

HANGZHOU HIKVISION DIGITAL
TECHNOLOGY CO., LTD.



2019 Quarter 1 Report
January to March 2019

April 20th 2019

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 Lu Jianzhong, Wang Zhidong attended the board meeting to review this report in person. Independent director Cheng Tianzong and Hong Tianfeng were unable to attend the board meeting in person due to personal reasons, and authorized independent director Wang Zhidong and Lu Jianzhong to attend and exercise the voting right on their behalf respectively.

Chen Zongnian, the Company's legal representative, Jin Yan, the person in charge of the accounting work, and Zhan Junhua, the person in charge of accounting institution (accounting supervisor) 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 2019 Q1 Financial Report (“2019 年第一季度报告全文”), and the published Q1 report in the Chinese version shall prevail. The complete published Chinese 2019 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

	At March 31 st 2019	At December 31 st 2018	Change(%) between December 31 st 2018 and March 31 st 2019
Total assets (RMB)	60,547,762,104.60	63,484,352,233.42	-4.63%
Net assets attributable to shareholders of the Company (RMB)	39,223,726,364.46	37,590,154,638.46	4.35%
	2019 Q1	2018 Q1	YoY Change(%) between 2018 Q1 and 2019 Q1
Operating income (RMB)	9,942,448,619.42	9,364,828,201.00	6.17%
Net profits attributable to shareholders of the Company (RMB)	1,536,118,222.96	1,815,964,569.77	-15.41%
Net profits attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	1,482,828,488.96	1,808,323,790.71	-18.00%
Net cash flows from operating activities (RMB)	-3,038,198,689.80	-3,856,064,680.53	21.21%
Basic earnings per share (RMB/share)	0.168	0.199	-15.58%
Diluted earnings per share (RMB/share)	0.167	0.197	-15.23%
Weighted average Return on Equity (ROE)	4.00%	5.80%	-1.80%

Items and Amounts of Non-recurring Gains and Losses

☒ Applicable ☐ Inapplicable

Unit: RMB

Item	January 1 st –March 31 st 2019
Profit or loss from disposal of non-current assets (including the write-off for the impairment provision of assets)	408,476.41
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 national industrial policy.)	41,713,087.45
Profits and losses attributed to change in fair value for held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, and derivative financial liabilities; and investment income in disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, excluding the effective hedging business related to the regular business operation of the Company.	5,255,479.38
Other non-operating income and expenditures except the items mentioned above	18,830,643.99
Less: Impact of income tax	12,384,274.82
The impact of the minority interests (after tax)	533,678.41
Total	53,289,734.00

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	186,407	Total number of preferred shareholders (if any) whose voting rights have been recovered at the end of the reporting period				0
Particulars about top 10 shareholders						
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total shares held at the period-end	The number of common shares held with trading restrictions	Pledged or frozen	
					Status	Amount
China Electronics Technology HIK Group Co., Ltd.	State-owned corporation	39.08%	3,653,674,956	0	Pledged	50,000,000
Gong Hongjia	Overseas individual	13.43%	1,255,056,700	941,292,525	Pledged	418,338,300
Hong Kong Securities Clearing Company Ltd.(HKSCC)	Overseas corporation	9.41%	879,458,857	0	-	
Xinjiang Weixun Investment Management Limited Partnership	Domestic non-state-owned corporation	4.82%	450,795,176	0	Pledged	179,832,999
Xinjiang Pukang Investment Limited Partnership	Domestic non-state-owned corporation	1.95%	182,510,174	0	Pledged	72,570,000
Hu Yangzhong	Domestic Individual	1.95%	182,186,477	136,639,858	Pledged	63,690,782
The 52nd Research Institute at China Electronics Technology Group Corporation	State-owned corporation	1.93%	180,775,044	0	-	-
CITIC Securities Company Limited	Domestic non-state-owned corporation	0.73%	67,868,267	0	-	-
UBS AG	Overseas corporation	0.72%	66,987,946	0	-	-
Central Huijin Investment Ltd.	State-owned corporation	0.70%	65,818,800	0	-	-

Particulars about shares held by the Top 10 common shareholders holding shares that are not subject to trading restriction(s)			
Name of shareholder	Number of common shares without trading restrictions 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)	879,458,857	RMB ordinary shares	879,458,857
Xinjiang Weixun Investment Management Limited Partnership	450,795,176		450,795,176
Gong Hongjia	313,764,175	RMB ordinary shares	313,764,175
Xinjiang Pukang Investment Limited Partnership	182,510,174	RMB ordinary shares	182,510,174
The 52nd Research Institute at China Electronics Technology Group Corporation	180,775,044	RMB ordinary shares	180,775,044
CITIC Securities Company Limited	67,868,267	RMB ordinary shares	67,868,267
UBS AG	66,987,946	RMB ordinary shares	66,987,946
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 common shareholders without trading restrictions, and among top ten common shareholders and top ten common shareholders without trading restrictions	China Electronics Technology HIK Group Co., Ltd. and The 52nd Research Institute at China Electronics Technology Group Co., Ltd. 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. 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>.		

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 2019 (RMB)	Balance at December 31 st 2018 (RMB)	Change (%)	Note of Changes
Financial assets at fair value through current profit and loss	0.00	1,860,050.59	-100.00%	According to the new financial instrument standards, the financial assets, which are measured at fair value through current profit or loss at the end of the prior year, are adjusted to be presented under held-for-trading financial assets at the end of the current reporting period.
Held-for-trading financial assets	9,437,149.64	0.00	100.00%	
Other current assets	2,361,188,959.22	730,682,813.14	223.15%	According to the new financial instrument standards, some of the notes receivable of the Company at the end of the prior year were adjusted to other current assets at the end of the current reporting period.
Available for sale financial assets	0.00	290,966,813.00	-100.00%	According to the new financial instrument standards, the available-for-sale financial assets of the Company at the end of the prior year were adjusted to other non-current financial assets at the end of the current reporting period.
Other non-current financial assets	290,966,813.00	0.00	100.00%	
Long-term prepaid expenses for amortization	22,996,190.27	0.00	100.00%	Newly added house renovation costs for amortization
Financial liabilities at fair value through current profit and loss	0.00	290,998.43	-100.00%	According to the new financial instrument standards, the financial liabilities, which are measured at fair value through current profit or loss at the end of the prior year, are adjusted to be presented under held-for-trading financial liabilities at the end of the current reporting period.
Held-for-trading financial liabilities	4,641,808.18	0.00	100.00%	

Notes payable and accounts payable	7,128,014,060.23	10,765,145,485.74	-33.79%	Increase in procurement payment due
Payroll payable	630,067,901.88	1,921,608,104.04	-67.21%	The 2018 year-end bonus are distributed during the current quarter
Non-current liabilities due within one year	16,071,686.29	3,178,171,147.16	-99.49%	Euro bond was due and paid-off during the current quarter
Long-term borrowings	4,240,800,000.00	440,000,000.00	863.82%	Newly added foreign currency loans for long-term asset investments
Long-term payables	36,612,836.89	0.00	100.00%	Payables for outstanding financing lease payments
Other payables	698,402,283.29	2,953,203,190.99	-76.35%	The shares for 2018 Restricted Incentive Stock Scheme were granted, and the investment funds were converted into share capital and capital reserve, which led to a decrease in other payables and an increase in capital reserve. Other current liabilities and treasury shares increased according to the increase in the number of shares subject to sale restrictions.
Capital reserves	4,012,784,365.61	1,956,139,660.52	105.14%	
Other current liabilities	2,422,883,636.78	364,984,759.94	563.83%	
Treasury stocks	2,422,883,636.78	364,984,759.94	563.83%	

1.2 Explanation for variations in income statement items

Item	2019 Q1 (RMB)	2018 Q1 (RMB)	YoY Change (%)	Note of changes
Administrative expenses	339,835,080.69	260,406,184.32	30.50%	Personnel growth
R&D expenses	1,059,175,176.03	734,653,289.03	44.17%	Investments in R&D continues to increase
Financial expense	140,437,311.57	257,430,070.75	-45.45%	Decrease in foreign exchange losses
Gains from changes in fair values	3,301,205.32	-42,253,561.30	107.81%	Changes in fair value for foreign exchange hedging products

1.3 Explanation for variations in cash flow statement items

Item	2019 Q1 (RMB)	2018 Q1 (RMB)	YoY Change (%)	Note of changes
Net cash flow from operating activities	-3,038,198,689.80	-3,856,064,680.53	21.21%	Increase in sales receipts during the current reporting period
Net cash flow from investing activities	-447,200,463.78	-1,744,035,918.57	74.36%	Reduced investment in principal-guaranteed bank financial products

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.	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. 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: (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. (2) Haikang Group will not make use of the controlling power to obtain the	October 29 th 2013	Long-term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		prior right to complete the transaction with Hikvision. (3) Haikang Group will not deal with Hikvision in not fair terms comparing to the market prices to prejudice the Company's interests. 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 3. Commitment to the maintenance of the independence of the listed Company 3.1 Commitment to Personnel Independence of the listed Company (1) Commitment that our general manager, deputy general manager, chief financial officer, secretary of the board and other members of senior management shall not assume any positions other than directors and supervisors or get any remuneration in CETHIK and/or any of its controlled entities; (2) Commitment in keeping the management of labor, human resources and issues related to remuneration of the listed Company independent from that of CETHIK; 3.2 Commitment to the independence of the asset of the listed Company (1) Commitment to independent and complete asset of the listed Company (2) Commitment free of unlawful use of cash and asset of the listed Company by the controlling shareholders 3.3 Commitment to financial independence of the listed Company (1) Commitment to an independent finance department with a team and accounting system; (2) Commitment to a regulated, independent accounting system and financial management system of the branches and subsidiaries (3) Commitment to maintaining accounts with banks independently of and not sharing any bank account with our controlling shareholders (4) Commitment that the financial staff shall not assume any positions in			

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		CETHIK (5) Commitment to paying taxes independently according to the law; (6) Commitment to implementing financial decisions independently 3.4 The Company has set up an independent organizational structure which maintains its independent operations which is independent from that of CETHIK. 3.5 Commitment to business Independence of the listed Company (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. (2) Commitment in independence in both business and operations 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, 4.1 Currently the Company has no plan to change or make significant adjustments for principal business in the next 12 months; 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. 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. 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			

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		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, Jiang Haiqing, 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.	May 17 th 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.	May 17 th 2010	Long term	Strict performance
	The Company's directors, supervisors and executive: HuYangzhong, Wu Weiqi, Jiang Haiqing, Zhou Zhiping, Xu Lirong, Cai Dingguo, He Hongli, Zheng Yibo, Hu Dan, Jiang Yufeng, Liu Xiang, Wang Ruihong, Chen Junke	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.	May 17 th 2010	Long term	Strict performance
	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	May 17 th 2010	Long term	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
		25% of total number of shares held under Pukang; within 6 months after their dimission, they should not transfer their shares held under Pukang.			
	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.	May 17 th 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 Letters of non-competition on 18 September, 2008.	September 18 th 2008	Long term	Strict performance
	Gong Hongjia; Hangzhou Weixun Investment Management Limited Partnership (later renamed as Xinjiang Weixun Investment Management Limited Partnership); Hangzhou Pukang Investment Limited Partnership (later renamed as Xinjiang Pukang Investment 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 Letters of non-competition in the same industry</i> on 10 July, 2008.	July 10 th 2008	Long term	Strict performance
Other commitments to the company's minority shareholders	CETC Investment Holdin Co., Ltd (CETCIH).; The 52nd Research Institute at China Electronics Technology Group Corporation; China Electronics Technology Group Co., Ltd.	During the effective period of the implementation of CETCIH's plan to increase the holding of Hikvision (within 6 months from October 23 rd 2018) and the statutory period, CETCIH will not reduce its shareholdings of Hikvision	October 23 rd 2018	Within 6 months from October 23 rd 2018	Strict performance

Commitments	Giver of commitments	Details of commitments	Date of commitments	Term of commitments	Performance
Whether the commitments is fulfilled in time	Yes				

4. Guidance on the Company's operational result from January 1st 2019 to June 30th 2019

Guidance on the Company's operational performance from January 1st 2019 to June 30th 2019: 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 2019 to June 30 th 2019	-10.00%	to	10.00%
Estimated variation interval of net profits attributable to shareholders of the Company from January 1 st 2019 to June 30 th 2019 (0,000 RMB)	373,265.60	to	456,213.51
Net profits attributable to shareholders of the Company from January 1 st 2018 to June 30 th 2018 (0,000 RMB)	414,739.55		
Note of change in operational results	The Company's operating performance continues to have a solid growth.		

5. Financial Assets measured at fair value

√ Applicable □ Inapplicable

Unit: RMB

Asset 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	1,013,306,062.25	3,301,205.32	0.00	239,253,700.00		1,954,274.06	571,588,870.81	Company's own funds
Notes receivable	1,793,592,867.04		-16,820,536.48				1,776,772,330.56	Company's own funds

Asset 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
Equity investments	290,966,813.00						290,966,813.00	Company's own funds
Total	3,097,865,742.29	3,301,205.32	-16,820,536.48	239,253,700.00	0.00	1,954,274.06	2,639,328,014.37	--

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 current reporting period

☒ Applicable ☐ Inapplicable

8.1 Reception of research activities during 2019 Q1

Time of reception	Method of reception	Type of reception object	Index of basic situation of the research
From January 1 st 2019 to January 11 th 2019	Site Research and telephone communication	Institutional investors	CNINE, Investor Relations Activity Record: From January 1 st 2019 to January 11 th 2019
From January 14 th 2019 to January 31 st 2019	Site Research and telephone communication	Institutional investors	CNINE, Investor Relations Activity Record: From January 14 th 2019 to January 31 st 2019
From February 15 th 2019 to March 1 st 2019	Site Research and telephone communication	Institutional investors	CNINE, Investor Relations Activity Record: From February 15 th 2019 to March 1 st 2019

Time of reception	Method of reception	Type of reception object	Index of basic situation of the research
From March 4 th 2019 to March 19 th 2019	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From March 4th 2019 to March 19th 2019</i>

9.2 Participation of conferences for investor relationship activities during 2019 Q1

Time of conference	Location	Conference Name	Type of reception object	Method of reception
January 2019	Shanghai	UBS 19 th Greater China Conference 2019	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2019	Beijing	Morgan Stanley 2019 China New Economy Summit	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2019	Shenzhen	17th Annual dbAccess China Conference 2019	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
February 2019	Hongkong	Macquarie A-Share Technology Stock Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2019	Taipei	Bank of America Merrill Lynch Asia TMT Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.

9.3 Investor relations activity statistics during 2019 Q1

Number of daily research received (On-site and telephone conference, times)	54
Number of institutional investors received (ppl)	220
Number of individual investors received (ppl)	0
Number of investor relations conference participated	5

Section IV Financial Reports

4.1 Financial Reports

1. Consolidated Balance Sheet

Prepared by Hangzhou Hikvision Digital Technology Co., Ltd.

March 31st 2019

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	23,689,219,537.88	26,552,402,711.23
Balances with clearing agencies		
Lendings with banks and other financial institutions		
Held-for-trading financial assets	9,437,149.64	1,860,050.59
Financial assets at fair value through current profit and loss		
Derivative financial assets		
Notes Receivable and Accounts Receivables	17,011,890,539.07	16,915,040,071.25
Including : Notes receivable	246,914,054.43	295,598,790.07
Accounts receivable	16,764,976,484.64	16,619,441,281.18
Prepayments	594,988,091.64	460,304,219.65
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	552,495,647.23	586,748,265.21
Including: Interests receivable		
Dividends receivable	17,357,220.31	
Financial assets purchased under resale agreements		
Inventories	5,862,542,965.33	5,725,104,153.41
Contract assets		
Held-for-sale assets		
Non-current assets due within one year	380,479,565.93	380,795,020.47

Item	Closing balance	Opening balance
Other current assets	2,361,188,959.22	2,978,040,396.42
Total Current Assets	50,462,242,455.94	53,600,294,888.23
Non-current Assets:		
Loans and advances to customers		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables	743,455,496.30	705,512,368.17
Long-term equity investments	159,729,704.73	163,301,844.56
Other equity investments		
Other non-current financial assets	290,966,813.00	290,966,813.00
Investment properties		
Fixed assets	5,199,336,097.11	5,082,415,160.10
Construction in progress	486,435,856.27	416,092,413.42
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
Intangible assets	993,696,774.19	869,913,050.09
Development expenditures		
Goodwill	209,382,366.79	212,269,337.23
Long-term prepaid expenses	22,996,190.27	
Deferred tax assets	519,044,957.03	534,346,941.25
Other non-current assets	1,460,475,392.97	1,582,750,600.80
Total Non-current Assets	10,085,519,648.66	9,857,568,528.62
Total Assets	60,547,762,104.60	63,457,863,416.85
Current Liabilities:		
Short-term borrowings	3,667,674,763.23	3,465,655,688.29
Loans from the central bank		
Capitals taking from banks and other financial institutions		
Held-for-trading financial liabilities	4,641,808.18	290,998.43
Financial liabilities at fair value through current profit and loss		
Derivative financial liabilities		

Item	Closing balance	Opening balance
Notes payable & Accounts payable	7,128,014,060.23	10,765,145,485.74
Receipts in advance	573,263,127.09	641,430,490.22
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Payroll payable	630,067,901.88	1,921,608,104.04
Taxes payable	1,148,883,533.88	1,418,921,664.57
Other payables	698,402,283.29	2,953,203,190.99
Including: Interests payable		
Dividends payable	73,091,258.74	119,917,640.92
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Contract liabilities		
Held-for-sale liabilities		
Non-current liabilities due within one year	16,071,686.29	3,178,171,147.16
Other current liabilities	2,422,883,636.78	364,984,759.94
Total Current Liabilities	16,289,902,800.85	24,709,411,529.38
Non-current Liabilities:		
Insurance contract reserves		
Long-term borrowings	4,240,800,000.00	440,000,000.00
Bonds payable		
Including: Preferred share		
Perpetual bond		
Leasing liabilities		
Long-term payables	36,612,836.89	
Provisions	76,800,040.78	77,625,238.49
Deferred income	317,864,873.97	293,179,089.13
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	4,672,077,751.64	810,804,327.62
Total liabilities	20,961,980,552.49	25,520,215,857.00
Owners' Equities		

Item	Closing balance	Opening balance
Share capital	9,348,465,931.00	9,227,270,473.00
Other equity instruments		
Including: Preferred share		
Perpetual debt		
Capital reserves	4,012,784,365.61	1,956,139,660.52
Less: Treasury stock	2,422,883,636.78	364,984,759.94
Other comprehensive income	-72,767,416.81	-76,065,167.67
Surplus reserves	4,460,712,358.45	4,460,712,358.45
General risk reserve		
Retained earnings	23,897,414,762.99	22,360,593,257.53
Total owners' equity attributable to owner of the Company	39,223,726,364.46	37,563,665,821.89
Minority interests	362,055,187.65	373,981,737.96
Total owners' equity	39,585,781,552.11	37,937,647,559.85
Total liabilities and owners' equity	60,547,762,104.60	63,457,863,416.85

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

2. Balance Sheet of the Parent Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	18,863,944,733.97	19,192,461,228.22
Held-for-trading financial assets		
Financial assets at fair value through current profit and loss		
Derivative financial assets		
Notes receivable & Accounts receivable	22,132,138,034.55	15,325,923,955.48
Including: Notes receivable	72,902,964.58	121,404,793.77
Accounts receivable	22,059,235,069.97	15,204,519,161.71
Prepayments	195,780,892.75	132,344,929.55
Other receivables	831,724,252.68	522,987,955.34
Including: Interests receivable		
Dividends receivable	19,907,220.31	2,550,000.00
Inventories	66,335,666.02	168,885,723.93

Item	Closing balance	Opening balance
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	179,471,590.77	321,871,615.09
Total Current Assets	42,269,395,170.74	35,664,475,407.61
Non-current Assets:		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	4,382,145,555.87	4,361,147,395.90
Other equity investments		
Other non-current financial assets	290,956,813.00	290,956,813.00
Investment properties		
Fixed assets	2,848,146,704.92	2,844,176,300.34
Construction in progress	76,816,992.24	65,156,482.70
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
Intangible assets	205,106,707.93	197,147,608.73
Development expenditure		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	221,779,547.02	221,779,547.02
Other non-current assets	3,045,101.70	14,601,579.55
Total Non-Current Assets	8,027,997,422.68	7,994,965,727.24
Total Assets	50,297,392,593.42	43,659,441,134.85
Current Liabilities:		
Short-term borrowings	200,000,000.00	
Held-for-trading financial liabilities		
Financial liabilities at fair value through current profit and loss		
Derivative financial liabilities		

Item	Closing balance	Opening balance
Notes payable & Accounts payable	321,500,523.87	356,787,605.91
Receipts in advance	173,076,335.61	204,337,524.21
Contract liabilities		
Payroll payables	487,392,910.14	1,272,626,004.95
Taxes payables	837,251,221.99	987,057,652.70
Other payables	6,357,906,472.47	2,529,600,057.31
Including: Interests payable		
Dividends payable	70,641,258.74	117,467,640.92
Held-for-sale liabilities		
Non-current liabilities due within one year		3,172,727,888.37
Other current liabilities	2,422,883,636.78	364,984,759.94
Total Current Liabilities	10,800,011,100.86	8,888,121,493.39
Non-Current Liabilities:		
Long-term borrowings	3,016,800,000.00	
Bonds payable		
Including: Preferred share		
Perpetual bond		
Leasing liabilities		
Long-term payables		
Provisions	52,956,535.09	52,956,535.09
Deferred income	158,337,775.51	186,747,708.01
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,228,094,310.60	239,704,243.10
Total liabilities	14,028,105,411.46	9,127,825,736.49
Owners' equity		
Share capital	9,348,465,931.00	9,227,270,473.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserves	3,945,030,120.97	1,883,262,407.46
Less: Treasury share	2,422,883,636.78	364,984,759.94
Other comprehensive income	-2,209,479.93	-2,178,538.52

Item	Closing balance	Opening balance
Surplus reserves	4,460,712,358.45	4,460,712,358.45
Retained earnings	20,940,171,888.25	19,327,533,457.91
Total owners' equity	36,269,287,181.96	34,531,615,398.36
Total liabilities and owners' equity	50,297,392,593.42	43,659,441,134.85

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

3. Consolidated Income Statement

Unit: RMB

Item	2019 Q1	2018 Q1
I. Total operating income	9,942,448,619.42	9,364,828,201.00
Including: Operating income	9,942,448,619.42	9,364,828,201.00
Interest income		
Premiums earned		
Fees and commissions income		
II. Total operating costs	8,459,559,903.73	7,601,579,147.44
Including: Operating costs	5,485,765,941.97	5,144,866,014.52
Interest expenses		
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	77,337,440.61	70,291,380.92
Selling expenses	1,317,557,509.65	1,084,628,143.59
Administrative expenses	339,835,080.69	260,406,184.32
R&D expenses	1,059,175,176.03	734,653,289.03
Financial expenses	140,437,311.57	257,430,070.75
Including: Interest expenses	55,224,699.96	60,245,855.52
Interest income	152,237,461.48	128,780,160.00
Impairment losses of assets	2,541,417.08	49,304,064.31
Credit impairment losses	36,910,026.13	

Item	2019 Q1	2018 Q1
Add: Other income	339,329,038.35	398,225,011.54
Investment income (Loss is indicated by "—")	15,739,354.54	21,904,699.06
Including: Income from investments in associates and joint ventures	-3,572,139.83	342,772.48
Foreign exchange gains (Losses are indicated by "—")		
Gains from hedging of net exposure (Losses are indicated by "—")		
Gains from changes in fair values (Losses are indicated by "—")	3,301,205.32	-42,253,561.30
Gains from disposal of assets (Losses are indicated by "—")	408,476.41	3,430,565.03
III. Operating profit (Loss is indicated by "—")	1,841,666,790.31	2,144,555,767.89
Add: Non-operating income	20,519,688.26	13,022,792.29
Less: Non-operating expenses	2,085,124.56	1,536,336.10
IV. Total profit (total losses expressed with "-")	1,860,101,354.01	2,156,042,224.08
Less: Income tax expenses	342,176,314.58	373,754,038.72
V. Net profit (net loss expressed with "-")	1,517,925,039.43	1,782,288,185.36
1. Classified by business continuity		
(1) Net profit on continuous operation (net losses expressed with "-")	1,517,925,039.43	1,782,288,185.36
(2) Net profit on terminated operation (net losses expressed with "-")		
2. Classified by ownership		
(1) Net profit attributable to owners of parent company	1,536,118,222.96	1,815,964,569.77
(2) Profit or loss attributable to minority interests	-18,193,183.53	-33,676,384.41
VI. Other comprehensive income, net of income tax	3,421,375.11	15,159,851.45
Other comprehensive income attributable to owners of the Company, net of tax	3,297,750.86	17,152,186.03
(I) Items that are not reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income that cannot be transferred into profit or loss under equity method		
3. Changes in fair value of other equity instruments investment		
4. Changes in the fair value of the Company's own credit risk		

Item	2019 Q1	2018 Q1
5. Others		
(II) Other comprehensive income to be reclassified to profit or loss	3,297,750.86	17,152,186.03
1. Amounts of other comprehensive income that are able to be transferred into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
4. The amount of financial assets reclassified into other comprehensive income		
5. Gains or losses through reclassifying held-to-maturity financial assets into available-for-sale financial assets		
6. Credit impairment provisions for other debt investments		
7. Cash flow hedge reserve		
8. Exchange differences arising on conversion of financial statements denominated in foreign currencies	-6,370,529.23	17,152,186.03
9. Gains and losses from changes in fair value of other current assets	9,668,280.09	
10. Others		
Other comprehensive income attributable to minority interests, net of tax	123,624.25	-1,992,334.58
VII. Total comprehensive income	1,521,346,414.54	1,797,448,036.81
Total comprehensive income attributable to owners of the parent company	1,539,415,973.82	1,833,116,755.80
Total comprehensive income attributable to minority interests	-18,069,559.28	-35,668,718.99
VIII. Earnings per share		
(I) Basic earnings per share	0.168	0.199
(II) Diluted earnings per share	0.167	0.197

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

4. Income Statement of the Parent Company

Unit: RMB

Item	2019 Q1	2018 Q1
I. Total operating income	4,377,811,528.72	3,928,907,152.63
Less: Operating Costs	1,280,978,910.20	1,169,938,051.45
Business taxes and levies	52,619,746.17	51,940,799.46

Item	2019 Q1	2018 Q1
Selling expenses	595,502,558.08	476,356,746.70
Administrative expenses	146,822,872.04	102,594,537.11
R&D expenses	754,601,871.17	465,592,061.36
Financial expenses	-32,942,250.80	146,185,915.34
Including: Interest expenses	31,341,521.92	44,495,750.95
Interest income	139,063,199.07	121,694,763.43
Impairment losses of assets		
Credit impairment losses	3,691,052.90	
Add: Other income	300,013,588.73	365,167,317.80
Investment income (Loss is indicated by "—")	14,758,099.27	-5,689,637.96
Including: Income from investments in associates and joint ventures	-2,599,121.60	342,772.48
Gains from hedging of net exposure (Loss is indicated by "—")		
Gains from changes in fair values (Losses are indicated by "—")		
Gains from disposal of assets (Loss is indicated by "—")	83,734.40	3,494,397.51
II. Operating profit (loss is indicated by "—")	1,891,392,191.36	1,879,271,118.56
Add: Non-operating income	5,055,004.45	2,193,088.96
Less: Non-operating expenses	941,317.88	346,091.67
III. Total profit (total loss is indicated by "—")	1,895,505,877.93	1,881,118,115.85
Less: Income tax expenses	283,570,730.09	281,964,253.80
IV. Net profit (Net loss is indicated by "—")	1,611,935,147.84	1,599,153,862.05
(1) Net profit on continuous operation (net losses expressed with "-")	1,611,935,147.84	1,599,153,862.05
(2) Net profit on terminated operation (net losses expressed with "-")		
V. Other comprehensive income, net of income tax	-30,941.41	
(I) Items that are not reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligation		
2. Amounts of other comprehensive income that cannot be transferred into profit or loss under equity method		
3. Changes in fair value of other equity instruments investment		
4. Changes in the fair value of the Company's own credit risk		

Item	2019 Q1	2018 Q1
5. Others		
(II) Other comprehensive income to be reclassified to profit or loss	-30,941.41	
1. Amounts of other comprehensive income that are able to be transferred into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Gain or losses attributes to the changes in fair value of available-for-sale financial assets		
4. The amount of financial assets reclassified into other comprehensive income		
5. Gains or losses through reclassifying held-to-maturity financial assets into available-for-sale financial assets		
6. Credit impairment provisions for other debt investments		
7. Cash flow hedge reserve		
8. Exchange differences arising on conversion of financial statements denominated in foreign currencies		
9. Gains and losses from changes in fair value of other current assets	-30,941.41	
10. Others		
VI. Total comprehensive income	1,611,904,206.43	1,599,153,862.05
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2019 Q1	2018 Q1
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	11,410,249,255.26	8,750,853,665.71
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		

Item	2019 Q1	2018 Q1
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		
Net cash received from trading securities		
Refund of tax and levies	830,266,831.46	900,802,467.84
Other cash received relating to operating activities	209,492,317.37	1,066,892,836.74
Sub-total of cash inflows from operating activities	12,450,008,404.09	10,718,548,970.29
Cash payments for goods purchased and services received	9,892,084,287.80	9,646,942,783.62
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		
Net increase in financial assets held for trading purposes		
Net increase in lending to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash payment for insurance policy dividends		
Cash paid to and on behalf of employees	2,928,612,571.38	2,157,265,649.41
Payments of various types of taxes	1,659,735,081.63	1,270,538,915.89
Other cash paid relating to operating activities	1,007,775,153.08	1,499,866,301.90
Sub-total of cash outflows from operating activities	15,488,207,093.89	14,574,613,650.82
Net Cash Flow from Operating Activities	-3,038,198,689.80	-3,856,064,680.53
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments		150,000,000.00

Item	2019 Q1	2018 Q1
Cash receipts from investment income		21,561,926.58
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	2,029,190.08	8,085,072.84
Net cash receipts from disposals of subsidiaries and other business units	6,909,760.56	
Other cash received relating to investing activities	1,344,387.34	5,502,905.57
Sub-total of cash inflows from investing activities	10,283,337.98	185,149,904.99
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	382,139,108.19	822,308,036.28
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		
Other cash paid relating to investing activities	75,344,693.57	6,877,787.28
Sub-total of cash outflows from investing activities	457,483,801.76	1,929,185,823.56
Net Cash Flow from Investing Activities	-447,200,463.78	-1,744,035,918.57
III. Cash flows from financing activities:		
Cash receipts from capital contributions	1,020,000.00	127,400.00
Including: cash received by subsidiaries from capital contributions from minority owners		
Cash receipts from borrowings	5,211,271,526.27	1,419,781,375.02
Cash receipts from bond issue		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	5,212,291,526.27	1,419,908,775.02
Cash repayments of amounts borrowed	1,149,914,953.81	304,081,731.11
Cash repayments of bonds	3,079,240,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	85,277,545.11	91,048,231.17
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		
Other cash payments relating to financing activities	2,095,080.00	6,555,746.33
Sub-total of cash outflows from financing activities	4,316,527,578.92	401,685,708.61
Net Cash Flow from Financing Activities	895,763,947.35	1,018,223,066.41
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-322,299,460.18	-332,933,205.11
V. Net Increase in Cash and Cash Equivalents	-2,911,934,666.41	-4,914,810,737.80

Item	2019 Q1	2018 Q1
Add: Opening balance of Cash and Cash Equivalents	26,023,738,992.19	16,029,010,345.59
VI. Closing Balance of Cash and Cash Equivalents	23,111,804,325.78	11,114,199,607.79

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2019 Q1	2018 Q1
I. Cash Flows from Operating Activities::		
Cash receipts from the sale of goods and the rendering of services	1,728,586,413.34	1,502,210,097.61
Refund of tax and levies	269,765,182.91	350,404,780.81
Other cash receipts relating to operating activities	167,939,793.53	207,055,033.36
Sub-total of cash inflows from operating activities	2,166,291,389.78	2,059,669,911.78
Cash payments for goods acquired and services received	435,382,368.46	1,659,187,618.03
Cash payments to and on behalf of employees	1,706,007,499.64	1,229,827,502.82
Payments of all types of taxes	1,065,301,762.99	1,016,007,421.93
Other cash payments relating to operating activities	546,402,252.58	249,104,754.08
Sub-total of cash outflows from operating activities	3,753,093,883.67	4,154,127,296.86
Net Cash Flow from Operating Activities	-1,586,802,493.89	-2,094,457,385.08
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments		150,000,000.00
Cash receipts from investment income		3,961,618.03
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,699,547.18	8,003,034.22
Net cash receipts from disposals of subsidiaries and other business units	22,061,775.64	5,971.53
Other cash receipts relating to investing activities	1,690,715,119.13	4,231,842,800.02
Sub-total of cash inflows from investing activities	1,714,476,441.95	4,393,813,423.80
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	84,514,098.16	196,125,986.75
Cash payments to acquire investments		1,100,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units	10,000,000.00	33,000,000.00
Other cash payments relating to investing activities	300,811,908.38	4,761,278,790.32

Item	2019 Q1	2018 Q1
Sub-total of cash outflows from investing activities	395,326,006.54	6,090,404,777.07
Net Cash Flow from Investing Activities	1,319,150,435.41	-1,696,591,353.27
III. Cash Flows from Financing Activities		
Cash receipts from capital contributions		
Cash receipts from borrowings	3,279,240,000.00	500,000,000.00
Cash receipts from issue of bonds		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	3,279,240,000.00	500,000,000.00
Cash repayments of amounts borrowed	3,079,240,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	64,608,843.51	75,745,723.19
Other cash payments relating to financing activities	2,095,080.00	6,555,746.33
Sub-total of cash outflows from financing activities	3,145,943,923.51	82,301,469.52
Net Cash Flow from Financing Activities	133,296,076.49	417,698,530.48
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-195,291,375.88	-148,871,705.11
V. Net increase in cash and cash equivalents	-329,647,357.87	-3,522,221,912.98
Add: Beginning balance of cash and cash equivalents	18,998,934,287.59	12,304,082,533.11
VI. Closing Balance of Cash and Cash Equivalents	18,669,286,929.72	8,781,860,620.13

Legal Representative: Chen Zongnian Person in Charge of the Accounting work: Jin Yan

Person in Charge of Accounting Institution: Zhan Junhua

4.2 Note on financial statement adjustments

1. The first implementation of the new financial instruments guidelines, new income standards, new lease standards; and the adjustments on the financial statements at the beginning of the year for the first implementation.

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: RMB

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Current Assets:			
Cash and bank balances	26,552,402,711.23	26,552,402,711.23	0.00
Balances with clearing agencies			
Lendings with banks and other financial institutions			
Held-for-trading financial assets	Not applicable	1,860,050.59	1,860,050.59
Financial assets at fair value through current profit and loss	1,860,050.59	Not applicable	-1,860,050.59
Derivative financial assets			
Notes Receivable and Accounts Receivables	19,188,886,471.10	16,915,040,071.25	-2,273,846,399.85
Including : Notes receivable	2,569,445,189.92	295,598,790.07	-2,273,846,399.85
Accounts receivable	16,619,441,281.18	16,619,441,281.18	0.00
Prepayments	460,304,219.65	460,304,219.65	0.00
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	586,748,265.21	586,748,265.21	0.00
Including: Interests receivable			

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	5,725,104,153.41	5,725,104,153.41	0.00
Contract assets	Not applicable		
Held-for-sale assets			
Non-current assets due within one year	380,795,020.47	380,795,020.47	0.00
Other current assets	730,682,813.14	2,978,040,396.42	2,247,357,583.28
Total Current Assets	53,626,783,704.80	53,600,294,888.23	-26,488,816.57
Non-current Assets:			
Loans and advances to customers			
Debt investments	Not applicable		
Available-for-sale financial assets	290,966,813.00	Not applicable	-290,966,813.00
Other debt investments	Not applicable		
Held-to-maturity investments		Not applicable	
Long-term receivables	705,512,368.17	705,512,368.17	0.00
Long-term equity investments	163,301,844.56	163,301,844.56	0.00
Other equity investments	Not applicable		
Other non-current financial assets	Not applicable	290,966,813.00	290,966,813.00
Investment properties			
Fixed assets	5,082,415,160.10	5,082,415,160.10	0.00
Construction in progress	416,092,413.42	416,092,413.42	0.00
Productive biological assets			

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Oil and gas assets			
Right-to-use assets	Not applicable		
Intangible assets	869,913,050.09	869,913,050.09	0.00
Development expenditures			
Goodwill	212,269,337.23	212,269,337.23	0.00
Long-term prepaid expenses			
Deferred tax assets	534,346,941.25	534,346,941.25	0.00
Other non-current assets	1,582,750,600.80	1,582,750,600.8	0.00
Total Non-current Assets	9,857,568,528.62	9,857,568,528.62	0.00
Total Assets	63,484,352,233.42	63,457,863,416.85	-26,488,816.57
Current Liabilities:			
Short-term borrowings	3,465,655,688.29	3,465,655,688.29	0.00
Loans from the central bank			
Capitals taking from banks and other financial institutions			
Held-for-trading financial liabilities	Not applicable	290,998.43	290,998.43
Financial liabilities at fair value through current profit and loss	290,998.43	Not applicable	-290,998.43
Derivative financial liabilities			
Notes payable & Accounts payable	10,765,145,485.74	10,765,145,485.74	0.00
Receipts in advance	641,430,490.22	641,430,490.22	0.00
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Funds from securities trading agency			
Funds from underwriting securities agency			
Payroll payable	1,921,608,104.04	1,921,608,104.04	0.00
Taxes payable	1,418,921,664.57	1,418,921,664.57	0.00
Other payables	2,953,203,190.99	2,953,203,190.99	0.00
Including: Interests payable			
Dividends payable	119,917,640.92	119,917,640.92	0.00
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Contract liabilities	Not applicable		
Held-for-sale liabilities			
Non-current liabilities due within one year	3,178,171,147.16	3,178,171,147.16	0.00
Other current liabilities	364,984,759.94	364,984,759.94	0.00
Total Current Liabilities	24,709,411,529.38	24,709,411,529.38	0.00
Non-current Liabilities:			
Insurance contract reserves			
Long-term borrowings	440,000,000.00	440,000,000.00	0.00
Bonds payable			
Including: Preferred share			
Perpetual bond			
Leasing liabilities	Not applicable		
Long-term payables			

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Provisions	77,625,238.49	77,625,238.49	0.00
Deferred income	293,179,089.13	293,179,089.13	0.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	810,804,327.62	810,804,327.62	0.00
Total liabilities	25,520,215,857.00	25,520,215,857.00	0.00
Owners' Equities			
Share capital	9,227,270,473.00	9,227,270,473.00	0.00
Other equity instruments			
Including: Preferred share			
Perpetual debt			
Capital reserves	1,956,139,660.52	1,956,139,660.52	0.00
Less: Treasury stock	364,984,759.94	364,984,759.94	0.00
Other comprehensive income	-49,576,351.10	-76,065,167.67	-26,488,816.57
Surplus reserves	4,460,712,358.45	4,460,712,358.45	0.00
General risk reserve			
Retained earnings	22,360,593,257.53	22,360,593,257.53	0.00
Total owners' equity attributable to owner of the Company	37,590,154,638.46	37,563,665,821.89	-26,488,816.57
Minority interests	373,981,737.96	373,981,737.96	0.00
Total owners' equity	37,964,136,376.42	37,937,647,559.85	-26,488,816.57
Total liabilities and owners' equity	63,484,352,233.42	63,457,863,416.85	-26,488,816.57

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Current Assets:			
Cash and bank balances	19,192,461,228.22	19,192,461,228.22	0.00
Held-for-trading financial assets	Not applicable		
Financial assets at fair value through current profit and loss		Not applicable	
Derivative financial assets			
Notes receivable & Accounts receivable	15,556,312,793.95	15,325,923,955.48	-230,388,838.47
Including: Notes receivable	351,793,632.24	121,404,793.77	-230,388,838.47
Accounts receivable	15,204,519,161.71	15,204,519,161.71	0.00
Prepayments	132,344,929.55	132,344,929.55	0.00
Other receivables	522,987,955.34	522,987,955.34	0.00
Including: Interests receivable			
Dividends receivable	2,550,000.00	2,550,000.00	0.00
Inventories	168,885,723.93	168,885,723.93	0.00
Contract assets	Not applicable		
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	93,661,315.14	321,871,615.09	228,210,299.95
Total Current Assets	35,666,653,946.13	35,664,475,407.61	-2,178,538.52
Non-current Assets:			
Debt investments	Not applicable		

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Available-for-sale financial assets	290,956,813.00	Not applicable	-290,956,813.00
Other debt investments	Not applicable		
Held-to-maturity investments		Not applicable	
Long-term receivables			
Long-term equity investments	4,361,147,395.90	4,361,147,395.90	0.00
Other equity investments	Not applicable		
Other non-current financial assets	Not applicable	290,956,813.00	290,956,813.00
Investment properties			
Fixed assets	2,844,176,300.34	2,844,176,300.34	0.00
Construction in progress	65,156,482.70	65,156,482.70	0.00
Productive biological assets			
Oil and gas assets			
Right-to-use assets	Not applicable		
Intangible assets	197,147,608.73	197,147,608.73	0.00
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets	221,779,547.02	221,779,547.02	0.00
Other non-current assets	14,601,579.55	14,601,579.55	0.00
Total Non-Current Assets	7,994,965,727.24	7,994,965,727.24	0.00
Total Assets	43,661,619,673.37	43,659,441,134.85	-2,178,538.52
Current Liabilities:			

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Short-term borrowings			
Held-for-trading financial liabilities	Not applicable		
Financial liabilities at fair value through current profit and loss		Not applicable	
Derivative financial liabilities			
Notes payable & Accounts payable	356,787,605.91	356,787,605.91	0.00
Receipts in advance	204,337,524.21	204,337,524.21	0.00
Contract liabilities	Not applicable		
Payroll payables	1,272,626,004.95	1,272,626,004.95	0.00
Taxes payables	987,057,652.70	987,057,652.70	0.00
Other payables	2,529,600,057.31	2,529,600,057.31	0.00
Including: Interests payable			
Dividends payable	117,467,640.92	117,467,640.92	0.00
Held-for-sale liabilities			
Non-current liabilities due within one year	3,172,727,888.37	3,172,727,888.37	0.00
Other current liabilities	364,984,759.94	364,984,759.94	0.00
Total Current Liabilities	8,888,121,493.39	8,888,121,493.39	0.00
Non-Current Liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred share			
Perpetual bond			
Leasing liabilities	Not applicable		

Item	December 31 st 2018	January 1 st 2019	Adjusted amount
Long-term payables			
Provisions	52,956,535.09	52,956,535.09	0.00
Deferred income	186,747,708.01	186,747,708.01	0.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	239,704,243.10	239,704,243.10	0.00
Total liabilities	9,127,825,736.49	9,127,825,736.49	0.00
Owners' equity			
Share capital	9,227,270,473.00	9,227,270,473.00	0.00
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserves	1,883,262,407.46	1,883,262,407.46	0.00
Less: Treasury share	364,984,759.94	364,984,759.94	0.00
Other comprehensive income		-2,178,538.52	-2,178,538.52
Surplus reserves	4,460,712,358.45	4,460,712,358.45	0.00
Retained earnings	19,327,533,457.91	19,327,533,457.91	0.00
Total owners' equity	34,533,793,936.88	34,531,615,398.36	-2,178,538.52
Total liabilities and owners' equity	43,661,619,673.37	43,659,441,134.85	-2,178,538.52

The adjustments are explained as below:

2. Note on retrospective adjustments of the previous comparison data due to the first implementation of the new financial instrument guidelines, and the new lease criteria.

√ Applicable □ Not applicable

The new financial instrument standard has changed the classification and measurement of financial assets, and has identified three major measurement categories: amortized cost; measured at fair value and its changes are included in other comprehensive income; measured at fair value through current profit and loss. Enterprises need to consider the business model of their own, as well as the contractual cash flow characteristics of financial assets to carry out the above classification. The equity instrument investment is measured at fair value through current profit or loss, but at the time of initial recognition, the non-tradable equity instrument investment can be irrevocably designated as financial asset measured at fair value and whose changes are included in other comprehensive income.

According to the requirements of the new financial instrument standard, financial assets impairment measurement is changed from the “loss incurred model” to the “expected credit loss model”, which is applicable to financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, as well as loan commitments and financial guarantee contracts.

The Company endorses or discounts some bank acceptance bills in daily fund management. The business model for managing the above-mentioned notes receivable is aimed at both collecting contractual cash flow and for sales. Therefore, the notes receivable are reclassified as financial assets measured at fair value and whose changes are included in other comprehensive income by the Group and are presented under other current assets since January 1st 2019.

Summary of the impacts of the first implementation of the new financial instruments guidelines on January 1st 2019

Consolidated Balance Sheet

	Book value according to the original financial instrument guidelines December 31 st 2018	Re-classified	Re-measured	Book value according to the new financial instrument guidelines January 1 st 2019
Held-for-trading financial assets	0.00	1,860,050.59		1,860,050.59

	Book value according to the original financial instrument guidelines December 31st 2018	Re-classified	Re-measured	Book value according to the new financial instrument guidelines January 1st 2019
Financial assets at fair value through current profit and loss	1,860,050.59	-1,860,050.59		0.00
Notes Receivable and Accounts Receivable	19,188,886,471.10	-2,273,846,399.85		16,915,040,071.25
Other current assets	730,682,813.14	2,273,846,399.85	-26,488,816.57	2,978,040,396.42
Other comprehensive income	-49,576,351.10		-26,488,816.57	-76,065,167.67
Available-for-sale financial assets	290,966,813.00	-290,966,813.00		0.00
Other non-current financial assets	0.00	290,966,813.00		290,966,813.00
Held-for-trading financial liabilities	0.00	290,998.43		290,998.43
Financial liabilities at fair value through current profit and loss	290,998.43	-290,998.43		0.00

Balance Sheet of the Parent Company

	Book value according to the original financial instrument guidelines December 31st 2018	Re-classified	Re-measured	Book value according to the new financial instrument guidelines January 1st 2019
Notes Receivable and Accounts Receivable	15,556,312,793.95	-230,388,838.47		15,325,923,955.48
Other current assets	93,661,315.14	230,388,838.47	-2,178,538.52	321,871,615.09
Other comprehensive income	0.00		-2,178,538.52	-2,178,538.52
Available-for-sale financial assets	290,956,813.00	-290,956,813.00		0.00
Other non-current financial assets	0.00	290,956,813.00		290,956,813.00

4.3 Audit Report

Whether audit has been performed on this 2019 1st Quarter Report

☐ Yes ☒ No

The Company's 2019 1st Quarter report has not been audited

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD.

Chairman: Chen Zongnian

April 20th 2019

Note: This document is a translated version of the Chinese version 2019 Q1 Financial Report (“2019 年第一季度报告全文”), and the published Q1 report in the Chinese version shall prevail. The complete published Chinese 2019 Q1 Financial Report may be obtained at <http://www.cninfo.com.cn>.