

HANGZHOU HIKVISION DIGITAL  
TECHNOLOGY CO.,LTD



2017 Interim Report  
January to September 2017

October 31<sup>st</sup> 2017

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

The Board of Directors, Board of Supervisors, directors, supervisors 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.

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

Chen ZongNian, the Company's legal representative, Jin Yan, the Chief Accountant and the Person in Charge of the Accounting Department of the Company (Chief Accounting Officer) hereby declare and warrant that the financial statements in this Report are authentic, accurate and complete.

### **Note:**

This document is a translated version of the Chinese version 2017 Q3 Financial Report (“2017 年第三季度报告全文”), and the published Q3 report in the Chinese version shall prevail. The complete published Chinese 2017 Q3 Financial Report may be obtained at <http://www.cninfo.com>.

## Section II Corporate Profile

### I. Key Accounting Data and Financial Indicators

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

√ Yes ☐ No

The reason for retroactive adjustment or restatement of previous accounting data:

Accounting arrangement method for business merger under the common control

		At September 30 <sup>th</sup> 2017		At December 31 <sup>st</sup> 2016				Change(%) between December 31 <sup>st</sup> 2016 and September 30 <sup>th</sup> 2017
				Before Adjustments		After Adjustments		After Adjustments
Total assets (RMB)		44,304,408,732.50		41,339,007,814.83		41,348,428,750.40		7.15%
Net assets attributable to shareholders of the Company (RMB)		26,925,124,706.97		24,288,634,890.08		24,283,755,426.31		10.88%
	2017 Q3	2016 Q3		Change(%) between 2016 Q3 and 2017 Q3	2017 Q1~Q3	2016 Q1~Q3		Change(%) between 2016 Q1~Q3 and 2017 Q1~Q3
		Before Adjustments	After Adjustments	After Adjustments		Before Adjustments	After Adjustments	After Adjustments
Operating income (RMB)	11,282,202,421.66	8,588,270,242.70	8,590,947,557.65	31.33%	27,729,742,158.18	21,136,468,968.82	21,144,424,306.23	31.14%

Net profits attributable to shareholders of the Company (RMB)	2,861,268,129.82	2,243,111,069.90	2,243,940,889.34	27.51%	6,152,814,186.52	4,849,957,525.28	4,851,762,418.77	26.82%
	2017 Q3	2016 Q3		Change(%) between 2016 Q3 and 2017 Q3	2017 Q1~Q3	2016 Q1~Q3		Change(%) between 2016 Q1~Q3 and 2017 Q1~Q3
		Before Adjustments	After Adjustments	After Adjustments		Before Adjustments	After Adjustments	After Adjustments
Net profits attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	2,819,127,478.82	2,143,368,877.17	2,144,193,431.01	31.48%	6,008,993,697.69	4,717,571,798.26	4,719,380,116.99	27.33%
Net cash flows from operating activities (RMB)	2,038,650,373.18	1,556,206,067.43	1,557,997,147.08	30.85%	95,849,570.76	1,954,013,323.91	1,955,771,375.36	-95.10%
Basic earnings per share (RMB/share)	0.315	0.249	0.249	26.51%	0.671	0.537	0.538	24.72%
Diluted earnings per share (RMB/share)	0.313	0.247	0.247	26.72%	0.673	0.535	0.535	25.79%
Weighted average ROE	11.55%	11.00%	11.01%	0.54%	22.38%	23.69%	23.70%	-1.32%

**Items and Amounts of Non-recurring Gains and Losses**
☒ Applicable ☐ Inapplicable

Unit: RMB

Item	January 1 <sup>st</sup> –September 30 <sup>th</sup> 2017
Profit or loss from disposal of non-current assets (including the write-off for the impairment of assets)	2,167,026.36
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 quantification application according to the state industrial policy.)	71,160,201.47
Profits and losses attributed to change in fair value for held-for-trading financial assets, held-for-trading financial liabilities, and investment income in disposal of held-for-trading financial assets and liabilities and available-for sale financial assets, excluding the effective hedging business related to the regular business operation of the Company.	82,212,062.53
Other non-operating income and expenditures except the items mentioned above	26,752,311.52
Less: Impact of income tax	27,343,740.28
The impact of the minority interests (after tax)	11,127,372.77
<b>Total</b>	<b>143,820,488.83</b>

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

☐ Applicable ☒ Inapplicable

In the reporting period, the Company did not classify an item as a non-recurring gain/loss according to the definition in the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses>, or classifies any non-recurring gain/loss item mentioned in the aforementioned note as a recurrent gain/loss item

## II. Total Number of Shareholders at the end of the reporting period and Information for Top 10 Shareholders

### 1. Total number of common shareholders and preferred shareholders with resumed voting rights and information about top 10 shareholders

Unit: Share

Total number of common shareholders at the end of the reporting period		127,510		
Particulars about shares held by Top 10 shareholders				
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total shares held at the end of the period	Number of restricted shares held
China Electronics Technology HIK Group Co., Ltd.	State-owned corporation	39.59%	3,653,674,956	0
Gong Hongjia	Overseas individual	15.01%	1,385,056,700	1,118,812,500
Hong Kong Securities Clearing Company Ltd.(HKSCC)	Overseas corporation	9.34%	861,640,362	0
Xinjiang Weixun Investment Management Limited Partnership	Domestic non-state-owned corporation	5.96%	549,720,876	438,232,500
Xinjiang Pukang Investment Limited Partnership	Domestic non-state-owned corporation	2.08%	192,346,874	144,260,155
The 52nd Research Institute at China Electronics Technology group Corporation	State-owned corporation	1.96%	180,775,044	0
Hu Yangzhong	Domestic Individual	1.33%	122,786,477	92,129,982
Citic Securities Co., Ltd.	Domestic non-state-owned corporation	1.22%	112,283,074	0
UBS AG	Overseas corporation	1.20%	111,151,294	0
Central Huijin Investment Ltd.	State-owned corporation	0.71%	65,818,800	0
Particulars about shares held by the Top 10 shareholders holding shares not subject to trading restriction(s)				
Name of shareholder	Number of tradable shares held at the end of the period	Type of shares		
		Type	Number	
China Electronics Technology HIK Group Co., Ltd.	3,653,674,956	RMB ordinary shares		3,653,674,956
Hong Kong Securities Clearing Company Ltd.(HKSCC)	861,640,362	RMB ordinary shares		861,640,362

Name of shareholder	Number of tradable shares held at the end of the period	Type of shares	
		Type	Number
Gong Hongjia	266,244,200	RMB ordinary shares	266,244,200
The 52nd Research Institute at China Electronics Technology Group Corporation	180,775,044	RMB ordinary shares	180,775,044
Citic Securities Co., Ltd.	112,283,074	RMB ordinary shares	112,283,074
Xinjiang Weixun Investment Management Limited Partnership	111,488,376	RMB ordinary shares	111,488,376
UBS AG	111,151,294	RMB ordinary shares	111,151,294
Central Huijin Investment Ltd.	65,818,800	RMB ordinary shares	65,818,800
Zhejiang Orient Holdings Co., Ltd.	50,475,000	RMB ordinary shares	50,475,000
Xinjiang Pukang Investment Limited Partnership	48,086,719	RMB ordinary shares	48,086,719
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	<p>China Electronics Technology HIK Group Co., Ltd. and The 52nd Research Institute at China Electronics Technology Group Corporation are all subject to control of China Electronics Technology Group Corporation. Ms. Chen Chunmei, controlling shareholder of Xinjiang Pukang Investment Limited Partnership, is the spouse of Mr. Gong Hongjia, foreign individual shareholder of the Company. Hu Yangzhong, domestic individual, is holding shares in both Xinjiang Weixun Investment Management Limited Partnership and Xinjiang Pukang Investment Limited Partnership.</p> <p>Except for these, the Company does not know whether the other shareholders are related parties and whether they are acting-in-concert parties in accordance with the <i>Measures for Management of the Disclosure of the Shareholding changes of shareholders of the listed Company</i> (《上市公司股东持股变动信息披露管理办法》)</p>		

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducts any agreed buy-back in the reporting period?

☐ Applicable ☒ Inapplicable

No such cases in the reporting period.

## 2. Total number of preferred shareholders and information about Top 10 preferred shareholders

☐ Applicable ☒ Inapplicable

### III. Significant Events

#### 1. Information and explanation about variations in key financial statement items and financial indicators during the reporting period.

√Applicable □Inapplicable

##### 1.1 Explanation for variations in balance sheet items

Item	September 30 <sup>th</sup> 2017 (RMB)	January 1 <sup>st</sup> 2017 (RMB)	YoY change (%)	Note of Changes
Account Receivable	15,171,778,607.65	11,243,843,324.90	34.93%	Increase follows the increase in sales revenue
Prepayments	370,891,604.84	279,023,207.91	32.93%	Increase in prepayments for material procurement
Inventories	5,440,626,715.72	3,829,947,876.75	42.05%	Inventory increases as sales increase
Other Current Asset	512,032,844.26	4,153,992,276.78	-87.67%	Maturity of principal-guaranteed financial products
Long-term receivables	134,283,654.33	251,588,919.15	-46.63%	Collection of receivables due
Long-term equity investment	124,385,439.21	35,000,000.00	255.39%	Mainly due to investments on Maxio Technology (Hangzhou)
Construction in process	1,205,329,627.29	316,482,522.36	280.85%	Mainly due to increase of investments in Security Industrial Base Project (Tonglu) Phase 2 & Internet Security Industry Base
Short-term loans	650,412,864.82	32,291,324.85	1914.20%	Increase of loans for temporary revolving capital
Financial liabilities measured by fair value and changes in fair value would be recognized in the current period gains and losses	28,187,297.02	69,789,502.97	-59.61%	Change in fair value of financial derivatives
Dividends payable	92,407,139.16	20,105,831.16	359.60%	Implementation of 2016 annual profit distribution scheme, dividend payable for restricted incentive shares increased



Item	September 30 <sup>th</sup> 2017 (RMB)	January 1 <sup>st</sup> 2017 (RMB)	YoY change (%)	Note of Changes
Other payables	497,695,436.00	1,049,164,707.44	-52.56%	Prepaid capital for subscription of 2016 Restricted Incentive Shares Scheme was transferred to share capital after capital verification
Non-current liabilities due within one year	723,925,366.11	15,340,813.03	4618.95%	Increase in portion of long-term loans that are due within one year
Other current liabilities	853,507,327.55	300,177,750.17	184.33%	Increase of restricted shares after registration of 2016 restricted incentive shares granted
Deferred income	21,106,099.45	10,833,745.99	94.82%	Deferred income increase due to cloud storage service
Share capital	9,228,865,114.00	6,102,706,885.00	51.23%	Increase in share capital due to 2016 annual profit distribution
Capital reserves	1,770,445,386.63	1,050,240,853.66	68.58%	Increase of capital reserves and treasury shares after registration of 2016
Treasury stock	853,507,327.55	300,177,750.17	184.33%	restricted incentive shares granted

## 1.2 Explanation for variations in income statement items

Item	Q1-Q3 2017 (RMB)	Q1-Q3 2016 (RMB)	YoY Change (%)	Note of changes
Operating Income	27,729,742,158.18	21,144,424,306.23	31.14%	Operating Income increased with the steady increase of market demands.
Business Taxes and Levies	276,908,073.14	157,714,144.35	75.58%	Increase with the operating income growth
Selling expenses	2,960,426,405.60	2,007,702,021.31	47.45%	Selling expenses increase with the Company's continuous increasing investments on domestic and overseas sales network
Administrative expenses	2,862,065,389.84	2,125,536,667.86	34.65%	The Company's increasing investments in R&D
Financial expense	218,299,111.47	-125,733,322.07	-273.62%	Increase in foreign currency exchange losses during the current reporting

Item	Q1-Q3 2017 (RMB)	Q1-Q3 2016 (RMB)	YoY Change (%)	Note of changes
				period affected by currency fluctuations
Impairment Losses of Assets	375,478,836.89	238,784,535.52	57.25%	Increase in A/R balance resulted in increase in bad debt provisions
Gains from changes in fair values (Losses are indicated by "—")	38,626,739.56	-7,414,642.50	-620.95%	Change in fair value of financial derivatives
Other Income	1,040,078,811.54	0.00	100%	Mainly for VAT Rebates, booked in other income instead of non-operating income, according the accounting regulations.
Non-operating Expenses	2,787,256.22	27,013,815.80	-89.68%	According to the latest local tax regulations, the water conservancy construction fund will not be paid this year
Income Tax Expenses	662,436,664.14	507,470,567.59	30.54%	Increase with the total profit growth

### 1.3 Explanation for variations in cash flow statement items

Item	Q1-Q3 2017 (RMB)	Q1-Q3 2016 (RMB)	YoY Change (%)	Note of changes
Net cash flow from operating activities	95,849,570.76	1,955,771,375.36	-95.10%	Mainly due to payments for material procurements, tax payables, and 2016 year-end bonus
Net cash flow from investment activities	2,657,270,850.26	737,733,824.15	260.19%	Mainly due to collection of matured principal-guaranteed financial products
Net cash flow from financing activities	-2,992,526,336.30	-864,916,664.30	-245.99%	Mainly due to dividends paid
Net increase in cash and cash equivalents	-577,320,410.12	2,006,581,139.27	-128.77%	Mainly due to payments for material procurements, tax payables, and 2016 year-end bonus

## 2. Progress and influence of significant events, analysis and explanation of corresponding solutions.

☐ Applicable ☒ Inapplicable

### 3. Incomplete commitments from the related committed parties such as the Company's Actual Controller, Shareholders, related parties, acquirer(s), and the Company during the reporting period

√Applicable □ Inapplicable

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
Commitments in offering documents or shareholding alterations	CETHIK Group Co., Ltd.	<p>1. Commitments in non-competition within the industry: In the period as controlling shareholders of the Hikvision, CETHIK and its controlling subsidiaries (excluding Hikvision and its subsidiaries, the same below) will not be engaged in such business that is competitive to Hikvision and its subsidiaries directly or indirectly.</p> <p>2. Commitments in decrease and regulation of transactions with related party: Zhejiang Haikang Group Co., Ltd (hereinafter referred to as Haikang Group or actual controller) as the controlling shareholders of Hangzhou Hikvision Digital Technology Co., Ltd (hereinafter referred to as "Hikvision" or "Listed Company") are committed as below for the transactions with Hikvision:</p> <p>(1) Haikang Group will not make use of the controlling power to offer more favorable conditions to Hikvision than those to any independent third party in any fair market transactions in the cooperation with Hikvision.</p> <p>(2) Haikang Group will not make use of the controlling power to obtain the prior right to complete the transaction with Hikvision.</p> <p>(3) Haikang Group will not deal with Hikvision in not fair terms comparing to the market prices to prejudice the Company's interests.</p> <p>For unavoidable related transactions, the Company will observe the principles of justice and fairness to determine prices according to the market on the basis of equality, voluntarily. The Company will obey the Articles of Association and other regulatory documents related to the avoiding of issues about related transactions. The related transactions will go through approval procedures in accordance with related rules and complete legal procedures, fulfilling the information disclosure obligations in respect to the related transactions</p> <p>3. Commitment to the maintenance of the independence of the listed Company</p> <p>3.1 Commitment to Personnel Independence of the listed Company</p> <p>(1) Commitment that our general manager, deputy general manager, chief financial officer, secretary of the board and other members of senior management shall not assume any positions other than directors and</p>	29 October, 2013	Long-term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		<p>supervisors or get any remuneration in CETHIK and/or any of its controlled entities; (2) Commitment in keeping the management of labor, human resources and issues related to remuneration of the listed Company independent from that of CETHIK;</p> <p>3.2 Commitment to the independence of the asset of the listed Company</p> <p>(1) Commitment to independent and complete asset of the listed Company</p> <p>(2) Commitment free of unlawful use of cash and asset of the listed Company by the controlling shareholders</p> <p>3.3 Commitment to financial independence of the listed Company</p> <p>(1) Commitment to an independent finance department with a team and accounting system;</p> <p>(2) Commitment to a regulated, independent accounting system and financial management system of the branches and subsidiaries</p> <p>(3) Commitment to maintaining accounts with banks independently of and not sharing any bank account with our controlling shareholders</p> <p>(4) Commitment that the financial staff shall not assume any positions in CETHIK</p> <p>(5) Commitment to paying taxes independently according to the law;</p> <p>(6) Commitment to implementing financial decisions independently</p> <p>3.4 The Company has set up an independent organizational structure which maintains its independent operations which is independent from that of CETHIK.</p> <p>3.5 Commitment to business Independence of the listed Company</p> <p>(1) The Company has the asset, personnel, aptitude and management capability for independent and complete business operation. The Company has the ability to operate independently in the market.</p> <p>(2) Commitment in independence in both business and operations</p> <p>4. Regarding plans for the development and relevant commitment for the listed Company, Haikang Group has committed as below for the subsequent development of Hikvision according to the Securities Acts and relevant laws and rules,</p> <p>4.1 Currently the Company has no plan to change or make significant adjustments for principal business in the next 12 months;</p> <p>4.2 Currently the Company has no plan to sell, merge or operate with another Company for the assets and business of the listed Company or its subsidiaries in the next 12 months.</p>			

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		<p>4.3 Currently the Company has no plan to alter the Board of the Directors and senior management and no agreement with other shareholders about the appointment and removal of the directors or senior management. The team of Board of Directors and senior management will remain unchanged for the foreseeable future.</p> <p>4.4 Currently the Company has no plan to make significant changes to the Articles of Association for the listed Company.</p> <p>4.5 Currently the Company has no plan to make significant changes to the existing employee recruitment for the listed Company.</p> <p>4.6 Currently the Company has no plan to make significant changes for the dividend distribution plan for the listed Company.</p> <p>4.7 Currently the Company has no plan to make significant changes for business and organizational structure for the listed Company.</p>			
Commitments in Initial Public Offering or re-financing	Hangzhou Weixun Investment Management Limited Partnership (later renamed as Xinjiang Weixun Investment Management Limited Partnership)	During Hu Yangzhong, Wu Weiqi, JiangHaiqing, Zhou Zhiping, Xu Lirong, Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang Yufeng, Liu Xiang, Wang Ruihong, Chen Junke's tenure of the Company's board of directors, supervisors and senior management personnel, the annual transfer of Hikvision's total shares should not exceed 25% of total number of shares held under Weixun; within 6 months after abovementioned personnel's dimission, should not transfer hikvision's shares held under Weixun.	17 May, 2010	Long term	Strict performance
	Hangzhou Pukang Investment Limited Partnership (later renamed as Xinjiang Pukang Investment Limited Partnership)	During Hu Yangzhong, Wu Weiqi, Gong Hongjia's tenure of the Company's board of directors, supervisors and senior management persone, the annual transfer of Hikvision's total shares should not exceed 25% of total number of shares held under Pukang; whithin 6 months after abovementioned personnel's dimission, should not transfer hikvision's shares held under Pukang.	17 May, 2010	Long term	Strict performance
	The Company's directors, supervisors and executive: HuYangzhong, Wu Weiqi, Jiang Haiqing, Zhou Zhiping, Xu Lirong,	During their tenure of the Company's board of directors, supervisors and senior management personnel, the annual shares transfer should not exceed 25% of total number of shares held under Weixun; whthin 6 months after their dimission, they should not transfer their shares held under Weixun.	17 May, 2010	Long term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
	Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang Yufeng, Liu Xiang, Wang Ruihong, Chen Junke				
	Directors, executive officers of the Company: Hu Yangzhong, Wu Weiqi	During their tenure of the Company's board of directors, supervisors and senior management personnel, the annual shares transfer should not exceed 25% of total number of shares held under Pukang; within 6 months after their dismission, they should not transfer their shares held under Pukang.	17 May, 2010	Long term	Strict performance
	The Company's director Gong Hongjia's spouse, Chen Chunmei	During Gong Hongjia's tenure of the Company's board of directors, supervisors and senior management personnel, Chen's annual shares transfer should not exceed 25% of total number of shares held under Pukang; within 6 months after the dismission of Gong Hongjia, Chen should not transfer her shares held under Pukang.	17 May, 2010	Long-term	Strict performance
	China Electronics Technology Group Corporation	To avoid any loss of the Company and other shareholders arising from any competing business, China Electronics Technology Group Corporation, the actual controller of the Company, issued <i>Commitment Letter about Avoiding the Competition within the Same Industry</i> (《避免同业竞争的承诺函》) on 18 September, 2008.	18 September, 2008	Long term	Strict performance
	Gong Hongjia; XinJiang WeiXun Investment Management Limited Partnership; XinJiang KangPu Investment Management Limited Partnership; ZheJiang Orient Holdings Co., Ltd.	To avoid any loss of the Company and other shareholders arising from any competing business, Gong Hongjia, Hangzhou WeiXun Investment Management Limited Partnership, ZheJiang Orient Holdings Co., Ltd and Hangzhou KangPu Investment Management Limited Partnership, the promoters of the Company, issued <i>Commitment Letter about Avoiding the Competition within the Same Industry</i> (《避免同业竞争的承诺函》) on 10 July, 2008.	10 July, 2008	Long term	Strict performance
Whether the undertaking is fulfilled in time	Yes				

#### 4. Guidance on the Company's 2017 full year operational result.

Guidance on the Company's 2017 full year operational performance: Net profits attributable to shareholders of the Company are positive, and situation of turning losses into gains is not applicable.

Estimated YoY change (%) of 2017 net profits attributable to shareholders of the Company.	15%	to	35%
Estimated variation interval of 2017 net profits attributable to shareholders of the Company. (0,000 RMB)	853,832.67	to	1,002,325.31
2016 Net profits attributable to shareholders of the Company. (0,000 RMB) (Note)	742,463.19		
Note of change in operational results	The Company's operating performance continues to have a steady growth.		

Note: 2016 Net profits attributable to shareholders of the Company here were retroactively adjusted for business merger under the common control.

#### 5. Financial Assets measured at fair value

☒ Applicable ☐ Inapplicable

Unit: RMB

Category	Initial investment cost	Profits or losses on the changes in fair value in current period	Cumulative fair value change charged to equity	Purchase during the reporting period	Sales during the reporting period	Cumulative investment income	Closing balance	Source of funds
Derivative instruments	2,485,985,565.37	38,626,739.56	--	1,587,765,939.71	--	23,849,562.03	1,512,525,748.71	Company's own funds
Total	2,485,985,565.37	38,626,739.56	--	1,587,765,939.71	--	23,849,562.03	1,512,525,748.71	--

#### 6. Illegal provision of guarantees for external parties

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

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

☐ Applicable ☒ Inapplicable

No such case in the reporting period.

## 8. Schedule for the reception activities including research, communication and interviews during the report period

☒ Applicable ☐ Inapplicable

### 8.1 Reception of research activities during 2017 Q3.

Time of reception	Method of reception	Type of reception object	Basic situation of the research
July 24 <sup>th</sup> 2017	Performance result Conference Call	Institutional and individual investors	CNINF, <i>Investor Relations Activity Record: July 24<sup>th</sup> 2017</i>
From July 25 <sup>th</sup> , 2017 to August 4 <sup>th</sup> , 2017	Site Research and telephone communication	Institutional investors and media	CNINF, <i>Investor Relations Activity Record: From June 25<sup>th</sup>, 2017 to August 4<sup>th</sup>, 2017</i>
From August 7 <sup>th</sup> , 2017 to August 25 <sup>th</sup> , 2017	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From August 7<sup>th</sup>, 2017 to August 25<sup>th</sup>, 2017</i>
From August 28 <sup>th</sup> , 2017 to September 8 <sup>th</sup> , 2017	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From August 28<sup>th</sup>, 2017 to September 8<sup>th</sup>, 2017</i>
From September 11 <sup>th</sup> , 2017 to September 29 <sup>th</sup> , 2017	Site Research and telephone communication	Institutional and individual investors	CNINF, <i>Investor Relations Activity Record: From September 11<sup>th</sup>, 2017 to September 29<sup>th</sup>, 2017</i>



## 8.2 Participation of conferences for investor relationship activities during 2017 Q3

Time of conference	Location	Conference Name	Type of reception object	Method of reception
July 2017	Shenzhen	Macquarie 2017 A-share Annual Investor Forum	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
July 2017	London-Edinburgh	UK NDR – via BNP Paribas	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
August 2017	Singapore-Hongkong	Singapore & Hong Kong NDR-via BoA Merrill Lynch	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	Shenzhen	UBS 2017 A-Share Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	Shenzhen	Goldman Sachs 2017 China Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	Taipei	Credit Suisse 18th Annual Asian Technology Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	Shanghai	Nomura China Investor Forum 2017	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	London	Morgan Stanley 2017 Asia Corporate Day	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	London	2017 CICC London Forum	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
September 2017	Hongkong	24th CLSA Investors' Forum	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.

## 8.3 Investor relations activity statistics during 2017 Q3

Number of daily research received (Site and telephone conference)	104
Number of institutional investors received (times)	892
Number of individual investors received (headcounts)	32
Number of investor relations conference participated	10

## IV. Financial Reports

### 5.1 Financial Reports

#### 1. Consolidated Balance Sheet

Prepared by Hangzhou Hikvision Digital Technology Co., Ltd.

September 30<sup>th</sup>, 2017

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	13,167,615,852.24	13,638,078,139.56
Balances with clearing agencies		
Placements with banks and other financial institutions		
Financial assets measured by fair value and changes in fair value would be recognized in the current period gains and losses	12,820,377.42	15,547,537.34
Derivative financial assets		
Notes receivable	3,260,687,198.15	2,843,404,415.52
Accounts receivable	15,171,778,607.65	11,243,843,324.90
Prepayments	370,891,604.84	279,023,207.91
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Interests receivable		
Dividends receivable		
Other receivables	554,550,891.60	528,644,227.42
Financial assets purchased under resale agreements		
Inventories	5,440,626,715.72	3,829,947,876.75
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	512,032,844.26	4,153,992,276.78
<b>Total Current Assets</b>	<b>38,491,004,091.88</b>	<b>36,532,481,006.18</b>

Item	Closing balance	Opening balance
Non-current Assets:		
Loans and advances to customers		
Available-for-sale financial assets	287,466,813.00	283,836,013.00
Held-to-maturity investments		
Long-term receivables	134,283,654.33	251,588,919.15
Long-term equity investment	124,385,439.21	35,000,000.00
Investment properties		
Fixed assets	2,928,515,602.53	2,853,908,475.49
Construction in progress	1,205,329,627.29	316,482,522.36
Materials for construction of fixed assets		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	409,074,338.20	410,456,789.63
Development expenditures		
Goodwill	248,364,401.47	248,364,401.47
Long-term prepaid expenses		
Deferred tax assets	444,377,346.59	375,310,938.70
Other non-current assets	31,607,418.00	40,999,684.42
<b>Total Non-current Assets</b>	<b>5,813,404,640.62</b>	<b>4,815,947,744.22</b>
<b>Total Assets</b>	<b>44,304,408,732.50</b>	<b>41,348,428,750.40</b>
Current Liabilities:		
Short-term borrowings	650,412,864.82	32,291,324.85
Loans from the central bank		
Customer deposits and deposits from banks and other financial institutions		
Capitals taking from banks and other financial institutions		
Financial liabilities measured by fair value and changes in fair value would be recognized in the current period gains and losses	28,187,297.02	69,789,502.97
Derivative financial liabilities		
Notes payable	733,584,221.11	876,804,536.72
Accounts payable	6,711,619,644.23	7,009,322,028.13
Receipts in advance	402,471,608.02	469,804,837.45

Item	Closing balance	Opening balance
Financial assets sold under repurchase agreements		
Fees and commissions payable		
Payroll payable	950,428,923.64	1,084,951,139.10
Taxes payable	974,927,666.86	1,205,710,722.22
Interests payable		
Dividends payable	92,407,139.16	20,105,831.16
Other payables	497,695,436.00	1,049,164,707.44
Amounts payable under reinsurance contracts		
Insurance contract reserves		
Funds from securities trading agency		
Funds from underwriting securities agency		
Liabilities classified as held for sale		
Non-current liabilities due within one year	723,925,366.11	15,340,813.03
Other current liabilities	853,507,327.55	300,177,750.17
<b>Total Current Liabilities</b>	<b>12,619,167,494.52</b>	<b>12,133,463,193.24</b>
Non-current Liabilities:		
Long-term borrowings	1,310,990,200.58	1,722,207,584.33
Bonds payable	3,129,320,000.00	2,954,449,528.77
Including: Preferred share		
Perpetual bond		
Long-term payables	5,613,544.53	7,000,000.00
Long-term employee benefits payable		
Special payables		
Provisions	47,757,207.79	41,933,212.54
Deferred income	21,106,099.45	10,833,745.99
Deferred tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>4,514,787,052.35</b>	<b>4,736,424,071.63</b>
<b>Total liabilities</b>	<b>17,133,954,546.87</b>	<b>16,869,887,264.87</b>
<b>Owners' Equities</b>		
Share capital	9,228,865,114.00	6,102,706,885.00
Other equity instruments		
Including: Preferred share		

Item	Closing balance	Opening balance
Perpetual debt		
Capital reserves	1,770,445,386.63	1,050,240,853.66
Less: Treasury stock	853,507,327.55	300,177,750.17
Other comprehensive income	-40,837,393.47	-41,230,777.21
Special reserves		
Surplus reserve	2,615,437,822.15	2,615,437,822.15
General risk reserve		
Retained profits	14,204,721,105.21	14,856,778,392.88
<b>Total owners' equity attributable to owner of the Company</b>	<b>26,925,124,706.97</b>	<b>24,283,755,426.31</b>
Minority interests	245,329,478.66	194,786,059.22
<b>Total owners' equity</b>	<b>27,170,454,185.63</b>	<b>24,478,541,485.53</b>
<b>Total liabilities and owners' equity</b>	<b>44,304,408,732.50</b>	<b>41,348,428,750.40</b>

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

## 2. Balance Sheet of the Parent Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	10,171,408,930.81	10,249,118,159.19
Financial assets measured by fair value and changes in fair value would be recognized in the current period gains and losses	2,036,180.78	5,284,890.86
Derivative financial assets		
Notes receivable	195,579,174.36	221,542,747.41
Accounts receivable	15,674,121,467.35	10,128,753,520.42
Prepayments	66,143,783.63	8,256,040.04
Interests receivable		
Dividends receivable		
Other receivables	1,470,443,724.81	417,963,245.46
Inventories	562,818,018.22	566,168,466.17
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	224,884,764.62	3,889,519,711.57

Item	Closing balance	Opening balance
<b>Total Current Assets</b>	28,367,436,044.58	25,486,606,781.12
Non-current Assets:		
Available-for-sale financial assets	287,456,813.00	283,221,700.00
Held-to-maturity investments		
Long-term receivables	14,620,981.46	72,153,363.60
Long-term equity investment	2,819,174,690.37	1,714,688,703.42
Investment properties		
Fixed assets	1,719,412,693.46	1,720,579,461.05
Construction in progress	785,813,481.15	248,447,641.34
Materials for construction of fixed assets		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	128,508,954.76	131,566,733.76
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	194,230,198.07	177,568,964.27
Other non-current assets	31,607,418.00	10,782,858.00
<b>Total Non-Current Assets</b>	5,980,825,230.27	4,359,009,425.44
<b>Total Assets</b>	34,348,261,274.85	29,845,616,206.56
Current Liabilities:		
Short-term borrowings		
Financial liabilities measured by fair value and changes in fair value would be recognized in the current period gains and losses	4,865,377.43	58,858,697.43
Derivative financial liabilities		
Notes payable		
Accounts payable	1,502,448,540.16	138,851,152.86
Receipts in advance	217,251,242.62	233,831,105.17
Payroll payable	700,970,176.81	811,701,475.85
Taxes payable	917,433,501.80	998,754,860.91
Interests payable		
Dividends payable	92,407,139.16	20,105,831.16

Item	Closing balance	Opening balance
Other payables	960,670,883.56	787,861,780.95
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	23,925,366.11	
Other current liabilities	853,507,327.55	300,177,750.17
<b>Total Current Liabilities</b>	<b>5,273,479,555.20</b>	<b>3,350,142,654.50</b>
Non-Current Liabilities:		
Long-term borrowings		
Bonds payable	3,129,320,000.00	2,954,449,528.77
Including: Preferred share		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special payables		
Provisions	34,240,710.46	28,799,848.84
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>3,163,560,710.46</b>	<b>2,983,249,377.61</b>
<b>Total liabilities</b>	<b>8,437,040,265.66</b>	<b>6,333,392,032.11</b>
Owners' equity		
Share capital	9,228,865,114.00	6,102,706,885.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserves	1,698,638,895.56	955,687,875.52
Less: Treasury share	853,507,327.55	300,177,750.17
Other comprehensive income		
Special reserves		
Surplus reserve	2,615,437,822.15	2,615,437,822.15
Retained profits	13,221,786,505.03	14,138,569,341.95
<b>Total owners' equity</b>	<b>25,911,221,009.19</b>	<b>23,512,224,174.45</b>
<b>Total liabilities and owners' equity</b>	<b>34,348,261,274.85</b>	<b>29,845,616,206.56</b>

Legal Representative: Chen Zongnian    Person in Charge of the Accounting Department: Jin Yan    Chief Accountant: Jin Yan

### 3. Consolidated income statement during the current reporting period

Unit: RMB

Item	2017 Q3	2016 Q3
<b>I. Total operating income</b>	11,282,202,421.66	8,590,947,557.65
Including: Operating income	11,282,202,421.66	8,590,947,557.65
Interest income		
Premiums earned		
Fees and commissions income		
<b>II. Total operating costs</b>	8,770,040,115.83	6,599,550,570.52
Including: Operating cost	6,056,968,730.55	4,838,554,730.46
Interest expense		
Fees and commissions expenses		
Surrender charge fee		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Business taxes and levies	102,675,477.44	60,292,484.37
Selling expenses	1,233,501,449.38	795,870,477.03
Administrative expenses	1,100,355,512.71	853,584,677.55
Financial expense	152,798,483.82	-28,550,373.71
Impairment losses of assets	123,740,461.93	79,798,574.82
Add: Gains from changes in fair values (Losses are indicated by "—")	74,249.15	867,253.82
Investment income (Loss is indicated by "—")	-3,104,411.90	15,755,624.59
Including: Income from investments in associates and joint ventures	7,380,152.85	
Foreign exchange gains (Losses are indicated by "—")		
Other income	362,667,519.13	
<b>III. Operating profit (Loss is indicated by "—")</b>	2,871,799,662.21	2,008,019,865.54
Add: Non-operating income	67,674,725.34	315,409,437.93
Including: Gains from disposal of non-current assets	21,403.96	427,503.53



Item	2017 Q3	2016 Q3
Less: Non-operating expenses	506,767.80	8,965,444.99
Including: Losses from disposal of non-current assets	81,352.15	472,560.73
<b>IV. Total profit (total losses expressed with "-")</b>	2,938,967,619.75	2,314,463,858.48
Less: Income tax expenses	93,778,273.29	74,938,591.48
<b>V. Net profit (net loss expressed with "-")</b>	2,845,189,346.46	2,239,525,267.00
Net profit attributable to owners of parent company	2,861,268,129.82	2,243,940,889.34
Profit or loss attributable to minority interests	-16,078,783.36	-4,415,622.34
<b>VI. Other comprehensive income, net of income tax</b>	-34,857,287.93	108,011,435.11
Other comprehensive income attributable to owners of the Company, net of tax	-28,196,995.97	1,154,023.40
(I) Items that will not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or assets of re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income attributes to investees that cannot be reclassified into profit or loss under equity method		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods	-28,196,995.97	1,154,023.40
1. Amounts of other comprehensive income attributes to investees that are to be reclassified into profit or loss under equity method		
2. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
3. Gains or losses through reclassifying held-to-maturity financial assets to available-for-sale financial assets		
4. The effective part of gains and losses on cash flow hedging		
5. Exchange differences arising on conversion of financial statements denominated in foreign currencies	-28,196,995.97	1,154,023.40
6. Others		
Other comprehensive income attributable to minority interests, net of tax	-6,660,291.96	106,857,411.71
<b>VII. Total comprehensive income</b>	2,810,332,058.53	2,347,536,702.11
Total comprehensive income attributable to owners of the parent company	2,833,071,133.85	2,245,094,912.74

Item	2017 Q3	2016 Q3
Total comprehensive income attributable to minority interests	-22,739,075.32	102,441,789.37
<b>VIII. Earnings per share</b>		
(I) Basic earnings per share	0.315	0.249
(II) Diluted earnings per share	0.313	0.247

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

#### 4. Income statement of the Parent Company during the reporting period

Unit: RMB

Item	2017 Q3	2016 Q3
<b>I. Total operating income</b>	5,518,823,572.75	4,493,569,594.70
Less: Operating Cost	1,655,477,081.47	1,649,000,695.11
Business taxes and levies	77,581,355.14	55,620,993.73
Selling expenses	573,960,832.27	530,442,933.30
Administrative expenses	623,375,386.11	635,149,996.01
Financial expense	-47,411,878.28	-34,985,045.43
Impairment losses of assets	143,064,436.54	
Add: Gains from changes in fair values (Losses are indicated by "—")	-2,995,797.66	-2,890,468.50
Investment income (Loss is indicated by "—")	-4,051,388.64	19,989,051.27
Including: Income from investments in associates and joint ventures	4,657,858.86	
Other Income	352,400,737.85	
<b>II. Operating profit (loss is indicated by "—")</b>	2,838,129,911.05	1,675,438,604.75
Add: Non-operating income	25,575,460.96	260,077,467.68
Including: Gains from disposal of non-current assets	19,962.46	51,539.02
Less: Non-operating expenses	378,569.23	1,060,813.16
Including: Losses from disposal of non-current assets	46,217.14	63,991.05
<b>III. Total profit (total loss is indicated by "—")</b>	2,863,326,802.78	1,934,455,259.27
Less: Income tax expenses	76,096,578.94	1,856,915.93
<b>IV. Net profit (Net loss is indicated by "—")</b>	2,787,230,223.84	1,932,598,343.34
<b>V. Other comprehensive income, net of income tax</b>		
(I) Items that will not be reclassified subsequently to profit or loss not to be reclassified to profit or loss in subsequent periods		

1. Changes in net liabilities or assets of re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income attributes to investees that cannot be reclassified into profit or loss under equity method		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		
1. Amounts of other comprehensive income attributes to investees that are to be reclassified into profit or loss under equity method		
2. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
3. Gains or losses through reclassifying held-to-maturity financial assets to available-for-sale financial assets		
4. The effective part of gains and losses on cash flow hedging		
5. Exchange differences arising on conversion of financial statements denominated in foreign currencies		
6. Others		
<b>VI. Total comprehensive income</b>	2,787,230,223.84	1,932,598,343.34
<b>VII. Earnings per share</b>		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

## 5. Consolidated Income Statement from January 1<sup>st</sup> 2017 to September 30<sup>th</sup> 2017

Unit: RMB

Item	2017 Q1~Q3	2016 Q1~Q3
<b>I. Total operating income</b>	27,729,742,158.18	21,144,424,306.23
Including: Operating income	27,729,742,158.18	21,144,424,306.23
Interest income		
Premiums earned		
Fees and commissions income		
<b>II. Total operating costs</b>	22,170,841,572.33	16,760,775,041.73
Including: Operating cost	15,477,663,755.39	12,356,770,994.76
Interest expense		

Item	2017 Q1~Q3	2016 Q1~Q3
Fees and commissions expenses		
Surrender charge fee		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		
Business taxes and levies	276,908,073.14	157,714,144.35
Selling expenses	2,960,426,405.60	2,007,702,021.31
Administrative expenses	2,862,065,389.84	2,125,536,667.86
Financial expense	218,299,111.47	-125,733,322.07
Impairment losses of assets	375,478,836.89	238,784,535.52
Add: Gains from changes in fair values (Losses are indicated by "—")	38,626,739.56	-7,414,642.50
Investment income (Loss is indicated by "—")	46,547,777.20	42,207,125.49
Including: Income from investments in associates and joint ventures	3,502,450.80	
Foreign exchange gains (Losses are indicated by "—")		
Other income	1,040,078,811.54	
<b>III. Operating profit (Loss is indicated by "—")</b>	<b>6,684,153,914.15</b>	<b>4,418,441,747.49</b>
Add: Non-operating income	102,191,004.92	967,394,959.57
Including: Gains from disposal of non-current assets	2,820,089.76	1,747,981.58
Less: Non-operating expenses	2,787,256.22	27,013,815.80
Including: Losses from disposal of non-current assets	653,063.40	2,092,190.43
<b>IV. Total profit (total losses expressed with "-")</b>	<b>6,783,557,662.85</b>	<b>5,358,822,891.26</b>
Less: Income tax expenses	662,436,664.14	507,470,567.59
<b>V. Net profit (net loss expressed with "-")</b>	<b>6,121,120,998.71</b>	<b>4,851,352,323.67</b>
Net profit attributable to owners of parent company	6,152,814,186.52	4,851,762,418.77
Profit or loss attributable to minority interests	-31,693,187.81	-410,095.10
<b>VI. Other comprehensive income, net of income tax</b>	<b>-5,423,522.89</b>	<b>96,729,834.16</b>
Other comprehensive income attributable to owners of the Company, net of tax	393,383.74	-16,387,539.95

Item	2017 Q1~Q3	2016 Q1~Q3
(I) Items that will not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or assets of re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income attributes to investees that cannot be reclassified into profit or loss under equity method		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods	393,383.74	-16,387,539.95
1. Amounts of other comprehensive income attributes to investees that are to be reclassified into profit or loss under equity method		
2. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
3. Gains or losses through reclassifying held-to-maturity financial assets to available-for-sale financial assets		
4. The effective part of gains and losses on cash flow hedging		
5. Exchange differences arising on conversion of financial statements denominated in foreign currencies	393,383.74	-16,387,539.95
6. Others		
Other comprehensive income attributable to minority interests, net of tax	-5,816,906.63	113,117,374.11
<b>VII. Total comprehensive income</b>	6,115,697,475.82	4,948,082,157.83
Total comprehensive income attributable to owners of the parent company	6,153,207,570.26	4,835,374,878.82
Total comprehensive income attributable to minority interests	-37,510,094.44	112,707,279.01
<b>VIII. Earnings per share</b>		
(I) Basic earnings per share	0.671	0.538
(II) Diluted earnings per share	0.673	0.535

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

**6. Income Statement of the Parent Company from January 1<sup>st</sup> 2017 to September 30<sup>th</sup> 2017**

Unit: RMB

Item	2017 Q1~Q3	2016 Q1~Q3
<b>I. Total operating income</b>	13,028,365,700.13	11,472,963,111.24
Less: Operating Cost	4,006,666,044.52	4,078,639,749.97
Business taxes and levies	182,107,831.11	143,894,977.35
Selling expenses	1,380,249,988.98	1,367,974,513.55
Administrative expenses	1,941,372,228.12	1,639,985,338.67
Financial expense	-151,720,746.96	-67,957,249.74
Impairment losses of assets	299,691,053.22	139,666,067.60
Add: Gains from changes in fair values (Losses are indicated by "—")	50,744,609.92	-2,890,468.50
Investment income (Loss is indicated by "—")	29,045,580.78	50,125,567.24
Including: Income from investments in associates and joint ventures	3,248,710.08	
Other Income	997,732,905.65	
<b>II. Operating profit (loss is indicated by "—")</b>	6,447,522,397.49	4,217,994,812.58
Add: Non-operating income	45,863,699.95	874,969,681.24
Including: Gains from disposal of non-current assets	2,558,331.33	1,329,862.86
Less: Non-operating expenses	1,592,024.50	6,852,200.55
Including: Losses from disposal of non-current assets	259,632.69	1,348,445.90
<b>III. Total profit (total loss is indicated by "—")</b>	6,491,794,072.94	5,086,112,293.27
Less: Income tax expenses	603,705,435.66	454,024,896.65
<b>IV. Net profit (Net loss is indicated by "—")</b>	5,888,088,637.28	4,632,087,396.62
<b>V. Other comprehensive income, net of income tax</b>		
(I) Items that will not be reclassified subsequently to profit or loss not to be reclassified to profit or loss in subsequent periods		
1. Changes in net liabilities or assets of re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income attributes to investees that cannot be reclassified into profit or loss under equity method		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		

Item	2017 Q1~Q3	2016 Q1~Q3
1. Amounts of other comprehensive income attributes to investees that are to be reclassified into profit or loss under equity method		
2. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
3. Gains or losses through reclassifying held-to-maturity financial assets to available-for-sale financial assets		
4. The effective part of gains and losses on cash flow hedging		
5. Exchange differences arising on conversion of financial statements denominated in foreign currencies		
6. Others		
<b>VI. Total comprehensive income</b>	5,888,088,637.28	4,632,087,396.62
<b>VII. Earnings per share</b>		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Chen Zongnian      Person in Charge of the Accounting Department: Jin Yan      Chief Accountant: Jin Yan

## 7. Consolidated Cash Flow Statement from January 1<sup>st</sup> 2017 to September 30<sup>th</sup> 2017

Unit: RMB

Item	2017 Q1~Q3	2016 Q1~Q3
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	27,024,807,952.59	21,036,029,978.05
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from reinsurance business		
Net increase in the insurance deposit and investment fund		
Net cash receipts from disposal of financial assets measured by fair value that changes in fair value would be recognized in the current period gains and losses		

Item	2017 Q1~Q3	2016 Q1~Q3
Cash received from interests, fees and commissions		
Net increase in capital taking from other banks		
Net increase in capital from repurchase arrangements		
Refund of tax and levies	2,115,509,024.59	1,775,399,086.25
Other cash received relating to operating activities	311,501,723.20	271,681,570.88
<b>Sub-total of cash inflows from operating activities</b>	<b>29,451,818,700.38</b>	<b>23,083,110,635.18</b>
Cash payments for goods purchased and services received	21,162,642,985.71	14,707,958,913.14
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due to banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Cash paid for interests, fees and commissions		
Cash payment for insurance policy dividends		
Cash paid to and on behalf of employees	3,498,922,254.19	2,373,218,843.51
Payments of various types of taxes	2,506,554,948.17	2,045,357,451.72
Other cash paid relating to operating activities	2,187,848,941.55	2,000,804,051.45
<b>Sub-total of cash outflows from operating activities</b>	<b>29,355,969,129.62</b>	<b>21,127,339,259.82</b>
<b>Net Cash Flow from Operating Activities</b>	<b>95,849,570.76</b>	<b>1,955,771,375.36</b>
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	5,173,000,000.00	1,447,812,000.00
Cash receipts from investment income	54,914,031.53	42,709,086.27
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	16,707,465.48	335,458.22
Net cash receipts from disposals of subsidiaries and other business units		
Other cash received relating to investing activities	3,146,041.25	21,068,035.05
<b>Sub-total of cash inflows from investing activities</b>	<b>5,247,767,538.26</b>	<b>1,511,924,579.54</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	985,865,888.00	601,716,966.90



Item	2017 Q1~Q3	2016 Q1~Q3
Cash paid to acquire investments	1,506,630,800.00	
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units	98,000,000.00	172,473,788.49
Other cash paid relating to investing activities		
<b>Sub-total of cash outflows from investing activities</b>	2,590,496,688.00	774,190,755.39
<b>Net Cash Flow from Investment Activities</b>	2,657,270,850.26	737,733,824.15
<b>III. Cash flows from financing activities:</b>		
Cash receipts from capital contributions	62,024,653.20	3,092,968,537.96
Including: cash received by subsidiaries from capital contributions from minority owners		
Cash receipts from borrowings	5,437,295,986.43	3,878,463,176.04
Cash receipts from bond issue		
Other cash receipts relating to financing activities	1,492,209,115.48	1,258,376,312.14
<b>Sub-total of cash inflows from financing activities</b>	6,991,529,755.11	8,229,808,026.14
Cash repayments of amounts borrowed	4,559,910,249.53	4,676,886,269.22
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,793,627,103.59	2,893,051,375.91
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	1,630,518,738.29	1,524,787,045.31
<b>Sub-total of cash outflows from financing activities</b>	9,984,056,091.41	9,094,724,690.44
<b>Net Cash Flow from Financing Activities</b>	-2,992,526,336.30	-864,916,664.30
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	-337,914,494.84	177,992,604.06
<b>V. Net Increase in Cash and Cash Equivalents</b>	-577,320,410.12	2,006,581,139.27
Add: Opening balance of Cash and Cash Equivalents	13,522,337,697.28	10,033,468,750.19
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	12,945,017,287.16	12,040,049,889.46

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

## 8. Cash Flow Statement of the Parent Company from January 1<sup>st</sup> 2017 to September 30<sup>th</sup> 2017

Unit: RMB

Item	2017 Q1~Q3	2016 Q1~Q3
<b>I. Cash Flows from Operating Activities::</b>		
Cash receipts from the sale of goods and the rendering of services	9,384,051,521.72	10,965,114,359.22
Refund of tax and levies	997,732,905.65	916,006,930.31
Other cash receipts relating to operating activities	229,260,124.67	202,657,951.84
<b>Sub-total of cash inflows from operating activities</b>	<b>10,611,044,552.04</b>	<b>12,083,779,241.37</b>
Cash payments for goods acquired and services received	3,469,498,225.96	3,933,974,389.41
Cash payments to and on behalf of employees	1,925,850,223.65	1,529,890,910.34
Payments of all types of taxes	2,202,877,884.71	1,669,302,666.66
Other cash payments relating to operating activities	1,323,221,056.02	1,401,351,868.90
<b>Sub-total of cash outflows from operating activities</b>	<b>8,921,447,390.34</b>	<b>8,534,519,835.31</b>
<b>Net Cash Flow from Operating Activities</b>	<b>1,689,597,161.70</b>	<b>3,549,259,406.06</b>
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	5,170,000,000.00	1,123,000,000.00
Cash receipts from investment income	41,937,763.80	50,125,567.24
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	7,676,944.32	128,125.68
Net cash receipts from disposals of subsidiaries and other business units	70,271.21	
Other cash receipts relating to investing activities	852,552,973.35	385,788,647.39
<b>Sub-total of cash inflows from investing activities</b>	<b>6,072,237,952.68</b>	<b>1,559,042,340.31</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	417,737,223.06	217,425,074.41
Cash payments to acquire investments	1,504,235,113.00	
Net cash payments for acquisitions of subsidiaries and other business units	1,077,486,527.00	431,266,751.40
Other cash payments relating to investing activities	1,038,113,091.31	556,340,084.34
<b>Sub-total of cash outflows from investing activities</b>	<b>4,037,571,954.37</b>	<b>1,205,031,910.15</b>

<b>Net Cash Flow from Investment Activities</b>	2,034,665,998.31	354,010,430.16
<b>III. Cash Flows from Financing Activities</b>		
Cash receipts from capital contributions		
Cash receipts from borrowings	300,000,000.00	
Cash receipts from issue of bonds		2,995,200,000.00
Other cash receipts relating to financing activities	41,000.00	585,123,067.48
<b>Sub-total of cash inflows from financing activities</b>	300,041,000.00	3,580,323,067.48
Cash repayments of amounts borrowed	300,000,000.00	594,840,194.74
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,715,492,679.55	2,872,725,623.22
Other cash payments relating to financing activities	15,151,512.29	578,874,356.00
<b>Sub-total of cash outflows from financing activities</b>	4,030,644,191.84	4,046,440,173.96
<b>Net Cash Flow from Financing Activities</b>	-3,730,603,191.84	-466,117,106.48
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-71,328,208.84	405,392.13
<b>V. Net increase in cash and cash equivalents</b>	-77,668,240.67	3,437,558,121.87
Add: Beginning balance of cash and cash equivalents	10,245,969,003.13	6,548,073,680.91
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	10,168,300,762.46	9,985,631,802.78

Legal Representative: Chen Zongnian

Person in Charge of the Accounting Department: Jin Yan

Chief Accountant: Jin Yan

**V. Audit Report**

Whether audit has been performed on this interim financial report

☐ Yes ☒ No

The Company's 2017 Quarter 3 report has not been audited

**Note:** This document is a translated version of the Chinese 2017 Quarter 3 Financial Report (“2017 年度第三季度报告”), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2017 Quarter 3 Financial Report document may be obtained at <http://www.cninfo.com>.

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD.

Chairman: Chen Zongnian

October 31<sup>st</sup>, 2017