Hangzhou Hikvision Digital Technology Co., Ltd.

2026 Half Year Report

January to June 2026

HIKVISION

July 25, 2026

Section I Important Notes, Contents and Definitions

The board of directors, directors, and senior management of Hangzhou Hikvision Digital Technology Co., Ltd. (hereinafter referred to as "the Company") hereby guarantee that the information presented in this report shall be together be wholly liable for the truthfulness, accuracy and completeness of its contents and free of any 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 half year report are authentic, accurate and complete.

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

Proposed semi-annual profit distribution plan or capital reserve conversion plan for additional shares deliberated by the board of directors during the reporting period

√ Applicable ☐Not applicable

Whether to increase share capital by capitalizing capital reserve

☐Yes √ No

The profit distribution plan approved by the Company through this board of directors meeting is as follows: Based on the total number of shares outstanding on the record date for the mid-2026 profit distribution, the Company will distribute a cash dividend of RMB5.50 (tax included) for every 10 shares to all shareholders. No bonus shares will be issued, and there will be no capital reserve conversion to increase the share capital. Authorized by the Company's annual shareholders' meeting held on May 8, 2026, the Company's mid-2026 profit distribution plan has been approved by the board of directors meeting held on July 24, 2026.

Please read the half year report and pay particular attention to the following risk factors:

(1) **Global economic downturn risks:** The growth momentum of major global economies continues to diverge, and macroeconomic uncertainties have intensified due to inflation volatility and monetary policy adjustments, with regional economic imbalances becoming more pronounced. The Company relies on its global business layout to diversify risks from single markets and flexibly adapts its operating strategies to meet local demand. However, if the global economy enters a prolonged recession, the Company's overall business will still be significantly affected.

(2) **Geopolitical risks:** Global geopolitical competition continues to intensify, regional conflicts remain unresolved, unilateralism and trade protectionism are on the rise, and compliance barriers and uncertainties for cross-border operations have significantly increased. The Company continues to optimize its global resource layout and strengthen its localized risk management system. However, if the geopolitical situation suddenly deteriorates, businesses in the relevant countries and regions will still face adverse impacts.

(3) **Domestic economic transition risks:** The domestic economy is in a critical period of structural transformation and momentum conversion. The demand in some traditional sectors continues to adjust, and the restoration of market expectations still requires time. Changes in the external trade environment also continuously pose challenges to corporate exports. The Company empowers the digital transformation of various industries with AIoT technology; however, if the transition process falls short of expectations, market demand fluctuations will have an adverse impact on the Company's business operations.

(4) **Technology upgrading risks:** The iteration speed of cutting-edge technologies such as artificial intelligence, internet of things, big data, and cloud computing continues to accelerate, and the depth and breadth of the integration of technologies with real-world scenarios keep achieving new breakthroughs. The Company has long focused on core technology fields and relies on massive commercial practices to rapidly implement and iterate technologies. However, if it fails to accurately grasp the trends of technological evolution, it will face the risk of declining market competitiveness.

(5) **Internal management risks:** The Company's business scale continues to expand, and new products, new businesses, and global layout are constantly deepening, leading to continuously increasing complexity in organizational management and cross-regional and cross-business collaboration. The Company continues to optimize its management system and process framework and emphasizes the construction of core talent

pipelines. However, if management capabilities cannot keep pace with the speed of business expansion, it will have an adverse impact on the Company's operational efficiency and the quality of its development.

(6) **Supply chain risks:** The process of regional restructuring of the global supply chain is accelerating, and geopolitical competitive measures such as technology control and trade restrictions continue to impact the stability of the global supply system. The Company continues to improve its diversified supply network and optimize inventory control and supply chain resilience, but if a large-scale disruption occurs in core supply links, it will still have an adverse impact on the stability of the Company's production and operations.

(7) **Cybersecurity risks:** As AIoT scenarios continue to expand in depth, the attack methods faced are becoming increasingly complex and stealthy, and targeted security threats against IoT devices and systems are continuously escalating. The Company has always prioritized the construction of a full-link cybersecurity system and continuously iterates the security protection capabilities of products and systems, but it is still unable to completely avoid potential security risks such as malicious attacks and data breaches.

(8) **Product quality and safety risks:** AIoT products have a wide range of application scenarios and cover key areas such as people's livelihood and public safety, with strict requirements for product quality and safety standards. The Company has always placed great emphasis on product safety and quality management, establishing a full-process quality control system. However, if there are any lapses in quality and safety management, it may lead to product quality issues or even major recall events, which could adversely affect the Company's operating performance.

(9) **Legal and compliance risks:** Global multilateral trade rules are facing continuous challenges. Regulatory policies in areas such as data security, export controls, and market access are becoming increasingly stringent, and the complexity of compliance requirements for cross-border operations continues to rise. The Company has established a full-process compliance management system covering all global operations. However, if the Company's compliance capabilities fail to adapt to changes in regulatory conditions, it could have an adverse impact on the Company's operations.

(10) **Financial risks caused by reduced customer payment capacity:** Macroeconomic fluctuations transmit effects to the operating conditions and cash flow of upstream and downstream enterprises in the industrial chain. The uncertainty of customer payment capacity and accounts receivable cycles has always existed. The Company has consistently adhered to prudent operations and established a full-process accounts receivable

control mechanism, maintaining sufficient cash reserves. However, if market liquidity continues to tighten, the Company may still face risks such as slower collections and increased bad debts.

(11) **Exchange rate fluctuation risk:** The Company's overseas business covers many countries and regions around the world, and there are multi-currency settlement exposures in procurement, sales, financing, and other aspects of daily operations. The Company uses compliant financial instruments to reasonably hedge against exchange rate fluctuation risks. However, if global foreign exchange markets experience unexpected sharp fluctuations, they will still affect the Company's financial performance and operating results.

(12) **Intellectual Property Risks:** The Company continuously maintains high-intensity R&D investment and has accumulated a large number of core technological achievements in the fields related to the internet of things, establishing a systematic intellectual property protection and management mechanism. However, with the enhancement of global intellectual property protection and intensified industry competition, the Company still faces potential risks of intellectual property disputes or infringement of its core technological achievements.

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

Note:

This document is a translated version of the Chinese version 2026 Half Year Report (2026 年半年度报告), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2026 Half Year Report may be obtained at www.cninfo.com.cn.

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Definitions

Term	Definition
Reporting Period	From January 1, 2026 to June 30, 2026
Articles of Association	*Articles of Associations for Hangzhou Hikvision Digital Technology Co., Ltd*
Hikvision, our Company, the Company, the Listed Company, the Group, our Group	Hangzhou Hikvision Digital Technology Co., Ltd
CETC	China Electronics Technology Group Corporation, the actual controller of the Company
CETHIK	CETHIK Group Co., 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	Hangzhou Hikrobot Co., Ltd. (According to the context, also refers to the corresponding business)
Sensortech, HikAuto	Shijiazhuang Sensor-Tech Intelligence Technology Co., Ltd. (According to the context, also refers to the corresponding business)
HikMicro, Micro Sensing, Thermal Imaging	Hangzhou Hikmicro Sensing Technology Co., Ltd. (According to the context, also refers to the corresponding business)
HikSemi	Wuhan Hikstorage Technology Co., Ltd. (According to the context, also refers to the corresponding business)
HikImaging	Hangzhou Hikimaging Technology Co., Ltd. (According to the context, also refers to the corresponding business)
HikFire	Hangzhou Hikfire Technology Co., Ltd. (According to the context, also refers to the corresponding business)
HikRayin	Hangzhou Rayin Technology Co., Ltd. (According to the context, also refers to the corresponding business)
Innovative Business	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 *Announcement about Management Measures for Core Staff Investment in Innovative Business* (www.cninfo.com.cn). In this report, innovative business also refers to EZVIZ, HikRobot, HikAuto, HikMicro, HikSemi, HikImaging, HikFire, HikRayin and their related products.

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	HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD		
Abbr. of the Company name in English	HIKVISION		
Legal representative	Hu Yangzhong		

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. Other relevant information

1. Company's contact information

Whether there is any change in the Company's registered address, office address, zip code, company website or company email address during the reporting period.

□Applicable √ Inapplicable

There is no change in the Company's registered address, office address, zip code, company website or company email address during the reporting period. Please refer to 2025 Annual Report for details.

2. Information disclosure and place of the report

Whether there is alteration in information disclosure and place of the report during the current reporting period.

□ Applicable √ Inapplicable

The media website and the securities exchange website for the disclosure of the Company Half Year report, and the place where the Half Year Report is available for inspection remained unchanged during the reporting period. For details, please refer to the 2025 Annual Report.

3. Other relevant information

Whether other relevant information has changed during the current reporting period
□ Applicable √ Inapplicable

IV. Key accounting data and financial indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data
□ Yes √ No

	First half of 2026	First half of 2025	YoY Change
Revenue (RMB)	46,822,537,847.07	41,818,040,088.44	11.97%
Net profit attributable to shareholders of the Company (RMB)	7,895,705,450.11	5,657,349,798.68	39.57%
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	7,711,948,685.90	5,489,000,328.37	40.50%
Net cash flows from operating activities (RMB)	3,231,411,324.58	5,343,019,637.89	-39.52%
Basic earnings per share (RMB/share)	0.862	0.615	40.16%
Diluted earnings per share (RMB/share)	0.862	0.615	40.16%
Weighted average ROE	9.17%	6.85%	2.32%
	On June 30, 2026	On December 31, 2025	Change between December 31, 2025 and June 30, 2026
Total assets (RMB)	137,690,401,796.00	138,049,655,334.62	-0.26%
Net assets attributable to shareholders of the Company (RMB)	84,346,746,543.88	83,348,185,885.62	1.20%

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

The total share capital of the Company as of the previous trading day of the report disclosure (share)	9,164,871,550

Fully diluted earnings per share calculated with the latest share capital:

Fully diluted earnings per share (RMB/share) calculated with the latest share capital	0.862

V. 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

VI. Items and amounts of non-recurring gains and losses

√ Applicable □ Inapplicable

Unit：RMB

Item	Amount
Gain or loss from disposal of non-current assets (including the write-off for the impairment provision of assets)	(83,102.12)
The government subsidies included in the current profits and losses (excluding the government subsidy closely related to regular course of business of the Company and government subsidy based on standard quota or quantitative continuous application according to the state industrial policy)	129,501,261.00
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.	67,138,227.90
Gain or loss on debt restructuring	18,522,982.11
Other non-operating income and expenditures except the items mentioned above	39,644,803.76
Less: Impact of income tax	35,606,266.92
Impact of the minority interests (after tax)	35,361,141.52
Total	183,756,764.21

The specific situation of other profit and loss items that meet the definition of non-recurring gains and losses：

□ Applicable √ Inapplicable

The Company does not have any specific situations of profit and loss items that meet the definition of non-recurring gains and losses.

Explanation of the situation where the non-recurring gains and losses items listed in the 'Interpretative Announcement No. 1 on Information Disclosure of Companies Issuing Securities Publicly — Non-recurring Gains and Losses' are defined as recurring gains and losses items.

□ Applicable √ Inapplicable

The Company does not have any instances where the non-recurring gains and losses items listed in the 'Interpretative Announcement No. 1 on Information Disclosure of Companies Issuing Securities Publicly — Non-recurring Gains and Losses' are classified as recurring gains and losses items.

Section III Management Discussion and Analysis

I. The principal business of the Company during the reporting period

There was no significant change for the principal business of the Company during the current reporting period. Please refer to 2025 Annual Report for details.

II. Core competitiveness analysis

There was no significant change in the Company's core competitiveness during the current reporting period. For details, please refer to 2025 Annual Report.

III. Core business analysis

Whether consistent with the Company's core business disclosure during the current reporting period
√ Yes □ No

In the first half of 2026, the international environment is complex and changeable, with global economic recovery showing obvious regional and industry differentiation, and external uncertainties persisting; the domestic economy continues to advance toward high-quality development, with continuously optimized industrial structure and steady progress in digitalization and intelligent upgrading. Artificial intelligence technology is developing rapidly, with large-scale model applications continuously deepening, bringing new opportunities to the AIoT industry.

Facing domestic and international environmental changes, the Company adheres to stable operations, follows industry development trends, insists on technological innovation, and pays more attention to operational quality and long-term development capabilities, promoting growth with benefits and continuously enhancing supply chain resilience and operational assurance capabilities. During the reporting period, the Company, oriented toward improving operational quality, consolidated its technological foundation, deepened organizational transformation, optimized resource configuration, promoted quality improvement and efficiency enhancement, and pushed for the deep integration of artificial intelligence technology with product innovation and operational management, continuously optimizing supply chain management and constantly strengthening operational resilience and sustainable development capabilities.

During the reporting period, the Company achieved a total operating revenue of RMB46.82 billion, representing a year-on-year increase of 11.97%; it realized a net profit attributable to the shareholders of the Company of RMB7.90 billion, representing a year-on-year increase of 39.57%.

1. Insist on technological innovation and strengthen core capabilities

The Company has always adhered to the business development driven by technological innovation, maintaining high-level R&D investment, and continuously improving the three core technology systems of IoT sensing, artificial intelligence, and big data. During the reporting period, the Company continued to promote the deep integration of the Guanlan large-scale AI models with software and hardware products, constantly enriching the AI large-scale model product system around security and scenario-based digitalization businesses, promoting the continuous integration of AI capabilities into product innovation and scene applications, further enhancing product intelligence levels and scene application value. The Company continues to strengthen the core technical capability construction of multidimensional sensing, constantly expanding the application boundaries of AIoT technologies, and providing more diverse products and solutions for industrial digital transformation.

2. Improve the supply chain system and enhance support capabilities

During the reporting period, the Company continuously optimized the supply chain system around key material security and supply chain ecosystem construction, constantly enhancing the supply chain security capability. Relying on the long-term accumulated supply chain management capability, the Company emphasized strategic reserves of key materials and improved product delivery security capability; continuously improved supply chain ecosystem construction, deepened upstream and downstream collaboration mechanisms, and enhanced supply chain operation efficiency and stability. The relevant measures effectively ensured the smooth operation of production and business, and provided strong support for the Company's continuous improvement of business weight and business development.

3. Optimize the operation system to lead quality improvement and efficiency enhancement with "Digital-Intelligent Quality"

During the reporting period, the Company continued to promote the "Digital-Intelligent Quality" management model, continuously deepening the digital and intelligent construction of key business processes such as R&D, supply chain, marketing, and services, driving the coordinated improvement of quality management, R&D innovation, and operational management. The Company actively promoted the application of AI large-scale models in business management activities, continuously enhancing operational efficiency and resource allocation levels. The Company adheres to refined operation, deepens mechanism reform, emphasizes cost management and operation asset management, improves risk control and compliance management systems, continuously enhances operational quality and benefits, and lays a solid foundation for the Company's stable development.

4. Deepen the core business and enhance development resilience

During the reporting period, the Company continues to deepen its focus on the AIoT industry, actively seizing industrial opportunities brought by the development of artificial intelligence technology, and continuously promoting the upgrading of the security industry and the development of scenario-based digitalization business. In terms of domestic business, the scenario-based digitalization business continued to expand growth space, and the SMBG channel operational efficiency was further improved; in terms of overseas business, the Company adhered to its international development strategy, continuously deepened the "one country, one policy" business strategy, continuously optimized product structures and marketing systems, enhanced localized marketing, service, and operational capabilities, and actively expanded key regional markets. The Company adhered to a prudent business approach, actively responded to changes in the external environment, continuously improved its risk prevention and control capabilities, and constantly strengthened the core competitiveness and development resilience of its main business.

5. Innovative businesses continue to grow, unleashing growth momentum

During the reporting period, the overall revenue of the innovative businesses was RMB15.17 billion, representing a year-on-year increase of 28.93%, accounting for 32.40% of the Company's total revenue. The Company's innovative businesses have continued to maintain rapid growth, with its profit level steadily improving. Hikrobot, Hikmicro, EZVIZ, HikAuto, HikSemi, and other innovative businesses have continued to focus on niche industries, constantly improving product competitiveness and operational quality, and further consolidating their leading positions in the industry, and becoming important growth drivers for the Company. A business layout that is both unified and differentiated has further enhanced the Company's overall competitiveness, and the synergistic effects between the core business and innovative businesses have continued to emerge, continuously improving the AIoT industry ecosystem and providing strong support for the Company's long-term sustainable development.

YoY changes in key financial data

Unit: RMB

	First half of 2026	First half of 2025	YoY Change	Note of Change
Total revenue	46,822,537,847.07	41,818,040,088.44	11.97%	No significant change
Total operating costs	23,426,598,006.35	22,919,499,439.04	2.21%	No significant change
Selling expenses	5,822,062,529.86	5,708,759,811.30	1.98%	No significant change
Administrative expenses	1,493,403,061.13	1,386,257,017.69	7.73%	No significant change
Financial expenses	346,237,439.98	-739,368,414.40	146.83%	Increase in foreign currency exchange loss due to fluctuation in foreign exchange rate
Income Tax Expenses	1,282,273,423.47	759,413,973.74	68.85%	Increase with the increase in total profit
R&D investments	6,168,979,406.20	5,669,772,011.51	8.80%	No significant change
Net cash flows from Operating Activities	3,231,411,324.58	5,343,019,637.89	-39.52%	Increase in procurement and inventory spending during the reporting period
Net cash flows from Investment Activities	-1,478,787,231.28	-1,878,812,149.09	21.29%	No significant change
Net cash flows from Financing Activities	-10,341,903,127.42	-8,550,575,930.17	-20.95%	No significant change
Net decrease in cash and cash equivalents	-8,760,839,510.77	-5,054,494,535.50	-73.33%	Decrease in net cash inflow from operating activities and increase in net cash outflow from financing activities

Revenue structure

Unit：RMB

	First half of 2026		First half of 2025		YoY Change
	Amount	Proportion to total revenue	Amount	Proportion to total revenue	
Total revenue	46,822,537,847.07	100.00%	41,818,040,088.44	100.00%	11.97%
Classified by industry					
AIoT products and services	46,822,537,847.07	100.00%	41,818,040,088.44	100.00%	11.97%
Classified by product/business					
Products and services for main business (Note 1)	30,616,341,900.37	65.39%	29,271,794,689.37	70.00%	4.59%
Constructions for main business	1,036,484,458.97	2.21%	780,316,256.46	1.87%	32.83%
Subtotal	31,652,826,359.34	67.60%	30,052,110,945.83	71.86%	5.33%
Robotic business	4,027,882,511.41	8.60%	3,138,354,805.04	7.50%	28.34%
Thermal imaging business	2,964,146,065.61	6.33%	2,008,057,842.03	4.80%	47.61%

	First half of 2026		First half of 2025		YoY Change
	Amount	Proportion to total revenue	Amount	Proportion to total revenue	
Smart home business	2,817,179,848.17	6.02%	2,752,441,041.15	6.58%	2.35%
Auto electronics business	2,763,828,320.43	5.90%	2,352,287,642.16	5.63%	17.50%
Storage business	1,944,390,380.66	4.15%	1,033,275,636.44	2.47%	88.18%
Other innovative businesses (Note 2)	652,284,361.45	1.39%	481,512,175.79	1.15%	35.47%
Subtotal	15,169,711,487.73	32.40%	11,765,929,142.61	28.14%	28.93%
Classified by region					
Domestic	29,758,876,223.84	63.56%	26,393,423,147.63	63.11%	12.75%
Overseas	17,063,661,623.23	36.44%	15,424,616,940.81	36.89%	10.63%

Note1: Main business refers to the business parts other than innovative businesses.

Note2: Other innovative businesses include the products and services of the innovative business subsidiaries, such as HikFire, HikRayin and HikImaging. Same below.

Note 3: The data listed in the subtotal may differ slightly from the sum of the related individual data due to rounding.

Revenue structure (Note 4)

Unit: RMB 100mn

		First half of 2026	First half of 2025	YoY Change
Domestic main business	PBG	58.33	55.73	4.67%
	EBG	77.33	74.62	3.63%
	SMBG	46.18	40.67	13.55%
	Other products and services for main business	5.24	7.19	-27.12%
Overseas main business	Products and services for main business	129.45	122.31	5.84%
Innovative businesses		151.70	117.66	28.93%
Total		468.23	418.18	11.97%

Note 4: The revenue from domestic main business and overseas main business only includes 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 total may differ slightly from the sum of the related individual data due to rounding.

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

√ Applicable □ Inapplicable

Unit: RMB

	Revenue	Operating costs	Gross margin	YoY Change of revenue	YoY Change of operating costs	YoY Change of gross margin
Classified by industry						
AIoT products and services	46,822,537,847.07	23,426,598,006.35	49.97%	11.97%	2.21%	4.78%
Classified by product/business						
Products and services for main business	30,616,341,900.37	14,112,358,132.52	53.91%	4.59%	-6.35%	5.39%
Constructions for main business	1,036,484,458.97	872,049,187.36	15.86%	32.83%	48.50%	-8.88%
Innovative businesses	15,169,711,487.73	8,442,190,686.47	44.35%	28.93%	16.24%	6.07%
Subtotal	46,822,537,847.07	23,426,598,006.35	49.97%	11.97%	2.21%	4.78%
Classified by region						
Domestic	29,758,876,223.84	15,145,961,292.17	49.10%	12.75%	2.45%	5.12%
Overseas	17,063,661,623.23	8,280,636,714.18	51.47%	10.63%	1.79%	4.21%

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

□Applicable √ Inapplicable

Total operating costs structure

Classified by industry

Unit: RMB

Industry	Item	First half of 2026		First half of 2025		YoY Change
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
AIoT products and services	Operating costs	23,426,598,006.35	100.00%	22,919,499,439.04	100.00%	2.21%

Classified by product/business

Unit: RMB

Product/business	Item	First half of 2026		First half of 2025		YoY Change
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Products and Services for main business	Operating costs	14,112,358,132.52	60.24%	15,069,807,832.83	65.75%	-6.35%
Constructions for main business	Operating costs	872,049,187.36	3.72%	587,229,933.62	2.56%	48.50%
Innovative businesses	Operating costs	8,442,190,686.47	36.04%	7,262,461,672.59	31.69%	16.24%
Subtotal	Operating costs	23,426,598,006.35	100.00%	22,919,499,439.04	100.00%	2.21%

IV. Non-core business analysis

□Applicable √ Inapplicable

V. Analysis of assets and liabilities

1. Material changes of asset items

Unit：RMB

	June 30, 2026		December 31, 2025		Change between December 31, 2025 and June 30, 2026	Note of significant change
	Amount	Percentage to total assets	Amount	Percentage to total assets		
Cash and bank balances	37,851,366,962.87	27.49%	46,508,328,658.44	33.69%	-6.20%	Cash dividend distributions lead to a decrease in cash and bank balances
Accounts receivable	27,784,134,749.07	20.18%	29,812,378,945.77	21.60%	-1.42%	No significant change
Contract assets	937,168,474.60	0.68%	974,450,159.71	0.71%	-0.03%	No significant change
Inventories	29,488,147,922.59	21.42%	20,472,193,858.80	14.83%	6.59%	Increase in procurement and inventory due to the production and sales scale expansion
Long-term equity investment	2,268,302,310.46	1.65%	1,669,074,600.75	1.21%	0.44%	No significant change

	June 30, 2026		December 31, 2025		Change between December 31, 2025 and June 30, 2026	Note of significant change
	Amount	Percentage to total assets	Amount	Percentage to total assets		
Fixed assets	19,996,832,288.94	14.52%	20,176,914,451.95	14.62%	-0.10%	No significant change
Construction in process	2,065,884,044.75	1.50%	1,914,110,895.67	1.39%	0.11%	No significant change
Right-of-use assets	445,295,372.25	0.32%	442,495,841.87	0.32%	0.00%	No significant change
Lease liabilities	271,125,883.28	0.20%	299,390,966.16	0.22%	-0.02%	No significant change
Contract liabilities	4,919,948,398.90	3.57%	4,200,490,873.07	3.04%	0.53%	No significant change
Short-term borrowings	2,768,663,114.44	2.01%	2,685,866,236.94	1.95%	0.06%	No significant change
Long-term borrowings	933,440,073.94	0.68%	1,210,564,814.39	0.88%	-0.20%	No significant change

2. Main overseas assets

□ Applicable √ Inapplicable

3. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the current reporting period	Foreign currency translation adjustment	Cumulative fair value changes included in equity	Provision for decline in value during the current reporting period	Purchased amount during the period	Sold amount during the period	Other changes	Closing balance
Financial assets									
1. Derivative financial assets	4,792,243.40	26,907,615.80	(5,236.19)						31,694,623.01
2. Other non-current financial assets	589,955,315.74	8,273,459.63				70,042,643.25			668,271,418.62
3. Receivables for financing	2,430,030,662.65							36,375,382.50	2,466,406,045.15
Subtotal of financial assets	3,024,778,221.79	35,181,075.43	(5,236.19)			70,042,643.25		36,375,382.50	3,166,372,086.78
Financial liabilities	11,299,401.25	7,370,063.22	(31,496.13)						3,897,841.90

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

□ Yes √ No

4. Assets right restrictions as of the end of reporting period

Unit: RMB

Item	Closing book value	Reasons for being restricted
Cash and bank balance	407,867,779.21	Various cash deposits and other restricted funds

Item	Closing book value	Reasons for being restricted
Notes receivable	1,286,184,827.94	Endorsed to suppliers, discounted to the bank
Accounts receivable	172,872,587.02	Pledge for long-term borrowings and recourse factoring
Contract assets	46,833,721.31	Pledge for long-term borrowings
Fixed assets	26,952,223.56	Fixed assets leased by operating leases
Intangible assets	10,019,491.00	Pledge for long-term borrowings
Other non-current assets	436,901,296.51	Pledge for long-term borrowings
Total	2,387,631,926.55	

VI. Analysis of investments

1. Overview

√Applicable □ Inapplicable

Investment during the first half of 2026 (RMB)	Investment during the first half of 2025 (RMB)	YoY
1,087,841,205.32	1,845,516,540.77	-41.05%

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 Intelligence Industry Park Project (Phase II)	Self-built	YES	AIoT products and services	76,326,656.06	510,760,295.36	Self-funding	43.46%	None	September 23, 2017	Announcement on Investment and Construction of Wuhan Intelligence Industry Park in Wuhan (No. 2017-036)
Infrared Thermal Imaging Complete Machine Products Industrial Base Project	Self-built	YES	AIoT products and services	98,494,730.18	468,899,652.17	Self-funding	60.43%	None	January 19, 2022	Announcement on Investment and Construction of Infrared Thermal Imaging Complete Machine Products Industrial Base by the holding subsidiary (No. 2022-008)
HikRobot Product Industrialization Base Construction Project	Self-built	YES	AIoT products and services	115,864,806.59	458,038,461.50	Self-funding/borrowing	45.20%	None	January 19, 2022	Announcement on Investment and Construction of HikRobot Product Industrialization Base Construction Project by the holding subsidiary (No. 2022-007)
Total	--	--	--	290,686,192.83	1,437,698,409.03	--	--	--	--	--

Note: In accordance with the Company's *Authorization Management System*, new fixed asset investments in Wuhan Intelligence Industry Park Project were approved by the Strategy Committee of the Board of Directors in October 2023.

4. Financial asset investment

4.1 Securities investments

□ Applicable √ Inapplicable
There no such case in the reporting period.

4.2 Derivatives investments

√ Applicable □ Inapplicable

1) Derivative investments for the purpose of hedging within 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
Foreign exchange contract	192,729.24	192,729.24	3,427.77	-	489,329.76	-	244,592.88	2.90%
Total	192,729.24	192,729.24	3,427.77	-	489,329.76	-	244,592.88	2.90%
Accounting policies and specific accounting principles for hedging business during the	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							

reporting period and explanations on whether there have been significant changes from the previous reporting period	Company correspondingly conducted accounting and reporting for 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 RMB18.58 million actual gains during the reporting period.
Explanations on the effect of hedging business	The Company's purpose was to avoid and prevent risks of foreign exchange rate and interest rate fluctuations and prohibited any speculative actions, further improving the Company's ability to cope with risks of foreign exchange rate 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 *Announcement on Carrying out Foreign Exchange Hedging Business in 2026* and the *Analysis Report on the Feasibility of the Foreign Exchange Hedging Business to be Conducted in 2026* disclosed by the Company on April 18, 2026.
Change of market price or fair value of invested derivatives during the reporting period; specific methods, related assumptions and parameter setting of the derivatives' fair value analysis should be disclosed	The Company recognized and measured the fair value of derivatives in accordance with the *Accounting Standards for Business Enterprises Article 22 - Recognition and Measurement of Financial Instruments*. During the reporting period, a total of RMB34.28 million of gains from changes in fair value of forward foreign exchange contracts 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 18, 2026
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 July 25, 2026 in 2026 Half Year Report of Hangzhou EZVIZ Network Co., Ltd. on the website of Shanghai Stock Exchange (www.sse.com.cn).

VII. Disposal of significant assets and equity

1. Disposal of significant assets:

□ Applicable √ Inapplicable

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

2. Sale of significant equity:

□ Applicable √ Inapplicable

VIII. Analysis of major subsidiaries and holding companies

□ Applicable √ Inapplicable

The Company has no important holding company information that should be disclosed during the current reporting period.

Information about obtaining and disposal of subsidiaries during the reporting period

□ Applicable √ Inapplicable

IX. Structural entities controlled by the Company

□ Applicable √ Inapplicable

X. Risks of the Company and risk response solutions

During the reporting period, the Company has been striving to identify various risk exposures, and actively adopting mitigation measures to avoid and reduce risks:

(1) **Global economic downturn risks:** The growth momentum of major global economies continues to diverge, macroeconomic uncertainty intensifies due to inflation volatility and monetary policy adjustments, and regional economic imbalances become more pronounced. If the global economy falls into a prolonged recession, the Company's overall business will be significantly affected. The Company relies on its global business layout to diversify risks from a single market, flexibly adapts its operating strategies to local demand, and mitigates the impact of global economic fluctuations on its operations.

(2) **Geopolitical environment risks:** Global geopolitical competition continues to intensify, regional conflicts have not been effectively alleviated, unilateralism and trade protectionism are on the rise, and the compliance barriers and uncertainties for cross-border business operations of enterprises have significantly increased. A sudden deterioration of the geopolitical situation could adversely impact the Company's overseas business. The Company continues to optimize its global resource layout, improve its localized risk management system, strengthen risk identification and control of overseas operations, and hedge against operational risks caused by geopolitical changes.

(3) **Domestic economic transition risks:** China's economy is in a critical period of structural transformation and momentum conversion. Demand in traditional sectors continues to adjust, and the market expectation

restoration cycle is relatively long. Combined with pressures from the external trade environment, if the domestic industrial transformation process falls short of expectations, market demand fluctuations could have an adverse impact on the Company's business operations. The Company leverages AIoT technology to empower digital transformation across various industries, seizes opportunities from the domestic economic transition, and mitigates operational pressures caused by market demand fluctuations.

(4) **Technological obsolescence risk:** The iteration speed of cutting-edge technologies such as artificial intelligence, Internet of Things, big data, and cloud computing continues to accelerate, and the integration of technologies with practical scenarios continues to deepen. If the Company cannot accurately grasp the technological evolution trends of the industry and follow the pace of technological upgrades, it will face the risk of declining core market competitiveness. The Company has been deeply engaged in core technology fields for a long time, continuously iterating technologies through massive commercial implementation practices, keeping pace with the technological development trends of the industry, and consolidating its core competitive advantages.

(5) **Internal management risks:** As the Company's business scale continues to expand, new products, new businesses, and global layout continue to deepen, the complexity of enterprise organizational management and the difficulty of cross-regional and cross-business collaboration continue to increase. If the Company's management capabilities cannot match the speed of business expansion, it will affect overall operational efficiency and development quality. The Company continuously optimizes its management systems and process framework, improves its governance structure, strengthens the core talent pipeline construction, enhances organizational collaboration and management capabilities, and aligns with the pace of business scaling and global development.

(6) **Supply Chain Risks:** The globalization of the supply chain is accelerating regional restructuring, compounded by factors such as technological controls and trade restrictions, the stability of the global supply chain continues to be impacted. If major interruptions occur in core supply segments, it will directly affect the stability of production and operations. The Company continues to improve its diversified supply network, optimize inventory control models, enhance the resilience and risk resistance of the supply chain, and ensure the stable and orderly development of production and operations.

(7) **Network security risks:** As the application scenarios of the Internet of Things continue to expand, network attack methods are becoming increasingly complex and concealed. Targeted security threats against IoT

devices and systems are continuously escalating, and the Company's business still faces potential network security risks such as malicious attacks and data leaks. The Company has established an end-to-end network security protection system, continuously iterates and optimizes security protection capabilities, regularly conducts risk inspections, and effectively prevents various network security risks.

(8) **Product quality and safety risks:** The Company's AIoT products have a wide range of application scenarios, covering critical areas such as people's livelihood and public safety. The industry's quality and safety standards are stringent. If there are any lapses in the Company's quality and safety management, it may lead to product quality issues or even major recall incidents, damaging the Company's operations and brand reputation. The Company strictly implements product quality and safety management, establishing a full-process quality control system for R&D, production, and deployment, comprehensively controlling product quality and safety risks.

(9) **Legal compliance risks:** Global multilateral trade rules continue to be adjusted, and regulatory policies on data security, export controls, market access, and other areas in various countries are becoming increasingly stringent. The complexity of cross-border compliance continues to rise. If the Company's compliance capabilities cannot keep pace with regulatory changes, operational compliance risks will arise. The Company has established a full-process compliance system covering global operations, dynamically tracks regulatory policy updates, continuously enhances cross-border compliance control capabilities, and aligns with global regulatory compliance requirements.

(10) **Financial risks caused by customers' reduced payment capacity:** Macroeconomic fluctuations affect the upstream and downstream of the industrial chain, and there is uncertainty in the customers' business conditions and cash flow. The continuous tightening of market liquidity may lead to slower collections and increased bad debts, affecting the Company's financial security. The Company adheres to prudent operations, establishes a full-process collection control mechanism, regularly tracks collection progress, maintains sufficient cash reserves, and prevents risks of delayed collections and bad debts.

(11) **Exchange rate fluctuation risk:** The Company's overseas business spans many countries and regions worldwide, and multiple currency settlement exposures exist in operational aspects such as procurement, sales, and financing. Sudden and unexpected significant fluctuations in the global foreign exchange market could adversely affect the Company's financial performance and operating results. The Company uses compliant

financial instruments to hedge exchange rate risks, dynamically manages multiple currency settlement exposures, and reduces the impact of foreign exchange fluctuations on operating performance.

(12) **Intellectual property risks:** The global competition in the industry is becoming increasingly intense, and intellectual property protection is continuously strengthening in various countries. Although the Company has accumulated a large number of core technologies for AIoT and established an intellectual property management system, there still exists potential risks of intellectual property disputes and infringement of core technological achievements. The Company continues to increase R&D investment, improve intellectual property protection and management mechanisms, strengthen core technology protection, and proactively prevent and respond to various intellectual property risks.

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

XI. 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 6th Board of Directors convened its 5th 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

XII. Implementation of the "Dual Improvement of Quality and Returns" Action Plan

Whether the Company disclosed the announcement of the "Dual Improvement of Quality and Returns" action plan.

√ Yes □No

To further implement the concept of high-quality development for listed companies, adhere to an investor-centric approach, and genuinely protect the interests of all shareholders, the Company disclosed the *Announcement on the Company's 'Dual Improvement of Quality and Returns' Action Plan* on February 8, 2024.

During the reporting period, the Company actively promoted the "Dual Improvement of Quality and Return" action plan. A special assessment of the implementation and effectiveness of relevant measures for the first half year of 2026 has been completed. The Company held the 10th Meeting of the 6th Board of Directors on July 24, 2026, which reviewed and approved the assessment report. The main content is reported as follows:

Hikvision has always attached great importance to shareholder returns. On the foundation of upholding sustainable and high-quality development, the Company maintains a long-term and stable level of shareholder returns, continuously enhancing the sense of gain for investors. The Company continues to improve investor communication mechanisms, broadens diversified communication channels, actively conveys company value, enhances market understanding, and strengthens investor confidence.

During the reporting period, the Company convened the 9th meeting of the 6th board of directors and approved the *Proposal on the 2025 Annual Profit Distribution Plan and the Authorization for the Mid-2026 Dividend*. Based on the total share capital of 9,164,871,550 shares of the Company, the Company will distribute a cash dividend of RMB7.50 per 10 shares (tax included) to all shareholders, without issuing bonus shares or increasing the share capital from capital reserves. The remaining undistributed profits will be carried forward to future years. The total cash dividend for the 2025 annual profit distribution is RMB6.87 billion. Combined with the already implemented mid-2025 dividend, the Company's total cash dividend for the 2025 annual period is RMB10.54 billion, accounting for 74.25% of the Company's 2025 annual net profit attributable to the shareholders of the Listed Company. At the same time, the Company has requested the shareholders' meeting to authorize the board of directors to formulate a specific mid-2026 profit distribution plan in accordance with the shareholders' meeting resolution and under the conditions of profit distribution. On July 24, 2026, the Company convened the 10th meeting of the 6th board of directors and approved the *Proposal on the Mid-2026 Profit Distribution Plan*. Based on the total share capital of the Company on the record date for the mid-2026 profit distribution, the Company will distribute a cash dividend of RMB5.50 per 10 shares (tax included) to all shareholders, without issuing bonus shares or increasing the share capital from capital reserves. The remaining undistributed profits will be carried forward to future years. Based on the Company's current total share capital (9,164,871,550 shares), the preliminary estimate is that the cash dividend to be distributed will be RMB5.04 billion, accounting for 63.84% of the Company's first-half 2026 net profit attributable to the shareholders of the Listed Company. The Company's cash dividends for the 2026 annual period will reach RMB 11.91 billion.

Looking ahead, the Company will continue to focus on its core strategy of intelligent connectivity, adhering to innovation-driven science and technology and market demand-oriented approaches, and continuously promoting high-quality business development. The Company will further improve its governance mechanisms, deepen internal management, enhance compliance operations and the quality of information disclosure, and constantly strengthen two-way communication with investors. At the same time, the Company will continue to optimize its shareholder return mechanisms, actively fulfill its corporate responsibilities, and strive to enhance its intrinsic value and market recognition, creating long-term and stable value returns for stakeholders.

Section IV Corporate Governance, Environmental and Social Responsibility

I. Changes of directors and senior management personnel

□ Applicable √ Inapplicable

There were no changes in the Company's directors and senior management during the reporting period. For details, please refer to the 2025 annual report.

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

√ Applicable □ Inapplicable

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (tax included)	5.50
Number of additional shares for every 10 shares (shares)	0
Base number of shares for the allocation plan (shares)	9,164,871,550
Amount of cash dividend (RMB) (including tax)	5,040,679,352.50
Amount of cash dividends in other ways (such as share repurchases) (RMB)	0
Total cash dividends (including other methods) (RMB)	5,040,679,352.50
Allocable profit (RMB)	45,894,319,221.78
The ratio of total cash dividends (including other methods) to total profit distribution	100.00%
Details of this cash dividend	
Others	
Detailed explanation of the proposed profit distribution or capital reserve increase plan	
According to the unaudited 2026 first-half financial report prepared by the Company in accordance with China Accounting Standards for Business Enterprises, in the first half of 2026, the Company's parent entity achieved a net profit of RMB7,136,612,912.31, with no statutory surplus reserves extracted, plus the parent entity's undistributed profit at the beginning of the year of RMB45,631,359,971.97, minus the actual cash dividend of RMB6,873,653,662.50 for the 2025 fiscal year, as of June 30, 2026, the parent entity's profit available for distribution to shareholders is RMB45,894,319,221.78, and the profit available for distribution to shareholders in the consolidated financial statements is RMB66,081,146,515.18. In summary, based on the lower of the two principles, the profit available for distribution to shareholders for this year is RMB45,894,319,221.78. Based on the total share capital as of the record date for the profit distribution plan to be implemented by the Company in mid-2026, the Company will distribute cash dividends of RMB5.50 (tax included) for every 10 shares to all shareholders, without issuing bonus shares or increasing the share capital from capital reserves. The remaining undistributed profits will be carried forward to future years. Based on the Company's current total share capital (9,164,871,550 shares), a preliminary estimate suggests that the cash dividend amount to be distributed will be RMB5.04 billion, accounting for 63.84% of the net profit attributable to shareholders of the Listed Company for the first half of 2026. The exact amount of the dividend will be subject to the Company's future equity	

distribution implementation announcement.

III. The implementation of an equity incentive plan, employee stock incentive plan, or other incentive plans

□ Applicable √ Inapplicable

During the reporting period, the Company had no equity incentive plans, employee stock incentive plans, or other employee incentive measures and their implementation.

IV. The disclosure of environmental information

Whether the Listed Company and its major subsidiaries included in the list of enterprises required to legally disclose environmental information.

√Applicable □Inapplicable

Number of enterprises included in the list of enterprises legally required to disclose environmental information		2
No.	Company Name	Query index for the report on disclosure of environmental information in accordance with the law
1	Hangzhou Hikvision Electronics Co., Ltd.	Zhejiang provincial department of ecology and environment - System on corporate environmental information disclosed in accordance with the law: https://mlzj.sthjt.zj.gov.cn/eps/index
2	Hangzhou Hikmicro Sensing Technology Co., Ltd	Hangzhou municipal department of ecology and environment - System on corporate environmental information disclosed in accordance with the law: https://epb.hangzhou.gov.cn/col/col1692364/art/2026/art_65d86d7562b145f0ad449008cdbb3cb4.html

V. Information of social responsibilities

□ Applicable √ Inapplicable

Section V Significant Events

I. Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments during the current reporting period.

□ Applicable √ Inapplicable
No such case during the current reporting period.

II. The Company's funds used by the controlling shareholder or its related parties for non-operating purposes.

□ Applicable √ Inapplicable

No such case during the current reporting period.

III. Illegal provisions of guarantees for external parties

□Applicable √ Inapplicable

No such case in the current reporting period.

IV. Engagement and disengagement of the CPA firm

Has the half year report been audited?
□ Yes √ No
The Company's half year report has not been audited.

V. Explanation given by the Board of Directors regarding the "non-standard auditor's report" issued by the CPA firm for the current reporting period

□ Applicable √ Inapplicable

VI. Explanation given by the Board of Directors regarding the "non-standard auditor's report" for the prior reporting period

□ Applicable √ Inapplicable

VII. Bankruptcy and restructuring

□ Applicable √ Inapplicable
No such case during the reporting period.

VIII. Material litigations

Material litigation and arbitration

□ Applicable √ Inapplicable

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

Other litigation matters

□ Applicable √ Inapplicable

IX. Punishments and rectifications

□ Applicable √ Inapplicable

No such case during the reporting period.

X. Integrity of the Company and its controlling shareholders and actual controllers

□ Applicable √ Inapplicable

XI. 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	Trading 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	Procurement, receiving services, and others	Both parties agree jointly based on the market price	178,798.05	5.83%	420,000.00	No	Payment on delivery	April 18, 2026	*Announcement on the forecast of daily related-party transactions in 2026* (No. 2026-008)
Joint ventures	Joint ventures in which the Company holds shares	Procurement			555.30	0.02%	2,100.00	No	Payment on delivery		
Associates	Associates in which the Company holds shares	Procurement			11,627.15	0.38%	48,400.00	No	Payment on delivery		
Other related parties	Refer to note 1 for details	Procurement			93,140.36	3.04%	200,400.00	No	Payment on delivery		
Subsidiaries or research institutes of CETC	Under the common control of the Company's actual controller	Sales	Selling commercial goods, providing services, and others	Both parties agree jointly based on the market price	9,626.04	0.21%	50,000.00	No	Payment on delivery	Same as above	Same as above
Joint ventures	Joint ventures in which the Company holds shares	Sales			476.12	0.01%	8,300.00	No	Payment on delivery		
Associates	Associates in which the Company holds shares	Sales			1,237.75	0.03%	15,600.00	No	Payment on delivery		
Other related parties	Refer to note 1 for details	Sales			487.47	0.01%	7,400.00	No	Payment on delivery		

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principles for related party transactions	Trading 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 to related parties	Both parties agree jointly based on the market price	204.57	5.78%	800.00	No	Based on contract	Same as above	Same as above
Associates	Associates in which the Company holds shares	Lease			16.93	0.48%	100.00	No	Based on contract		
Subsidiaries or research institutes of CETC	Under the common control of the Company's actual controller	Lease	Renting house from related parties	Both parties agree jointly based on the market price	2.34	0.01%	500.00	No	Based on contract	Same as above	Same as above
Total					296,172.07	-	753,600.00				

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 amount of daily related-party transactions between the Company and its related parties has not exceeded the scope of the estimated daily related-party transaction amounts categorized by the Company.
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, former 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. Deals with related-party financial companies

√ Applicable □ Inapplicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (0,000 RMB)	Deposit interest rate range	Opening balance (0,000 RMB)	Amount incurred		Closing balance (0,000 RMB)
					Total deposit amount in the current period (0,000 RMB)	Total amount withdrawn in the current period (0,000 RMB)	
CETC Finance Co., Ltd.	Under the common control of the Company's actual controller	1,824,337.27	0.05%-1.15%	629,610.99	1,430,340.20	1,615,942.16	444,009.03

Loan services

Related party	Relationship	Loan limit (0,000 RMB)	Loan interest rate rang	Opening balance (0,000 RMB)	Amount incurred		Closing balance (0,000 RMB)
					Total loan amount in the current period (0,000 RMB)	Total repayment amount in the current period (0,000 RMB)	
CETC Finance Co., Ltd.	Under the common control of the Company's actual controller	500,000.00	2.11%	48,700.00	10,000.00	-	58,700.00

Credit and other financial business

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 service	600,000.00	128,900.00

Note: 1. The above-mentioned actual amount of other financial service refers to the entrusted loan provided by the Company through CETC Finance Co., Ltd to its subsidiary companies during the reporting period, and the period-end balance is RMB2,154 million.

2. The Company's revolving credit facility with CETC Finance Co., Ltd during the reporting period was no more than RMB5 billion (inclusive), with an actual transaction amount of RMB587 million, all of which were loan transactions (see 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
No such case in the reporting period.

XII. Significant contracts and their execution

1. Trusteeship, contracting and leasing

1.1 Trusteeship

□ Applicable √ Inapplicable
No such case in the reporting period.

1.2 Contracting

□ Applicable √ Inapplicable
No such case in the reporting period.

1.3 Leasing

□ Applicable √ Inapplicable
No such case in the reporting period.

2. Significant guarantees

√Applicable □ Inapplicable

Unit: 0,000 RMB

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	Expiration date of guarantee	Fulfilled or not	Guarantee for a related party or not
Hangzhou Hikvision Technology Co., Ltd.	April 18, 2026	553,700.00	November 15, 2022	92,317.43	Joint guarantee	May 9, 2029	No	No
Hangzhou Hikvision System Technology Co., Ltd.	April 18, 2026	50,000.00	March 23, 2021	9,152.22	Joint guarantee	March 26, 2028	No	No
Hangzhou Hikvision Electronics Co., Ltd.	April 18, 2026	10,500.00	November 7, 2025	3,100.00	Joint guarantee	March 26, 2028	No	No
Hikvision Europe B.V.	April 18, 2026	7,800.00	May 29, 2026	2,515.20	Joint guarantee	May 28, 2028	No	No
Chongqing Hikvision Technology Ltd.	April 18, 2026	7,000.00	May 15, 2025	2,100.00	Joint guarantee	March 26, 2027	No	No
Hikvision UK Limited	April 18, 2026	3,900.00	May 29, 2026	299.32	Joint guarantee	May 28, 2028	No	No
Chongqing Hikvision System Technology Co., Ltd.	April 18, 2026	2,000.00	June 3, 2025	79.99	Joint guarantee	July 10, 2026	No	No
Hikvision International Co., Limited	April 18, 2026	38,900.00	Not happened during the reporting period					
HIKVISION TECHNOLOGY PTE. LTD.	April 18, 2026	10,000.00	Not happened during the reporting period					
Zhengzhou Hikvision Technology Co., Ltd.	April 18, 2026	5,000.00	Not happened during the reporting period					

<table>
<tr><td>HIKVISION SYSTEM LIMITED</td><td>April 18, 2026</td><td>5,000.00</td><td colspan="6">Not happened during the reporting period</td></tr>
<tr><td>HIKVISION AUSTRALIA PTY.LTD.</td><td>April 18, 2026</td><td>1,700.00</td><td colspan="6">Not happened during the reporting period</td></tr>
<tr><td colspan="2">Total guarantee cap for subsidiaries approved during the reporting period (B1)</td><td colspan="2">695,500.00</td><td colspan="2">Total actual guarantee amount for subsidiaries during the reporting period (B2)</td><td colspan="3">366,695.38</td></tr>
<tr><td colspan="2">Total approved guarantee cap for subsidiaries at the end of the reporting period (B3)</td><td colspan="2">695,500.00</td><td colspan="2">Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)</td><td colspan="3">109,564.16</td></tr>
<tr><td colspan="9">Guarantees provided by subsidiaries of the Company to their subsidiaries</td></tr>
<tr><td>Guaranteed party</td><td>Disclosure date of announcement of the guarantee cap</td><td>Guarantee cap</td><td>Actual occurrence date</td><td>Actual guaranteed amount</td><td>Type of guarantee</td><td>Term of guarantee</td><td>Fulfilled or not</td><td>Guarantee for a related party or not</td></tr>
<tr><td>Hangzhou Hikrobot Intelligent Technology Co., Ltd.</td><td>April 18, 2026</td><td>850.00</td><td>September 15, 2023</td><td>674.38</td><td>Joint guarantee</td><td>Oct 31, 2027</td><td>No</td><td>No</td></tr>
<tr><td>Hangzhou Hikrobot Intelligent Co., Ltd.</td><td>April 18, 2026</td><td>3,000.00</td><td>September 2, 2024</td><td>667.71</td><td>Joint guarantee</td><td>Sep 1, 2027</td><td>No</td><td>No</td></tr>
<tr><td>Hikrobot Europe B.V.</td><td>April 18, 2026</td><td>650.00</td><td>August 29, 2024</td><td>516.63</td><td>Joint guarantee</td><td>July 19, 2026</td><td>No</td><td>No</td></tr>
<tr><td colspan="2">Total guarantee cap for subsidiaries approved during the reporting period (C1)</td><td colspan="2">4,500.00</td><td colspan="2">Total actual guarantee amount for subsidiaries during the reporting period (C2)</td><td colspan="3">21,715.48</td></tr>
<tr><td colspan="2">Total approved guarantee cap for subsidiaries at the end of the reporting period (C3）</td><td colspan="2">4,500.00</td><td colspan="2">Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)</td><td colspan="3">1,858.72</td></tr>
<tr><td colspan="9">The total amount of Company's guarantees (that is, the total of the first three items)</td></tr>
<tr><td colspan="2">Total guarantee cap approved during the reporting period (A1+B1+C1)</td><td colspan="2">700,000.00</td><td colspan="2">Total actual guarantee amount during the reporting period（A2+B2+C2）</td><td colspan="3">388,410.86</td></tr>
</table>

Total approved guarantee cap at the end of reporting period (A3+B3+C3)	700,000.00	Total actual guarantee balance at the end of the reporting period （A4+B4+C4）	111,422.88
Portion of the total actual guarantee (A4+B4+C4) amount in net assets of the Company	1.32%		
Of which:			
The balance of guarantee for shareholders, actual controllers and their affiliates. (D)	0		
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)	99,090.67		
Total amount of guarantee exceeding 50% of net assets (F)	0		
Total guarantee amounts of the above-mentioned 3 kinds of guarantees (D+E+F)	99,090.67		
Description of situations regarding unexpired guarantee contracts where guarantee liability has occurred during the reporting period or there is evidence indicating potential joint and several liability (if any)	None		
Description of guarantees provided to external parties in violation of prescribed procedures (if any)	None		

3. Entrusted financial management

□Applicable √Inapplicable

No such case during the reporting period

4. Other significant contracts

□Applicable √ Inapplicable

The Company has no other significant contracts in the reporting period.

XIII. Activities such as investor research, communication, and interviews during the reporting period

√Applicable □ Inapplicable

Reception time	Reception place	Reception method	Type of visitors	Name and institution of visitors	Main topics discussed and materials provided	Refer to detailed information
January 20, 2026	Headquarters conference room	Performance call conference	Institutional investors and individuals	Jiang Guangming from Huatai Asset Management and other investors	The Company's 2025 business performance forecast and related information	Refer to the "*Record Table of Investor Relations Activities on January 20, 2026*" published on the CNINFO website
April 18, 2026	Headquarters conference room	Performance call conference	Institutional investors and individuals	Li Hai from Guotai Fund and other investors	The Company's 2025 business performance	Refer to the *" Record Table of Investor Relations Activities on April 18, 2026"* published on the CNINFO website
April 19, 2026-May 9, 2026	Headquarters conference room	On-site and online communication	Institutional investors and individuals	Huang Haojun from Dacheng Fund and other investors	The Company's daily operations and future outlook	Refer to the *"Record Table of Investor Relations Activities from April 19, 2026 to May 9, 2026"* published on the CNINFO website
May 10, 2026-June 10, 2026	Headquarters conference room	On-site and online communication	Institutional investors and individuals	Dongfang Security and other investors	The Company's daily operations and future outlook	Refer to the *"Record Table of Investor Relations Activities from May 10, 2026 to June 10, 2026"* published on the CNINFO website

XIV Other significant events

□Applicable √ Inapplicable

The company has no other material matters to disclose during the reporting period.

XV. Significant events of the Company's subsidiaries

□Applicable√ Inapplicable

Section VI 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)	118,469,371	1.29%				308,469	308,469	118,777,840	1.30%
1)State holdings									
2)Shares held by State-owned corporate									
3) Other domestic shares	118,469,371	1.29%				308,469	308,469	118,777,840	1.30%
Including: Held by domestic corporates									
held by domestic natural person	118,469,371	1.29%				308,469	308,469	118,777,840	1.30%
4) Foreign shares									
Including: Held by overseas corporates									
held by overseas natural person									
2. Shares without restriction	9,046,402,179	98.71%				-308,469	-308,469	9,046,093,710	98.70%
1) RMB common shares	9,046,402,179	98.71%				-308,469	-308,469	9,046,093,710	98.70%
2) Domestically listed foreign shares									
3) Foreign shares listed overseas									
4) Others									
3. Total	9,164,871,550	100.00%				0	0	9,164,871,550	100.00%

Reason for the changes in share capital

□Applicable √ Inapplicable

The Company's total share capital did not change during the reporting period.

Due to the cancellation of the previous supervisory board and the corresponding lock-up arrangements for shares acquired by executives through share purchases, the number of locked shares held by executives has changed accordingly, and thus the number of shares with restrictions has also changed.

Approval for changes in share capital

□Applicable √ Inapplicable

Transfer for changes in share capital

□Applicable √ Inapplicable

Information about the implementation of share repurchase

□Applicable √ Inapplicable

The implementation progress of reducing and repurchasing shares by centralized bidding

□Applicable √ Inapplicable

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	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the period	Number of restricted shares increased during the period	Number of restricted shares at the end of the period	Restriction reasons	Unlock date
Hu Yangzhong	116,997,358	0	0	116,997,358	Restricted shares for senior executives	According to the relevant provisions of shares management for senior
Xu Peng	28,966	0	0	28,966	Restricted shares for senior executives	
Wang Qiuchao	26,250	0	0	26,250	Restricted shares for senior executives	

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the period	Number of restricted shares increased during the period	Number of restricted shares at the end of the period	Restriction reasons	Unlock date
Wang Dan	17,767	0	0	17,767	Restricted shares for senior executives	executives
He Hongli	248,625	0	0	248,625	Restricted shares for senior executives	
Pu Shiliang	199,425	0	0	199,425	Restricted shares for senior executives	
Guo Xudong	38,355	0	0	38,355	Restricted shares for senior executives	
Xu Ximing	110,925	0	0	110,925	Restricted shares for senior executives	
Huang Fanghong	299,625	0	0	299,625	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	
Feng Wei	0	0	352,125	352,125	Restricted shares for senior executives	
Other[note2]	201,700	13,656	0	188,044	Restricted shares for senior executives	
Total	118,439,371	13,656	352,125	118,777,840	--	--

Note:
1. During the reporting period, the shares held by the relevant directors, supervisors, and senior management were correspondingly released from restrictions / or partially released from restrictions in accordance with the relevant rules on share lock-up for directors, supervisors, and senior management.
2. The amount listed under the "Other" column for shareholders in the table represents the total (combined) shares held by the Company's former supervisors and senior management personnel.

II. Issuance and listing of securities

□Applicable √ Inapplicable
There were no securities issues during the reporting period

III. Total number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period		345,863		Total number of preferred shareholders with voting rights restored at the end of the current reporting period (if any)			0	
Particulars about shares held by common shareholders with a shareholding percentage over 5% or the Top 10 of them (Excludes shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total number of shares at the end of the reporting period	Increase/ decrease during the reporting period	The number of shares with trading restrictions	The number of shares without trading restrictions	Pledged, marking or frozen	
							Shares' status	Amount
China Electronics Technology HIK Group Co., Ltd.	State-owned corporation	37.28%	3,416,996,509	0	0	3,416,996,509	-	-
Gong Hongjia	Overseas individual	10.50%	962,504,814	0	0	962,504,814	Pledged	272,630,000
Hangzhou Weixun Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	4.92%	450,795,176	0	0	450,795,176	Pledged	6,000,000
CETC Investment Holdings Co., Ltd.	State-owned corporation	2.71%	248,366,268	0	0	248,366,268	-	-
Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.99%	182,510,174	0	0	182,510,174	Pledged	54,760,000
The 52nd Research Institute at China Electronics Technology Group Corporation	State-owned corporation	1.97%	180,775,044	0	0	180,775,044	Pledged	90,000,000
China Life Insurance Co., Ltd. - Traditional - Ordinary Insurance Product - 005L-CT001 SH	Other	1.85%	169,623,768	-7,211,786	0	169,623,768	-	-
Hu Yangzhong	Domestic individual	1.70%	155,996,477	0	116,997,358	38,999,119	-	-
Shanghai Perseverance Asset Management Partnership (Limited Partnership) - Perseverance Adjacent Mountain 1 Yuanwang Fund	Other	1.23%	113,000,000	-144,000,000	0	113,000,000	-	-
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Intelligence Fund	Other	0.67%	61,432,573	61,432,573	0	61,432,573	-	-

Explanation on associated relationship or concerted actions among the above-mentioned shareholders:	Among the above shareholders, China Electronics Technology HIK Group Co., Ltd., CETC Investment Holdings Co., Ltd., and the 52nd 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 *Administrative Measures for Acquisitions of Listed Companies.*

Particulars about shares held by the Top 10 shareholders holding shares that are not subject to trading restriction (Excludes loaned shares through refinancing and lock-up shares of senior executives)			
Name of shareholders	Number of shares without trading restrictions held at the period-end	Type of shares	
		Type	Amount
China Electronics Technology HIK Group Co., Ltd.	3,416,996,509	RMB common shares	3,416,996,509
Gong Hongjia	962,504,814	RMB common shares	962,504,814
Hangzhou Weixun Equity Investment Partnership (Limited Partnership)	450,795,176	RMB common shares	450,795,176
CETC Investment Holdings Co., Ltd.	248,366,268	RMB common shares	248,366,268
Hangzhou Pukang Equity Investment Partnership (Limited Partnership)	182,510,174	RMB common shares	182,510,174
The 52nd Research Institute at China Electronics Technology Group Corporation.	180,775,044	RMB common shares	180,775,044
China Life Insurance Co., Ltd. - Traditional - Ordinary Insurance Product - 005L-CT001 SH	169,623,768	RMB common shares	169,623,768
Shanghai Perseverance Asset Management Partnership (Limited Partnership) - Perseverance Adjacent Mountain 1 Yuanwang Fund	113,000,000	RMB common shares	113,000,000
Shanghai Chongyang Strategic Investment Co., Ltd. -Chongyang Strategic Intelligence Fund	61,432,573	RMB common shares	61,432,573
Shanghai Chongyang Strategic Investment Co., Ltd. -Chongyang Strategic Wisdom Fund	51,791,991	RMB common shares	51,791,991

Explanation on associated relationship and concerted actions top ten common shareholders holding shares without trading restrictions, and among top ten shareholders and top ten common shareholders holding shares without trading restrictions	Among the above shareholders, China Electronics Technology HIK Group Co., Ltd., CETC Investment Holdings Co., Ltd., and the 52nd 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 *Administrative Measures for Acquisitions of Listed Companies.*
Explanation of the top 10 shareholders' participation in margin trading and securities lending business	The shareholder Shanghai Chongyang Strategic Investment Co., Ltd. Chongyang Strategic Intelligence Fund holds 33,608,099 shares of the Company through a credit account. The shareholder Shanghai Chongyang Strategic Investment Co., Ltd. Chongyang Strategic Wisdom Fund holds 28,929,935 shares of the Company through a credit account.

Shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares participate in the lending of shares in the refinancing business

☐Applicable √ Inapplicable

Changes of the top 10 shareholders and the top 10 shareholders that are not subject to trading restriction compared with the previous period due to refinancing, lending/repayment issues
☐ 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
□ Applicable √ Inapplicable
No such case during the current reporting period.

IV. Shareholding changes of directors and senior management personnel

√ Applicable □ Inapplicable

Name	Title	Tenure status	Shares held at the beginning of the current reporting period (shares)	Shares increased during the current reporting period (shares)	Shares decreased during the current reporting period (shares)	Shares held at the end of the current reporting period (shares)	Number of restricted stocks granted at the beginning of the current reporting period (shares)	Number of restricted stocks granted in the current reporting period (shares)	Number of restricted stocks granted at the end of the current reporting period (shares)
Hu Yangzhong	Chairman	Incumbent	155,996,477	0	0	155,996,477	0	0	0
Fu Baijun	Director	Incumbent	0	0	0	0	0	0	0
Xu Lixing	Director	Incumbent	0	0	0	0	0	0	0
Xu Peng	Director and General Manager	Incumbent	38,622	0	0	38,622	0	0	0
Wang Qiuchao	Director	Incumbent	35,000	0	0	35,000	0	0	0
Wu Xiaobo	Independent Director	Incumbent	0	0	0	0	0	0	0
Hu Ruimin	Independent Director	Incumbent	0	0	0	0	0	0	0
Lv Changjiang	Independent Director	Incumbent	0	0	0	0	0	0	0
Tan Xiaofen	Independent Director	Incumbent	0	0	0	0	0	0	0
Wang Dan	Employee Representative Director	Incumbent	23,690	0	0	23,690	0	0	0
He Hongli	Senior Deputy General Manager	Incumbent	331,500	0	0	331,500	0	0	0
Pu Shiliang	Senior Deputy General Manager	Incumbent	265,900	0	0	265,900	0	0	0
Guo Xudong	Senior Deputy General Manager	Incumbent	51,140	0	0	51,140	0	0	0
Xu Ximing	Senior Deputy General Manager	Incumbent	147,900	0	0	147,900	0	0	0
Chen Junke	Senior Deputy General Manager	Incumbent	0	0	0	0	0	0	0
Huang Fanghong	Senior Deputy General Manager	Incumbent	399,500	0	0	399,500	0	0	0
Jin Yan	Senior Deputy General Manager and Person in Charge of Finance	Incumbent	251,000	0	0	251,000	0	0	0
Cai Changyang	Senior Deputy General Manager	Incumbent	109,500	0	0	109,500	0	0	0

Name	Title	Tenure status	Shares held at the beginning of the current reporting period (shares)	Shares increased during the current reporting period (shares)	Shares decreased during the current reporting period (shares)	Shares held at the end of the current reporting period (shares)	Number of restricted stocks granted at the beginning of the current reporting period (shares)	Number of restricted stocks granted in the current reporting period (shares)	Number of restricted stocks granted at the end of the current reporting period (shares)
Feng Wei	Senior Deputy General Manager and Board Secretary	Incumbent	0	469,500	0	469,500	0	0	0
Total	--	--	157,650,229	469,500	0	158,119,729	0	0	0

Note 1: Number shares held at the beginning of the period, shares increased during the period, shares decreased during the period for directors and senior management personnel above are all shares directly held by them accordingly.

V. Changes in controlling shareholders or actual controllers

Change of the controlling shareholder during the reporting period
□ Applicable √ Inapplicable
The Company's controlling shareholder has not changed during the reporting period.

Change of the actual controller during the reporting period
□ Applicable √ Inapplicable
No such change during the reporting period.

VI. Information of Preferred Shares

□ Applicable √ Inapplicable
There is no preferred share existed for the Company during the current reporting period.

Section VII Bonds

□ Applicable √ Inapplicable

Section VIII Financial Report

Audit report

Whether audit has been performed on the half year report

□ Yes √ No

The Company's 2026 Half Year Report has not been audited

On June 30, 2026

Consolidated Balance Sheet

Unit: RMB

Item	Notes	On June 30, 2026	On December 31, 2025
Current Assets:			
Cash and bank balances	(V)1	37,851,366,962.87	46,508,328,658.44
Derivative financial assets	(V)2	31,694,623.01	4,792,243.40
Notes receivable	(V)3	2,667,589,974.83	3,051,356,562.64
Accounts receivable	(V)4	27,784,134,749.07	29,812,378,945.77
Receivables for financing	(V)6	2,466,406,045.15	2,430,030,662.65
Prepayments	(V)7	923,362,268.90	856,749,328.34
Other receivables	(V)8	501,788,186.74	442,502,788.34
Inventories	(V)9	29,488,147,922.59	20,472,193,858.80
Contract assets	(V)5	937,168,474.60	974,450,159.71
Non-current assets due within one year	(V)10	437,028,452.63	603,989,194.29
Other current assets	(V)11	2,271,384,506.21	1,251,688,100.54
Total Current Assets		**105,360,072,166.60**	**106,408,460,502.92**
Non-current Assets:			
Long-term receivables	(V)12	189,049,373.17	225,857,779.77
Long-term equity investment	(V)13	2,268,302,310.46	1,669,074,600.75
Other non-current financial assets	(V)14	668,271,418.62	589,955,315.74
Fixed assets	(V)15	19,996,832,288.94	20,176,914,451.95
Construction in progress	(V)16	2,065,884,044.75	1,914,110,895.67
Right-of-use assets	(V)17	445,295,372.25	442,495,841.87
Intangible assets	(V)18	1,792,254,018.73	1,830,074,205.02
Goodwill	(V)19	308,125,476.58	311,187,727.01
Long-term deferred expenses	(V)20	127,215,093.40	148,029,527.26
Deferred tax assets	(V)21	2,571,059,629.30	2,435,622,521.84
Other non-current assets	(V)22	1,898,040,603.20	1,897,871,964.82
Total Non-current Assets		**32,330,329,629.40**	**31,641,194,831.70**
Total Assets		**137,690,401,796.00**	**138,049,655,334.62**

On June 30, 2026

Consolidated Balance Sheet-continued

Unit: RMB

Item	Notes	On June 30, 2026	On December 31, 2025
Current Liabilities:			
Short-term borrowings	(V)24	2,768,663,114.44	2,685,866,236.94
Derivative financial liabilities	(V)25	3,897,841.90	11,299,401.25
Notes payable	(V)26	612,897,818.96	783,778,534.95
Accounts payable	(V)27	20,832,902,018.65	19,843,949,575.87
Contract liabilities	(V)28	4,919,948,398.90	4,200,490,873.07
Payroll payable	(V)29	6,054,027,581.05	6,937,517,142.35
Taxes payable	(V)30	2,146,502,059.75	1,794,091,503.07
Other payables	(V)31	3,055,415,692.88	3,384,020,094.93
Including: Dividends payable	(V)31.2	29,995,616.97	27,964,450.23
Non-current liabilities due within one year	(V)32	1,060,992,244.89	3,939,271,129.61
Other current liabilities	(V)33	483,285,523.15	415,430,882.40
Total Current Liabilities		**41,938,532,294.57**	**43,995,715,374.44**
Non-current Liabilities:			
Long-term borrowings	(V)34	933,440,073.94	1,210,564,814.39
Lease liabilities	(V)35	271,125,883.28	299,390,966.16
Long-term payables		9,749,569.60	9,749,569.60
Provisions	(V)36	115,941,227.04	118,435,375.21
Deferred income	(V)37	923,970,367.64	863,263,662.53
Deferred tax liabilities	(V)21	100,064,716.36	114,583,208.90
Other non-current liabilities	(V)38	264,209,158.07	221,089,008.80
Total Non-current Liabilities		**2,618,500,995.93**	**2,837,076,605.59**
Total Liabilities		**44,557,033,290.50**	**46,832,791,980.03**
Owners' Equity			
Share capital	(V)39	9,164,871,550.00	9,164,871,550.00
Capital reserves	(V)40	4,399,484,471.86	4,385,374,479.22
Other comprehensive income	(V)41	(14,216,305.16)	23,384,816.83
Surplus reserves	(V)42	4,715,460,312.00	4,715,460,312.00
Retained earnings	(V)43	66,081,146,515.18	65,059,094,727.57
Total owners' equity attributable to owner of the Company		84,346,746,543.88	83,348,185,885.62
Minority equity		8,786,621,961.62	7,868,677,468.97
Total Owners' Equity		**93,133,368,505.50**	**91,216,863,354.59**
Total Liabilities and Owners' Equity		**137,690,401,796.00**	**138,049,655,334.62**

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 June 30, 2026

Balance Sheet of the Parent Company

Unit: RMB

Item	Notes	On June 30, 2026	On December 31, 2025
Current Assets:			
Cash and bank balances		26,746,619,186.38	33,415,248,877.24
Notes receivable		125,470,819.69	210,667,542.49
Accounts receivable	(XVI)1	22,515,509,537.78	15,928,913,273.65
Receivables for financing		81,407,799.18	142,171,473.18
Prepayments		344,927,115.62	347,313,971.21
Other receivables	(XVI)2	3,819,423,705.54	4,338,105,044.26
Including: Dividends receivable	(XVI)2.2	132,204,288.80	23,946,902.38
Inventories		198,167,874.15	163,137,444.34
Contract assets		19,363,870.39	16,874,381.78
Non-current assets due within one year		53,734,764.31	70,677,786.44
Other current assets		2,176,287,782.16	2,064,512,390.41
Total Current Assets		**56,080,912,455.20**	**56,697,622,185.00**
Non-current Assets:			
Long-term accounts receivable		70,508,593.30	1,081,962,084.34
Long-term equity investment	(XVI)3	10,386,628,876.50	9,735,858,175.55
Other non-current financial assets		321,549,677.89	313,276,218.26
Fixed assets		3,371,830,930.63	3,414,637,928.68
Construction in progress		205,027,505.22	179,633,779.52
Right-of-use assets		47,371,610.12	58,043,731.14
Intangible assets		423,199,130.00	460,198,889.64
Long-term deferred expenses		18,432,100.97	23,064,909.59
Deferred tax assets		286,962,467.15	281,390,428.65
Other non-current assets		51,870,533.83	33,109,877.18
Total Non-current Assets		**15,183,381,425.61**	**15,581,176,022.55**
Total Assets		**71,264,293,880.81**	**72,278,798,207.55**

On June 30, 2026

Balance Sheet of the Parent Company - continued

Unit: RMB

Item	Notes	On June 30, 2026	On December 31, 2025
Current Liabilities:			
Short-term borrowings		-	800,467,958.33
Accounts payable		778,093,086.79	919,490,298.90
Contract liabilities		226,670,552.04	221,789,610.01
Payroll payable		3,225,887,843.44	3,948,883,349.56
Taxes payable		1,511,530,017.16	854,566,175.20
Other payables		2,676,426,712.05	1,717,395,865.00
Non-current liabilities due within one year		481,926,179.86	1,491,857,219.20
Other current liabilities		32,761,195.27	33,237,967.67
Total Current Liabilities		**8,933,295,586.61**	**9,987,688,443.87**
Non-current Liabilities:			
Long-term borrowings		227,160,000.00	454,320,000.00
Lease liabilities		20,678,360.30	28,085,571.51
Provisions		1,288,595.48	7,678,935.03
Deferred income		317,089,756.91	317,205,022.93
Total Non-current Liabilities		**566,216,712.69**	**807,289,529.47**
Total Liabilities		**9,499,512,299.30**	**10,794,977,973.34**
Owners' Equity			
Share capital		9,164,871,550.00	9,164,871,550.00
Capital reserves		1,990,130,497.73	1,972,128,400.24
Surplus reserves		4,715,460,312.00	4,715,460,312.00
Retained earnings		45,894,319,221.78	45,631,359,971.97
Total Owners' Equity		**61,764,781,581.51**	**61,483,820,234.21**
Total Liabilities and Owners' Equity		**71,264,293,880.81**	**72,278,798,207.55**

For the reporting period from January 1, 2026 to June 30, 2026

Consolidated Income Statement

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Total Revenue	(V)44	46,822,537,847.07	41,818,040,088.44
Less: Total operating costs	(V)44	23,426,598,006.35	22,919,499,439.04
Business taxes and surcharges	(V)45	431,879,104.73	378,912,693.73
Selling expenses		5,822,062,529.86	5,708,759,811.30
Administrative expenses		1,493,403,061.13	1,386,257,017.69
Research and Development (R&D) expenses		6,168,979,406.20	5,669,772,011.51
Financial expenses	(V)46	346,237,439.98	(739,368,414.40)
Including: Interest expenses		84,459,575.12	107,112,248.08
Interest income		383,972,908.76	281,621,810.18
Add: Other income	(V)47	1,296,250,218.51	1,180,671,233.88
Investment income (losses)	(V)48	659,367,911.34	(36,631,451.99)
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise		616,257,839.98	4,673,722.38
Termination recognition gains (losses) on financial assets measured at amortized cost		-	49,420.00
Gains (losses) from changes in fair values	(V)49	42,551,138.65	(43,117,443.33)
Credit impairment gains (losses)	(V)50	(529,616,772.52)	(378,694,171.37)
Impairment gains (losses) of assets	(V)51	(233,040,536.21)	(208,566,206.64)
Asset disposal income (losses)		(38,039.60)	7,386,351.06
II. Operating Profit		10,368,852,218.99	7,015,255,841.18
Add: Non-operating income	(V)52	56,439,035.42	32,957,197.92
Less: Non-operating expenses	(V)53	20,017,277.06	7,322,434.53
III. Profit Before Taxes		10,405,273,977.35	7,040,890,604.57
Less: Income tax expenses	(V)54	1,282,273,423.47	759,413,973.74
IV. Net Profit		9,123,000,553.88	6,281,476,630.83
4.1 Classification by continuous operation			
(a) Net profit on continuous operation		9,123,000,553.88	6,281,476,630.83
(b) Net loss on terminated operation		-	-
4.2 Classification by attribution of ownership			
(a) Net profit attributable to owners of parent company		7,895,705,450.11	5,657,349,798.68
(b) Profit or loss attributable to minority interests		1,227,295,103.77	624,126,832.15
V. Other Comprehensive Income, Net of Income Tax	(V)41	(44,317,262.45)	200,301,615.25
Other comprehensive income attributable to owners of the Company, net of tax		(37,601,121.99)	133,339,313.91
(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		(37,601,121.99)	133,339,313.91
1. Exchange differences arising on conversion of financial statements denominated in foreign currencies		(37,601,121.99)	133,339,313.91
Other comprehensive income attributable to minority interests, net		(6,716,140.46)	66,962,301.34

Item	Notes	Amount for the current period	Amount for the prior period
of tax			
VI. Total Comprehensive Income		9,078,683,291.43	6,481,778,246.08
Total comprehensive income attributable to owners of the parent company		7,858,104,328.12	5,790,689,112.59
Total comprehensive income attributable to minority interests		1,220,578,963.31	691,089,133.49
VII. Earnings Per Share			
(I) Basic earnings per share (RMB/share)	(XVII)2	0.862	0.615
(II) Diluted earnings per share (RMB/share)	(XVII)2	0.862	0.615

For the reporting period from January 1, 2026 to June 30, 2026

Income Statement of the Parent Company

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Total Revenue	(XVI)4	12,744,710,979.60	10,918,172,590.70
Less: Total operating costs	(XVI)4	1,829,900,350.33	1,761,451,025.61
Business taxes and surcharges		158,172,605.16	127,709,740.15
Selling expenses		1,513,749,532.23	1,584,703,807.43
Administrative expenses		330,756,012.42	341,696,756.42
Research and Development (R&D) expenses		3,217,733,371.01	3,038,343,230.98
Financial expenses		(182,926,025.12)	(121,288,497.66)
Including: Interest expenses		18,620,377.05	35,147,253.23
Interest income		222,289,227.56	144,754,417.42
Add: Other income		861,556,617.76	777,572,208.70
Investment gains (losses)	(XVI)5	1,336,594,989.22	338,412,218.62
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise		624,416,650.03	1,486,825.45
Gains (losses) from changes in fair values		8,273,459.63	37,607,852.79
Credit impairment gains (losses)		(20,292,689.04)	(4,572,299.45)
Impairment gains (losses) of assets		(141,403.55)	(3,960,333.90)
Asset disposal income (losses)		2,148,582.87	10,564,493.15
II. Operating Profit		8,065,464,690.46	5,341,180,667.68
Add: Non-operating income		8,440,718.92	5,545,382.36
Less: Non-operating expenses		6,170,347.64	1,370,006.75
III. Profit Before Taxes		8,067,735,061.74	5,345,356,043.29
Less: Income tax expenses		931,122,149.43	496,598,001.72
IV. Net Profit		7,136,612,912.31	4,848,758,041.57
V. Other Comprehensive Income, Net of Income Tax		-	-
VI. Total Comprehensive Income		7,136,612,912.31	4,848,758,041.57

For the reporting period from January 1, 2026 to June 30, 2026

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities			
Cash received from sale of goods or rendering of services		53,936,810,738.77	49,701,456,543.93
Receipts of tax refunds		2,342,064,381.74	2,107,945,151.93
Other cash receipts relating to operating activities	(V)55(1)	869,411,462.81	812,956,336.79
Sub-total of cash inflows from operating activities		**57,148,286,583.32**	**52,622,358,032.65**
Cash payments for goods purchased and services received		34,945,949,636.68	30,095,263,185.08
Cash paid to and on behalf of employees		11,454,896,091.03	10,757,613,386.80
Payments of various types of taxes		3,945,349,517.35	3,064,520,777.31
Other cash payments relating to operating activities	(V)55(1)	3,570,680,013.68	3,361,941,045.57
Sub-total of cash outflows from operating activities		**53,916,875,258.74**	**47,279,338,394.76**
Net Cash Flows from Operating Activities	(V)56(1)	**3,231,411,324.58**	**5,343,019,637.89**
II. Cash Flows from Investing Activities			
Cash receipts from recovery of investments		9,397,435,604.90	2,065,280,790.61
Cash receipts from investment income		33,608,603.83	49,248,130.84
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		13,618,097.07	35,758,008.99
Other cash receipts relating to investing activities	(V)55(2)	26,794,203.84	58,311,055.86
Sub-total of cash inflows from investing activities		**9,471,456,509.64**	**2,208,597,986.30**
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,494,742,430.13	1,977,761,423.32
Cash paid to acquire investments		9,455,501,310.79	2,109,648,712.07
Sub-total of cash outflows from investing activities		**10,950,243,740.92**	**4,087,410,135.39**
Net Cash Flows from Investing Activities		**(1,478,787,231.28)**	**(1,878,812,149.09)**
III. Cash Flows from Financing Activities			
Cash receipts from borrowings		1,447,286,003.06	2,498,536,695.29
Sub-total of cash inflows from financing activities		**1,447,286,003.06**	**2,498,536,695.29**
Cash repayments of borrowings		4,405,440,000.00	2,608,183,590.81
Cash payments for distribution of dividends or profits or settlement of interest expenses		7,233,213,844.10	6,798,273,559.09
Including: Dividends and profits paid by subsidiaries to minority shareholders		288,645,583.15	276,437,692.96
Other cash payments relating to financing activities	(V)55(3)	150,535,286.38	1,642,655,475.56
Sub-total of cash outflows from financing activities		**11,789,189,130.48**	**11,049,112,625.46**
Net Cash Flows from Financing Activities		**(10,341,903,127.42)**	**(8,550,575,930.17)**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**(171,560,476.65)**	**31,873,905.87**
V. Net Increase (Decrease) in Cash and Cash Equivalents	(V)56(1)	**(8,760,839,510.77)**	**(5,054,494,535.50)**
Add: Opening balance of cash and cash equivalents	(V)56(2)	46,204,338,694.43	36,053,042,380.29
VI. Closing Balance of Cash and Cash Equivalents	(V)56(2)	**37,443,499,183.66**	**30,998,547,844.79**

For the reporting period from January 1, 2026 to June 30, 2026

Cash Flow Statements of the Parent Company

Unit: RMB

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		7,730,594,653.13	11,805,102,023.42
Receipts of tax refunds		776,872,088.47	588,786,958.46
Other cash receipts relating to operating activities		653,193,816.04	353,492,572.20
Sub-total of cash inflows from operating activities		**9,160,660,557.64**	**12,747,381,554.08**
Cash payments for goods acquired and services received		2,269,936,408.42	2,146,780,185.63
Cash payments to and on behalf of employees		4,510,576,259.21	4,211,903,114.69
Payments of various types of taxes		1,704,430,559.58	1,244,789,824.01
Other cash payments relating to operating activities		1,177,304,476.47	1,651,056,892.77
Sub-total of cash outflows from operating activities		**9,662,247,703.68**	**9,254,530,017.10**
Net Cash Flows from Operating Activities		**(501,587,146.04)**	**3,492,851,536.98**
II. Cash Flows from Investing Activities			
Cash receipts from recovery of investments		7,891,760,000.00	2,480,000,000.00
Cash receipts from investment income		626,452,707.47	386,558,613.54
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		15,118,683.58	31,773,549.41
Other cash receipts relating to investing activities		39,818,776,129.36	34,938,498,922.64
Sub-total of cash inflows from investing activities		**48,352,107,520.41**	**37,836,831,085.59**
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		299,886,300.75	738,537,831.04
Cash payments to acquire investments		8,033,460,000.00	2,363,300,000.00
Other cash payments relating to investing activities		38,429,163,570.35	35,005,948,843.50
Sub-total of cash outflows from investing activities		**46,762,509,871.10**	**38,107,786,674.54**
Net Cash Flows from Investing Activities		**1,589,597,649.31**	**(270,955,588.95)**
III. Cash Flows from Financing Activities			
Cash receipts from borrowings		-	829,010,000.00
Other cash receipts relating to financing activities		8,504,526,223.70	10,037,423,571.45
Sub-total of cash inflows from financing activities		**8,504,526,223.70**	**10,866,433,571.45**
Cash repayments of borrowings		2,024,160,000.00	11,010,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		6,889,801,211.66	6,457,105,400.28
Other cash payments relating to financing activities		7,452,924,666.20	10,030,085,125.15
Sub-total of cash outflows from financing activities		**16,366,885,877.86**	**16,498,200,525.43**
Net Cash Flows from Financing Activities		**(7,862,359,654.16)**	**(5,631,766,953.98)**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**(771,516.49)**	**1,537,782.08**
V. Net Increase (Decrease) in Cash and Cash Equivalents		**(6,775,120,667.38)**	**(2,408,333,223.87)**
Add: Opening balance of cash and cash equivalents		33,379,572,349.73	22,790,271,523.04
VI. Closing Balance of Cash and Cash Equivalents		**26,604,451,682.35**	**20,381,938,299.17**

For the reporting period from January 1, 2026 to June 30, 2026

Consolidated Statement of Changes in Owners' Equity

Unit: RMB

Items	Amount for the first half of 2026							
	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 earnings		
I. Opening Balance of the Current Period	9,164,871,550.00	4,385,374,479.22	-	23,384,816.83	4,715,460,312.00	65,059,094,727.57	7,868,677,468.97	91,216,863,354.59
II. Increase or Decrease in the Current Period	-	14,109,992.64	-	(37,601,121.99)	-	1,022,051,787.61	917,944,492.65	1,916,505,150.91
(I) Total comprehensive income	-	-	-	(37,601,121.99)	-	7,895,705,450.11	1,220,578,963.31	9,078,683,291.43
(II) Owners' contributions and reduction in capital	-	14,109,992.64	-	-	-	-	(11,942,951.29)	2,167,041.35
1. Common shares contribution from owners	-	-	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	31,320,758.17	-	-	-	-	7,034,513.54	38,355,271.71
3. Others	-	(17,210,765.53)	-	-	-	-	(18,977,464.83)	(36,188,230.36)
(III) Profit distribution	-	-	-	-	-	(6,873,653,662.50)	(290,691,519.37)	(7,164,345,181.87)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(6,873,653,662.50)	(290,691,519.37)	(7,164,345,181.87)
III. Closing Balance of the Current Period	**9,164,871,550.00**	**4,399,484,471.86**	**-**	**(14,216,305.16)**	**4,715,460,312.00**	**66,081,146,515.18**	**8,786,621,961.62**	**93,133,368,505.50**

Items	Amount for the first half of 2025							
	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 earnings		
I. Opening Balance of the Current Period	9,233,198,326.00	6,181,644,265.06	310,044,296.12	(111,510,486.21)	4,715,460,312.00	60,959,912,942.15	6,831,633,685.27	87,500,294,748.15
II. Increase or Decrease in the Current Period	-	61,736,642.34	1,538,486,901.95	133,339,313.91	-	(772,891,690.32)	424,886,743.40	(1,691,415,892.62)
(I) Total comprehensive income	-	-	-	133,339,313.91	-	5,657,349,798.68	691,089,133.49	6,481,778,246.08
(II) Owners' contributions and reduction in capital	-	61,736,642.34	1,538,486,901.95	-	-	-	29,110,665.46	(1,447,639,594.15)
1. Common shares contribution from owners	-	-	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	41,311,523.21	-	-	-	-	15,319,808.87	56,631,332.08
3. Others	-	20,425,119.13	1,538,486,901.95	-	-	-	13,790,856.59	(1,504,270,926.23)
(III) Profit distribution	-	-	-	-	-	(6,430,241,489.00)	(295,313,055.55)	(6,725,554,544.55)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(6,430,241,489.00)	(295,313,055.55)	(6,725,554,544.55)
III. Closing Balance of the Current Period	**9,233,198,326.00**	**6,243,380,907.40**	**1,848,531,198.07**	**21,828,827.70**	**4,715,460,312.00**	**60,187,021,251.83**	**7,256,520,428.67**	**85,808,878,855.53**

For the reporting period from January 1, 2026 to June 30, 2026

Statement of Changes in Owners' Equity of the Parent Company

Unit: RMB

Item	Amount for the first half of 2026					
	Share capital	Capital reserves	Less: Treasury share	Surplus reserve	Retained earnings	Total owners' equity
I. Opening Balance of the Current Period	9,164,871,550.00	1,972,128,400.24	-	4,715,460,312.00	45,631,359,971.97	61,483,820,234.21
II. Increase or Decrease in the Current Period	-	18,002,097.49	-	-	262,959,249.81	280,961,347.30
(I) Total comprehensive income	-	-	-	-	7,136,612,912.31	7,136,612,912.31
(II) Owners' contributions and reduction in capital	-	18,002,097.49	-	-	-	18,002,097.49
1. Common shares contribution from owners	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	13,497,563.44	-	-	-	13,497,563.44
3. Others	-	4,504,534.05	-	-	-	4,504,534.05
(III) Profit distribution	-	-	-	-	(6,873,653,662.50)	(6,873,653,662.50)
1. Appropriation of surplus reserves	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	(6,873,653,662.50)	(6,873,653,662.50)
III. Closing Balance of the Current Period	**9,164,871,550.00**	**1,990,130,497.73**	**-**	**4,715,460,312.00**	**45,894,319,221.78**	**61,764,781,581.51**
Item	**Amount for the first half of 2025**					
	Share capital	**Capital reserves**	**Less: Treasury share**	**Surplus reserve**	**Retained earnings**	**Total owners' equity**
I. Opening Balance of the Current Period	9,233,198,326.00	3,849,752,890.09	310,044,296.12	4,715,460,312.00	44,480,765,952.49	61,969,133,184.46
II. Increase or Decrease in the Current Period	-	29,958,332.40	1,538,486,901.95	-	(1,581,483,447.43)	(3,090,012,016.98)
(I) Total comprehensive income	-	-	-	-	4,848,758,041.57	4,848,758,041.57
(II) Owners' contributions and reduction in capital	-	29,958,332.40	1,538,486,901.95	-	-	(1,508,528,569.55)
1. Common shares contribution from owners	-	-	-	-	-	-
2. Share-based payment recognized in owners' equity	-	11,502,722.66	-	-	-	11,502,722.66
3. Others	-	18,455,609.74	1,538,486,901.95	-	-	(1,520,031,292.21)
(III) Profit distribution	-	-	-	-	(6,430,241,489.00)	(6,430,241,489.00)
1. Appropriation of surplus reserves	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	(6,430,241,489.00)	(6,430,241,489.00)
III. Closing Balance of the Current Period	**9,233,198,326.00**	**3,879,711,222.49**	**1,848,531,198.07**	**4,715,460,312.00**	**42,899,282,505.06**	**58,879,121,167.48**

Notes to Financial Statements
For the reporting period from January 1, 2026 to June 30, 2026

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 scope of the Company and its subsidiaries (hereinafter referred to as "the Group") include manufacturing and selling security equipment, network equipment, and smart devices; manufacturing and wholesaling automotive parts and accessories; selling electronic products; providing construction engineering services; 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 and consolidated financial reports were approved for issuance by the 10th meeting of the 6th session of the Board of Directors of the Company on July 24, 2026.

II. Basis of preparation of financial statements

Basis of preparation of financial statements

The Group has 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 June 30, 2026, 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 Disclosure:

The Group has established specific accounting policies and estimates based on the actual production and operational characteristics, targeting the determination methods and selection basis for the materiality standard, provision for credit losses on accounts receivable, inventory write-down, fixed asset depreciation, and revenue recognition. The important judgments and accounting estimates applied by the Group in recognizing significant accounting policies, as well as their key assumptions, are detailed in Note III (35) of the financial statements.

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 the Company's and consolidated financial position as of June 30, 2026, the Company's and consolidated results of operations, the Company's and consolidated changes in shareholders' equity, and the Company's and consolidated cash flows for the first half of 2026 truly and completely.

2. Accounting period

The Group has adopted the calendar year as its accounting year from January 1 to December 31 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's 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 at the end of the reporting period

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. Accounting treatment methods for business combinations under common control and non-common control

Business combinations are divided into those under common control and those not 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 ultimately 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 book value as recorded by the combining entities at the date of the combination. The difference between the book value of the net assets obtained and the book value 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 involving enterprises under non-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 ultimately 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 in stages 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 methods for preparing 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 is 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 book value 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 qualifies 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 period and the actual amount of the prior period 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 are 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 account balance 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, accounts receivable, other receivables, long-term receivables, and certain other non-current assets, among others.

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 receivables 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 merger not under common 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 account balance 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 account balance 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 operating 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 assets 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 account balance 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 account balance 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, foreign exchange option contract and interest rate swap contract, etc. 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 book value and the fair value is recognized in other comprehensive income.

12. Notes receivables

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 characteristic, 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 by their nature, 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 book 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 account balance 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 book value 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 book value 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:

Class	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
Means of transportation	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 book value 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.
Equipment 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 that can be directly attributable to the construction or production of an asset that meets the capitalization criteria shall be capitalized when asset expenditures have occurred, borrowing costs have occurred, and the necessary construction or production activities to enable the asset to reach its intended useable or saleable condition have begun. Capitalization shall cease when the asset that meets the capitalization criteria for construction or production reaches its intended usable or saleable condition. Other borrowing costs shall be recognized as expenses in the period they occur.

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	Determination basis	Salvage value rate (%)
Land use right	Straight-line method	40 -50 years	The period for which the land is available for use	-
IP right	Straight-line method	Not more than 10 years	Expected economic benefit life	-
Application software	Straight-line method	Not more than 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 period, 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, rental expenses for R&D sites, 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 book value, 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. Long-term deferred expenses are evenly amortized in installments 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 recognizes a receivable when the product is delivered to the customer. When a customer prepays for a purchase, the Group recognizes 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 book value 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 book 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 book value 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 book 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 book value of the asset after the reversal shall not exceed the book 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 asset

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 book value of certain assets or liabilities and their tax base, or between the nil book value 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 book value of goodwill.

At the balance sheet date, the book value 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 re-measures the lease liability and adjusts the corresponding right-of-use assets under the following circumstances. If the book 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 re-measures 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 re-measures the lease liability at the present value calculated based on the changed lease payments and the original discount rate.

<u>33.1.4 Short-term lease and lease of low-value assets</u>

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.

<u>33.1.5 Lease modification</u>

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 re-measures 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 book value 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 re-measured due to other lease modifications, the Group adjusts the book value 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 initial book 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 book value 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.

<u>33.2.3 Lease modification</u>

In case of a medication 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 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 book 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 June 30, 2026, 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.

IV. Taxes

1. 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 2-3)
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 the Company and subsidiaries in China are applicable to the following tax preference, the 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 Work on December 28, 2023, the Company was identified as the high-tech enterprise with a valid term of 3 years and the preferential tax period is from 2023 to 2025. As of the date of approval of this report, the Company is still in the application stage for the 2026 high-tech enterprise qualification re-examination. According to the *Announcement of the State Administration of Taxation on Issues Regarding the Implementation of the Preferential Policy on Enterprise*

Income Tax for High-tech Enterprises, in the year when the qualification of high-tech enterprises expires, before the re-certification is approved, the enterprise income tax can be temporarily pre-paid at a 15% tax rate. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2025: 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, 2026 to pay the 2025 annual corporate income tax at the rate of 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 Co., Ltd. have enjoyed preferential tax policies for the development of the western region. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2025: 15%).

(3) According to 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 December 26, 2024, Hangzhou Hikstorage Technology Co., Ltd. ("Hikstorage Technology") , a subsidiary of the Company, was identified as high-tech enterprises, and the valid terms of the identification is 3 years and the preferential tax period is 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 (2025:15%).

(4) In accordance with the *List of High-tech Enterprises Certified by Zhejiang Certification Institutions in 2025* issued by the Leading Group Office of National High-tech Enterprise Identification Management Work on January 9, 2026, the Company's subsidiaries, Hangzhou Hikvision System Technology Co., Ltd. (hereinafter referred to as "Hangzhou System"), Hangzhou Rayin Technology Co., Ltd. (hereinafter referred to as "Hangzhou Rayin Technology"), and Hangzhou Hikfire Technology Co., Ltd. (hereinafter referred to as "HikFire Technology") were recognized as high-tech enterprises with valid term of 3 years, and the preferential tax periods are from 2025 to 2027. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2025:15%).

(5) 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 Work on December 28, 2023, the Company's subsidiaries, Hangzhou HikAuto Software Co., Ltd. (hereinafter referred to as "HikAuto Software") and Hangzhou Hikimaging Technology Co., 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. As of the date of approval of this report, HikAuto Software and HikImaging Technology are still in the application stage for the 2026 high-tech enterprise qualification re-examination. According to the *Announcement of the State Administration of Taxation on Issues Regarding the Implementation of the Preferential Policy on Enterprise Income Tax for High-tech Enterprises*, in the year when the qualification of high-tech enterprises expires, before the re-certification is approved, the enterprise income tax can be temporarily pre-paid at a 15% tax rate. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2025: 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 subsidiary, Hangzhou Hikrobot Co., Ltd. was identified as the high-tech enterprises, and valid term is 3 years, and the preferential tax period is from 2023 to 2025. As of the date of approval of this report, Hikrobot is still in the application stage for the 2026 high-tech enterprise qualification re-examination.

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% statutory tax rate in the third to fifth years. The year of 2026 is the fourth year of HikRobot making profits and the enterprise income tax is levied at half the statutory tax rate of 25% for this period (2025: levied at half the statutory tax rate of 25%).

In accordance with the tax preferential policies for the integrated circuit and the software industries, Hikrobot was approved by the tax authority in May 2026 to be exempt from the enterprise income tax for the fiscal year 2025.

(7) In accordance with the *List of High-tech Enterprises Certified by Zhejiang Certification Institutions in 2025* issued by the Leading Group Office of National High-tech Enterprise Identification Management Work on January 9, 2026, the Company's subsidiary, Hangzhou Hikmicro Sensing Technology Co., Ltd. (hereinafter referred to as "Hikmicro Sensing") was identified as the high-tech enterprise with valid terms of 3 years and the preferential tax period is from 2025 to 2027. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period.

In accordance with the tax preferential policies for the integrated circuit and the software industries, Hikmicro Sensing was approved by the tax authorities in May 2026 to be exempt from the enterprise income tax for the fiscal year 2025.

(8) In accordance with the *List of High-tech Enterprises Certified by Zhejiang Certification Institutions in 2025* issued by the Leading Group Office of National High-tech Enterprise Identification Management Work on January 9, 2026, Hangzhou Microimage Software Co., Ltd. (hereinafter referred to as "Hangzhou Hikmicro Software") was identified as the high-tech enterprise with both valid term of 3 years and the preferential tax period is from 2025 to 2027. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period.

In accordance with tax preferential policies for the integrated circuit and the software industries, Hangzhou Hikmicro Software was approved by the tax authorities in May 2026 to pay the enterprise income tax for the 2025 fiscal year at a reduced rate of 10%.

(9) In accordance with the *Recording List of the Third Batch of identified High tech Enterprises of Hebei Province in 2025* issued by the Leading Group Office of Hebei Province's High-tech Enterprise Identification Management Work on December 19, 2025, the Company's subsidiary, Whst Hebei Co., Ltd. (hereinafter referred to as "Whst Hebei") was identified as the high-tech enterprises with a valid term of 3 years and the preferential tax period is from 2025 to 2027. Starting from 2026, Whst Hebei will no longer meet the recognition criteria for high-tech enterprises, therefore the applicable income tax rate for this period is 25% (2025: 15%)

(10) 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 Work on December 28, 2023, Hangzhou Ezviz Software Co., Ltd. (hereinafter referred to as " EZVIZ Software ") was identified as the high-tech enterprise, and valid term is 3 years, and the preferential tax period is from 2023 to 2025. As of the date of approval of this report, EZVIZ Software is still in the application stage for the 2026 high-tech enterprise qualification re-examination. According to the *Announcement of the State Administration of Taxation on Issues Regarding the Implementation of the Preferential Policy on Enterprise Income Tax for High-tech Enterprises*, in the year when the qualification of high-tech enterprises expires, before the re-certification is approved, the enterprise income tax can be temporarily pre-paid at a 15% tax rate. Therefore, the enterprise income tax is calculated and paid on the basis of a reduced tax rate of 15% in the current reporting period (2025: 15%)

(11) 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 Co., Ltd. ("Furui Technology"), Henan Hua'an Security Services Co., Ltd., Anhui Hikvision City Operations Services Co., Ltd., Hangzhou Xingrong Information Technology Co., Ltd., Xinjiang CET Yihai Information Technology Co., Ltd., Guizhou Haikang Transportation Big Data Co., Ltd., and Guangzhou Hikvision Digital Technology Co., Ltd. are qualified 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 enterprise 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 Huaan Baoquan Electronics Co., Ltd., Hangzhou Hikvision Yuanwuzhi Technology Co., Ltd., Fuyang Baotai, Shijiazhuang Sensor-Tech Intelligence Technology Co., Ltd. (hereinafter referred to as "Shijiazhuang Sensor-Tech"), 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 *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.

Notes to Financial Statements
For the reporting period from January 1, 2026 to June 30, 2026

V. Notes to items in the consolidated financial statements

1. Cash and bank balances

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency amount	Exchange rate for conversion	RMB amount	Foreign currency amount	Exchange rate for conversion	RMB amount
Cash:						
RMB	-	-	42,129.04	-	-	40,046.62
USD	8,707.72	6.8109	59,307.42	12,308.04	7.0288	86,510.78
EUR	24,407.80	7.7671	189,577.85	19,019.33	8.2355	156,633.66
Other currencies	-	-	209,758.65	-	-	151,336.55
Bank balance:						
RMB	-	-	32,991,304,746.38	-	-	41,662,970,268.99
USD	337,402,713.54	6.8109	2,298,016,141.65	416,985,025.74	7.0288	2,930,904,348.90
EUR	114,439,843.15	7.7671	888,865,705.73	72,496,081.46	8.2355	597,041,478.86
Other currencies	-	-	1,194,545,250.70	-	-	970,739,325.06
Other currency funds:						
RMB	-	-	384,296,923.37	-	-	278,482,161.52
USD	2,865,173.49	6.8109	19,514,410.10	1,754,333.35	7.0288	12,330,858.24
EUR	509,470.30	7.7671	3,957,106.74	196,043.74	8.2355	1,614,518.21
Other currencies	-	-	70,365,905.24	-	-	53,811,171.05
Total			37,851,366,962.87			46,508,328,658.44
Including: Deposited in overseas banks			1,369,580,918.20			1,207,043,600.93

Details of other currency funds:

Unit: RMB

Item	Closing balance	Opening balance
Capitals with limitations:		
Bank acceptance bills	2,762,180.14	2,403,999.93
Guarantee deposits	369,222,087.61	242,108,162.73
Other security deposits	4,464,683.11	23,148,552.81
Other capitals with limitations	31,418,828.35	36,329,248.54
Subtotal	407,867,779.21	303,989,964.01
Capitals without limitations:		
Third-party platform payment tools, securities account deposits, and other funds	70,266,566.24	42,248,745.01
Subtotal	70,266,566.24	42,248,745.01

Total	478,134,345.45	346,238,709.02

2. Derivative financial assets

Unit: RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	31,694,623.01	4,792,243.40
Total	31,694,623.01	4,792,243.40

3. Notes receivable

3.1 Categories of notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	2,389,603,405.61	2,699,892,246.30
Finance company acceptance bill	69,118,765.04	117,842,770.93
Commercial acceptance bill	208,867,804.18	233,621,545.41
Total	2,667,589,974.83	3,051,356,562.64

3.2 At the end of the current reporting period, the pledged notes receivable by the Group is nil.

3.3 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 June 30, 2026
Bank acceptance bill	1,264,446,224.88
Finance company acceptance bill	21,738,603.06
Total	1,286,184,827.94

3.4 Classified disclosure by method of provision for bad debts

Unit: RMB

Category	Closing balance				
	Account balance		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	2,668,766,134.97	100.00	1,176,160.14	0.04	2,667,589,974.83
Total	2,668,766,134.97	100.00	1,176,160.14	0.04	2,667,589,974.83

Unit: RMB

Category	Opening balance				
	Account balance		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	3,053,000,478.83	100.00	1,643,916.19	0.05	3,051,356,562.64
Total	3,053,000,478.83	100.00	1,643,916.19	0.05	3,051,356,562.64

Provision for bad debts of notes receivables by portfolios

Unit：RMB

Category	Closing balance		
	Account balance	Credit loss provision	Proportion (%)
Bank acceptance bill	2,389,603,405.61	-	-
Non-bank acceptance bill	279,162,729.36	1,176,160.14	0.42
Total	2,668,766,134.97	1,176,160.14	0.04

Explanation of provision for bad debts of notes receivables by portfolios:

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.

3.5 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, 2026	1,643,916.19
Provision / (Reversal) for the current period	(467,756.05)
Balance as of June 30, 2026	1,176,160.14

3.6 Situation of provision.

Unit：RMB

Category	Opening balance	Amount of changes changed in the current reporting period		Closing balance
		Provision / (Reversal)	Transfer or write-off	
Notes receivable	1,643,916.19	(467,756.05)	-	1,176,160.14
Total	1,643,916.19	(467,756.05)	-	1,176,160.14

4. Accounts receivable

4.1 Disclosure by aging

Unit：RMB

Aging	Closing account balance	Opening account balance
Within credit period	16,876,824,857.30	17,879,899,419.40
Within 1 year after exceeding credit period	8,876,721,106.18	9,698,902,758.53

Aging	Closing account balance	Opening account balance
1-2 years after exceeding credit period	2,898,343,346.53	2,953,806,491.84
2-3 years after exceeding credit period	1,654,983,288.94	1,491,649,171.29
3-4 years after exceeding credit period	816,440,208.38	805,609,570.01
Over 4 years after exceeding credit period	1,581,906,040.47	1,424,040,952.65
Accounts receivable	32,705,218,847.80	34,253,908,363.72
Less: Credit impairment provision	4,921,084,098.73	4,441,529,417.95
Book value	27,784,134,749.07	29,812,378,945.77

4.2 Classified disclosure of credit loss provision by methods

Unit: RMB

Category	Closing balance				
	Account balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for credit loss on a single basis	-	-	-	-	-
Provision for credit loss by portfolios	32,705,218,847.80	100.00	4,921,084,098.73	15.05	27,784,134,749.07
Total	32,705,218,847.80	100.00	4,921,084,098.73	15.05	27,784,134,749.07

Category	Opening balance				
	Account balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Provision for credit loss on a single basis	-	-	-	-	-
Provision for credit loss by portfolios	34,253,908,363.72	100.00	4,441,529,417.95	12.97	29,812,378,945.77
Total	34,253,908,363.72	100.00	4,441,529,417.95	12.97	29,812,378,945.77

Provision for credit loss by portfolios for accounts receivable

Unit: RMB

Customer	Closing balance		
	Account balance	Credit loss provision	Proportion (%)
Portfolio A	832,237,094.11	13,536,875.25	1.63
Portfolio B	22,105,063,330.43	4,471,765,779.45	20.23
Portfolio C	9,767,918,423.26	435,781,444.03	4.46
Total	32,705,218,847.80	4,921,084,098.73	15.05

Description of credit loss provision by portfolios for accounts receivable:

As part of the Group's credit risk management, the Group uses an impairment matrix to determine expected credit losses based on the aging 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. 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 is due.

As of June 30, 2026 and January 1, 2026, 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			
	Expected average loss rate (%)	Account balance	Bad debt provision	Book value	Expected average loss rate (%)	Account balance	Bad debt provision	Book value
Within credit period	0.08	704,206,730.36	551,890.94	703,654,839.42	0.08	700,977,270.42	581,245.92	700,396,024.50
Within 1 year after exceeding credit period	5.50	111,621,492.75	6,134,704.96	105,486,787.79	4.85	88,802,399.96	4,308,945.51	84,493,454.45
1-2 years after exceeding credit period	34.59	14,249,780.69	4,928,374.62	9,321,406.07	52.03	4,404,961.12	2,291,860.58	2,113,100.54
2-3 years after exceeding credit period	65.18	681,254.33	444,068.75	237,185.58	85.87	868,260.63	745,559.51	122,701.12
3-4 years after exceeding credit period	100.00	490,544.37	490,544.37	-	100.00	444,584.88	444,584.88	-
Over 4 years after exceeding credit period	100.00	987,291.61	987,291.61	-	100.00	658,625.43	658,625.43	-
Total	1.63	832,237,094.11	13,536,875.25	818,700,218.86	1.13	796,156,102.44	9,030,821.83	787,125,280.61

As of June 30, 2026 and January 1, 2026, 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 (%)	Account balance	Bad debt provision	Book value	Expected average loss rate (%)	Account balance	Bad debt provision	Book value
Within credit period	0.80	8,107,068,921.94	65,195,335.44	8,041,873,586.50	0.83	8,547,437,049.73	70,531,462.92	8,476,905,586.81
Within 1 year after exceeding credit period	6.50	7,553,272,080.53	491,338,089.82	7,061,933,990.71	6.08	8,385,596,475.43	510,021,038.50	7,875,575,436.93
1-2 years after exceeding credit period	32.46	2,576,819,726.49	836,539,608.11	1,740,280,118.38	29.43	2,782,056,980.55	818,721,351.31	1,963,335,629.24
2-3 years after exceeding credit period	57.66	1,571,647,922.21	906,179,797.47	665,468,124.74	50.75	1,422,279,828.17	721,771,963.35	700,507,864.82
3-4 years after exceeding credit period	84.40	793,157,769.14	669,416,038.49	123,741,730.65	81.03	792,586,527.86	642,261,047.67	150,325,480.19
Over 4 years after exceeding credit period	100.00	1,503,096,910.12	1,503,096,910.12	-	100.00	1,348,046,599.17	1,348,046,599.17	-
Total	20.23	22,105,063,330.43	4,471,765,779.45	17,633,297,550.98	17.66	23,278,003,460.91	4,111,353,462.92	19,166,649,997.99

As of June 30, 2026 and January 1, 2026, 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 (%)	Account balance	Bad debt provision	Book value	Expected average loss rate (%)	Account balance	Bad debt provision	Book value
Within credit period	0.30	8,065,549,205.00	24,354,441.54	8,041,194,763.46	0.24	8,631,485,099.25	21,121,800.43	8,610,363,298.82
Within 1 year after exceeding credit period	5.93	1,211,827,532.90	71,882,313.96	1,139,945,218.94	5.60	1,224,503,883.14	68,603,942.32	1,155,899,940.82
1-2 years after exceeding credit period	51.71	307,273,839.35	158,905,110.65	148,368,728.70	49.04	167,344,550.17	82,073,964.60	85,270,585.57
2-3 years after exceeding credit period	96.82	82,654,112.40	80,025,844.27	2,628,268.13	89.68	68,501,082.49	61,431,240.53	7,069,841.96
3-4 years after exceeding credit period	100.00	22,791,894.87	22,791,894.87	-	100.00	12,578,457.27	12,578,457.27	-
Over 4 years after exceeding credit period	100.00	77,821,838.74	77,821,838.74	-	100.00	75,335,728.05	75,335,728.05	-
Total	4.46	9,767,918,423.26	435,781,444.03	9,332,136,979.23	3.15	10,179,748,800.37	321,145,133.20	9,858,603,667.17

4.3 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 / (Reversal)	Transfer or write-off		
Accounts receivable	4,441,529,417.95	518,109,124.62	29,242,011.22	(9,312,432.62)	4,921,084,098.73
Total	4,441,529,417.95	518,109,124.62	29,242,011.22	(9,312,432.62)	4,921,084,098.73

4.4 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 RMB2,556,871,099.79 (of which the total amount of accounts receivable is RMB1,301,839,889.02 and the amount of contract assets is RMB1,255,031,210.77), accounting for 7.20% of the total closing 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 RMB732,189,393.85.

5. Contract assets

5.1 Details of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Provisions for impairment	Book value	Account balance	Provisions for impairment	Book value
Constructions	2,561,547,958.90	47,247,023.10	2,514,300,935.80	2,654,065,218.18	38,616,295.08	2,615,448,923.10
Maintenance services	247,031,884.92	4,429,678.00	242,602,206.92	218,076,445.33	2,902,784.81	215,173,660.52
Less: Contract assets that are included in other non-current assets (Note (V) 22)	1,855,339,722.39	35,605,054.27	1,819,734,668.12	1,882,161,712.48	25,989,288.57	1,856,172,423.91
Total	953,240,121.43	16,071,646.83	937,168,474.60	989,979,951.03	15,529,791.32	974,450,159.71

5.2 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				
	Account balance		Provisions for impairment		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	Amount
Provision for impairment on a single item	-	-	-	-	-
Provision for impairment by portfolio	2,808,579,843.82	100.00	51,676,701.10	1.84	2,756,903,142.72
Total	2,808,579,843.82	100.00	51,676,701.10	1.84	2,756,903,142.72

Item	Opening balance				
	Account balance		Provisions for impairment		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	Amount
Provision for impairment on a single item	-	-	-	-	-
Provision for impairment by portfolio	2,872,141,663.51	100.00	41,519,079.89	1.45	2,830,622,583.62
Total	2,872,141,663.51	100.00	41,519,079.89	1.45	2,830,622,583.62

5.3 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 / Reversal or Recovery	Transfer or write-off		
Contract assets	41,519,079.89	10,170,315.95	-	(12,694.74)	51,676,701.10
Total	41,519,079.89	10,170,315.95	-	(12,694.74)	51,676,701.10

6. Receivables for financing

6.1 Receivables for financing by categories

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	2,427,273,270.66	2,398,744,727.65
Accounts receivable claim certificate	39,132,774.49	31,285,935.00
Total	2,466,406,045.15	2,430,030,662.65

6.2 At the end of the current reporting period, the Group had no pledged receivables for financing.

6.3 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 June 30, 2026
Bank acceptance bill	2,203,817,184.32
Total	2,203,817,184.32

6.4 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. Prepayments

7.1 Prepayments by aging analysis

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	875,730,745.88	94.84	801,575,657.63	93.56
1-2 years	35,732,351.87	3.87	47,006,372.40	5.49
2-3 years	7,427,822.04	0.81	4,379,747.49	0.51
Over 3 years	4,471,349.11	0.48	3,787,550.82	0.44
Total	923,362,268.90	100.00	856,749,328.34	100.00

7.2 Details of closing balances of top five prepayments parties

As of June 30, 2026, the Group's top five balances of prepayments amounted to RMB338,385,316.76, accounting for 36.65% of total closing balance of prepayments.

8. Other receivables

8.1 Other receivables by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within contract period	403,216,964.84	352,404,363.64
Within 1 year	84,118,212.41	81,152,944.87
1-2 years	19,774,773.77	10,547,331.50
2-3 years	9,953,277.66	8,480,111.86
3-4 years	4,487,469.35	6,045,745.71
Over 4 years	15,787,346.10	13,079,470.64
Total	537,338,044.13	471,709,968.22
Less: Credit impairment provision	35,549,857.39	29,207,179.88
Book value	501,788,186.74	442,502,788.34

8.2 Details of other receivables by nature of the payment

Unit: RMB

Nature	Closing account balance	Opening account balance
Guarantee deposits	266,389,493.07	226,597,614.18
Temporary payments for receivables	151,403,863.92	136,985,334.21
Tax rebates	-	1,745,720.62
Others	119,544,687.14	106,381,299.21

Nature	Closing account balance	Opening account balance
Total	537,338,044.13	471,709,968.22

8.3 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 occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2026	2,514,535.62	5,758,013.71	20,934,630.55	29,207,179.88
Balance on January 1, 2026 in the current reporting period:				
--Transfer into stage 2	(600,214.58)	600,214.58	-	-
--Transfer into stage 3	-	(1,958,805.04)	1,958,805.04	-
--Accrual/(Reversal) in the current reporting period	2,633,258.87	4,327,294.30	596,652.44	7,557,205.61
Derecognition of financial assets (including direct write-downs) and transfer out	-	-	318,017.46	318,017.46
Other changes	(896,510.64)	-	-	(896,510.64)
Balance on June 30, 2026	3,651,069.27	8,726,717.55	23,172,070.57	35,549,857.39

8.4 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/ (Reversal)	Transfer or write-off		
Other receivables	29,207,179.88	7,557,205.61	318,017.46	(896,510.64)	35,549,857.39
Total	29,207,179.88	7,557,205.61	318,017.46	(896,510.64)	35,549,857.39

8.5 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 RMB45,108,040.16, accounting for 8.39% of the total balance of other receivables at the end of the reporting period, and the provision for bad debts amounted to RMB398,603.11.

9. Inventories

9.1 Categories of inventories

Unit: RMB

Category	Closing balance			Opening balance		
	Account balance	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value	Account balance	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	10,304,835,730.05	286,790,217.48	10,018,045,512.57	6,237,904,706.69	296,228,917.54	5,941,675,789.15
Work-in-progress	1,211,378,867.48	-	1,211,378,867.48	756,148,362.21	-	756,148,362.21
Finished goods	18,646,613,858.66	1,191,661,242.69	17,454,952,615.97	14,307,019,021.95	1,134,318,931.50	13,172,700,090.45
Contract performance cost	815,679,986.65	11,909,060.08	803,770,926.57	614,190,942.61	12,521,325.62	601,669,616.99
Total	30,978,508,442.84	1,490,360,520.25	29,488,147,922.59	21,915,263,033.46	1,443,069,174.66	20,472,193,858.80

9.2 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	296,228,917.54	28,362,778.84	37,674,420.35	(127,058.55)	286,790,217.48
Finished goods	1,134,318,931.50	206,204,247.14	128,848,321.14	(20,013,614.81)	1,191,661,242.69
Contract performance cost	12,521,325.62	-	612,265.54	-	11,909,060.08
Subtotal	1,443,069,174.66	234,567,025.98	167,135,007.03	(20,140,673.36)	1,490,360,520.25

The write-offs of provision for inventories in the current reporting period are due to use or sale of inventories.

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)	437,028,452.63	603,989,194.29
Total	437,028,452.63	603,989,194.29

11. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible VAT input	1,996,828,047.47	1,090,966,736.78
Prepaid corporate income tax	147,163,237.29	76,852,469.25
Prepaid tariff	16,675,074.49	8,607,773.88
Others	110,718,146.96	75,261,120.63
Total	2,271,384,506.21	1,251,688,100.54

12. Long-term receivables

12.1 Details of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Loss provision	Book value	Account balance	Loss provision	Book value
Financial leases receivables	214,726,197.69	82,341,949.86	132,384,247.83	231,571,457.16	81,252,461.81	150,318,995.35
Including: Unrealized income from financing	4,025,201.02	-	4,025,201.02	4,616,037.69	-	4,616,037.69
Installment business	726,201,885.02	422,331,377.88	303,870,507.14	842,518,725.55	415,002,667.59	427,516,057.96
Including: Unrealized income from financing	3,843,934.71	-	3,843,934.71	4,671,485.86	-	4,671,485.86
Employee housing loan	189,823,070.83	-	189,823,070.83	252,011,920.75	-	252,011,920.75

Including: Unrealized income from financing	16,183,496.14	-	16,183,496.14	20,378,696.85	-	20,378,696.85
Subtotal	1,130,751,153.54	504,673,327.74	626,077,825.80	1,326,102,103.46	496,255,129.40	829,846,974.06
Less: Non-current assets due within one year (Note (V) 10)	941,150,183.95	504,121,731.32	437,028,452.63	1,099,686,524.74	495,697,330.45	603,989,194.29
Total	189,600,969.59	551,596.42	189,049,373.17	226,415,578.72	557,798.95	225,857,779.77

12.2 Disclosure by method of provision for bad debts

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Loss provision	Book value	Account balance	Loss provision	Book value
Provision for bad debts by portfolio (including bad debts due within one year)	1,130,751,153.54	504,673,327.74	626,077,825.80	1,326,102,103.46	496,255,129.40	829,846,974.06
Including: Portfolio of employee	189,823,070.83	-	189,823,070.83	252,011,920.75	-	252,011,920.75
Portfolio of financial leasing and installment collection customers	940,928,082.71	504,673,327.74	436,254,754.97	1,074,090,182.71	496,255,129.40	577,835,053.31
Total	1,130,751,153.54	504,673,327.74	626,077,825.80	1,326,102,103.46	496,255,129.40	829,846,974.06

Portfolio of employee

The Group believes that the employees corresponding to the 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 June 30, 2026, the credit risk and expected credit losses of long-term receivables relating to financial leasing and installment collection customers are as follows:

Unit: RMB

Aging	Closing balance		
	Account balance	Bad debts provision	Forecast average loss rate (%)
Within credit period	155,845,016.89	1,223,442.96	0.79
Within 1 year after exceeding credit period	106,138,397.43	5,763,314.98	5.43
1-2 years after exceeding credit period	112,825,147.73	25,645,156.08	22.73
2-3 years after exceeding credit period	111,487,746.96	51,897,546.21	46.55
3-4 years after exceeding credit period	159,962,459.15	125,474,552.96	78.44
Over 4 years after exceeding credit period	294,669,314.55	294,669,314.55	100.00
Total	940,928,082.71	504,673,327.74	53.64

12.3 Bad debt provision

Aging	Opening balance	Amount of changes in the current reporting period		Difference due to foreign currency statement translation	Closing balance
		Provision / (Reversal)	Transfer or write-off		
Long-term receivables	496,255,129.40	4,418,198.34	(4,000,000.00)	-	504,673,327.74
Total	496,255,129.40	4,418,198.34	(4,000,000.00)	-	504,673,327.74

13. Long-term equity investment

Unit: RMB

The invested entity	Opening balance (Book value)	Increase/Decrease in the current reporting period								Closing balance (Book value)	Closing balance for impairment provision
		Additional investments	Investment reduction	Investment profit (loss) recognized under the equity method	Adjustment: other comprehensive income	Other changes in equity (Note 1)	Declaration of cash dividends or profit distribution	Impairment provision	others		
1. Joint ventures											
Hangzhou Haikang Intelligent Industrial Equity Investment Fund Partnership (L.P.)	987,145,908.63	-	-	621,814,929.46	-	(253,851.32)	20,874,811.13	-	-	1,587,832,175.64	-
Guangxi Haishi Urban Operation Management Co., Ltd.	9,417,185.52	-	-	837,133.60	-	-	-	-	-	10,254,319.12	-
Xuzhou Kangbo Urban Operation Management Service Co., Ltd.	9,145,311.24	-	-	9,348.87	-	-	-	-	-	9,154,660.11	-
Other	3,796,225.38	-	-	53,648.83	-	-	-	-	-	3,849,874.21	-
Subtotal	1,009,504,630.77	-	-	622,715,060.76	-	(253,851.32)	20,874,811.13	-	-	1,611,091,029.08	-
2. Associates											
Taifang Zhigan (Chongqing)Technology Co. Ltd.	31,126,639.12	-	-	(1,773,677.26)	-	2,892,587.32	-	-	-	32,245,549.18	-
Jiaxing Haishi JiaAn Zhicheng Technology Co., Ltd.	28,740,738.36	-	-	(5,126,472.71)	-	-	-	-	-	23,614,265.65	-
Zhiguang Hailian Big Data Technology Co., Ltd.	27,985,612.07	-	-	1,933,446.55	-	-	-	-	-	29,919,058.62	-
Terapark (Nanjing) Co., Ltd.	10,483,555.33	-	-	(934,071.50)	-	68,152.96	-	-	-	9,617,636.79	5,129,141.16
Other	561,233,425.10	-	-	(556,445.86)	-	7,866,803.00	6,729,011.10	-	-	561,814,771.14	-
Subtotal	659,569,969.98	-	-	(6,457,220.78)	-	10,827,543.28	6,729,011.10	-	-	657,211,281.38	5,129,141.16
Total	1,669,074,600.75	-	-	616,257,839.98	-	10,573,691.96	27,603,822.23	-	-	2,268,302,310.46	5,129,141.16

Note 1: The changes in other equity in the period were caused by the changes in equity of the investee due to increase or decrease investments from other shareholders.

14. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Investments in equity instruments (Note)	668,271,418.62	589,955,315.74
Total	668,271,418.62	589,955,315.74

Note: It refers to the Group's equity investments. The Group has no control, joint control or significant influence over these invested company.

15. Fixed assets

15.1 Details of fixed assets

Unit: RMB

Item	Building and construction	General-purpose equipment	Special-purpose equipment	Transportation vehicles	Total
I. Original cost					
1. Opening balance	19,628,667,237.02	2,942,122,971.96	5,296,793,805.14	109,660,178.19	27,977,244,192.31
2. Increase in the current reporting period	21,066,338.52	281,492,839.71	514,626,340.23	4,097,530.81	821,283,049.27
1) purchase	11,897,307.89	277,202,442.93	92,649,843.85	4,097,530.81	385,847,125.48
2) transferred from construction in progress	9,169,030.63	4,290,396.78	406,048,153.10	-	419,507,580.51
3) transferred from inventory	-	-	15,928,343.28	-	15,928,343.28
3. Decrease in the current reporting period	12,160,709.57	34,169,533.30	33,653,700.08	3,204,325.50	83,188,268.45
1) disposal or write-off	12,160,709.57	34,169,533.30	33,653,700.08	3,204,325.50	83,188,268.45
4. Difference due to foreign currency statement translation	(15,392,813.33)	(13,103,193.04)	(5,863,716.23)	(563,329.71)	(34,923,052.31)
5. Closing balance	19,622,180,052.64	3,176,343,085.33	5,771,902,729.06	109,990,053.79	28,680,415,920.82
II. Accumulated depreciation					
1. Opening balance	3,035,598,619.45	1,647,509,499.43	3,036,549,462.75	80,652,996.23	7,800,310,577.86
2. Increase in the current reporting period	442,548,704.33	188,746,462.60	335,530,491.83	4,356,495.63	971,182,154.39
1) accrual	442,548,704.33	188,746,462.60	335,530,491.83	4,356,495.63	971,182,154.39
3. Decrease in the current reporting period	8,071,587.56	29,801,586.65	29,111,684.94	2,965,004.72	69,949,863.87
1) disposal or write-off	8,071,587.56	29,801,586.65	29,111,684.94	2,965,004.72	69,949,863.87
4. Difference due to foreign currency statement translation	(3,489,465.38)	(9,588,961.57)	(4,608,828.30)	(291,143.75)	(17,978,399.00)
5. Closing balance	3,466,586,270.84	1,796,865,413.81	3,338,359,441.34	81,753,343.39	8,683,564,469.38
III. Impairment provision					
1. Opening balance	19,162.50	-	-	-	19,162.50
2. Closing balance	19,162.50	-	-	-	19,162.50
IV. Book value					
1. Closing balance on book value	16,155,574,619.30	1,379,477,671.52	2,433,543,287.72	28,236,710.40	19,996,832,288.94
2. Opening balance on book value	16,593,049,455.07	1,294,613,472.53	2,260,244,342.39	29,007,181.96	20,176,914,451.95

15.2 As of June 30, 2026 the book value of special-purpose equipment leased by the Group through operating leases is RMB26,952,223.56.

15.3 Fixed assets of which certificates of title have not been granted as of June 30, 2026 are as follows:

Unit: RMB

Item	Book value	Reason for certificates of title not granted
Office building for branches	10,170,780.71	In the process of obtaining the real estate certificates
Total	10,170,780.71	

16. Construction in progress

16.1 Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Provision	Book value	Account balance	Provision	Book value
Wuhan Intelligence Industry Park Product (Phase II)	510,760,295.36	-	510,760,295.36	434,433,639.30	-	434,433,639.30
Infrared Thermal Imaging Products Industrial Base Project	468,899,652.17	-	468,899,652.17	370,404,921.99	-	370,404,921.99
HikRobot Product Industrial Base Construction Project	458,038,461.50	-	458,038,461.50	342,173,654.91	-	342,173,654.91
Others	628,185,635.72	-	628,185,635.72	767,098,679.47	-	767,098,679.47
Total	2,065,884,044.75	-	2,065,884,044.75	1,914,110,895.67	-	1,914,110,895.67

16.2 Changes in significant construction in progress during the current reporting period

Unit: RMB

Item	Budget (RMB0,000)	Opening balance	Increase in the current reporting period	Transferred to fixed assets during the current reporting period	Closing balance	Amount invested as proportion of budget amount (%)	Construction in Progress (%)	Accumulated amount of interest capitalization	Of which: amount of interest capitalized in the reporting period	Source of funds
Wuhan Intelligence Industry Park Product (Phase II)	117,534.00	434,433,639.30	76,326,656.06	-	510,760,295.36	43.46%	43.46%	-	-	Self-fund
Infrared Thermal Imaging Products Industrial Base Project	77,589.00	370,404,921.99	98,494,730.18	-	468,899,652.17	60.43%	60.43%	-	-	Self-fund
HikRobot Product Industrial Base Construction Project	101,346.00	342,173,654.91	115,864,806.59	-	458,038,461.50	45.20%	45.20%	285,997.01	282,474.43	Self-fund/ borrowing

17. Right-of-use assets

Unit: RMB

Item	Houses and buildings	General equipment	Special-purpose equipment	Transportation vehicles	Total
I. Original cost					
1. Opening balance	804,174,874.84	114,525.48	25,866,583.99	21,927,225.37	852,083,209.68
2. Increased	120,206,078.30	-	897,453.46	6,918,438.72	128,021,970.48
(1) New Lease	120,206,078.30	-	897,453.46	6,918,438.72	128,021,970.48
3. Decreased	112,076,625.04	111,975.71	-	2,838,232.28	115,026,833.03
(1) The lease contract expires or terminates early	112,076,625.04	111,975.71	-	2,838,232.28	115,026,833.03
4. Difference due to foreign currency statement translation	(16,971,800.80)	(2,549.77)	-	(1,022,020.94)	(17,996,371.51)
5. Closing balance	795,332,527.30	-	26,764,037.45	24,985,410.87	847,081,975.62
II. Accumulated depreciation					
1. Opening balance	392,458,102.31	39,257.65	5,173,316.80	11,916,691.05	409,587,367.81
2. Increased	90,846,573.92	1,889.28	1,322,279.31	1,844,706.60	94,015,449.11
(1) Provisions	90,846,573.92	1,889.28	1,322,279.31	1,844,706.60	94,015,449.11
3. Decreased	89,712,601.91	40,272.91	-	2,595,599.04	92,348,473.86
(1) The lease contract expires or terminates early	89,712,601.91	40,272.91	-	2,595,599.04	92,348,473.86
4. Difference due to foreign currency statement translation	(8,884,825.34)	(874.02)	-	(582,040.33)	(9,467,739.69)
5. Closing balance	384,707,248.98	-	6,495,596.11	10,583,758.28	401,786,603.37
III. Book value					
1. Closing balance on book value	410,625,278.32	-	20,268,441.34	14,401,652.59	445,295,372.25
2. Opening balance on book value	411,716,772.53	75,267.83	20,693,267.19	10,010,534.32	442,495,841.87

18. Intangible assets

18.1 Details of intangible assets

Unit: RMB

Item	Land use right	Intellectual property right	Application software	Franchise	Total
I. Original cost					
1. Opening balance	1,873,819,931.81	248,459,758.76	417,030,576.65	112,403,981.48	2,651,714,248.70
2. Increased	-	1,928,285.20	14,735,284.70	23,045.84	16,686,615.74

Item	Land use right	Intellectual property right	Application software	Franchise	Total
(1) Purchase	-	1,928,285.20	14,735,284.70	23,045.84	16,686,615.74
3. Decreased	-	-	4,992,848.58	-	4,992,848.58
(1) Disposal or write-off	-	-	4,992,848.58	-	4,992,848.58
4. Difference due to foreign currency statement translation	-	(43,214.51)	(2,617,254.08)	-	(2,660,468.59)
5. Closing balance	1,873,819,931.81	250,344,829.45	424,155,758.69	112,427,027.32	2,660,747,547.27
II. Accumulated amortization					
1. Opening balance	247,380,909.55	139,131,207.21	355,764,062.47	37,329,800.96	779,605,980.19
2. Increased	19,877,658.14	18,153,827.54	12,673,339.95	3,466,467.46	54,171,293.09
(1) Accrual	19,877,658.14	18,153,827.54	12,673,339.95	3,466,467.46	54,171,293.09
3. Decreased	-	-	4,873,351.67	-	4,873,351.67
(1) Disposal or write-off	-	-	4,873,351.67	-	4,873,351.67
4. Difference due to foreign currency statement translation	-	(40,282.89)	(2,404,173.67)	-	(2,444,456.56)
5. Closing balance	267,258,567.69	157,244,751.86	361,159,877.08	40,796,268.42	826,459,465.05
III. Impairment provision					
1. Opening balance	-	-	-	42,034,063.49	42,034,063.49
2. Closing balance	-	-	-	42,034,063.49	42,034,063.49
VI. Book value					
1. Closing balance on book value	1,606,561,364.12	93,100,077.59	62,995,881.61	29,596,695.41	1,792,254,018.73
2. Opening balance on book value	1,626,439,022.26	109,328,551.55	61,266,514.18	33,040,117.03	1,830,074,205.02

18.2 At the end of the current reporting period, the Group does not have any land use rights that have not been issued with certificates

19. Goodwill

Unit: RMB

The name of the investee or the matter that forming a goodwill	Opening balance	Increased	Decreased	Difference due to foreign currency statement translation	Closing balance
Whst Co., Ltd. and Whst Hebei	92,088,117.87	-	-	-	92,088,117.87
SISTEMAS Y SERVICIOS DE COMUNICACIÓN, S.A. DE C.V.	80,618,177.91	-	-	(2,499,246.10)	78,118,931.81
Henan Huaan Baoquan Intelligence Development Co., Ltd. and its subsidiaries	61,322,871.63	-	-	-	61,322,871.63
Others	77,158,559.60	-	-	(563,004.33)	76,595,555.27
Total	311,187,727.01	-	-	(3,062,250.43)	308,125,476.58

20. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increased	Amortized	Other decreased	Difference due to foreign currency statement translation	Closing balance
Improvement expenditure for asset	127,650,830.41	13,735,960.09	27,819,209.64	-	(2,535,983.60)	111,031,597.26
Employee housing loan deferred interest	20,378,696.85	1,373,204.40	4,655,997.70	912,407.41	-	16,183,496.14
Total	148,029,527.26	15,109,164.49	32,475,207.34	912,407.41	(2,535,983.60)	127,215,093.40

21. Deferred tax assets/deferred tax liabilities

21.1 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	1,189,509,199.00	298,938,479.17	1,119,730,076.20	282,992,826.48
Provision for credit loss	4,522,036,202.70	961,350,714.07	4,311,999,173.90	908,397,631.86
Provisions	263,384,174.51	63,517,660.33	246,454,625.54	56,863,543.05
Accrued but unsettled liabilities	2,960,530,217.84	510,764,310.28	2,792,079,646.48	479,155,818.74
Unrealized profit from inter-group transactions	4,516,208,903.28	678,009,713.72	3,911,533,586.44	618,621,446.58
Changes in the fair value of derivative financial instruments	3,594,977.60	898,744.40	9,972,993.98	2,493,248.50
Government subsidies	933,205,235.09	151,634,267.71	871,649,529.85	142,235,152.75
Changes in the fair value of other non-current financial assets	48,914,837.11	7,337,225.57	57,188,296.74	8,578,244.51
Depreciation difference of fixed assets and amortization difference of intangible assets	109,181,792.64	20,321,980.92	148,158,096.44	28,174,763.38
Deductible losses	1,036,709,903.93	173,950,994.41	1,096,464,266.73	185,789,389.54
Lease liabilities	452,864,150.88	84,392,801.65	451,481,271.08	84,413,233.21
Others	189,410,583.78	52,945,545.64	146,461,328.98	40,825,157.12
Total	16,225,550,178.36	3,004,062,437.87	15,163,172,892.36	2,838,540,455.72

21.2 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
Depreciation difference of fixed assets and amortization difference of intangible assets	1,838,568,074.64	335,789,087.35	1,816,873,539.85	329,791,740.84
Long-term equity investments measured by equity method - partnership	394,276,358.86	59,141,453.83	380,230,989.39	57,034,648.41
Changes in the fair value of derivative financial instruments	28,446,266.04	7,111,566.51	4,753,565.60	1,188,391.40
Changes in the fair value of other non-current financial assets	18,099,354.27	4,524,838.57	18,099,354.27	4,524,838.57
Right-of-use assets	445,295,372.25	80,077,848.48	442,495,841.87	79,989,518.15
Valuation and appreciation of assets of business combinations not under common control	87,171,428.44	21,792,857.11	104,605,714.18	26,151,428.55
Others	76,380,669.48	24,629,873.08	59,978,380.99	18,820,576.86
Total	2,888,237,523.98	533,067,524.93	2,827,037,386.15	517,501,142.78

21.3 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	433,002,808.57	2,571,059,629.30	402,917,933.88	2,435,622,521.84
Deferred tax liabilities	433,002,808.57	100,064,716.36	402,917,933.88	114,583,208.90

22. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Impairment provisions	Book value	Account balance	Impairment provisions	Book value
Contract assets	1,855,339,722.39	35,605,054.27	1,819,734,668.12	1,882,161,712.48	25,989,288.57	1,856,172,423.91
Prepayments for equipment	72,064,115.03	-	72,064,115.03	41,015,731.41	-	41,015,731.41
Prepayments for infrastructure	2,513,554.42	-	2,513,554.42	485,067.24	-	485,067.24
Prepayments for real estate	3,549,537.67	-	3,549,537.67	-	-	-
Others	178,727.96	-	178,727.96	198,742.26	-	198,742.26
Total	1,933,645,657.47	35,605,054.27	1,898,040,603.20	1,923,861,253.39	25,989,288.57	1,897,871,964.82

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	407,867,779.21	Various guarantee deposits and other restricted funds

Notes receivable	1,286,184,827.94	Endorsed to the supplier, discounted to the bank
Accounts receivable	172,872,587.02	Pledged for long-term borrowings and recourse factoring
Contract assets	46,833,721.31	Pledged for long-term borrowings
Fixed assets	26,952,223.56	Fixed assets leased out under operating leases
Intangible assets	10,019,491.00	Pledged for long-term borrowings
Other non-current assets	436,901,296.51	Pledge for long-term borrowings
Total	2,387,631,926.55	

Unit: RMB

Item	Book value at the beginning of the current reporting period	Cause of restriction
Cash and bank balances	303,989,964.01	Various guarantee deposits and other restricted funds
Notes receivable	1,525,932,671.08	Endorsed to the supplier, discounted to the bank
Accounts receivable	96,475,719.29	Pledged for long-term borrowings
Contract assets	57,422,774.91	Pledged for long-term borrowings
Fixed assets	35,397,385.10	Fixed assets leased out under operating leases
Intangible assets	10,735,168.93	Pledged for long-term borrowings
Other non-current assets	483,735,017.82	Pledge for long-term borrowings
Total	2,513,688,701.14	

24. Short-term borrowings

24.1 Categories of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit loan	1,624,981,252.58	2,603,750,650.74
Discounted but not expired notes	1,134,495,951.86	82,115,586.20
Accounts receivable factoring	9,185,910.00	-
Total	2,768,663,114.44	2,685,866,236.94

24.2 As of June 30, 2026, 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	3,897,841.90	11,299,401.25
total	3,897,841.90	11,299,401.25

26. Notes payable

List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	612,897,818.96	783,778,534.95
Total	612,897,818.96	783,778,534.95

As of June 30, 2026, the Group did not have any unpaid matured notes payable.

27. Accounts payable

27.1 List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payments for goods	19,296,244,818.73	18,114,264,867.48
Payments for engineering equipment	1,536,657,199.92	1,729,684,708.39
Total	20,832,902,018.65	19,843,949,575.87

27.2 As of June 30, 2026, the Group did not have any significant accounts payable with aging above one year.

28. Contract liabilities

28.1 List of contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advanced receipts from products sales	3,991,145,550.95	3,300,237,974.03
Advanced receipts for construction settlement payment	275,331,133.45	332,383,382.90
Advanced receipts from other services	917,680,872.57	788,958,524.94
Subtotal	5,184,157,556.97	4,421,579,881.87
Less: Contract liabilities included in other non-current liabilities (Note (V), 38)	264,209,158.07	221,089,008.80
Total	4,919,948,398.90	4,200,490,873.07

28.2 As of the end of this period, the Group has no significant contract liabilities with an age exceeding one year.

28.3 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

29. Payroll payable

29.1 Details of payroll payable

Unit: RMB

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Short-term remuneration	6,817,332,886.80	9,750,156,011.32	10,643,404,041.52	5,924,084,856.60
2. Termination benefits – defined contribution scheme	120,184,255.55	806,235,554.68	796,477,085.78	129,942,724.45
Total	6,937,517,142.35	10,556,391,566.00	11,439,881,127.30	6,054,027,581.05

29.2 List of short-term remuneration

Unit: RMB

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	6,098,088,056.33	8,321,788,955.83	9,255,967,549.97	5,163,909,462.19
2. Staff welfare	53,008,788.46	164,676,956.27	214,184,025.41	3,501,719.32
3. Social insurance contributions	46,137,452.75	408,236,902.60	400,762,707.95	53,611,647.40
Including: Medical insurance	42,021,625.42	386,859,162.15	379,632,168.48	49,248,619.09
Injury insurance	4,067,651.86	19,919,630.12	19,673,702.44	4,313,579.54
Maternity insurance	48,175.47	1,458,110.33	1,456,837.03	49,448.77
4. Housing funds	4,384,936.21	718,816,605.69	721,280,874.79	1,920,667.11
5. Labor union and education fund	615,713,653.05	136,636,590.93	51,208,883.40	701,141,360.58
Subtotal	6,817,332,886.80	9,750,156,011.32	10,643,404,041.52	5,924,084,856.60

29.3 List of defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension insurance	115,862,490.56	777,964,027.67	768,639,522.25	125,186,995.98
2. Unemployment insurance	4,321,764.99	28,271,527.01	27,837,563.53	4,755,728.47
Subtotal	120,184,255.55	806,235,554.68	796,477,085.78	129,942,724.45

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.

30. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Corporate income tax	1,513,636,547.63	1,198,882,556.42

Item	Closing balance	Opening balance
Value-added tax	435,863,884.46	395,354,482.49
City construction and maintenance tax	28,530,147.35	23,179,267.57
Education surcharges	12,220,786.52	9,958,086.04
Local education surcharges	8,349,825.06	7,345,119.73
Others	147,900,868.73	159,371,990.82
Total	2,146,502,059.75	1,794,091,503.07

31. Other payables

31.1 By categories

Unit: RMB

Item	Closing balance	Opening balance
Dividend payable	29,995,616.97	27,964,450.23
Other payables	3,025,420,075.91	3,356,055,644.70
Total	3,055,415,692.88	3,384,020,094.93

31.2 Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable to minority shareholders	29,995,616.97	27,964,450.23
Total	29,995,616.97	27,964,450.23

31.3 Other payables

31.3.1 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	1,252,688,876.08	1,443,817,084.88
Accrued expenses	1,012,230,101.14	1,139,501,014.09
Guarantee and deposit fees	517,800,203.55	507,880,795.13
Collection and payment on behalf	185,397,854.48	170,071,009.37
Other expense payable	57,303,040.66	94,785,741.23
Total	3,025,420,075.91	3,356,055,644.70

31.3.2 As of June 30, 2026, 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)	707,765,365.52	3,610,693,121.74
Lease liabilities due within one year (Note (V) 35)	186,650,069.43	156,501,215.32
Long-term payables due within one year (Note (V) 36)	166,576,809.94	172,076,792.55
Total	1,060,992,244.89	3,939,271,129.61

33. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output VAT to be transferred	412,873,237.52	345,654,100.50
Product quality warranty	44,810,027.12	53,607,508.46
Others	25,602,258.51	16,169,273.44
Total	483,285,523.15	415,430,882.40

34. Long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan (Note 1)	346,341,194.44	372,414,883.33
Credit loan (Note 2)	1,294,864,245.02	4,448,843,052.80
Less：Long-term loans due within one year (Note (V) 32)	707,765,365.52	3,610,693,121.74
Total	933,440,073.94	1,210,564,814.39

Note 1: At the end of the reporting period, the pledged loan was mainly obtained by the Group with all the rights and benefits under related PPP projects pledged. The maturity date interval is November 5, 2031, and the annual interest rate is a floating rate, adjusted in line with the adjustment of the 5-year RMB loan benchmark rate announced by the People's Bank of China.

Note 2: At the end of the reporting period, the maturity period of credit loan is from December 1, 2027 to September 21, 2030, and the annual interest rate ranges from 1.25% to 2.51%

35. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities	457,775,952.71	455,892,181.48
Less: Lease liabilities due within one year (Note (V), 32)	186,650,069.43	156,501,215.32
Total	271,125,883.28	299,390,966.16

36. Provisions

Unit: RMB

Item	Closing balance	Opening balance
Product quality warranty	279,411,196.98	284,494,495.50
Others	3,106,840.00	6,017,672.26
Less: Provisional liabilities due within one year (Note (V), 32)	166,576,809.94	172,076,792.55
Total	115,941,227.04	118,435,375.21

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)	863,263,662.53	163,097,350.58	102,390,645.47	923,970,367.64
Total	863,263,662.53	163,097,350.58	102,390,645.47	923,970,367.64

38. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Contract liabilities (Note (V), 28)	264,209,158.07	221,089,008.80
Total	264,209,158.07	221,089,008.80

39. Share capital

Unit: RMB

	Opening balance	Changes for the current reporting period					Closing balance
		New issue of shares	Bonus issue	Capital reserve conversion to shares	Others	Subtotal	
Total shares	9,164,871,550.00	-	-		-	-	9,164,871,550.00

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 premium	3,781,852,942.27	-	26,865,994.35	3,754,986,947.92
Other capital reserves	603,521,536.95	40,975,986.99	-	644,497,523.94
Total	4,385,374,479.22	40,975,986.99	26,865,994.35	4,399,484,471.86

Note 1: The increase in other capital reserve for the period of RMB31,320,758.17 is formed by share-based payment settled by equity; RMB9,624,954.92 is formed by the change in other equity interests of the investee in the long-term equity investment accounted for by the equity method; RMB 30,273.90 was attributable to the acquisition of equity held by the original minority shareholders of the subsidiary Shijiazhuang Sensor-Tech by the Group, see Notes (VII), 2 for details.

Note 2: The decrease in share premium for this period by RMB 26,865,994.35 was due to the Group's acquisition of equity held by the former minority shareholders of its subsidiary Shijiazhuang Sensor-Tech, see Notes (VII), 2 for details.

41. 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 owner of the parent company (after tax)	Attributable to minority shareholders (after tax)	
Other incomes that may be reclassified subsequently to profit or loss	23,384,816.83	(44,317,262.45)	-	-	(37,601,121.99)	(6,716,140.46)	(14,216,305.16)
Included: effect on translation of financial statements denominated in foreign currencies	23,384,816.83	(44,317,262.45)	-	-	(37,601,121.99)	(6,716,140.46)	(14,216,305.16)
Other comprehensive income	23,384,816.83	(44,317,262.45)	-	-	(37,601,121.99)	(6,716,140.46)	(14,216,305.16)

42. 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 Company's *Articles of Association*, the parent company shall withdraw the statutory surplus reserve fund at 10% of the annual net profit, and when the accumulated amount of the statutory surplus reserve fund reaches more than 50% of the registered capital, it may not be withdrew. The statutory surplus reserve can be used to make up for losses or increase the share capital after approval. The statutory surplus reserves of the Company amount to RMB 4,715,460,312.00, which has reached more than 50% of the Company’s share capital.

43. Retained earnings

Unit: RMB

Item	First half of 2026	First half of 2025
Retained earnings at beginning of period	65,059,094,727.57	60,959,912,942.15
Add: Net profit attributable to owners of the Company for the current reporting period	7,895,705,450.11	5,657,349,798.68
Less: Transfer to surplus reserve	-	-
Dividends payable on common shares (Note)	6,873,653,662.50	6,430,241,489.00
Retained earnings at the end of the current reporting period	66,081,146,515.18	60,187,021,251.83

Note: According to the resolution of 2025 Annual General Meeting held on May 8, 2026, based upon the total capital share of the Company, on the equity distribution date, for each 10 common shares, the Company distributed cash dividends of RMB7.50 (tax inclusive), the rest of retained earnings were all carried forward for future distributions.

44. Revenue and operating costs

44.1 Revenue and operating cost

Unit: RMB

Item	First half of 2026		First half of 2025	
	Revenue	Cost	Revenue	Cost
Major business	46,584,846,522.04	23,253,261,505.88	41,525,014,671.51	22,781,230,283.00
Other business	237,691,325.03	173,336,500.47	293,025,416.93	138,269,156.04
Total	46,822,537,847.07	23,426,598,006.35	41,818,040,088.44	22,919,499,439.04

44.2 Revenue (categorized by product or business type)

Item	First half of 2026	First half of 2025
Products and services for main business (Note)	30,616,341,900.37	29,271,794,689.37
Constructions of main business	1,036,484,458.97	780,316,256.46
Innovative businesses	15,169,711,487.73	11,765,929,142.61
Including: Robotic business	4,027,882,511.41	3,138,354,805.04
Thermal imaging business	2,964,146,065.61	2,008,057,842.03
Smart home business	2,817,179,848.17	2,752,441,041.15
Auto electronics business	2,763,828,320.43	2,352,287,642.16
Storage business	1,944,390,380.66	1,033,275,636.44
Other innovative businesses	652,284,361.45	481,512,175.79
Total	46,822,537,847.07	41,818,040,088.44

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

44.3 Major business (by business type)

Unit: RMB

Item	First half of 2026	
	Revenue	Cost
Product sales	44,361,250,926.32	21,754,571,220.23
Construction contract	1,036,484,458.97	872,049,187.36
Provide services	1,187,111,136.75	626,641,098.29
Total	46,584,846,522.04	23,253,261,505.88

44.4 Major business (by the time of revenue recognition)

Unit: RMB

Item	First half of 2026	
	Revenue	Cost
Recognized at a point in time	44,361,250,926.32	21,754,571,220.23
Recognized over time	2,223,595,595.72	1,498,690,285.65
Total	46,584,846,522.04	23,253,261,505.88

45. Business taxes and surcharges

Unit: RMB

Item	First half of 2026	First half of 2025
City construction and maintenance tax	168,693,656.74	148,356,355.71
Real estate tax	80,346,352.96	72,692,986.17
Education surcharges	74,320,831.31	64,211,995.27
Local education surcharges	49,547,220.85	42,807,996.85
Stamp duty	44,560,739.05	36,467,533.81
Tax on use of land	11,754,235.01	12,725,051.59
Tax on use of vehicle and vessel	67,627.51	72,047.06
Others	2,588,441.30	1,578,727.27
Total	431,879,104.73	378,912,693.73

46. Financial expenses

Unit: RMB

Item	First half of 2026	First half of 2025
Interest expenses	74,669,901.06	96,167,687.78
Interest expense on lease liabilities	10,072,148.49	10,944,560.30
Less: Interest income	383,972,908.76	281,621,810.18
Foreign exchange losses (gains)	594,714,106.15	(606,543,396.00)
Less: Capitalized specific loan interests	282,474.43	-
Others	51,036,667.47	41,684,543.70
Total	346,237,439.98	(739,368,414.40)

47. Other income

Unit: RMB

Item	First half of 2026	First half of 2025
VAT refund	1,031,712,677.61	797,785,002.36
Special subsidies	226,417,389.55	347,251,070.73
Others	38,120,151.35	35,635,160.79
Total	1,296,250,218.51	1,180,671,233.88

48. Investment income (losses)

Unit: RMB

Item	First half of 2026	First half of 2025
Long-term equity investment gains (losses) based on the equity method	616,257,839.98	4,673,722.38
Investment gains (losses) from disposal of derivative financial assets	18,582,307.65	(41,578,674.25)
Gain (loss) on debt restructuring	18,522,982.11	-
Investment gains (loss) from the disposal of long-term equity investments.	-	224,079.88
Investment gains (loss) from the termination of recognition of financial assets measured at amortized cost.	-	49,420.00
Others	6,004,781.60	-
Total	659,367,911.34	(36,631,451.99)

49. Gains (losses) from changes in fair values

Unit: RMB

Sources of gains (losses) from changes in fair values	First half of 2026	First half of 2025
Gains (losses) on the changes in fair value of derivative financial assets	26,907,615.80	(26,750,323.93)
Gains (losses) from changes in fair value of other non-current financial assets	8,273,459.63	37,607,852.79
Gains (losses) on the changes in fair value of derivative financial liabilities	7,370,063.22	(53,974,972.19)
Total	42,551,138.65	(43,117,443.33)

50. Credit impairment gains (losses)

Unit: RMB

Item	First half of 2026	First half of 2025
Credit impairment gains (losses) of account receivable	(518,109,124.62)	(326,139,164.92)
Credit impairment gains (losses) of other receivables	(7,557,205.61)	(1,616,798.40)
Credit impairment gains (losses) of long-term receivables	(4,418,198.34)	(52,547,886.25)
Credit impairment gains (losses) of notes receivable	467,756.05	1,609,678.20
Total	(529,616,772.52)	(378,694,171.37)

51. Impairment gains (losses) of assets

Unit: RMB

Item	First half of 2026	First half of 2025
Gains (losses) on inventory devaluation	(222,870,220.26)	(205,498,860.45)
Gains (losses) on contract assets impairment (including the portion included in other non-current assets)	(10,170,315.95)	1,178,355.48
Gains (losses) on impairment of fixed assets。	-	(4,245,701.67)
Total	(233,040,536.21)	(208,566,206.64)

52. Non-operating income

Unit: RMB

Item	First half of 2026	First half of 2025	The amount booked into current period non-recurring profits and losses
Fines and confiscations	43,949,066.45	27,598,142.65	43,949,066.45
Government subsidies	982,489.88	1,294,315.29	982,489.88
Others	11,507,479.09	4,064,739.98	11,507,479.09
Total	56,439,035.42	32,957,197.92	56,439,035.42

53. Non-operating expenses

Unit: RMB

Item	First half of 2026	First half of 2025	The amount booked into current period non-recurring profits and losses
Donation expenses	8,165,852.86	1,494,954.74	8,165,852.86
Local water conservancy construction fund	1,811,876.24	1,721,616.80	-
Others	10,039,547.96	4,105,862.99	10,039,547.96
Total	20,017,277.06	7,322,434.53	18,205,400.82

54. Income tax expenses

Unit: RMB

Item	First half of 2026	First half of 2025
Current income tax expenses	1,924,905,937.07	1,213,540,999.19
Deferred income tax expenses	(153,312,785.76)	(95,153,343.99)

Item	First half of 2026	First half of 2025
Differences in filing and payment of income tax in previous reporting years	(489,319,727.84)	(358,973,681.46)
Total	1,282,273,423.47	759,413,973.74

55. Notes to consolidated cash flow statement items

55.1 Cash relating to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	First half of 2026	First half of 2025
Interest income	332,024,352.10	233,121,669.73
Government subsidies	288,106,584.54	318,253,716.23
Others	249,280,526.17	261,580,950.83
Total	869,411,462.81	812,956,336.79

Other cash payments relating to operating activities

Unit: RMB

Item	First half of 2026	First half of 2025
Office expenses and business expenses	971,981,117.39	953,595,728.54
Advertising and Selling services	780,206,074.58	769,106,416.13
R&D expenses	746,522,669.04	644,800,758.58
Travelling expenses	354,833,341.47	378,323,798.80
Shipping and transportation expenses	203,603,932.92	197,908,262.99
Rental expenses	44,833,283.55	43,518,098.53
Others	468,699,594.73	374,687,982.00
Total	3,570,680,013.68	3,361,941,045.57

55.2 Cash relating to investing activities

Other cash receipts relating to investing activities

Unit: RMB

Item	First half of 2026	First half of 2025
Receipts of financing lease payments	26,794,203.84	35,361,878.15
Net Cash Received from Acquiring Subsidiaries and Other Business Units	-	22,949,177.71
Total	26,794,203.84	58,311,055.86

55.3 Cash relating to financing activities

Other cash payments relating to financing activities

Unit: RMB

Item	First half of 2026	First half of 2025
Repayment of lease liabilities	113,875,286.38	104,168,573.61
Consideration paid for acquisition of minority shares	36,660,000.00	-
Repurchase of outstanding shares	-	1,538,486,901.95
Total	150,535,286.38	1,642,655,475.56

56. Supplementary information about cash flow statement

56.1 Supplementary information about cash flow statement

Unit: RMB

Supplementary information	First half of 2026	First half of 2025
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	9,123,000,553.88	6,281,476,630.83
Add: Impairment losses of assets	233,040,536.21	208,566,206.64
Provision for credit losses	529,616,772.52	378,694,171.37
Fixed assets depreciation	971,182,154.39	778,654,426.95
Amortization of right-of use assets	94,015,449.11	102,884,841.39
Amortization of intangible assets	54,171,293.09	52,897,969.98
Amortization of long-term deferred expenses	32,475,207.34	46,361,111.95
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	38,039.60	(7,386,351.06)
Losses (gains) from disposal of fixed assets	45,062.52	37,218.90
Losses (gains) from changes in fair value	(42,551,138.65)	43,117,443.33
Financial expenses	29,358,561.44	53,314,962.31
Investment losses (gains)	(640,844,929.23)	36,680,871.99
Share-based payment based on equity settlement	38,355,271.71	56,631,332.08
Decrease (increase) of restricted funds	(103,877,815.20)	(67,101,426.08)
Decrease (Increase) in deferred income tax assets	(138,962,340.57)	(114,855,728.16)
Increase (decrease) in deferred income tax liabilities	(14,350,445.19)	19,702,384.17
Decrease (increase) in inventories	(9,234,611,953.97)	(251,612,593.04)
Decrease (increase) in operating receivables	1,853,116,763.58	3,595,520,825.49
Increase (decrease) in operating payables	387,487,576.89	(5,840,272,991.36)
Increase (decrease) in deferred income	60,706,705.11	(30,291,669.79)
Net cash flows from operating activities	**3,231,411,324.58**	**5,343,019,637.89**
2. **Net changes in cash and cash equivalents:**		
Closing balance of cash	37,443,499,183.66	30,998,547,844.79
Less: Opening balance of cash	46,204,338,694.43	36,053,042,380.29
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	**(8,760,839,510.77)**	**(5,054,494,535.50)**

56.2 Constituents of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash	37,443,499,183.66	46,204,338,694.43
Including: Cash on hand	500,772.96	434,527.61
Bank deposit for payment at any time	37,372,731,844.46	46,161,655,421.81
Other monetary capital for payment at any time	70,266,566.24	42,248,745.01
Cash equivalents	-	-
Closing balance of cash and cash equivalents	37,443,499,183.66	46,204,338,694.43

57. 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	330,520,072.59	6.8109	2,251,139,162.40
EUR	92,823,065.21	7.7671	720,966,029.81
Accounts receivable			
Including: USD	426,455,525.07	6.8109	2,904,545,935.70
EUR	134,655,384.33	7.7671	1,045,881,835.63
Short-term borrowing			
Including: EUR	100,614,427.78	7.7671	781,482,322.02
Accounts payable			
Including: USD	261,390,868.32	6.8109	1,780,307,065.04
EUR	278,569.67	7.7671	2,163,678.48

58. Lease

58.1 As a lessee

The Company leases a number of assets, including houses and buildings s, general-purpose equipment, special-purpose equipment and transportation 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 RMB52,238,114.89 (the first half of 2025: RMB53,291,060.46).

The total lease-related cash outflows for the reporting period is RMB166,113,401.27 (the first half of 2025: RMB157,459,634.07).

58.2 As a lessor

Operating lease as a lessor

Unit: RMB

Item	Income from leasing	Including: income related to variable lease payments that are included in lease receipts
Special-purpose equipment	41,224,540.29	-
Total	41,224,540.29	-

The Group's operating lease as a lessor relates to Special-purpose equipment.

Finance lease as a lessor

Unit: RMB

Item	Profits on sales	Profits on financing	Income related to variable lease payments that are not included in net lease investments
Special-purpose equipment finance lease	3,490,101.59	1,095,040.27	-
Total	3,490,101.59	1,095,040.27	-

VI. Changes in consolidation scope

During this reporting period, the Group did not experience any business combinations, disposals of subsidiaries, or other events that would result in a change in the consolidated scope. The consolidated scope remained unchanged compared to the previous fiscal year.

VII. Interest in other entities

1. Equity in subsidiaries

1.1 Composition of major subsidiaries of the Group

Name	Location of operation	Place of registration	Nature of business	Acquisition method
Hangzhou Hikvision System Technology Co., 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, Zhejiang	Technology development	Establishment
Hangzhou Hikrobot Co., Ltd.	Hangzhou	Hangzhou, Zhejiang	Technology development	Establishment

2. Transactions where the ownership interest in subsidiaries changed but control was still maintained

2.1 Explanation of changes in the share of equity in subsidiaries

Acquisition of Shijiazhuang Sensor-Tech minority equity interests

On February 28, 2026, the Group and its subsidiary Shijiazhuang Sensor-Tech jointly signed a "Share Transfer Agreement" with the original minority shareholder, agreeing to acquire 1.9516% equity held by the original minority shareholders for RMB 46.8 million. After the acquisition, the Group's equity interest in Shijiazhuang Sensor-Tech increased from 56.0969% to 58.0485%. On March 31, 2026, the share transfer was completed by both parties. As of the end of this period, the Group has paid RMB 44.46 million in share transfer consideration.

Acquisition cost	Shijiazhuang Sensor-Tech
- Cash	46,800,000.00
Total acquisition cost	46,800,000.00
Less: Equity of the subsidiary calculated according to the proportion of equity obtained	19,964,279.55
Adjustment in capital reserves	26,835,720.45

3. Equity in joint ventures or associates

Notes to Financial Statements
For the reporting period from January 1, 2026 to June 30, 2026

3.1 Aggregated financial information of insignificant joint-ventures and associates

Unit：RMB

	Closing balance / Amount for the first half of 2026	Opening balance / Amount for the first half of 2025
Associates:		
The aggregate book value of investments in associates	657,211,281.38	659,569,969.98
The aggregate amount of the following items calculated based on the Company's equity share percentage of the associates		
- Net income (loss)	(6,457,220.78)	11,202,773.52
- Other comprehensive income	-	-
- Total comprehensive income (loss)	(6,457,220.78)	11,202,773.52
Joint Ventures:		
Total investment book value	1,611,091,029.08	1,009,504,630.77
The aggregate amount of the following items calculated based on the Company's equity share percentage of the associates		
- Net gain (loss)	622,715,060.76	(6,529,051.14)
- Other comprehensive income	-	-
- Total comprehensive income (loss)	622,715,060.76	(6,529,051.14)

3.2 There are no significant restrictions on the ability of the joint ventures or associates to transfer funds to the Group.

3.3 There are no unrecognized commitments related to investment in joint ventures.

3.4 The Group has no contingent liabilities related to investments in joint ventures or associates.

VIII. Government subsidiaries

1. Liabilities relating to government subsidiaries

Unit: RMB

Liabilities	Amount at the open of the reporting period	Increase in the reporting period	Transfer to other income in the reporting period	Amount at the close of the reporting period	Asset-related /revenue-related
Special subsidy	858,338,377.67	163,097,350.58	97,898,618.43	923,537,109.82	Asset-related
Special subsidy	4,925,284.86	-	4,492,027.04	433,257.82	Revenue-related
Total	863,263,662.53	163,097,350.58	102,390,645.47	923,970,367.64	

2. Government subsidy recognized as gain or loss in the reporting period

Unit: RMB

Subsidy Projects	First half of 2026	First half of 2025
VAT refund	1,031,712,677.61	797,785,002.36
Special subsidy	227,399,879.43	348,545,386.02
Total	1,259,112,557.04	1,146,330,388.38

IX. Risks associated with financial instrument

The Group'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, some of other non-current assets, borrowings, notes payable, accounts payable, other payables, long-term payables, 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

Items	Closing balance of the current reporting period	Opening balance of the current reporting period
Financial assets:		
Measured at fair value through current profit and loss		
Derivative financial assets	31,694,623.01	4,792,243.40
Other non-current financial assets	668,271,418.62	589,955,315.74
Measured at fair value through other comprehensive income		
Receivables for financing	2,466,406,045.15	2,430,030,662.65
Measured at amortized cost		
Cash and bank balances	37,851,366,962.87	46,508,328,658.44
Notes receivable	2,667,589,974.83	3,051,356,562.64
Accounts receivable	27,784,134,749.07	29,812,378,945.77
Other receivables	501,788,186.74	442,502,788.34
Other non-current assets	178,727.96	198,742.26
Long-term receivables (including those due within one year)	626,077,825.80	829,846,974.06
Financial liabilities:		
Measured at fair value through current profit and loss		
Derivative financial liabilities	3,897,841.90	11,299,401.25
Measured at amortized cost		
Short-term borrowings	2,768,663,114.44	2,685,866,236.94
Notes payable	612,897,818.96	783,778,534.95
Accounts payable	20,832,902,018.65	19,843,949,575.87
Other payables	3,055,415,692.88	3,384,020,094.93
Long-term borrowings (including those due within one year)	1,641,205,439.46	4,821,257,936.13
Long-term payables (including those due within one year)	9,749,569.60	9,749,569.60

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 of the current 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 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 China 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.

At the end of the reporting period, except for monetary items of foreign currencies set out in Note (V) 57, 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

Currencies	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
USD	5,155,685,098.10	5,770,890,154.32	1,780,307,065.04	1,125,211,569.17
EUR	1,766,847,865.44	1,540,513,848.04	783,646,000.50	826,698,098.36

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 and etc., 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	First half of 2026		First half of 2025	
	Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
5% appreciation of USD against functional currency	168,768,901.65	168,768,901.65	270,179,573.80	270,179,573.80
5% depreciation of USD against functional currency	(168,768,901.65)	(168,768,901.65)	(270,179,573.80)	(270,179,573.80)
5% appreciation of EUR against functional currency	49,160,093.25	49,160,093.25	80,454,886.47	80,454,886.47
5% depreciation of EUR against functional currency	(49,160,093.25)	(49,160,093.25)	(80,454,886.47)	(80,454,886.47)

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 June 30, 2026, the Group's total long-term and short-term interest-bearing debts bearing fixed interest rates amounted to RMB1,782,503,737.91 (December 31, 2025: RMB5,941,221,266.80). The total amount of long-term and short-term interest-bearing debts bearing floating interest rates is RMB1,483,682,954.13 (December 31, 2025: RMB1,483,787,320.07).

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 risk exposure due to changes in price of financial instruments as a result of change in valuation assumptions is not significant, accordingly, no sensitivity analysis is conducted.

1.2 Credit Risk

As of June 30, 2026, 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 balance (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 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).

With respect to bank acceptance bills and receivables debt certificates, the Company believes that there is no significant credit risk and will not incur any significant losses due to the default of the counterparty. 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

	June 30, 2026			
	Within one year	1-5 years	More than five years	Total
Non-derivative financial liabilities				
Short-term borrowings	2,783,133,319.60	-	-	2,783,133,319.60
Notes payable	612,897,818.96	-	-	612,897,818.96
Accounts payable	20,832,902,018.65	-	-	20,832,902,018.65
Other payable	3,055,415,692.88	-	-	3,055,415,692.88
Long-term borrowings (including those due within one year)	734,962,338.53	971,279,986.64	5,067,548.61	1,711,309,873.78
Derivative financial liabilities	3,897,841.90	-	-	3,897,841.90

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
I. Continuous fair value measurement	-	**2,494,202,826.26**	**668,271,418.62**	**3,162,474,244.88**
(I) Derivative financial assets	-	31,694,623.01	-	31,694,623.01

1. Financial assets measured at fair value through profit and loss	-	31,694,623.01	-	31,694,623.01
(II) Other non-current financial assets	-	-	668,271,418.62	668,271,418.62
1. Financial assets measured at fair value through profit and loss	-	-	668,271,418.62	668,271,418.62
(III) Receivables for financing	-	2,466,406,045.15	-	2,466,406,045.15
1. Financial assets measured at fair value through other comprehensive income	-	2,466,406,045.15	-	2,466,406,045.15
Total assets measured continuously at fair value	-	**2,498,100,668.16**	**668,271,418.62**	**3,166,372,086.78**
(IV) Derivative financial liabilities	-	3,897,841.90	-	3,897,841.90
1. Financial liabilities measured at fair value through profit and loss	-	3,897,841.90	-	3,897,841.90
Total liabilities measured continuously at fair value	-	**3,897,841.90**	-	**3,897,841.90**

2. The valuation techniques and important parameters used for the Level 2 fair value measurement item

Unit: RMB

	Fair value at June 30, 2026	Estimation technique	Inputs
Derivative financial assets	31,694,623.01	Discounted cash flow approach	Forward exchange rate Discounted rate that reflects the credit risk of counterparty
Derivative financial liabilities	3,897,841.90	Discounted cash flow approach	Forward exchange rate Discounted rate that reflects the credit risk of counterparty
Receivables for financing	2,466,406,045.15	Discounted cash flow approach	Discounted rate that reflects the credit risk of counterparty

3. The valuation techniques and important parameters used for the Level 3 fair value measurement item

Unit: RMB

Items	Fair value at June 30, 2026	Valuation techniques	Inputs
Other non-current financial assets--Investment in equity instruments	668,271,418.62	Market approach/Income approach	Comparable public companies' PB (price/book value) ratio within the same industry/Future cash flows, Discount rate

4. The adjustment information between the opening and closing book value of the Level 3 fair value measurement item

Unit: RMB

Other non-current financial assets	Amount
Book value on January 1, 2026	589,955,315.74
Increase in the current reporting period	70,042,643.25
Changes in fair value booked into profit and loss during the current reporting period	8,273,459.63
Book value on June 30, 2026	668,271,418.62

The total amount included in profit or loss in the first half of 2026 includes unrealized gains of RMB8,273,459.63(first half of 2025: RMB37,607,852.79) related to financial assets measured at fair value at the end of the current reporting period, and such gains or losses are included in the gains or losses from changes in fair value.

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, some non-current liabilities due within one year, long-term borrowings, long-term payables, etc., book value of which approximates to its fair value.

XI. Related party relationships and transactions

1. Information on parent company of the Company

Name	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 (%)
CETHIK Group Co., Ltd. (CETHIK)	Hangzhou, Zhejiang	Industrial investment	RMB945 million	37.28	37.28

The actual controlling party of the Company is CETC.

2. Information on the subsidiaries of the Company

For details of the subsidiaries of the Company, see (Note (VII.1)).

3. Information on the joint ventures and associates 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 Group
Maxio Technology (Hangzhou) Co., Ltd. and its subsidiaries (Note 1)	Associate
Zhiguang Hailian Big Data Technology Co., Ltd. and its subsidiaries (Note 1)	Associate
Jiaxing Haishi JiaAn Zhicheng Technology Co., Ltd. (Note 1)	Associate
Sanmenxia Xiaoyun Vision Technology Co., Ltd. (Note 1)	Associate
Taifang Zhigan (Chongqing) Technology Co., Ltd. and its subsidiaries (Note 1)	Associate
Jiangsu Haishi Kaitai Technology Co., Ltd. (Note 1)	Associate
Terapark (Nanjing) Ltd. (Note 1)	Associate
Guangxi Haishi Urban Operation Management Co., Ltd. and its subsidiaries (Note 2)	Joint venture
Shenzhen Haishi Urban Service Operation Co., Ltd. and its subsidiaries (Note 2)	Joint venture
Xuzhou Kangbo Urban Operation Management Service Co., Ltd. (Note 2)	Joint venture
Yunnan Yinghai Parking Service Co., Ltd. (Note2)	Joint venture
Zhejiang City Digital Technology Co., Ltd. (Note 3)	Joint venture
Zhejiang Haishihuayue Digital Technology Co., Ltd. (Note 4)	Joint venture

Note 1: Those companies are collectively referred to as "associates" in the following disclosures of related party transactions, receivables from related parties, and payable from related parties.

Note 2: 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.

Note 3: From July 2020 to November 2025, Zhejiang City Digital Technology Co., Ltd. was a joint venture of the Group. In November 2025, the Group completed the external transfer of its equity in Zhejiang City Digital Technology Co., Ltd. The company remained an affiliate of the Group during the period from July 2020 to November 2025.

Note 4: From January 2020 to February 2025, Zhejiang Haishihuayue Digital Technology Co., Ltd. was a joint venture of the Group. In February 2025, the Group included it in consolidated financial statements. The company remained an affiliate of the Group during the period from January 2020 to February 2025.

4. Information on other related parties

Name (Note 1)	Relationship
Shanghai Fullhan Microelectronics Co., Ltd. and its subsidiaries	Close family member of the Company's above 5% shareholder(s) act(s) as controller(s) or person(s) acting in concert with the controller(s) of this company
Guangdong Hutong Technology Co., Ltd.	Close family member of the Company's above 5% shareholder(s) acts as the director of this company
Shenzhen Guoteng'an vocational education Technology Co., 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 Company's senior management serve(s) as director(s) of this company
Zhejiang Fast Line data fusion Information Technology Co., Ltd. and its subsidiaries (Note2)	The Company's senior management was(were) director(s) of this company
Chengdu Guoshengtianfeng Network Technology Co., Ltd. and its subsidiaries	The Company's senior management serve(s) as director(s) of this company
Shenzhen Wanyu Security Service Technology Co., Ltd. and its subsidiaries	The Company's senior management serve(s) as director(s) of this company
Ningbo Industrial Internet Research Institute Co., Ltd.	The Company's independent director(s) serve(s) as director(s) of this company
INESA Group Ltd. and its subsidiaries (Note3)	The Company's former chairman(chairmen) of Board of the Supervisors was(were) the director(s) of this company
Shanghai Vico Precision Mold & Plastics Co.,Ltd. (Note 4)	The Company's former chairman(chairmen) of Board of the Supervisors was(were) the independent director(s) of this company
Bank of Tianjin Co., Ltd. and its subsidiaries (Note5)	The Company's former chairman(chairmen) of Board of the Supervisors serves as the independent director(s) of this company
Subsidiaries of CETC (Note6)	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: Guo Xudong, the Company's senior management, served as a director of this company. Guo Xudong departed this company in March 2025, and therefore this company was recognized as a related party of the Group from during 2025 and from Jan 2026 to March 2026.

Note 3: Lu Jianzhong, the Company's former chairman of Board of the Supervisors, once served as a director of this company. Lu Jianzhong departed this company in September 2025, and departed from the chairman position of the Company in September 2025. Therefore, this company was recognized as a related party of the Group during 2025 and from Jan 2026 to September 2026.

Note 4: Lu Jianzhong, the Company's former chairman of Board of the Supervisors, once served as an independent director of this company. Lu Jianzhong departed this company in June 2024, and departed from the chairman position of the Company in September 2025. Therefore, this company was recognized as a related party of the Group from Jan 2025 to June 2025.

Note 5: Lu Jianzhong, the Company's former chairman of Board of the Supervisors, served as an independent director of this company. Lu Jianzhong departed from the chairman position of the Company in September 2025. Therefore, this company was recognized as a related party of the Group during 2025 and from Jan 2026 to September 2026.

Note 6: Subsidiaries of CETC, excluding Hikvision and its subsidiaries.

5. Related party transactions

5.1 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	Amount occurred in the first half of 2026	Amount occurred in the first half of 2025
Subsidiaries of CETC	Purchase of materials and receiving of services	1,787,980,465.09	1,034,278,846.14
Joint ventures	Purchase of materials and receiving of services	5,553,006.02	4,353,416.21
Associates	Purchase of materials and receiving of services	116,271,540.34	99,577,523.53
Other related parties	Purchase of materials and receiving of services	931,403,558.86	380,085,408.98
Total		2,841,208,570.31	1,518,295,194.86

Sales of commodities / rendering of services:

Unit: RMB

Related party	Transaction content	Amount occurred in the first half of 2026	Amount occurred in the first half of 2025
Subsidiaries of CETC	Sales of products and rendering of services	96,260,355.73	60,368,573.76
Joint ventures	Sales of products and rendering of services	4,761,168.93	7,198,061.83
Associates	Sales of products and rendering of services	12,377,541.69	9,331,947.22
Other related parties	Sales of products and rendering of services	4,874,688.15	11,847,614.71
Total		118,273,754.50	88,746,197.52

Fixed asset purchase and sales:

Related party	Transaction content	Amount occurred in the first half of 2026	Amount occurred in the first half of 2025
Subsidiaries of CETC	Purchase fixed assets	-	5,267,436.42
Total		-	5,267,436.42

5.2 Related party lease

The group severs as leasee

Unit: RMB

Lessor	Type of leased assets	Rental income confirmed in the first half of 2026	Rental fee confirmed in the first half of 2025
Subsidiaries of CETC	House	2,045,671.92	56,319.31
Associates	House	169,335.52	-
Total		2,215,007.44	56,319.31

The group serves as leasee

Unit: RMB

Lessor	Type of leased assets	Rental fee confirmed in the first half of 2026	Rental fee confirmed in the first half of 2025
Subsidiaries of CETC	House	23,351.59	-
Total		23,351.59	-

5.3 Transactions from other related parties

Statement of capital deposits

Unit: RMB

Related party (Note)	Content of related party transaction	Amount occurred in the first half of 2026	Balance at the end of the current reporting period	Amount occurred in the first half of 2025	Opening balance
Subsidiaries of CETC	(Withdraw) Deposit	(1,856,019,612.72)	4,440,090,336.34	(74,324.75)	6,296,109,949.06
Total		(1,856,019,612.72)	4,440,090,336.34	(74,324.75)	6,296,109,949.06

Note: Deposits placed by the Group in CETC Finance Co., Ltd., including time deposits of RMB50,000,000.00 at the end of the period (beginning balance: RMB50,000,000.00), and current deposits of RMB4,390,090,336.34 (beginning balance: RMB6,246,109,949.06). Interest income earned on deposits during the period was RMB2,652,383.39 (first half of 2025: RMB13,230.81).

Information on entrusted loan

During the current reporting period, the Company issued entrusted loans of RMB1,289 million (first half of 2025: RMB2,345 million) to its subsidiaries through CETC Finance Co., Ltd., and paid transaction fee of RMB128,900.00 (first half of 2025: RMB234,500.00) to CETC Finance Co., Ltd.

Working Capital Loan Situation

During the current reporting period, the subsidiary of this Group, Wuhan Hikvision Storage Technology Co., Ltd., borrowed working loans of RMB100,000,000.00 (first half of 2025: none). from China Electronics Technology Finance Co., Ltd., with interest of RMB 955,361.11 recognized for CETC Finance Co., Ltd. (first half of 2025: none).

At the end of this period, the subsidiaries of this Group, Hangzhou Hikvision Automotive Technology Co., Ltd. in and Whst Co., Ltd., had working capital loan balances of RMB 300,000,000.00 (beginning of period: RMB 300,000,000.00) and RMB 187,000,000.00 (beginning of period: RMB 187,000,000.00), respectively, from China Electronics Technology Finance Co., Ltd. The interest recognized for China Electronics Technology Finance Co., Ltd. for this period was RMB 3,182,583.33 (first half of 2025: RMB 1,847,222.23) and RMB 1,983,810.28 (first half of 2025: none), respectively.

Information on entrusted management

On 10 April 2024, EZVIZ Network, a subsidiary of the Group, and CETHIK, the parent company of the Group, entered into an entrusted management regarding Furui Technology. According to the agreement, EZVIZ Network paid the entrusted management fee to CETHIK. During the period, the amount of the entrusted management fee was RMB232,291.28 (first half of 2025: RMB237,453.31).

6. Receivables from related parties and payables to related parties

6.1 Receivables from related parties

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
Notes receivable and accounts receivable	Subsidiaries of CETC	33,869,838.17	195,849.67	119,145,263.13	486,011.50
Notes receivable and accounts	Joint ventures	-	-	598,804.83	-

Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
receivable					
Notes receivable and accounts receivable	Associates	12,271,678.27	-	10,899,272.78	-
Notes receivable and accounts receivable	Other related parties	1,410,036.69	-	3,233,621.00	-
Total		47,551,553.13	195,849.67	133,876,961.74	486,011.50

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
Accounts receivable	Subsidiaries of CETC	332,701,383.54	185,173,629.66	374,875,770.53	211,167,399.98
Accounts receivable	Joint ventures	12,432,931.75	1,189,553.36	13,379,632.75	1,337,322.50
Accounts receivable	Associates	33,123,433.10	11,131,994.14	41,456,884.77	11,006,962.31
Accounts receivable	Other related parties	5,581,851.85	316,979.99	5,743,013.53	272,584.64
Total		383,839,600.24	197,812,157.15	435,455,301.58	223,784,269.43

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
Contract assets (including the portion included in other non-current assets)	Subsidiaries of CETC	5,007,543.01	39,058.84	4,909,705.07	35,349.88
Contract assets (including the portion included in other non-current assets)	Joint ventures	5,191,001.20	40,489.81	6,753,209.12	48,623.11
Contract assets (including the portion included in other non-current assets)	Associates	188,075.00	1,466.99	188,075.00	1,354.14
Contract assets (including the portion included in other non-current assets)	Other related parties	-	-	17,100.00	123.12
Total		10,386,619.21	81,015.64	11,868,089.19	85,450.25

Unit: RMB

Item	Related Party	Closing balance	Opening balance
Prepayments	Subsidiaries of CETC	1,844,955.47	772,646.46
Total		1,844,955.47	772,646.46

Unit: RMB

:Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
Other receivables	Subsidiaries of CETC	193,454.25	1,556.02	181,934.70	786.29
Other receivables	Joint ventures	137,160.50	1,069.85	152,410.50	1,097.35
Total		330,614.75	2,625.87	334,345.20	1,883.64

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Account balance	Bad debts provision	Book value	Bad debts provision
Long-term receivables (including those due within one year)	Subsidiaries of CETC	1,498,754.63	15,234.94	-	-
Long-term receivables (including those due within one year)	Joint ventures	15,293,101.10	1,019,764.11	19,048,495.64	617,949.42
Total		16,791,855.73	1,034,999.05	19,048,495.64	617,949.42

6.2 Payables to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Short-term borrowings	Subsidiaries of CETC	587,344,047.22	487,217,388.61
Total		587,344,047.22	487,217,388.61

Unit: RMB

Item	Related party	Closing balance	Opening balance
Notes Payables	Subsidiaries of CETC	21,042,797.16	26,919,760.88
Notes Payables	Other related parties	4,416,579.75	1,750,206.38
Total		25,459,376.91	28,669,967.26

Unit: RMB

Item	Related party	Closing balance	Opening balance
Account payables	Subsidiaries of CETC	724,556,519.70	732,509,260.10
Account payables	Joint ventures	758,932.07	1,301,743.39
Account payables	Associates	69,173,443.94	68,368,304.00
Account payables	Other related parties	611,084,948.19	398,382,295.10
Total		1,405,573,843.90	1,200,561,602.59

Unit: RMB

Item	Related party	Closing balance	Opening balance
Contract liabilities	Subsidiaries of CETC	3,416,871.95	24,718,252.58
Contract liabilities	Joint ventures	3,819,452.18	3,838,356.67
Contract liabilities	Associates	230,807.06	417,528.56
Contract liabilities	Other related parties	435,283.61	10,354.56
Total		7,902,414.80	28,984,492.37

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other payables	Subsidiaries of CETC	4,838,092.88	7,870,382.71
Other payables	Joint ventures	30,000.00	33,000.00
Other payables	Associates	792,715.00	779,495.00
Other payables	Other related parties	372,000.00	372,000.00
Total		6,032,807.88	9,054,877.71

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Unit: RMB

Item	Related party	Closing balance	Opening balance
Long-term payables	Subsidiaries of CETC	9,749,569.60	9,749,569.60
Total		9,749,569.60	9,749,569.60

Unit: RMB

Item	Related party	Closing balance	Opening balance
Lease liabilities (including those due within one year)	Subsidiaries of CETC	218,806.59	-
Total		218,806.59	-

XII. Share-based payments

1. Overview of share-based payments

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 2nd 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 Business*es (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, its branches and subsidiaries, and 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 its branches and subsidiaries, and could participate in investment on innovative business subsidiaries where they serve. The Co-Investment Platform will increase capitals regularly, 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 regularly. The Group 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.

In December 2020, Co-Investment Staff signed a Supplemental Agreement of Entrusted Investment Agreement (hereafter referred to as "Supplemental Agreement") with Hikvision Labor Union. On December 25, 2020, the Company held the 20th meeting of the 4th session of the Board of Directors and reviewed and approved the *Proposal on Amending the Management Measures for Core Staff Co-Investment in Innovative Businesses*. The new version of the *Management Measures for Core Staff Co-Investment in Innovative Business* (hereinafter referred to as the "new version of the Management Measures") added the confirmation of the shares held by employees in the co-investment plan and the rights and interests indirectly held by employees in innovative business subsidiaries, clarified the approach of the co-investment shares after the employees lost or cancelled the co-investment qualification, and added the Management Committee and other systems.

On December 31, 2020, the Executive Management Committee of the Co-investment Plan adopted the *Implementation Rules for the Management Measures for Core Staff Co-Investment in Innovative Businesses* (hereinafter referred to as the "new version of the Rules"). According to the new version of the Management Measures and the new version of the Rules, for the confirmed shares of plan A, the waiting period is the fifth anniversary of the employee's work in the Company or its subsidiaries. For the confirmed shares of plan B, the waiting period is the fifth anniversary of the employee's work in the innovative business subsidiary or its subordinate subsidiary company corresponding to the Plan B.

2. Information of the share-based payment through equity settlements

Scheme of Staff Co-Investment in Innovative Businesses

Unit: RMB

	Scheme of Staff Co-Investment in Innovative Businesses
Method of determine the fair value of equity instruments at the grant date	Determined using the income approach on the grant date.
Recognition basis of the number of the equity instruments qualified for vesting	Determined by estimating the attrition rate for each vesting period.
Accumulative amount of share-based payment through equity settlement and further included in the capital reserve	1,112,457,437.87
Total amount of the expenses recognized according to share-based payment through equity settlement in the current reporting period	38,355,271.71

Among total amount of the expenses recognized according to share-based payment through equity settlement during the current reporting period, amount of RMB7,034,513.54 was due to share distributions to minority shareholders.

3. There is no share-based payment through cash settlements

4. There is no amendment and termination of share-based payment during the current reporting period.

XIII. Commitments and contingencies

1. Significant commitments

1.1 Capital commitments

Unit: 000 RMB

	Closing balance	Opening balance
Contracted but not yet recognized in financial statements		
- Commitment on construction of long-term assets	2,941,169	3,222,615
- Commitment on external investments	2,440	2,440
Total	2,943,609	3,225,055

2. Contingencies

The Group has no significant contingencies to be disclosed.

XIV. Events after the balance sheet date

1. Significant unadjusted events

As of July 24, 2026, the Company has no significant events after the balance sheet date that need to be disclosed

2. Profit distribution

Pursuant to the 2025 Annual Shareholders' Meeting authorization, the Company held the 10th Meeting of the 6th Board of Directors on July 24, 2026, and approved the 2026 interim profit distribution plan: based on the total share capital as of the equity registration date when the 2026 interim profit distribution plan is implemented, the Company will distribute cash dividends of RMB 5.50 per 10 shares (tax inclusive) to all shareholders. No bonus shares will be issued, and no capital reserve will be converted into share capital.

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

Item	First half of 2026	First half of 2025
External revenue generated in domestic area	29,758,876,223.84	26,393,423,147.63
External revenue generated in overseas area	17,063,661,623.23	15,424,616,940.81
Total	46,822,537,847.07	41,818,040,088.44

Unit: RMB

Item (Note)	On June 30, 2026	On January 1, 2026
Non-current assets in domestic area	25,692,340,327.07	25,766,322,637.89
Non-current assets in overseas area	941,127,842.82	954,163,233.45
Total	26,633,468,169.89	26,720,485,871.34

Note: the non-current assets above did not include financial assets, long-term equity investment, and deferred tax assets.

XVI. Notes to major items of financial statements of the parent company

1. Accounts receivable

1.1 Disclosure by age

Unit: RMB

	Closing account balance	Opening account balance
Within credit period	13,128,032,829.68	10,683,606,534.30
Within 1 year after exceeding credit period	9,087,407,486.87	4,855,584,328.79
1-2 years after exceeding credit period	329,239,573.80	386,386,949.46
2-3 years after exceeding credit period	177,546,771.84	197,514,494.40
3-4 years after exceeding credit period	149,521,322.57	168,115,362.26
Over 4 years after exceeding credit period	409,056,922.09	383,677,693.76
Subtotal	23,280,804,906.85	16,674,885,362.97
Less: Bad debts provision	765,295,369.07	745,972,089.32
Book value	22,515,509,537.78	15,928,913,273.65

1.2 Classification and disclosure by bad debts provision methods

Unit: RMB

Category	Closing balance					Opening balance				
	Account balance		Bad debts provision		Book value	Account balance		Credit loss provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Amount	Percentage (%)	Amount	Percentage (%)	Amount
Provision for bad debts on a single basis	-	-	-	-	-	-	-	-	-	-
Provision for bad debts by portfolios	23,280,804,906.85	100.00	765,295,369.07	3.29	22,515,509,537.78	16,674,885,362.97	100.00	745,972,089.32	4.47	15,928,913,273.65
Total	23,280,804,906.85	100.00	765,295,369.07	3.29	22,515,509,537.78	16,674,885,362.97	100.00	745,972,089.32	4.47	15,928,913,273.65

Provision for bad debts by portfolios

Unit: RMB

Customer	Closing balance		
	Account balance	Credit loss provision	Proportion (%)
Subsidiaries in the Group	20,337,739,299.25	-	-
Portfolio A	-	-	-
Portfolio B	2,942,947,601.94	765,177,363.41	26.00
Portfolio C	118,005.66	118,005.66	100.00
Total	23,280,804,906.85	765,295,369.07	3.29

Description of accounts receivable accrued for bad debts provision by portfolios:

As part of the Company's credit risk management, the Company divided accounts receivable into portfolio A, portfolio B and portfolio C according risk attributes of different business area and target, and determines the expected credit loss for each portfolio with an impairment matrix based on the aging of accounts receivable over the reporting period. With respect to accounts receivable arising from companies within the Group, the Company considers that the credit risk is low and is not necessary for bad debts provisions, as payments are arranged by the Group according to the cash flow each companies within the Group,. The aging information can reflect the solvency of these three types of customers when the accounts receivable are due.

1.3 Provision for bad debts

Unit：RMB

Item	Opening balance	Changes in the reporting period		Translation differences for foreign currency statements	Closing balance
		Accrual/ (reversal)	Transfer or write-off/ (recovery)		
Accounts receivable	745,972,089.32	18,958,696.36	(364,583.39)	-	765,295,369.07
Total	745,972,089.32	18,958,696.36	(364,583.39)	-	765,295,369.07

1.4 Top five debtors based on accounts receivable and contract assets (including other non-current assets) at the end of the reporting period

At the end of the reporting period, the aggregate amount of the Company's top five debtors of accounts receivable and contract assets was RMB20,187,781,121.52 (including accounts receivable RMB 20,187,781,121.52), accounting for 86.64% of the total accounts receivable and contract assets at the end of the reporting period and the provision for bad debts amounted to RMB94,965,201.01.

2. Other receivables

2.1 Other receivables by categories

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	132,204,288.80	23,946,902.38
Other receivables	3,687,219,416.74	4,314,158,141.88
Total	3,819,423,705.54	4,338,105,044.26

2.2 Dividends receivable

Unit: RMB

Item	Closing balance	Opening balance
Subsidiaries of the Company	132,204,288.80	23,946,902.38
Total	132,204,288.80	23,946,902.38

2.3 Other receivables

Other receivables by age

Unit: RMB

Item	Closing balance	Opening balance
Within contract period	3,660,239,245.94	4,281,648,184.54
Within 1 year	23,407,101.31	31,784,056.44
1-2 years	5,616,935.23	1,388,490.85
2-3 years	1,350,650.29	1,728,137.72
3-4 years	1,498,517.96	1,191,358.75
Over 4 years	1,194,142.25	1,198,443.90
Total	3,693,306,592.98	4,318,938,672.20
Less: Bad debts provision	6,087,176.24	4,780,530.32

Book value	3,687,219,416.74	4,314,158,141.88

Other receivables by nature of the payment

Unit: RMB

Nature	Closing balance	Opening balance
Payments by subsidiaries within the Group	3,592,066,435.80	4,207,441,180.79
Guarantee deposit	42,641,852.74	44,208,359.68
Temporary payments for receivables	42,687,962.69	45,844,316.12
Others	15,910,341.75	21,444,815.61
Total	3,693,306,592.98	4,318,938,672.20

Bad debts provision for other receivables

Unit：RMB

Item	Opening balance	Changes in the reporting period		Translation differences for foreign currency statements	Closing balance
		Accrual/(reversal)	Transfer or write-off		
Other receivables	4,780,530.32	1,306,645.92	-	-	6,087,176.24
Total	4,780,530.32	1,306,645.92	-	-	6,087,176.24

2.4 Top five debtors based on other receivables at the close of the reporting period

At the end of reporting period, the aggregate amount of the Company's top five debtors of other receivables was RMB3,150,425,797.22, accounting for 85.30% of the total other receivables, and the Company did not make provision for bad debts here.

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Account balance	Provisions	Book value	Account balance	Provisions	Book value
Investment in subsidiaries	8,406,903,123.08	-	8,406,903,123.08	8,360,103,123.08	-	8,360,103,123.08
Investments in associates and joint ventures	1,979,725,753.42	-	1,979,725,753.42	1,375,755,052.47	-	1,375,755,052.47
Total	10,386,628,876.50	-	10,386,628,876.50	9,735,858,175.55	-	9,735,858,175.55

3.1 Investment in 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 Co., Ltd.	903,765,761.48	-	-	903,765,761.48	-	-
Hangzhou Hikvision Technology Co., Ltd.	1,116,114,606.67	-	-	1,116,114,606.67	-	-
Hangzhou EZVIZ Network Co., Ltd.	61,201,821.95	-	-	61,201,821.95	-	-
Hangzhou Hikrobot Co., Ltd.	139,214,192.63	-	-	139,214,192.63	-	-

3.2 Investments in associates and joint ventures

Unit：RMB

Notes to Financial Statements
For the reporting period from January 1, 2026 to June 30, 2026

Name of investee	Opening balance	Increase/Decrease during the current reporting period								Closing balance	Balance of impairment loss provisions 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	Provisions for impairment	Others		
1. Joint Ventures											
Hangzhou Haikang Intelligent Industrial Equity Investment Fund Partnership (L.P.)	987,145,908.63	-	-	621,814,929.46	-	(253,851.32)	20,874,811.13	-	-	1,587,832,175.64	-
Guangxi Haishi Urban Operation Management Co., Ltd.	9,417,185.52	-	-	837,133.60	-	-	-	-	-	10,254,319.12	-
Xuzhou Kangbo City Operation Management Service Co., Ltd	9,145,311.24	-	-	9,348.87	-	-	-	-	-	9,154,660.11	-
Others	3,796,225.38	-	-	53,648.83	-	-	-	-	-	3,849,874.21	-
Subtotal	1,009,504,630.77	-	-	622,715,060.76	-	(253,851.32)	20,874,811.13	-	-	1,611,091,029.08	-
2. Associates											
Zhiguang Hailian Big Data Technology Co., Ltd.	27,985,612.07	-	-	1,933,446.55	-	-	-	-	-	29,919,058.62	-
Others	338,264,809.63	-	-	(231,857.28)	-	4,720,307.67	4,037,594.30	-	-	338,715,665.72	-
Subtotal	366,250,421.70	-	-	1,701,589.27	-	4,720,307.67	4,037,594.30	-	-	368,634,724.34	-
Total	1,375,755,052.47	-	-	624,416,650.03	-	4,466,456.35	24,912,405.43	-	-	1,979,725,753.42	-

Notes to Financial Statements
For the reporting period from January 1, 2026 to June 30, 2026

4. Revenue and operating costs

Unit：RMB

Item	First half of 2026		First half of 2025	
	Revenue	Cost	Revenue	Cost
Major business	11,313,710,887.41	1,719,350,811.66	9,452,576,649.06	1,672,751,742.36
Other business	1,431,000,092.19	110,549,538.67	1,465,595,941.64	88,699,283.25
Total	12,744,710,979.60	1,829,900,350.33	10,918,172,590.70	1,761,451,025.61

5. Investment income

5.1 Details of investment income

Unit：RMB

Item	First half of 2026	First half of 2025
Long-term equity investment income measured by cost method	679,042,689.16	312,300,000.00
Investment income from holding debt investment	27,130,868.43	24,625,393.17
Long-term equity investment income accounted for by the equity method	624,416,650.03	1,486,825.45
Other	6,004,781.60	-
Total	1,336,594,989.22	338,412,218.62

XVII. Supplementary information

1. Items and amounts of non-recurring gains and losses

Unit：RMB

Item	Amount	Description
Profits and losses from disposal of non-current assets	(83,102.12)	/
The government subsidies included in the current reporting period, excluding government subsidies that are closely related to the Company's normal business operations, comply with national policies and regulations, are enjoyed in accordance with determined standards, and have a continuous impact on the Company's profit and loss	129,501,261.00	/
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.	67,138,227.90	/
Gain or loss on debt restructuring	18,522,982.11	/
Other non-operating income and expense except the items mentioned above	39,644,803.76	/
Impact of income tax	(35,606,266.92)	/
Impact of the minority interests	(35,361,141.52)	/
Total	**183,756,764.21**	/

The preparation basis of the non-recurring profit and loss statement

According to the provisions of the China Securities Regulatory Commission's Explanatory, *Announcement No. 1 on Company Information Disclosure for Publicly Offered Securities — Non-recurring Profit and Loss* (Revised in 2023), non-recurring gains and losses refer to gains or losses arising from transactions and events that are not directly related to a company's normal business operations, as well as those that are related but due to their special nature and sporadic occurrence, affect the ability of financial statement users to make accurate judgments regarding 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	9.17%	0.862	0.862
Net profit excluding non-recurring items of profit or loss attributable to ordinary shareholders of the Company	8.95%	0.841	0.841

Section IX Documents Available for Reference

1. The half year report was signed by the Company's legal representative.

2. 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.

3. Original copy of all the Company's documents and announcements were published on the newspapers designated by CSRC within 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

July 25, 2026

Note:

This document is a translated version of the Chinese version 2026 Half Year Report (2026 年半年度报告), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2026 Half Year Report may be obtained at www.cninfo.com.cn.