24 to 60 months following the grant of restricted shares (including Lock-up Period), during which grantees may, subject to unlocking conditions stipulated by the scheme being satisfied, apply for unlocking in 3 tranches: the first unlocking period shall be the 24 to 36 months following the grant date and the number of shares to be unlocked shall be 40% of the aggregate number of the Subject Shares granted; the second unlocking period shall be the 36 to 48 months following the grant date and the number of shares to be unlocked shall be 30% of the aggregate number of the Subject Shares granted; the third unlocking period shall be the 48 to 60 months following the grant date and the number of shares to be unlocked shall be 30% of the aggregate number of the Subject Shares granted. The Company has completed the equity registration work in February 2022.

Unit: share

2021 Share Incentive Scheme	2024	2023
Total of equity instruments outstanding at the beginning of the reporting period	58,441,563	97,402,605
Total of equity instruments granted (share dividend) during the current reporting period	-	-
Total of equity instruments vested during the current reporting period	-	-
Total of equity instruments forfeited during the current reporting period (Note)	58,441,563	38,961,042
Total of equity instruments outstanding at the end of the reporting period	-	58,441,563
The exercise price (ex-rights) of the outstanding Share-based payments of the Company at the end of the reporting period and the remaining period of the contract	Inapplicable	29.71/share and 36 months

Note: The termination of share-based payments for the year is detailed in Note (XII), 4.

#### Share Incentive Scheme of Staff Co-Investment in Innovative Businesses

On October 22, 2015, the Company considered and approved *Management Measures for Core Staff Co-Investment in Innovative Businesses (Draft)* (hereafter referred to as "Management Measures") at the 2<sup>nd</sup> extraordinary general meeting. On March 7, 2016, representative congress of labor union of Hikvision passed *Implementation Provisions for Management Measures for Core Staff Investment in Innovative Businesses* (hereafter referred to as "Provisions"), to initiate and implement the incentive mechanism of staff co-investment (hereafter referred to as "Staff Co-Investment Plan") in innovative business subsidiaries. Staff who participate in the Staff Co-Investment Plan (hereafter referred to as "Co-Investment Staff") signed an *Entrusted Investment Agreement* with the labor union committee of Hikvision (hereafter referred to as "Hikvision Labor Union"), to entrust Hikvision Labor Union to make investments. Hikvision Labor Union, as a principal, shall cooperate with a trust company, which shall be a limited partner (LP) of a partnership enterprise, to establish a trust plan, and to invest trust funds into innovative business subsidiaries. (Investment form described above is referred to as "Co-Investment Platform").

Staff Investment Plan is classified as plan A and plan B according to applicable grantees. Grantees of plan A are comprised of medium-and-senior level management personnel and core competent staff from the Company and its subsidiaries are able to invest in all innovative businesses. Grantees of plan B are comprised of core and full-time staff from innovative business subsidiaries, and could participate in investment on innovative business subsidiaries and their subsidiaries where they serve. The Co-Investment Platform will increase capitals annually, the corresponding increased equity of which will be distributed to core staff who meets investment conditions pursuant to particular rules. The waiting period shall be five

years after equity of Co-Investment Platform is held by the staff. Within the waiting period, if the labor relationship between the grantees and the Company or its subsidiaries is released or terminated, equity of Co-Investment Platform held by the grantees shall be refunded and settled by the labor union at an agreed price pursuant to the Provisions.

The Co-Investment Platform grants Co-Investment Staff additional equity annually. The Company determines whether share-based payment shall be constituted based on the fair value of equity instruments newly obtained by the Group's staff in Co-Investment Platform on each granting date. On December 25, 2020, the Company held the 20<sup>th</sup> meetings of 4<sup>th</sup> session of the Board of Directors, which reviewed and approved the *Proposal on Revising Management Measures for Core Staff Co-Investment in Innovative Businesses*. The updated version of *Management Measures for Core Staff Co-Investment in Innovative Businesses* (hereinafter referred to as "updated version of *Management Measures*"), The new version adds rules relating to the confirmation of shares held directly by employees under Staff Co-Investment Plan and equities of innovative business subsidiaries held indirectly by employees, clarifies the treatment of shares under Co-Investment Plan after the disqualification about co-investment of employees, adds rules of management committee.

On December 31, 2020, the Executive management committee of the Co-Investment Plan approved the *Provisions for Management Measures for Core Staff Investment in Innovative Businesses* (hereafter referred to as "New Provisions". In accordance of the New Provisions, for the confirmed Plan A shares, the waiting period is five years since the employee has worked for the Company or its subsidiaries and for the confirmed share of Plan B, the waiting period is five years since the employee has worked for the innovative business subsidiary corresponding to the Plan B or its subsidiaries.

## 2. Information of the Share-based Payment through Equity Settlements

### Restrictive Share Incentive Scheme

Unit: RMB

	2021 Share Incentive Scheme
Method of determine the fair value of equity instruments at the grant date	Determined based on stock price at the grant date and the costs of restricted shares during Lock-up Period
Recognition basis of the number of the equity instruments qualified for vesting	Determined based on the results estimation of each vesting period and turnover rate
Reasons of the significant difference between the estimates of the current reporting period with that of the prior year	None
Accumulative amount of share-based payment through equity settlement and further included in the capital reserve	1,111,285,178.76
Total amount of the expenses recognized according to share-based payment through equity settlement in the current reporting period	542,914,217.71

### Share Incentive Scheme of Staff Co-Investment in Innovative Businesses

Unit: RMB

	Share Incentive Scheme of Staff Co-Investment in Innovative Businesses
Method of determining the fair value of equity instruments at the grant date	Evaluated and determined based on income method at the grant date
Recognition basis of the number of the equity instruments qualified for vesting	Estimated based on the turnover rate of each vesting period
Accumulative amount of share-based payment through equity settlement and further included in the capital reserve	951,891,607.26
Total amount of the expenses recognized according to share-based payment through equity settlement in the current reporting period	322,514,354.88

RMB83,074,508.22 of the total expenses of paid and confirmed by equity settlements was shared by minority shareholders.

## 3. There is no share-based payment through cash settlements

## 4. Information on modification or termination of share-based payment during the current reporting period

### Restrictive Share Incentive Scheme

Given the current operating environment, which has changed significantly since the 2021 Restricted Stock Plan was

formulated, continuing to implement this plan to achieve the expected incentive objectives and effects has become more challenging. On April 18, 2024, the Company convened the 20<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 18<sup>th</sup> meeting of the 5<sup>th</sup> Board of Supervisors, and on May 10, 2024, the 2023 Annual General Meeting was held. These meetings reviewed and approved the *Proposal on the Termination of the 2021 Restricted Stock Plan and Repurchase and Cancellation of Related Restricted Stocks*. The Company agreed to terminate the 2021 Restricted Stock Plan and repurchase and cancel all restricted stocks that have been granted but not yet unlocked under the 2021 Restricted Stock Plan. The cancellation registration was completed on August 15, 2024. According to the relevant provisions of the Enterprise Accounting Standards, the company has processed the accelerated exercise of this termination of the restricted stock plan and recognized a share-based payment expense of RMB 471,167,293.91.

### XIII. Commitments and Contingencies

#### 1. Significant Commitments

##### (1) Capital commitments

Unit: RMB'000

	Closing balance	Opening balance
Contracted but not yet recognized in financial statements		
- Commitment on construction of long-term assets	4,782,225	12,527,408
- Commitment on external investments	2,440	12,940
<b>Total</b>	<b>4,784,665</b>	<b>12,540,348</b>

#### 2. Contingencies

There are no material contingencies that need to be disclosed by the Group.

### XIV. Events after the Balance Sheet Date

#### 1. Significant Unadjusted Events

As of April 17, 2025, the company has no material post-balance sheet events to disclose.

#### 2. Profit Distribution

Pursuant to the proposal of the 5<sup>th</sup> meeting of the 6<sup>th</sup> session of the Board of Directors on April 17, 2025, the Company proposed to distribute cash dividend of RMB7.00 (tax inclusive) per each 10 shares to all shareholders. The above dividend distribution plan is still subject to the approval of the general meeting of shareholders.

### XV. Other Significant Events

#### 1. Segment Information

##### 1.1 Report segment determining and accounting policy

According to the Group's internal organization structure, management requirements and internal report principles, the Group has only one operating segment, which is the research and development, production and sales of AIoT products and services.

External revenue by geographical area & non-current assets by geographical location

Unit: RMB

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	2024	2023 (Restated)
External revenue generated in domestic area	60,601,005,007.24	60,373,572,006.00
External revenue generated in overseas area	31,894,520,111.06	28,967,605,604.40
Total	92,495,525,118.30	89,341,177,610.40

Unit: RMB

Item (Note)	On December 31, 2024	On January 1, 2024 (restated)
Non-current assets in domestic area	24,071,063,742.13	20,706,538,602.69
Non-current assets in overseas area	878,754,968.19	850,027,281.25
Total	24,949,818,710.32	21,556,565,883.94

Note: the non-current assets above did not include other non-current financial assets, long-term receivables, long-term equity investment, and deferred tax assets.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## XVI. Notes to Major Items of Financial Statements of the Parent Company

### 1. Accounts Receivable

#### (1) Disclosure by aging

Unit: RMB

	Book balance on December 31, 2024	Book balance on January 1, 2024
Within credit period	2,290,185,031.06	9,090,405,506.46
Within 1 year after exceeding credit period	22,956,416,334.33	9,384,300,440.80
1-2 years after exceeding credit period	445,308,144.39	508,157,816.90
2-3 years after exceeding credit period	276,803,705.22	311,172,302.13
3-4 years after exceeding credit period	220,698,222.82	177,209,156.93
Over 4 years after exceeding credit period	304,329,300.13	215,593,619.38
Subtotal	26,493,740,737.95	19,686,838,842.60
Less: bad debts provisions	760,119,868.00	670,061,176.83
Book value	25,733,620,869.95	19,016,777,665.77

#### (2) Classification and disclosure of by bad debts provision methods

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Credit loss provision		Book value	Carrying balance		Credit loss provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Amount	Percentage (%)	Amount
Provision for bad debts on a	-	-	-	-	-	-	-	-	-	-



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Category	Closing balance					Opening balance				
	Carrying balance		Credit loss provision		Book value	Carrying balance		Credit loss provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Amount	Percentage (%)	Amount
single basis										
Provision for bad debts by portfolios	26,493,740,737.95	100.00	760,119,868.00	2.87	25,733,620,869.95	19,686,838,842.60	100.00	670,061,176.83	3.40	19,016,777,665.77
Total	26,493,740,737.95	100.00	760,119,868.00	2.87	25,733,620,869.95	19,686,838,842.60	100.00	670,061,176.83	3.40	19,016,777,665.77

## Accounts receivable provision for bad debts by portfolios

Unit: RMB

Customer	Closing balance		
	Carrying balance	Bad debts provision	Proportion (%)
Subsidiaries in the Group	22,467,680,384.77	-	-
Portfolio A	627,695.51	285,820.56	45.53
Portfolio B	4,025,308,111.44	759,709,501.21	18.87
Portfolio C	124,546.23	124,546.23	100.00
Total	26,493,740,737.95	760,119,868.00	2.87

## Description of accounts receivable for bad debts provision by portfolios

As part of the Company's credit risk management, the Company's accounts receivable are divided into portfolio A, portfolio B and portfolio C according to the regional and object risk characteristics of the business, and the impairment matrix is used to determine the expected credit loss of each portfolio based on the aging of accounts receivable over credit period. For the accounts receivable generated by the Group's subsidiaries, because the payment time is arranged by the Group according to the

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

cash flow of the companies in the Group, the Company believes that the credit risk is low and no provision for bad debts is required. The aging information can reflect the solvency of these three types of customers when the accounts receivable are due.

### (3) Bad debts provision

Unit: RMB

Item	Amount at the opening balance	Changes in the year			Translation differences for foreign currency statements	Amount at the closing balance
		Accrual	Provision /Recollect or Reverse	Transfer or write-off		
Account receivables	670,061,176.83	112,125,417.00	-	22,066,725.83	-	760,119,868.00
Total	670,061,176.83	112,125,417.00	-	22,066,725.83	-	760,119,868.00

### (4) Top five debtors based on corresponding closing balance of accounts receivable and contract assets (including the part included in other non-current assets)

At the end of the year, the aggregate amount of the Company's top five accounts receivable and contract assets was RMB22,424,089,493.28 (including account receivables of RMB 22,423,905,493.31 and contract assets of RMB183,999.97), accounting for 84.47% of the total balance of accounts receivable and contract assets at the end of the year, and the provision for bad debts amounted to RMB62,873,002.90.

## 2. Other Receivables

### 2.1 By categories

Unit: RMB

Category	Closing balance	Opening balance
Dividend receivables	-	41,423,446.39
Other receivables	4,405,567,174.71	3,019,822,728.35
Total	4,405,567,174.71	3,061,246,174.74

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## 2.2 Dividend receivables

Unit: RMB

Investees	Closing balance	Opening balance
Subsidiaries of Hikvision	-	41,423,446.39
Total	-	41,423,446.39

## 2.3 Other receivables

### (1) Other receivables by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within contract period	4,373,247,408.09	2,989,035,526.46
Within 1 year	24,122,882.75	24,581,596.42
1-2 years	7,395,888.61	8,955,049.99
2-3 years	6,172,540.83	1,282,544.62
3-4 years	1,215,236.36	120,699.57
Over 4 years	754,319.10	961,843.47
Subtotal	4,412,908,275.74	3,024,937,260.53
Less: bad debts provision	7,341,101.03	5,114,532.18
Book value	4,405,567,174.71	3,019,822,728.35

### (2) Other receivables by nature of the payment

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Nature	Closing balance	Opening balance
Payments of subsidiaries within the Group	4,305,122,194.83	2,761,272,567.36
Guarantee deposit	59,508,337.34	54,134,994.62
Temporary payments for receivables	38,710,852.68	24,622,620.38
Restricted stock repurchase payments	-	169,968,816.44
Others	9,566,890.89	14,938,261.73
Total	4,412,908,275.74	3,024,937,260.53

## (3) Provision for bad debts of other receivables

Unit: RMB

Item	Amount at the opening balance	Changes in the year			Translation differences for foreign currency statements	Amount at the closing balance
		Accrual	Provision/ Recollect or Reverse k	Transfer or write-off		
Other receivables	5,114,532.18	2,286,568.85	-	60,000.00	-	7,341,101.03
total	5,114,532.18	2,286,568.85	-	60,000.00	-	7,341,101.03

## (4) Top 5 debtors of other receivables in terms of closing balance

At the end of the year, the total amount of the top five other receivables of the Company was RMB3,457,501,957.43, accounting for 78.35% of the total balance of other receivables at the end of the year, without provision for bad debts.

### 3. Long-term Equity Investment

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Provisions	Book value	Carrying balance	Provisions	Book value
Investment in subsidiaries	8,234,997,797.96	-	8,234,997,797.96	7,687,757,432.17	-	7,687,757,432.17
Investments in associated enterprises and joint ventures	1,251,972,687.05	-	1,251,972,687.05	993,629,616.58	-	993,629,616.58
Total	9,486,970,485.01	-	9,486,970,485.01	8,681,387,048.75	-	8,681,387,048.75

## (1) Investment in main subsidiaries

Unit: RMB

Name of investee	Opening balance	Increase during the current reporting period	Decrease during the current reporting period	Closing balance	Write-off of impairment provision during the current reporting period	Balance of impairment loss provision at the end of the current reporting period
Hangzhou Hikvision System Technology Ltd.	871,010,043.28	32,755,718.20	-	903,765,761.48	-	-
Hangzhou Hikvision Technology Ltd.	1,094,395,525.01	21,719,081.66	-	1,116,114,606.67	-	-
Hangzhou EZVIZ Network Co., Ltd.	60,702,158.47	499,663.48	-	61,201,821.95	-	-
Hangzhou EZVIZ Software Ltd.	32,363,130.04	255,276.01	-	32,618,406.05	-	-
Hangzhou Hikrobot Technology Co., Ltd.	137,754,908.94	1,663,630.09	-	139,418,539.03	-	-
Hangzhou Haikang	8,546,368.08	485,830.22	-	9,032,198.30	-	-

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Name of investee	Opening balance	Increase during the current reporting period	Decrease during the current reporting period	Closing balance	Write-off of impairment provision during the current reporting period	Balance of impairment loss provision at the end of the current reporting period
Intelligence Ltd.						

Note: the increase this year is due to the participation of subsidiary employees in the restricted stock incentive plan.

## (2) Investments in associated enterprises and joint ventures

Unit: RMB

Name of investee	Opening balance	Increase/ Decrease in the current reporting period								Closing balance	Balance of impairment loss provision at the end of the current reporting period
		Additional investments	Reduced investments	Investment income (losses) recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profit distribution	Provision for impairment	Others		
1. Joint Ventures											
Hangzhou Haikang Intelligent Industrial Equity Investment Fund Partnership (L.P.)	791,356,253.14	-	-	19,685,451.64	-	57,022,183.13	-	-	-	868,063,887.91	-
Zhejiang City Digital Technology Ltd.	29,635,485.61	-	-	(3,765,849.98)	-	-	(5,792,258.59)	-	-	20,077,377.04	-
Zhejiang Haishi Huayue Digital Technology Ltd.	14,067,281.65	-	-	(362,700.73)	-	-	-	-	-	13,704,580.92	-

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Name of investee	Opening balance	Increase/ Decrease in the current reporting period								Closing balance	Balance of impairment loss provision at the end of the current reporting period
		Additional investments	Reduced investments	Investment income (losses) recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profit distribution	Provision for impairment	Others		
Guangxi Haishi Urban Operation Management Ltd.	12,450,335.88	-	-	(1,000,853.49)	-	-	-	-	-	11,449,482.39	-
Xuzhou Kangbo Urban Operation Management Service Ltd.	11,052,348.36	-	-	(206,602.05)	-	-	-	-	-	10,845,746.31	-
Others	5,172,387.15	10,500,000.00	-	(11,155,902.19)	-	-	-	-	-	4,516,484.96	
Subtotal	863,734,091.79	10,500,000.00	-	3,193,543.20	-	57,022,183.13	(5,792,258.59)	-	-	928,657,559.53	-
2. Associated Companies											
Zhiguang Hailian Big Data Technology Ltd.	23,245,373.00	-	-	1,452,571.42	-	-	(300,000.00)	-	-	24,397,944.42	-
Others	106,650,151.79	3,000,000.00	-	21,356,906.12	-	167,910,125.19	-	-	-	298,917,183.10	
Subtotal	129,895,524.79	3,000,000.00	-	22,809,477.54	-	167,910,125.19	(300,000.00)	-	-	323,315,127.52	-
Total	993,629,616.58	13,500,000.00	-	26,003,020.74	-	224,932,308.32	(6,092,258.59)	-	-	1,251,972,687.05	-



Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

#### 4. Revenue/cost of sales and services

Unit: RMB

Item	2024		2023 (Restated)	
	Revenue	Cost	Revenue	Cost
Major business	20,681,004,485.86	4,216,128,688.84	21,953,642,926.65	4,391,881,105.71
Other business	3,467,417,117.50	267,226,838.09	3,594,151,240.20	165,553,488.34
Total	24,148,421,603.36	4,483,355,526.93	25,547,794,166.85	4,557,434,594.05

#### 5. Investment Income

Unit: RMB

Item	2024	2023
Long-term equity investment income calculated by the cost method	292,456,924.76	424,509,196.39
Investment income of other non-current financial assets during the holding period	61,241,171.99	65,923,840.33
Investment income from debt investments	45,379,372.42	30,076,287.42
Long-term equity investment income(losses) measured by the equity method	26,003,020.74	(36,401,170.84)
Income from debt restructuring	3,878,687.69	-
Investment income from disposal of business assets	-	15,902,073.63
Others	-	(399,071.78)
Total	428,959,177.60	499,611,155.15

#### 6. Related Party Transactions

(1) Sales and purchase of goods, provision of services and receiving services

Purchase of goods/ receiving of services:

Unit: RMB

Related party	Transaction type	2024	2023
Subsidiaries of Hikvision (Note)	Purchase of materials and receiving of services	5,395,302,179.33	5,307,205,803.18
Subsidiaries of CETC	Purchase of materials and receiving of services	32,664,227.51	51,579,706.89
Joint ventures	Purchase of materials and receiving of services	807,264.14	547,169.80
Associated companies	Purchase of materials and receiving of services	469,026.55	71,939,278.00
Other related parties	Purchase of materials and receiving of services	17,127.81	20,000,000.00
Total		5,429,259,825.34	5,451,271,957.87

Note: Subsidiaries of Hikvision are subsidiaries of the Company.

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## Sales of goods/ rendering of services:

Unit: RMB

Related party	Transaction type	2024	2023
Subsidiaries of Hikvision	Sales of products and rendering of services	19,131,105,118.11	20,445,938,282.22
Subsidiaries of CETC	Sales of products and rendering of services	24,866,715.09	53,550,416.34
Joint ventures	Sales of products and rendering of services	1,673,502.60	7,910,493.83
Other related parties	Sales of products and rendering of services	5,753,689.86	5,660,404.06
Total		19,163,399,025.66	20,513,059,596.45

## (2) Related party lease

Unit: RMB

Lessor	Lease type	Lease fee recognized in 2024	Lease fee recognized in 2023
Subsidiaries of CETC	House	1,670,579.23	2,324,068.08
Total		1,670,579.23	2,324,068.08

## (3) Guarantees with related parties

In the current reporting period, the Company has provided guarantees for its 31 subsidiaries in an amount not exceeding an equivalent of RMB16.68 billion (2023: RMB21.74 billion).

## (4) Funding to related parties

To meet the funding needs for research and development, the Company, together with the Group's subsidiaries Hangzhou System, Hangzhou Rayin Technology, HikStorage Technology, HikMicro Sensing, HikRobot, HikAuto Software, and Hangzhou Hikvision Technology Co., Ltd. (hereinafter referred to as the "loan user companies"), and several banks have signed a long-term loan agreement for unified borrowing and repayment. Under this loan arrangement, the Company acts as the borrower, the loan user companies act as the users, and several banks are the lenders. The loan user companies apply for loans through the Company based on their own comprehensive funding needs including R&D projects, which are then approved by the banks. After approval, the loans are disbursed from the Company to the loan user companies. The loan term runs from December 31, 2021, to December 2, 2026. As of December 31, 2024, RMB 1,066,600,000.00 (previous year: RMB 3,427,994,954.00) of the Company's long-term receivables represents loans that have been applied for by the loan user companies. In 2024, interest income recognized was RMB 56,565,166.27 (previous year: RMB 75,642,852.46).

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

## (5) Other related party transactions

Statement of capital deposits

Unit: RMB

Related Party (Note)	Content of related party transaction	Amount occurred during the current reporting period	Closing balance at the end of the current reporting period	Amount occurred during the prior reporting period	Opening balance at the beginning of the current reporting period
Subsidiaries of CETC	Deposit into (withdraw from) current deposits	(4,918,334.06)	4,000,101,015.82	4,985,831.20	4,005,019,349.88
Total		(4,918,334.06)	4,000,101,015.82	4,985,831.20	4,005,019,349.88

Note: For the deposit that the Company deposited into China Electronics Technology Finance Co., Ltd., the total fixed deposit amount by the end of 2024 is RMB4,000,000,000.00 (2023: RMB1,000,000,000.00), the current deposit amount by the end of 2024 is RMB101,015.82 (2023: RMB3,005,019,349.88) and the deposit interest income is RMB47,752,259.82 in 2024 (2023: RMB81,941,288.77).

Statement of entrusted lending

In April 2024, the Company convened the 20<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors, which deliberated and approved the *Proposal on Providing Financial Assistance to Subsidiaries*. The Company will provide related-party loan limits of up to RMB 800 million each to Hangzhou HikImaging Electronics Ltd. and Zhejiang HikFire Technology Co., Ltd., (hereafter referred to as "Zhejiang Hikfire"). These loans are intended to meet the operating capital needs of each innovative business subsidiary, with specific loan amounts provided based on actual business requirements. The proposal was approved by the Company's shareholders' meeting on May 10, 2024. The validity period of the related-party loan limits is three years from the date of approval by the shareholders' meeting, and the limits (balances) can be used in batches and cycled within the validity period. The annual interest rate for related-party loans will be determined through negotiation between the parties, in compliance with relevant laws and regulations, and will be set according to market principles, with specific terms outlined in the contract. Upon the effectiveness of this proposal, any unused portion of the related-party loan limit obtained by Zhejiang HikFire on April 15, 2023, automatically become invalid

In April 2023, the Company convened the 17<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors, which reviewed and approved the *Proposal on Providing Financial Assistance to Subsidiaries*. The proposal includes providing affiliated loan limits of up to RMB 600 million to HikImaging Technology, RMB 600 million to Hangzhou Rayin Techonology, RMB 400 million to Hikfire Technology, RMB 200 million to Zhejiang HikFire, and RMB 500 million to Wuhu Sensortech. These funds are intended to meet the operational funding needs of each innovative business subsidiary, with specific loan amounts determined based on actual business requirements. The resolution was approved by the company's shareholders on April 15, 2023. The validity period of the affiliated loan limits is three years from the

date of approval by the shareholders, and the limits (balances) can be used in batches and recycled within the validity period. The annual interest rate for affiliated loans will be determined through negotiation between the parties in compliance with relevant laws and regulations, and will be set according to market principles, with specific terms specified in the contract. Upon the effectiveness of this resolution, any unused affiliated loan limits obtained by HikImagingTechnology, Hangzhou Rayin Technology, and HikFire Technology on May 13, 2022, automatically become invalid.

During the current reporting year, the Company issued entrusted loans to its subsidiaries through China Electronics Technology Finance Co., Ltd. in the amount of RMB 4,156,000,000.00 (previous year: RMB 2,523,000,000.00). The investment income recognized from entrusted loans was RMB 45,379,372.42 (previous year: RMB 30,076,287.42), and the handling fees recognized for China Electronics Technology Finance Co., Ltd. were RMB 415,600.00 (previous year: RMB 277,300.00). At the end of the reporting year, the balance of entrusted loans issued by the Company through China Electronics Technology Finance Co., Ltd. to its subsidiaries was RMB 1,705,000,000.00 (end of previous year: RMB 1,663,000,000.00).

#### Other

During the year, the Company received RMB 820,937.88 as an international operation subsidy from its actual controlling party, CETC.

## 7. Receivables from Related Parties and Payables to Related Parties

### (1) Receivables from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debts provision	Carrying balance	Bad debts provision
Notes receivable and receivables for financing	Subsidiaries of Hikvision	37,741,590.86	-	78,686,478.44	-
Notes receivable and receivables for financing	Subsidiaries of CETC	10,513,675.00	86,212.14	30,036,696.08	207,253.20
Notes receivable and receivables for financing	Associates	552,692.21	-	-	-
Total		48,807,958.07	86,212.14	108,723,174.52	207,253.20

Unit: RMB

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debts provision	Carrying balance	Bad debts provision
Account receivables	Subsidiaries of Hikvision	22,467,680,384.77	-	15,710,430,253.38	-
Account receivables	Subsidiaries of CETC	178,548,603.77	83,196,754.77	239,193,519.53	93,713,214.14
Account receivables	Joint ventures	6,892,208.90	902,328.46	8,035,455.55	368,023.86
Account receivables	Associates	9,332,521.72	6,872,408.87	8,012,788.72	4,626,280.98
Account receivables	Other related parties	3,223,980.57	82,171.25	2,789,778.82	54,524.86
Total		22,665,677,699.73	91,053,663.35	15,968,461,796.00	98,762,043.84

Unit: RMB

Item	Related party	Closing balance	Opening balance
Prepayments	Subsidiaries of Hikvision	168,075,014.96	1,849,870.06
Prepayments	Subsidiaries of CETC	546,123.27	2,023,660.38
Total		168,621,138.23	3,873,530.44

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debts provision	Carrying balance	Bad debts provision
Other receivables (not including dividend receivables)	Subsidiaries of Hikvision	4,305,122,194.83	-	2,761,272,567.36	-
Other receivables (not including dividend receivables)	Subsidiaries of CETC	125,015.40	1,256.99	1,149,910.00	218,482.90
Other receivables (not including dividend receivables)	Joint ventures	10,630.33	87.17	16,837.13	116.18
Other receivables (not including dividend receivables)	Associates	-	-	1,012,500.00	6,986.25
Total		4,305,257,840.56	1,344.16	2,763,451,814.49	225,585.33

Unit: RMB

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debts provision	Carrying balance	Bad debts provision
Dividend receivable	Subsidiaries of Hikvision	-	-	41,423,446.39	-
Total		-	-	41,423,446.39	-

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other current assets	Subsidiaries of Hikvision	1,705,000,000.00	1,663,000,000.00
Total		1,705,000,000.00	1,663,000,000.00

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debts provision	Carrying balance	Bad debts provision
Long-term receivables (including those due within one year)	Subsidiaries of Hikvision	1,066,600,000.00	-	3,427,994,954.00	-
Long-term receivables (including those due within one year)	Subsidiaries of CETC	119,906.12	983.23	47,210.22	325.75
Total		1,066,719,906.12	983.23	3,428,042,164.22	325.75

## (2) Payables to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Subsidiaries of Hikvision	689,778,641.24	723,182,432.60
Accounts payable	Subsidiaries of CETC	10,610,293.12	9,360,219.51
Total		700,388,934.36	732,542,652.11

Unit: RMB

Item	Related party	Closing balance	Opening balance
Contract liabilities	Subsidiaries of Hikvision	1,120,699.61	6,294,170.87
Contract liabilities	Subsidiaries of CETC	433,257.00	382,321.75
Contract liabilities	Other related parties	1,000.50	2,052.00

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Related party	Closing balance	Opening balance
Total		1,554,957.11	6,678,544.62

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other payables	Subsidiaries of Hikvision	247,950,838.31	105,286,603.62
Other payables	Subsidiaries of CETC	529,940.00	640,040.00
Other payables	Joint ventures	6,000.00	-
Other payables	Associates	10,000.00	19,996,880.00
Other payables	Other related parties	113,000.00	100,000.00
Total		248,609,778.31	126,023,523.62

Unit: RMB

Item	Related party	Closing balance	Opening balance
Lease liabilities (including those due within one year)	Subsidiaries of CETC	-	5,215,883.84
Total		-	5,215,883.84

## 8. Supplementary Information to the Cash Flow Statement

### (1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	2024	2023
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	9,484,641,144.09	10,552,055,515.88
Add: Assets impairment provision	98,433.91	(2,652,989.00)
Credit loss provision	114,296,061.01	98,343,814.70
Depreciation of fixed assets	400,803,736.88	394,552,937.63
Amortization of intangible assets	11,963,785.89	19,203,854.89
Depreciation of right of use assets	43,289,525.77	60,032,344.15
Amortization of long-term deferred expenses	21,896,303.07	18,328,579.31
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	7,215,529.29	(1,072,329.19)
Financial expenses	37,079,820.87	113,727,235.45
Losses(gains)from change in fair value	31,637,646.48	(2,475,310.72)
Investment losses(gains	(425,080,489.91)	(499,611,155.15)
Share-based payment through equity settlement	465,571,241.07	87,813,763.64
Decrease (increase) in restricted funds	(11,358,859.44)	43,774,289.78



## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Supplementary information	2024	2023
Decrease (increase) in deferred income tax assets	16,231,468.48	(152,253,958.67)
Decrease in inventories	55,453,299.85	91,007,632.42
Decrease (increase) in operating receivables	(7,821,898,315.65)	4,966,174,990.63
Increase (decrease) in operating payables	(703,839,540.74)	838,972,476.93
Increase (decrease) in deferred income	(44,429,536.28)	(53,059,016.05)
<b>Net cash flow from operating activities</b>	<b>1,683,571,254.64</b>	<b>16,572,862,676.63</b>
2. Net change in cash and cash equivalents:		
Closing balance of cash	22,790,271,523.04	36,354,702,554.38
Less: Opening balance of cash	36,354,702,554.38	27,771,201,246.40
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(13,564,431,031.34)</b>	<b>8,583,501,307.98</b>

## (2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	22,790,271,523.04	36,354,702,554.38
Including: Cash on hand	252,041.30	311,652.18
Bank deposit for payment at any time	22,699,753,574.91	36,354,378,020.77
Other currency funds for payment at any time	90,265,906.83	12,881.43
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	22,790,271,523.04	36,354,702,554.38

On December 31, 2024, the Company's closing balance of other currency funds was RMB 113,532,375.06 (December 31, 2023: RMB 11,920,490.22), of which RMB 23,266,468.23 (December 31, 2023: RMB 11,907,608.79) were various guarantee deposits, other restricted funds, and etc., not cash or cash equivalents.

## XVII. Supplementary Information

### 1. Details of Non-Recurring Profit or Loss

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	(14,862,769.68)	/
The government subsidies recognized in the current period's profit or loss, except for those closely related to the company's normal operations, in compliance with national policy, and	566,828,064.11	/

## Notes to Financial Statements

For the reporting period from January 1, 2024 to December 31, 2024

Item	Amount	Description
enjoyed according to established standards, which have a sustained impact on the company's profit or loss.		
Apart from the effective hedging activities related to the company's normal business operations, the fair value changes in financial assets and financial liabilities held by non-financial enterprises, as well as the gains or losses from the disposal of these financial assets and liabilities.	41,760,525.08	/
The current period net income of subsidiaries constituting business combination under common control from the start of the period to the combination date	(295,677.15)	/
Income or loss from debt restructuring	101,109,433.26	/
The share-based payment expenses recognized in one-time due to the cancellation or amendment of the equity incentive plan	(471,167,293.91)	/
Other non-operating income and expense except the items mentioned above	53,766,054.09	/
Impact of income tax	(20,093,234.14)	/
The impact of minority equity	(94,579,719.28)	/
<b>Total</b>	<b>162,465,382.38</b>	/

## The Basis for Preparing the Schedule of Non-recurring Gains and Losses:

According to the provisions of the China Securities Regulatory Commission's "Announcement No. 1 on the Interpretation of Information Disclosure for Publicly Issued Securities - Non-recurring Gains and Losses (2023 Revision)," non-recurring gains and losses refer to the gains and losses arising from transactions and events that are not directly related to the company's normal business operations, or although related to normal business operations, are of a special nature and occur infrequently, thereby affecting the ability of financial statement users to make correct judgments about the company's operating performance and profitability.

## 2. Return on Net Assets and Earnings per Share

The return on net assets and earnings per share have been prepared by Hangzhou Hikvision Digital Technology Co., Ltd. in accordance with the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	15.34	1.297	1.297
Net profit excluding non-recurring items of profit or loss attributable to ordinary shareholders of the Company	15.14	1.280	1.280

## Section XI Documents Available for Reference

1. The financial report was signed and sealed by the person in charge of the Company, the person in charge of accounting work and person in charge of accounting organization (Accounting Supervisor);
2. The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant;
3. Original versions and copies of all the Company's documents and announcements that were publicly disclosed on the website designated by CSRC during the reporting period.

The above documents are completely placed at the Company's board of directors' office.

Hangzhou Hikvision Digital Technology Co., Ltd.

Chairman: Hu Yangzhong

April 19, 2025

### Note:

This document is a translated version of the Chinese version 2024 Annual Report ("2024 年年度报告"), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2024 Annual Report may be obtained at [www.cninfo.com.cn](http://www.cninfo.com.cn).