

HANGZHOU HIKVISION DIGITAL
TECHNOLOGY CO., LTD.



2018 Quarter 1 Report
January to March 2018

April 21st 2018

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.

The Company’s chairman Chen Zongnian, and director Gong Hongjia, Qu Liyang, Hu Yangzhong, Wu Weiqi, independent director Cheng Tianzong , Lu Jianzhong, Wang Zhidong attend the board meeting to review this report in person. Independent director Hong Tianfeng was on a business trip and not able to attend the board meeting in person, and Hong authorized independent director Cheng Tianzong to attend and exercise the voting right for him.

Chen Zongnian, the Company's legal representative, Jin Yan, the person in charge of the accounting department and the chief accountant and 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 2018 Q1 Financial Report (“2018 年第一季度报告全文”), and the published Q1 report in the Chinese version shall prevail. The complete published Chinese 2018 Q1 Financial Report may be obtained at <http://www.cninfo.com.cn>.

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: business merger involving enterprises under the common control

	2018 Q1	2017 Q1		Change(%) between 2017 Q1 and 2018 Q1
		Before Adjustments	After Adjustments	After Adjustments
Operating income (RMB)	9,364,828,201.00	7,043,724,101.73	7,043,724,101.73	32.95%
Net profits attributable to shareholders of the Company (RMB)	1,815,964,569.77	1,480,816,885.32	1,480,780,632.01	22.64%
Net profits attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	1,808,323,790.71	1,440,574,125.37	1,440,574,125.37	25.53%
Net cash flows from operating activities (RMB)	-3,856,064,680.53	-3,034,652,490.36	-3,035,286,557.20	-27.04%
Basic earnings per share (RMB/share)	0.199	0.163	0.163	22.09%
Diluted earnings per share (RMB/share)	0.197	0.162	0.162	21.60%
Weighted average Return on Equity (ROE)	5.80%	5.91%	5.91%	-0.11%
	At March 31 st 2018	At December 31 st 2017		Change(%) between December 31 st 2017 and March 31 st 2018
		Before Adjustments	After Adjustments	After Adjustments
Total assets (RMB)	50,208,262,128.64	51,570,963,466.61	51,570,963,466.61	-2.64%
Net assets attributable to shareholders of the Company (RMB)	32,230,376,028.30	30,358,072,874.22	30,358,072,874.22	6.17%

Items and Amounts of Non-recurring Gains and Losses

Applicable Inapplicable

Unit: RMB

Item	January 1 st –March 31 st 2018
Profit or loss from disposal of non-current assets (including the write-off for the impairment of assets)	3,430,565.03
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.)	17,139,444.49
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.	-20,691,634.72
Other non-operating income and expenditures except the items mentioned above	9,447,774.84
Less: Impact of income tax	1,398,922.45
The impact of the minority interests (after tax)	286,448.13
Total	7,640,779.06

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			137,437			
Particulars about shares held by Top 10 shareholders						
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen	
					Share Status	Amount
China Electronics Technology HIK Group Co., Ltd.	State-owned corporation	39.60%	3,653,674,956		Pledged	50,000,000
Gong Hongjia	Overseas individual	13.60%	1,255,056,700	1,038,792,525	Pledged	237,700,000
Hong Kong Securities Clearing Company Ltd.(HKSCC)	Overseas corporation	10.86%	1,001,811,817			
Xinjiang Weixun Investment Management Limited Partnership	Domestic non-state-owned corporation	4.89%	450,795,176		Pledged	166,100,000
Xinjiang Pukang Investment Limited Partnership	Domestic non-state-owned corporation	1.98%	182,510,174		Pledged	138,410,000
Hu Yangzhong	Domestic Individual	1.97%	182,186,477	136,639,858	Pledged	81,830,000
The 52 nd Research Institute at China Electronics Technology Group Corporation	State-owned corporation	1.96%	180,775,044			
CITIC Securities Company Limited	Domestic non-state-owned corporation	1.49%	137,861,187			
UBS AG	Overseas corporation	1.11%	102,517,315			
Central Huijin Investment Ltd.	State-owned corporation	0.71%	65,818,800			

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 period-end	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)	1,001,811,817	RMB ordinary shares	1,001,811,817
Xinjiang Weixun Investment Management Limited Partnership	450,795,176	RMB ordinary shares	450,795,176
Gong Hongjia	216,264,175	RMB ordinary shares	216,264,175
Xinjiang Pukang Investment Limited Partnership	182,510,174	RMB ordinary shares	182,510,174
The 52 nd Research Institute at China Electronics Technology Group Corporation	180,775,044	RMB ordinary shares	180,775,044
CITIC Securities Company Limited	137,861,187	RMB ordinary shares	137,861,187
UBS AG	102,517,315	RMB ordinary shares	102,517,315
Central Huijin Investment Ltd.	65,818,800	RMB ordinary shares	65,818,800
Hu Yangzhong	45,546,619	RMB ordinary shares	45,546,619
Explanation on associated relationship and concerted actions among top ten shareholders without trading restrictions, and among top ten shareholders and top ten shareholders without trading restrictions	<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, limited partner 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 or 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>.</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

Section 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	Balance at March 31 st 2018 (RMB)	Balance at January 1 st 2018 (RMB)	YoY change (%)	Note of Changes
Cash and bank balances	11,426,551,711.46	16,468,430,702.64	-30.62%	2017 year-end bonus were distributed in the current quarter and payments for procurements
Fixed Assets	4,053,256,047.58	3,024,025,496.31	34.04%	Mainly due to transferring Internet Security Industry Base project from construction in process to fixed assets
Construction in process	677,459,209.86	1,436,319,118.30	-52.83%	
Intangible assets	761,104,185.60	429,160,982.63	77.35%	Purchase of land use right for Chengdu Science and Technology Base project during the current reporting quarter.
Short-term borrowing	1,516,332,857.77	97,114,655.91	1461.38%	Increase in bank borrowings due to temporary capital turnover
Financial liabilities at fair value through current period profit and loss	55,059,240.22	15,946,836.46	245.27%	Changes in fair value for foreign exchange hedging products
Notes Payable	1,128,796,061.85	845,397,427.92	33.52%	Increase in outstanding balance for supplier notes payable
Account Payable	6,742,022,841.40	10,039,943,012.26	-32.85%	Increase in payments for supplier account payables due
Payroll Payable	431,026,744.53	1,391,291,256.90	-69.02%	2017 year-end bonus were distributed in the current quarter
Dividends payable	63,706,416.92	94,857,139.16	-32.84%	Dividends paid for second unlocking of 2014 Restricted Share Scheme
Bond Payable	-	3,120,920,000.00	-100%	The principal of Euro bond will be due within one year, and was categorized into current asset.
Non-current liabilities due within one year	4,653,521,621.62	1,546,407,270.89	200.92%	

1.2 Explanation for variations in income statement items

Item	2018 Q1 (RMB)	2017 Q1 (RMB)	YoY Change (%)	Note of changes
Total Operating Income	9,364,828,201.00	7,043,724,101.73	32.95%	Operating Income increased with the steady increase of market demands.
Selling expenses	1,084,628,143.59	700,619,566.15	54.81%	Selling expenses increase with the Company's continuous increasing investments on domestic and overseas sales network
Administrative expenses	995,059,473.35	747,961,910.46	33.04%	The Company's increasing investments in R&D
Financial expense	257,430,070.75	21,617,777.72	1090.83%	Increase in foreign currency exchange losses
Gains from changes in fair values	-42,253,561.30	4,304,484.96	-1081.62%	Change in fair value of foreign exchange hedging products

1.3 Explanation for variations in cash flow statement items

Item	2018 Q1 (RMB)	2017 Q1 (RMB)	YoY Change (%)	Note of changes
Net cash flow from operating activities	-3,856,064,680.53	-3,035,286,557.20	-27.04%	Mainly due to payments for material procurements, tax payables, and 2017 year-end bonus distribution.
Net cash flow from investment activities	-1,744,035,918.57	3,054,411,538.19	-157.10%	Mainly due to increase in principal-guaranteed financial product investments
Net cash flow from financing activities	1,018,223,066.41	2,324,978,732.03	-56.21%	Mainly due to decrease in bank loans

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 supervisors or get any remuneration in CETHIK and/or any of its controlled entities;</p> <p>(2) Commitment in keeping the management of labor, human resources and issues related to</p>	29 th October, 2013	Long-term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		<p>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 Hikvsion according to the Securities Acts and relevant laws and rules,</p> <p>4.1 Currently the Company has no plan to change or make significant adjustments for principal business in the next 12 months;</p> <p>4.2 Currently the Company has no plan to sell, merge or operate with another Company for the assets and business of the listed Company or its subsidiaries in the next 12 months.</p> <p>4.3 Currently the Company has no plan to alter the Board of the Directors and senior management and no agreement with other shareholders about the appointment and removal of the directors or</p>			

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		senior management. The team of Board of Directors and senior management will remain unchanged for the foreseeable future. 4.4 Currently the Company has no plan to make significant changes to the Articles of Association for the listed Company. 4.5 Currently the Company has no plan to make significant changes to the existing employee recruitment for the listed Company. 4.6 Currently the Company has no plan to make significant changes for the dividend distribution plan for the listed Company. 4.7 Currently the Company has no plan to make significant changes for business and organizational structure for the listed Company.			
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 dismissal, should not transfer hikvision's shares held under Weixun.	17 th 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 dismissal, should not transfer hikvision's shares held under Pukang.	17 th May, 2010	Long term	Strict performance
	The Company's directors, supervisors and executive: HuYangzhong, Wu Weiqi, Jiang Haiqing, Zhou Zhiping, Xu Lirong, Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang	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 dismissal, they should not transfer their shares held under Weixun.	17 th May, 2010	Long term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
	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 dimission, they should not transfer their shares held under Pukang.	17 th 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 dimission of Gong Hongjia, Chen should not transfer her shares held under Pukang.	17 th May, 2010	Long-term	Strict performance
	China Electronics Technology Group Corporation (later renamed as China Electronics Technology Group Co., Ltd.)	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 th September, 2008.	18 th 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 th July, 2008.	10 th July, 2008	Long term	Strict performance
Whether the undertaking is fulfilled in time	Yes				

4. Guidance on the Company’s operational results from January 1st 2018 to June 30th 2018.

Guidance on the Company’s operational performance from January 1st 2018 to June 30th 2018: Net profits attributable to shareholders of the Company are positive, and situation of turning losses into gains is not applicable.

Estimated YoY change (%) of net profits attributable to shareholders of the Company from January 1 st 2018 to June 30 th 2018	15%	to	35%
Estimated variation interval of net profits attributable to shareholders of the Company from January 1 st 2018 to June 30 th 2018 (0,000 RMB)	378,527.80	to	444,358.72
Net profits attributable to shareholders of the Company from January 1 st 2017 to June 30 th 2017 (0,000 RMB)	329,154.61		
Note of change in operational results	The Company’s operating performance continues to have a steady and healthy growth.		

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
Financial derivative instruments	1,400,293,692.23	-42,253,561.30		2,405,449,774.00		15,885,274.53	2,282,076,237.00	Company's own funds
Total	1,400,293,692.23	-42,253,561.30		2,405,449,774.00		15,885,274.53	2,282,076,237.00	--

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 2018 Q1

Time of reception	Method of reception	Type of reception object	Index of basic situation of the research
From January 1 st 2018 to February 2 nd 2018	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From January 1st 2018 to February 2nd 2018</i>
From February 5 th 2018 to March 2 nd 2018	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From February 5th 2018 to March 2nd 2018</i>
From March 5 th 2018 to March 16 th 2018	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From March 5th 2018 to March 16th 2018</i>

8.2 Participation of conferences for investor relationship activities during 2018 Q1

Time of conference	Location	Conference Name	Type of reception object	Method of reception
January 2018	Shanghai	Ever-Bright Securities 2018 Investment Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2018	Las Vegas	Nomura@CES 2018	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2018	Beijing	Morgan Stanley China TMT Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2018	Beijing	16th Annual DBAccess China Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.

Time of conference	Location	Conference Name	Type of reception object	Method of reception
January 2018	New York	Bank of America Merrill Lynch 2018 A-share Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2018	New York-Boston	US NDR- via Bank of America Merrill Lynch	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2018	Hong Kong	CICC TMT Forum 2018	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2018	Taibei	Bank of America Merrill Lynch APAC TMT Conference 2018	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.

8.3 Investor relations activity statistics during 2018 Q1

Number of daily research received (Site and telephone conference, times)	78
Number of institutional investors received (ppl)	453
Number of investor relations conference participated	8

Section IV Financial Reports

4.1 Financial Reports

1. Consolidated Balance Sheet

Prepared by Hangzhou Hikvision Digital Technology Co., Ltd.

March 31st 2018

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	11,426,551,711.46	16,468,430,702.64
Balances with clearing agencies		
Placements with banks and other financial institutions		
Financial assets at fair value through profit and loss	959,500.00	4,100,657.54
Derivative financial assets		
Notes receivable	3,961,977,210.26	3,636,961,616.03
Accounts receivable	15,970,671,829.27	14,705,210,072.81
Prepayments	527,897,944.12	527,576,857.11
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Interests receivable		
Dividends receivable		
Other receivables	580,057,359.21	583,681,240.81
Financial assets purchased under resale agreements		
Inventories	5,309,146,630.80	4,940,332,311.65
Held-for-sale assets		
Non-current assets due within one year	80,707,361.52	66,566,230.12
Other current assets	4,696,676,281.48	3,720,449,532.88
Total Current Assets	42,554,645,828.12	44,653,309,221.59

Item	Closing balance	Opening balance
Non-current Assets:		
Loans and advances to customers		
Available-for-sale financial assets	287,466,813.00	287,466,813.00
Held-to-maturity investments		
Long-term receivables	32,655,340.30	23,375,680.61
Long-term equity investment	130,817,506.06	130,474,733.58
Investment properties		
Fixed assets	4,053,256,047.58	3,024,025,496.31
Construction in progress	677,459,209.86	1,436,319,118.30
Materials for construction of fixed assets		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	761,104,185.60	429,160,982.63
Development expenditures		
Goodwill	248,964,102.97	248,964,102.97
Long-term prepaid expenses		
Deferred tax assets	479,160,529.33	479,070,649.49
Other non-current assets	982,732,565.82	858,796,668.13
Total Non-current Assets	7,653,616,300.52	6,917,654,245.02
Total Assets	50,208,262,128.64	51,570,963,466.61
Current Liabilities:		
Short-term borrowings	1,516,332,857.77	97,114,655.91
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 at fair value through profit and loss	55,059,240.22	15,946,836.46
Derivative financial liabilities		
Notes payable	1,128,796,061.85	845,397,427.92
Accounts payable	6,742,022,841.40	10,039,943,012.26
Receipts in advance	454,788,920.44	570,573,208.60
Financial assets sold under repurchase agreements		

Item	Closing balance	Opening balance
Fees and commissions payable		
Payroll payable	431,026,744.53	1,391,291,256.90
Taxes payable	1,144,321,376.05	1,453,515,065.77
Interests payable		
Dividends payable	63,706,416.92	94,857,139.16
Other payables	500,015,015.62	401,861,078.67
Amounts payable under reinsurance contracts		
Insurance contract reserves		
Funds from securities trading agency		
Funds from underwriting securities agency		
Held for sale liabilities		
Non-current liabilities due within one year	4,653,521,621.62	1,546,407,270.89
Other current liabilities	738,027,880.89	744,583,627.22
Total Current Liabilities	17,427,618,977.31	17,201,490,579.76
Non-current Liabilities:		
Long-term borrowings	190,000,000.00	490,000,000.00
Bonds payable		3,120,920,000.00
Including: Preferred share		
Perpetual bond		
Long-term payables		2,437,038.62
Long-term employee benefits payable		
Special payables		
Provisions	64,785,927.34	63,068,638.49
Deferred income	82,798,403.45	88,925,771.65
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	337,584,330.79	3,765,351,448.76
Total liabilities	17,765,203,308.10	20,966,842,028.52
Owners' Equities		
Share capital	9,227,270,473.00	9,228,865,114.00
Other equity instruments		
Including: Preferred share		
Perpetual debt		

Item	Closing balance	Opening balance
Capital reserves	1,853,623,008.66	1,819,397,715.63
Less: Treasury stock	738,027,880.89	744,583,627.22
Other comprehensive income	-10,525,753.10	-27,677,939.35
Special reserves		
Surplus reserve	3,483,742,918.53	3,483,742,918.53
General risk reserve		
Retained profits	18,414,293,262.10	16,598,328,692.63
Total owners' equity attributable to owner of the Company	32,230,376,028.30	30,358,072,874.22
Minority interests	212,682,792.24	246,048,563.87
Total owners' equity	32,443,058,820.54	30,604,121,438.09
Total liabilities and owners' equity	50,208,262,128.64	51,570,963,466.61

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	8,781,868,807.23	12,304,090,713.99
Financial assets at fair value through profit and loss		
Derivative financial assets		
Notes receivable	238,923,781.24	345,651,612.11
Accounts receivable	15,807,051,713.50	12,505,683,317.78
Prepayments	434,957,182.68	94,545,948.67
Interests receivable		
Dividends receivable	2,550,000.00	2,550,000.00
Other receivables	1,486,831,362.46	709,592,493.72
Inventories	282,649,470.87	376,776,045.69
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	4,239,645,805.13	3,296,055,941.42
Total Current Assets	31,274,478,123.11	29,634,946,073.38
Non-current Assets:		
Available-for-sale financial assets	287,456,813.00	287,456,813.00

Item	Closing balance	Opening balance
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	3,401,570,474.89	3,367,076,734.95
Investment properties		
Fixed assets	2,787,030,319.03	1,757,777,870.77
Construction in progress	2,836,776.13	914,859,063.00
Materials for construction of fixed assets		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	168,107,042.75	154,604,755.69
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	200,147,031.89	200,147,031.89
Other non-current assets	20,290,484.46	16,925,712.83
Total Non-Current Assets	6,867,438,942.15	6,698,847,982.13
Total Assets	38,141,917,065.26	36,333,794,055.51
Current Liabilities:		
Short-term borrowings	500,000,000.00	
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	303,870,679.44	286,629,255.35
Receipts in advance	342,367,744.36	216,747,866.68
Payroll payable	310,184,466.11	946,587,240.01
Taxes payable	942,168,281.29	1,219,102,007.88
Interests payable		
Dividends payable	61,256,416.92	92,407,139.16
Other payables	1,216,120,625.91	708,051,044.04
Held-for-sale liabilities		
Non-current liabilities due within one year	3,138,128,388.37	33,614,018.51
Other current liabilities	738,027,880.89	744,583,627.22

Item	Closing balance	Opening balance
Total Current Liabilities	7,552,124,483.29	4,247,722,198.85
Non-Current Liabilities:		
Long-term borrowings		
Bonds payable		3,120,920,000.00
Including: Preferred share		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special payables		
Provisions	43,024,784.70	43,024,784.70
Deferred income	48,141,063.01	62,903,600.00
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	91,165,847.71	3,226,848,384.70
Total liabilities	7,643,290,331.00	7,474,570,583.55
Owners' equity		
Share capital	9,227,270,473.00	9,228,865,114.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserves	1,778,043,626.43	1,742,755,331.51
Less: Treasury share	738,027,880.89	744,583,627.22
Other comprehensive income		
Special reserves		
Surplus reserve	3,483,742,918.53	3,483,742,918.53
Retained profits	16,747,597,597.19	15,148,443,735.14
Total owners' equity	30,498,626,734.26	28,859,223,471.96
Total liabilities and owners' equity	38,141,917,065.26	36,333,794,055.51

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

3. Consolidated Income Statement

Unit: RMB

Item	2018 Q1	2017 Q1
I. Total operating income	9,364,828,201.00	7,043,724,101.73
Including: Operating income	9,364,828,201.00	7,043,724,101.73
Interest income		
Premiums earned		
Fees and commissions income		
II. Total operating costs	7,601,579,147.44	5,626,414,765.89
Including: Operating cost	5,144,866,014.52	4,030,635,978.64
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	70,291,380.92	66,178,352.46
Selling expenses	1,084,628,143.59	700,619,566.15
Administrative expenses	995,059,473.35	747,961,910.46
Financial expense	257,430,070.75	21,617,777.72
Impairment losses of assets	49,304,064.31	59,401,180.46
Add: Gains from changes in fair values (Losses are indicated by "—")	-42,253,561.30	4,304,484.96
Investment income (Loss is indicated by "—")	21,904,699.06	26,616,724.90
Including: Income from investments in associates and joint ventures	342,772.48	
Foreign exchange gains (Losses are indicated by "—")		
Gains from disposal of assets (Losses are indicated by "—")	3,430,565.03	115,205.81
Other income	398,225,011.54	339,941,433.93
III. Operating profit (Loss is indicated by "—")	2,144,555,767.89	1,788,287,185.44
Add: Non-operating income	13,022,792.29	11,420,659.35

Item	2018 Q1	2017 Q1
Less: Non-operating expenses	1,536,336.10	896,504.71
IV. Total profit (total losses expressed with "-")	2,156,042,224.08	1,798,811,340.08
Less: Income tax expenses	373,754,038.72	318,461,864.25
V. Net profit (net loss expressed with "-")	1,782,288,185.36	1,480,349,475.83
(1) Net profit on continuous operation (net losses expressed with "-")	1,782,288,185.36	1,480,349,475.83
(2) Net profit on terminated operation (net losses expressed with "-")		
Net profit attributable to owners of parent company	1,815,964,569.77	1,480,780,632.01
Profit or loss attributable to minority interests	-33,676,384.41	-431,156.18
VI. Other comprehensive income, net of income tax	15,159,851.45	2,767,890.17
Other comprehensive income attributable to owners of the Company, net of tax	17,152,186.03	3,799,340.09
(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	17,152,186.03	3,799,340.09
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	17,152,186.03	3,799,340.09
6. Others		
Other comprehensive income attributable to minority interests, net of tax	-1,992,334.58	-1,031,449.92

Item	2018 Q1	2017 Q1
VII. Total comprehensive income	1,797,448,036.81	1,483,117,366.00
Total comprehensive income attributable to owners of the parent company	1,833,116,755.80	1,484,579,972.10
Total comprehensive income attributable to minority interests	-35,668,718.99	-1,462,606.10
VIII. Earnings per share		
(I) Basic earnings per share	0.199	0.163
(II) Diluted earnings per share	0.197	0.162

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

4. Income Statement of the Parent Company

Unit: RMB

Item	2018 Q1	2017 Q1
I. Total operating income	3,928,907,152.63	3,314,431,640.12
Less: Operating Cost	1,169,938,051.45	1,013,396,452.86
Business taxes and levies	51,940,799.46	41,140,628.13
Selling expenses	476,356,746.70	339,660,516.91
Administrative expenses	568,186,598.47	479,098,463.52
Financial expense	146,185,915.34	(23,589,269.29)
Impairment losses of assets		
Add: Gains from changes in fair values (Losses are indicated by "-")		3,049,949.85
Investment income (Loss is indicated by "-")	-5,689,637.96	16,021,809.69
Including: Income from investments in associates and joint ventures	342,772.48	
Gains from disposal of assets (Loss is indicated by "-")	3,494,397.51	100,441.79
Other Income	365,167,317.80	322,965,971.79
II. Operating profit (loss is indicated by "-")	1,879,271,118.56	1,806,863,021.11
Add: Non-operating income	2,193,088.96	4,861,345.77
Less: Non-operating expenses	346,091.67	491,918.69
III. Total profit (total loss is indicated by "-")	1,881,118,115.85	1,811,232,448.19
Less: Income tax expenses	281,964,253.80	256,704,288.39
IV. Net profit (Net loss is indicated by "-")	1,599,153,862.05	1,554,528,159.80
(1) Net profit on continuous operation (net losses expressed with "-")		
(2) Net profit on terminated operation (net losses)		

Item	2018 Q1	2017 Q1
expressed with "-")		
V. Other comprehensive income, net of income tax		
(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		
VI. Total comprehensive income	1,599,153,862.05	1,554,528,159.80
VII. Earnings per share		
(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 Cash Flow Statement

Unit: RMB

Item	2018 Q1	2017 Q1
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	8,750,853,665.71	6,909,204,860.69
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		
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	900,802,467.84	780,612,675.68
Other cash received relating to operating activities	1,066,892,836.74	66,321,315.91
Sub-total of cash inflows from operating activities	10,718,548,970.29	7,756,138,852.28
Cash payments for goods purchased and services received	9,646,942,783.62	7,882,590,526.94
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	2,157,265,649.41	1,532,543,739.35

Item	2018 Q1	2017 Q1
Payments of various types of taxes	1,270,538,915.89	795,842,952.84
Other cash paid relating to operating activities	1,499,866,301.90	580,448,190.35
Sub-total of cash outflows from operating activities	14,574,613,650.82	10,791,425,409.48
Net Cash Flow from Operating Activities	-3,856,064,680.53	-3,035,286,557.20
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	150,000,000.00	3,370,000,000.00
Cash receipts from investment income	21,561,926.58	26,573,562.79
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	8,085,072.84	2,087,975.59
Net cash receipts from disposals of subsidiaries and other business units		
Other cash received relating to investing activities	5,502,905.57	
Sub-total of cash inflows from investing activities	185,149,904.99	3,398,661,538.38
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	822,308,036.28	299,250,000.19
Cash paid to acquire investments	1,100,000,000.00	
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units		45,000,000.00
Other cash paid relating to investing activities	6,877,787.28	
Sub-total of cash outflows from investing activities	1,929,185,823.56	344,250,000.19
Net Cash Flow from Investment Activities	-1,744,035,918.57	3,054,411,538.19
III. Cash flows from financing activities:		
Cash receipts from capital contributions	127,400.00	
Including: cash received by subsidiaries from capital contributions from minority owners		
Cash receipts from borrowings	1,419,781,375.02	4,362,038,129.87
Cash receipts from bond issue		
Other cash receipts relating to financing activities		437,630,760.68
Sub-total of cash inflows from financing activities	1,419,908,775.02	4,799,668,890.55
Cash repayments of amounts borrowed	304,081,731.11	1,700,387,852.71

Item	2018 Q1	2017 Q1
Cash payments for distribution of dividends or profits or settlement of interest expenses	91,048,231.17	55,318,063.07
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	6,555,746.33	718,984,242.74
Sub-total of cash outflows from financing activities	401,685,708.61	2,474,690,158.52
Net Cash Flow from Financing Activities	1,018,223,066.41	2,324,978,732.03
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-332,933,205.11	-52,019,627.61
V. Net Increase in Cash and Cash Equivalents	-4,914,810,737.80	2,292,084,085.41
Add: Opening balance of Cash and Cash Equivalents	16,029,010,345.59	13,522,337,697.28
VI. Closing Balance of Cash and Cash Equivalents	11,114,199,607.79	15,814,421,782.69

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

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2018 Q1	2017 Q1
I. Cash Flows from Operating Activities::		
Cash receipts from the sale of goods and the rendering of services	1,502,210,097.61	2,387,618,586.65
Refund of tax and levies	350,404,780.81	316,965,971.79
Other cash receipts relating to operating activities	207,055,033.36	53,688,774.13
Sub-total of cash inflows from operating activities	2,059,669,911.78	2,758,273,332.57
Cash payments for goods acquired and services received	1,659,187,618.03	413,238,143.37
Cash payments to and on behalf of employees	1,229,827,502.82	798,975,162.31
Payments of all types of taxes	1,016,007,421.93	505,480,479.78
Other cash payments relating to operating activities	249,104,754.08	442,942,578.47
Sub-total of cash outflows from operating activities	4,154,127,296.86	2,160,636,363.93
Net Cash Flow from Operating Activities	-2,094,457,385.08	597,636,968.64
II. Cash Flows from Investing Activities:		

Item	2018 Q1	2017 Q1
Cash receipts from disposals and recovery of investments	150,000,000.00	3,350,000,000.00
Cash receipts from investment income	3,961,618.03	25,951,538.48
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	8,003,034.22	581,194.84
Net cash receipts from disposals of subsidiaries and other business units	5,971.53	70,271.21
Other cash receipts relating to investing activities	4,231,842,800.02	612,698,996.79
Sub-total of cash inflows from investing activities	4,393,813,423.80	3,989,302,001.32
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	196,125,986.75	107,114,487.38
Cash payments to acquire investments	1,100,000,000.00	
Net cash payments for acquisitions of subsidiaries and other business units	33,000,000.00	900,000,000.00
Other cash payments relating to investing activities	4,761,278,790.32	542,110,434.01
Sub-total of cash outflows from investing activities	6,090,404,777.07	1,549,224,921.39
Net Cash Flow from Investment Activities	-1,696,591,353.27	2,440,077,079.93
III. Cash Flows from Financing Activities		
Cash receipts from capital contributions		
Cash receipts from borrowings	500,000,000.00	300,000,000.00
Cash receipts from issue of bonds		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	500,000,000.00	300,000,000.00
Cash repayments of amounts borrowed		
Cash payments for distribution of dividends or profits or settlement of interest expenses	75,745,723.19	41,637,259.22
Other cash payments relating to financing activities	6,555,746.33	
Sub-total of cash outflows from financing activities	82,301,469.52	41,637,259.22
Net Cash Flow from Financing Activities	417,698,530.48	258,362,740.78
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-148,871,705.11	-5,504,077.60
V. Net increase in cash and cash equivalents	-3,522,221,912.98	3,290,572,711.75

Item	2018 Q1	2017 Q1
Add: Beginning balance of cash and cash equivalents	12,304,082,533.11	10,245,969,003.13
VI. Closing Balance of Cash and Cash Equivalents	8,781,860,620.13	13,536,541,714.88

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

4.2 Audit Report

Whether audit has been performed on this 2018 Quarter 1 Report

Yes No

The Company's 2018 Quarter 1 report has not been audited

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD.

Chairman: Chen Zongnian

April 21st 2018

Note: This document is a translated version of the Chinese 2018 Quarter 1 Financial Report (“2018 年度第一季度报告”), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2018 Quarter 1 Financial Report document may be obtained at <http://www.cninfo.com.cn>.