

HANGZHOU HIKVISION DIGITAL
TECHNOLOGY CO., LTD.



2020 Quarter 1 Report
January to March 2020

April 25th 2020

Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Hangzhou Hikvision Digital Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this report shall be together be wholly liable for the truthfulness, accuracy and completeness of its contents and free of any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

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

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 2020 Q1 Financial Report (“2020 年第一季度报告全文”), and the published 2020 Q1 report in the Chinese version shall prevail. The complete published Chinese 2020 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 or restatement of the previous accounting data

Yes No

	2020 Q1	2019 Q1	YoY Change(%) between 2020 Q1 and 2019 Q1
Operating income (RMB)	9,428,902,974.38	9,942,448,619.42	-5.17%
Net profits attributable to shareholders of the Company (RMB)	1,496,269,608.01	1,536,118,222.96	-2.59%
Net profits attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	1,469,074,026.95	1,482,828,488.96	-0.93%
Net cash flows from operating activities (RMB)	-3,982,048,164.94	-3,038,198,689.80	-31.07%
Basic earnings per share (RMB/share)	0.163	0.168	-2.98%
Diluted earnings per share (RMB/share)	0.163	0.167	-2.40%
Weighted average Return on Equity (ROE)	3.28%	4.00%	-0.72%
	At March 31 st 2020	At December 31 st 2019	Change(%) between December 31 st 2019 and March 31 st 2020
Total assets (RMB)	73,083,912,948.30	75,358,000,240.29	-3.02%
Net assets attributable to shareholders of the Company (RMB)	46,391,759,940.30	44,904,033,876.83	3.31%

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

The total share capital of the Company as of the previous trading day of the financial report disclosure (share)	9,345,010,696
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Items and Amounts of Non-recurring Gains and Losses

Applicable Inapplicable

Unit: RMB

Item	January 1 st –March 31 st 2020
Profit or loss from disposal of non-current assets (including the write-off for the impairment provision of assets)	1,353.60
The government subsidies included in the current profits and losses (excluding the government subsidy closely related to regular course of business of the Company and government subsidy based on standard quota or quantitative continuous application according to the state industrial policy.)	47,181,064.42
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 from 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.	-20,854,729.27
Other non-operating income and expenditures except the items mentioned above	17,465,256.84
Less: Impact of income tax	13,090,870.14
Impact of the minority interests (after tax)	3,506,494.39
Total	27,195,581.06

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 current 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	312,557	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.	Domestic State-owned corporation	38.88%	3,632,897,256	0	Pledged	50,000,000
Gong Hongjia	Overseas individual	13.43%	1,255,056,700	941,292,525	Pledged	594,030,000
Hong Kong Securities Clearing Company Ltd.(HKSCC)	Overseas corporation	5.33%	498,128,526	0	-	
Xinjiang Weixun Investment Management Limited Partnership	Domestic non-state-owned corporation	4.82%	450,795,176	0	Pledged	151,258,998
Xinjiang Pukang Investment Limited Partnership	Domestic non-state-owned corporation	1.95%	182,510,174	0	Pledged	48,000,000
Hu Yangzhong	Domestic Individual	1.95%	182,186,477	136,639,858	Pledged	53,650,000
The 52nd Research Institute at China Electronics Technology Group Corporation	Domestic State-owned corporation	1.93%	180,775,044	0	-	
CITIC Securities Company Limited	Domestic State-owned corporation	1.02%	95,387,791	0	-	
Central Huijin Investment Ltd.	Domestic State-owned corporation	0.70%	65,818,800	0	-	
Guo Minfang	Domestic Individual	0.43%	40,094,699	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.	3,632,897,256	RMB ordinary shares	3,632,897,256
Hong Kong Securities Clearing Company Ltd.(HKSCC)	498,128,526	RMB ordinary shares	498,128,526
Xinjiang Weixun Investment Management Limited Partnership	450,795,176	RMB ordinary shares	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 Co. Ltd.	180,775,044	RMB ordinary shares	180,775,044
CITIC Securities Company Limited	95,387,791	RMB ordinary shares	95,387,791
Central Huijin Investment Ltd.	65,818,800	RMB ordinary shares	65,818,800
Hu Yangzhong	45,546,619	RMB ordinary shares	45,546,619
Guo Minfang	40,094,699	RMB ordinary shares	40,094,699
Explanation on associated relationship and concerted actions among above shareholders	<p>China Electronics Technology HIK Group Co., Ltd. and The 52nd Research Institute at China Electronics Technology Group 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 2020 (RMB)	Balance at December 31 st 2019 (RMB)	YoY change (%)	Note of Changes
Notes receivable	1,365,969,491.58	973,236,789.02	2.10%	Increase in note settlement
Receivables for financing	911,405,211.10	1,257,385,053.02		
Prepayments	422,525,123.92	309,685,733.32	36.44%	Increase in procurement for stock-ups
Contract assets	684,021,982.98	0.00	100.00%	According to the new revenue standard, part of the accounts receivable and inventory amounts were reclassified into contract assets
Non-current assets due within one year	850,213,235.57	528,469,701.75	60.88%	Increase in long-term receivables due within one year
Long-term equity investment	502,429,960.56	252,165,321.49	99.25%	Increase in external equity investments
Short-term borrowings	3,920,225,074.32	2,640,082,485.15	48.49%	Increased demand for short-term working capital
Notes payable	1,691,696,312.66	1,239,584,016.70	36.47%	Increase in notes settlement
Accounts payable	8,024,133,798.90	12,700,075,307.70	-36.82%	Increase in procurement payments due
Receipts in advance	0.00	1,020,989,460.61	-100.00%	According to the new revenue standard, receipts in advance was reclassified to contract liabilities
Contract liabilities	1,328,269,263.91	0.00	100.00%	
Payroll payable	773,825,350.06	2,359,674,640.12	-67.21%	The 2019 year-end bonus was distributed in this quarter
Taxes payable	661,628,310.56	991,342,805.91	-33.26%	2019 corporate income tax payable was paid this year
Other payables	2,420,969,896.27	1,568,744,599.94	54.33%	Increase in endorsed acceptance bills that have not expired and were not terminated
Other comprehensive income	-87,978,481.56	-53,541,146.99	-64.32%	Impact of foreign exchange fluctuation

1.2 Explanation for variations in income statement items

Item	2020 Q1 (RMB)	2019 Q1 (RMB)	YoY Change (%)	Note of changes
Financial expense	-209,496,786.15	140,437,311.57	-249.17%	Increase in foreign exchange gains subject to exchange rate fluctuations.

1.3 Explanation for variations in cash flow statement items

Item	2020 Q1 (RMB)	2019 Q1 (RMB)	YoY Change (%)	Note of changes
Net cash flows from operating activities	-3,982,048,164.94	-3,038,198,689.80	-31.07%	Increase in stock-ups in the current reporting period
Net cash flows from investing activities	-824,520,039.21	-447,200,463.78	-84.37%	Expenditure on equity investment activities increased in the current period
Net cash flows from financing activities	1,257,055,108.43	895,763,947.35	40.33%	EURO debt was repaid at maturity during the prior reporting period, and there was no similar activity in this period

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

Applicable Inapplicable

Implementation progress of share repurchase

Applicable Inapplicable

Progress in the implementation of the reduction of repurchased shares by means of centralized bidding

Applicable Inapplicable

3. Unfulfilled and overdue 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

No such case during the reporting period.

4. Guidance on the Company's operational result from January 1st 2020 to June 30th 2020

Applicable Inapplicable

5. Securities investment
 Applicable Inapplicable

No such case during the reporting period.

6. Entrusted financial management
 Applicable Inapplicable

No such case in the reporting period.

7. Derivatives investment
 Applicable Inapplicable

8. Illegal provision of guarantees for external parties
 Applicable Inapplicable

No such case in the reporting period.

9. 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.

10. Schedule for the reception activities including research, communication and interviews during the report period
 Applicable Inapplicable

10.1 Reception of research activities during 2020 Q1

Time of reception	Method of reception	Type of reception object	Index of basic situation of the research
From December 23 rd 2019 to January 3 rd 2020	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From December 23rd 2019 to January 3rd 2020</i>
From January 6 th 2020 to January 17 th 2020	Site Research and telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From January 6th 2020 to January 17th 2020</i>
From February 10 th 2020 to February 21 st 2020	Telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From February 10th 2020 to February 21st 2020</i>

Time of reception	Method of reception	Type of reception object	Index of basic situation of the research
From February 24 th 2020 to March 6 th 2020	Telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From February 24th 2020 to March 6th 2020</i>
From March 9 th 2020 to March 25 th 2020	Telephone communication	Institutional investors	CNINF, <i>Investor Relations Activity Record: From March 9th 2020 to March 25th 2020</i>

10.2 Participation of conferences for investor relationship activities during 2020 Q1

Time of conference	Location	Conference Name	Type of reception object	Method of reception
January 2020	Beijing	Morgan Stanley 2020 China New Economy Summit	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2020	Beijing	NDR- GF Securities	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2020	Shanghai	NDR- GF Securities	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
January 2020	Shanghai	UBS 20 th Greater China Conference 2020	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
February 2020	Online meeting	JP Morgan China Opportunities Forum	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2019	Online meeting	2020 Daiwa Securities Tokyo Investment Seminar	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2019	Online meeting	Huatai Securities Spring Online Investment Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2019	Online meeting	Guotai Junan Securities Spring Investment Strategy-Online Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.
March 2019	Online meeting	Shenwan Hongyuan Securities Spring TMT Online Investment Strategy Conference	All kinds of investors	One-on-One, One-on-multi, small group Meetings, and etc.

10.3 Investor relations activity statistics during 2020 Q1

Number of daily research received (On-site and telephone conference, times)	63
Number of institutional investors received (ppl)	748
Number of individual investors received (ppl)	0
Number of investor relations conference participated	9

Section IV Financial Reports

4.1 Financial Reports

1. Consolidated Balance Sheet

Prepared by Hangzhou Hikvision Digital Technology Co., Ltd.

March 31st 2020

Unit: RMB

Item	March 31 st 2020	December 31 st 2019
Current Assets:		
Cash and bank balances	23,536,405,727.53	27,071,948,919.78
Held-for-trading financial assets	6,463,111.42	181.76
Notes receivable	1,365,969,491.58	973,236,789.02
Accounts receivable	19,745,451,603.67	21,307,927,200.28
Receivables for financing	911,405,211.10	1,257,385,053.02
Prepayments	422,525,123.92	309,685,733.32
Other receivables	534,063,450.43	555,246,545.48
Inventories	12,473,934,982.92	11,267,986,843.11
Contract assets	684,021,982.98	
Non-current assets due within one year	850,213,235.57	528,469,701.75
Other current assets	731,181,002.33	754,456,821.72
Total Current Assets	61,261,634,923.45	64,026,343,789.24
Non-current Assets:		
Long-term receivables	1,374,117,938.32	1,382,536,761.22
Long-term equity investment	502,429,960.56	252,165,321.49
Other non-current financial assets	278,741,899.60	312,398,267.44
Fixed assets	5,905,611,428.36	5,791,218,720.87
Construction in progress	813,441,522.73	631,555,479.06
Intangible assets	1,034,467,754.62	1,046,122,507.64
Goodwill	275,731,063.11	273,611,961.96
Long-term deferred expenses	101,475,615.67	87,611,490.75
Deferred tax assets	687,350,139.82	688,849,263.70
Other non-current assets	848,910,702.06	865,586,676.92
Total Non-current Assets	11,822,278,024.85	11,331,656,451.05
Total Assets	73,083,912,948.30	75,358,000,240.29
Current Liabilities:		
Short-term borrowings	3,920,225,074.32	2,640,082,485.15
Held-for-trading financial liabilities	4,330,190.92	652,428.18
Notes payable	1,691,696,312.66	1,239,584,016.70
Accounts payable	8,024,133,798.90	12,700,075,307.70

Item	March 31 st 2020	December 31 st 2019
Receipts in advance		1,020,989,460.61
Contract liabilities	1,328,269,263.91	
Payroll payable	773,825,350.06	2,359,674,640.12
Taxes payable	661,628,310.56	991,342,805.91
Other payables	2,420,969,896.27	1,568,744,599.94
Including : Interests payable		
Dividends payable	108,129,385.24	108,129,385.24
Non-current liabilities due within one year	72,306,225.37	86,123,154.06
Other current liabilities	913,534,538.26	913,534,538.26
Total Current Liabilities	19,810,918,961.23	23,520,803,436.63
Non-current Liabilities:		
Long-term borrowings	4,624,468,571.42	4,604,168,571.43
Long-term payables	49,999,355.44	50,181,416.72
Provisions	90,897,887.83	90,570,669.01
Deferred income	239,264,526.07	333,589,831.30
Deferred tax liabilities	44,697,606.43	51,088,103.96
Other non-current liabilities	1,234,739,326.10	1,234,739,326.10
Total non-current liabilities	6,284,067,273.29	6,364,337,918.52
Total liabilities	26,094,986,234.52	29,885,141,355.15
Owners' Equity		
Share capital	9,345,010,696.00	9,345,010,696.00
Capital reserves	4,152,837,488.36	4,126,943,698.96
Less: Treasury shares	2,148,273,864.36	2,148,273,864.36
Other comprehensive income	-87,978,481.56	-53,541,146.99
Surplus reserves	4,672,505,348.00	4,672,505,348.00
Retained earnings	30,457,658,753.86	28,961,389,145.22
Total owners' equity attributable to owner of the Company	46,391,759,940.30	44,904,033,876.83
Minority equity	597,166,773.48	568,825,008.31
Total owners' equity	46,988,926,713.78	45,472,858,885.14
Total liabilities and owners' equity	73,083,912,948.30	75,358,000,240.29

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	March 31 st 2020	December 31 st 2019
Current Assets:		
Cash and bank balances	15,546,769,017.53	16,851,590,525.05
Notes receivable	91,432,718.13	149,703,073.98
Accounts receivable	25,839,656,758.55	25,107,965,925.08
Receivables for financing	78,929,604.86	84,839,695.67
Prepayments	109,684,470.29	160,688,588.99
Other receivables	4,428,832,953.59	921,275,388.15
Including: Interests receivable		
Dividends receivable	2,550,000.00	2,550,000.00
Inventories	173,366,082.77	171,243,815.97
Contract assets	43,635,774.66	
Non-current liabilities due within one year	70,759,608.49	4,513,795.81
Other current assets	39,787,852.86	23,117,398.50
Total Current Assets	46,422,854,841.73	43,474,938,207.20
Non-current Assets:		
Long-term receivables	104,545,999.82	681,568.43
Long-term equity investment	5,644,773,449.64	5,074,018,030.44
Other non-current financial assets	275,847,679.60	309,504,047.44
Fixed assets	2,838,898,332.28	2,831,295,145.61
Construction in progress	209,201,248.81	153,416,054.28
Intangible assets	183,008,204.81	188,362,883.75
Goodwill		
Long-term deferred expenses	37,623,666.39	34,199,446.06
Deferred tax assets	126,357,792.34	126,357,792.34
Other non-current assets	5,067,204.75	21,619,464.07
Total Non-current Assets	9,425,323,578.44	8,739,454,432.42
Total Assets	55,848,178,420.17	52,214,392,639.62
Current Liabilities:		
Short-term borrowings	3,202,796,305.56	2,001,781,388.89
Accounts payable	395,707,161.10	450,983,270.08
Receipts in advance		227,242,328.23

Item	March 31 st 2020	December 31 st 2019
Contract liabilities	287,987,412.68	
Payroll payable	446,112,132.54	1,564,304,003.49
Taxes payable	359,116,847.63	796,890,945.83
Other payables	3,071,765,431.55	533,325,191.05
Including : Interests payable		
Dividends payable	105,679,385.24	105,679,385.24
Non-current liabilities due within one year	4,286,163.56	9,539,251.98
Other current liabilities	913,534,538.26	913,534,538.26
Total Current Liabilities	8,681,305,992.88	6,497,600,917.81
Non-current Liabilities:		
Long-term borrowings	3,123,520,000.00	3,126,200,000.00
Provisions	62,863,096.83	62,863,096.83
Deferred Income	174,843,995.95	162,018,728.45
Other non-current liabilities	1,234,739,326.10	1,234,739,326.10
Total non-current liabilities	4,595,966,418.88	4,585,821,151.38
Total liabilities	13,277,272,411.76	11,083,422,069.19
Owners' Equity		
Share capital	9,345,010,696.00	9,345,010,696.00
Capital reserves	4,124,533,976.33	4,064,833,739.52
Less: Treasury shares	2,148,273,864.36	2,148,273,864.36
Surplus reserves	4,672,505,348.00	4,672,505,348.00
Retained earnings	26,577,129,852.44	25,196,894,651.27
Total owners' equity	42,570,906,008.41	41,130,970,570.43
Total liabilities and owners' equity	55,848,178,420.17	52,214,392,639.62

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	2020 Q1	2019 Q1
I. Total operating income	9,428,902,974.38	9,942,448,619.42
Including: operating income	9,428,902,974.38	9,942,448,619.42
II. Total operating costs	7,747,072,149.74	8,420,108,460.52
Including: Total operating costs	4,963,386,892.35	5,485,765,941.97
Business taxes and surcharges	49,517,189.63	77,337,440.61
Selling expenses	1,375,631,338.26	1,317,557,509.65
Administrative expenses	349,741,964.56	339,835,080.69
Research and Development (R&D) expenses	1,218,291,551.09	1,059,175,176.03
Financial expenses	-209,496,786.15	140,437,311.57
Including: Interest expenses	48,701,459.47	55,224,699.96
Interest income	153,642,155.64	152,237,461.48
Add: Other Income	301,718,659.20	339,329,038.35
Investment income (loss)	-2,717,395.11	15,739,354.54
Including: Investment gains (losses) in associated enterprise and joint-venture enterprise	-9,935,360.93	-3,572,139.83
Gains (losses) from changes in fair values	-28,072,695.09	3,301,205.32
Credit impairment losses (“-“)	2,621,244.53	-36,910,026.13
Impairment losses (“-“) of assets	-103,828,115.83	-2,541,417.08
Asset disposal income (loss)	1,353.60	408,476.41
III. Operating profit (loss)	1,851,553,875.94	1,841,666,790.31
Add: Non-operating income	24,229,257.85	20,519,688.26
Less: Non-operating expenses	4,819,979.49	2,085,124.56
IV. Total profit (loss)	1,870,963,154.30	1,860,101,354.01
Less: Income tax expenses	317,562,607.29	342,176,314.58
V. Net profit (loss)	1,553,400,547.01	1,517,925,039.43
5.1 Classification by operation continuity		
(a) Net profit (loss) on continuous operation	1,553,400,547.01	1,517,925,039.43
(b) Net profit (loss) on terminated operation		
5.2 Classification by attribution of ownership		
(a) Net profit attributable to owners of parent company	1,496,269,608.01	1,536,118,222.96
(b) Profit or loss attributable to minority shareholders	57,130,939.00	-18,193,183.53
VI. Other comprehensive income, net of income tax	-37,242,955.93	3,421,375.11

Item	2020 Q1	2019 Q1
Other comprehensive income attributable to owners of the Company, net of tax	-34,437,334.57	3,297,750.86
(I) Items that will not be reclassified subsequently to profit or loss		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods	-34,437,334.57	3,297,750.86
Exchange differences arising on conversion of financial statements denominated in foreign currencies	-34,437,334.57	-6,370,529.23
Gains and losses from changes in fair value of other current assets		9,668,280.09
Other comprehensive income attributable to minority interests, net of tax	-2,805,621.36	123,624.25
VII. Total comprehensive income	1,516,157,591.08	1,521,346,414.54
Total comprehensive income attributable to owners of the parent company	1,461,832,273.44	1,539,415,973.82
Total comprehensive income attributable to minority shareholders	54,325,317.64	-18,069,559.28
VIII. Earnings per share		
(I) Basic earnings per share	0.163	0.168
(II) Diluted earnings per share	0.163	0.167

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	2020 Q1	2019 Q1
I. Total operating income	3,888,284,807.12	4,377,811,528.72
Less: Total operating Cost	1,214,991,297.16	1,280,978,910.20
Business taxes and surcharges	36,706,687.00	52,619,746.17
Selling expenses	511,328,876.11	595,502,558.08
Administrative expenses	145,493,911.77	146,822,872.04
Research and Development (R&D) expenses	830,544,229.73	754,601,871.17
Financial expenses	-143,585,206.84	-32,942,250.80
Including : Interest expenses	8,098,667.88	31,341,521.92
Interest income	113,932,437.22	139,063,199.07
Add: Other income	255,891,866.72	300,013,588.73
Investment income (loss)	-6,057,956.31	14,758,099.27
Including: Investment gain (loss) in associated enterprise and joint-venture enterprise	-6,057,956.31	-2,599,121.60
Gains (losses) from changes in fair values	-30,856,367.84	
Credit impairment losses (“-“)	19,945,798.13	-3,691,052.90
Impairment losses (“-“) of assets	1,062,741.98	

Item	2020 Q1	2019 Q1
Asset disposal income (loss)	137.59	83,734.40
II. Operating profit (loss)	1,532,791,232.46	1,891,392,191.36
Add: Non-operating income	1,636,767.26	5,055,004.45
Less: Non-operating expenses	812,202.21	941,317.88
III. Total profit (loss)	1,533,615,797.51	1,895,505,877.93
Less: Income tax expenses	153,380,596.34	283,570,730.09
IV. Net profit (loss)	1,380,235,201.17	1,611,935,147.84
(a) Net profit (loss) on continuous operation	1,380,235,201.17	1,611,935,147.84
(b) Net profit (loss) on terminated operation		
V. Other comprehensive income, net of income tax		-30,941.41
(I) Items that will not be reclassified subsequently to profit or loss		
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		-30,941.41
Gains and losses from changes in fair value of other current assets		-30,941.41
others		
VI. Total comprehensive income	1,380,235,201.17	1,611,904,206.43

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	2020 Q1	2019 Q1
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	12,364,575,383.68	11,410,249,255.26
Receipts of tax refunds	701,767,590.55	830,266,831.46
Other cash receipts relating to operating activities	253,999,575.53	209,492,317.37
Sub-total of cash inflows from operating activities	13,320,342,549.76	12,450,008,404.09
Cash payments for goods purchased and services received	11,970,068,113.92	9,892,084,287.80
Cash paid to and on behalf of employees	3,665,925,547.95	2,928,612,571.38
Payments of various types of taxes	1,179,545,852.70	1,659,735,081.63
Other cash payments relating to operating activities	486,851,200.13	1,007,775,153.08
Sub-total of cash outflows from operating activities	17,302,390,714.70	15,488,207,093.89
Net Cash flows from Operating Activities	-3,982,048,164.94	-3,038,198,689.80
II. Cash flows from Investing Activities:		

Item	2020 Q1	2019 Q1
Cash receipts from recovery of investments	2,800,000.00	
Cash receipts from investment income	7,216,471.65	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	3,661,297.33	2,029,190.08
Net cash received from disposal of subsidiaries and other business units		6,909,760.56
Other cash receipts relating to investing activities	19,764,416.70	1,344,387.34
Sub-total of cash inflows from investing activities	33,442,185.68	10,283,337.98
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	545,872,224.89	382,139,108.19
Net cash paid to acquire subsidiaries and other business units	312,090,000.00	
Other cash payments relating to investing activities		75,344,693.57
Sub-total of cash outflows from investing activities	857,962,224.89	457,483,801.76
Net cash flows from Investing Activities	-824,520,039.21	-447,200,463.78
III. Cash flows from financing activities:		
Cash receipts from capital contributions	4,500,000.00	1,020,000.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		
Cash receipts from borrowings	1,825,210,239.36	5,211,271,526.27
Sub-total of cash inflows from financing activities	1,829,710,239.36	5,212,291,526.27
Cash repayments of borrowings	518,982,508.77	1,149,914,953.81
Cash repayments of bonds		3,079,240,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	53,672,622.16	85,277,545.11
Other cash payments relating to financing activities		2,095,080.00
Sub-total of cash outflows from financing activities	572,655,130.93	4,316,527,578.92
Net cash flows from Financing Activities	1,257,055,108.43	895,763,947.35
IV. Effect of foreign exchange rate changes on Cash and Cash Equivalents	14,803,212.07	-322,299,460.18
V. Net Increase in Cash and Cash Equivalents	-3,534,709,883.65	-2,911,934,666.41
Add: Opening balance of Cash and Cash Equivalents	26,515,668,008.40	26,023,738,992.19
VI. Closing Balance of Cash and Cash Equivalents	22,980,958,124.75	23,111,804,325.78

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	2020 Q1	2019 Q1
I. Cash flows from Operating Activities::		
Cash receipts from the sale of goods and the rendering of services	3,440,793,769.61	1,728,586,413.34
Receipts of tax refunds	233,879,202.17	269,765,182.91
Other cash receipts relating to operating activities	196,263,149.03	167,939,793.53
Sub-total of cash inflows from operating activities	3,870,936,120.81	2,166,291,389.78
Cash payments for goods acquired and services received	1,457,795,777.54	435,382,368.46
Cash payments to and on behalf of employees	2,125,981,304.27	1,706,007,499.64
Payments of various types of taxes	860,524,128.27	1,065,301,762.99
Other cash payments relating to operating activities	3,788,161,986.18	546,402,252.58
Sub-total of cash outflows from operating activities	8,232,463,196.26	3,753,093,883.67
Net Cash flows from Operating Activities	-4,361,527,075.45	-1,586,802,493.89
II. Cash flows from Investing Activities:		
Cash receipts from recovery of investments	2,800,000.00	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,190,957.34	1,699,547.18
Net cash receipts from disposals of subsidiaries and other business units		22,061,775.64
Other cash receipts relating to investing activities	2,543,566,042.49	1,690,715,119.13
Sub-total of cash inflows from investing activities	2,547,556,999.83	1,714,476,441.95
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	147,896,373.36	84,514,098.16
Cash payments to acquire investments		
Net cash paid to acquire subsidiaries and other business units	623,491,250.00	10,000,000.00
Other cash payments relating to investing activities		300,811,908.38
Sub-total of cash outflows from investing activities	771,387,623.36	395,326,006.54
Net Cash flows from Investing Activities	1,776,169,376.47	1,319,150,435.41
III. Cash flows from Financing Activities		
Cash receipts from capital contributions	4,714,600.00	
Cash receipts from borrowings	1,214,164,938.24	3,279,240,000.00
Sub-total of cash inflows from financing activities	1,218,879,538.24	3,279,240,000.00
Cash repayments of borrowings	8,863,858.01	
Cash repayments of bonds		3,079,240,000.00

Item	2020 Q1	2019 Q1
Cash payments for distribution of dividends or profits or settlement of interest expenses	13,231,510.58	64,608,843.51
Other cash payments relating to financing activities		2,095,080.00
Sub-total of cash outflows from financing activities	22,095,368.59	3,145,943,923.51
Net Cash flows from Financing Activities	1,196,784,169.65	133,296,076.49
IV. Effect of foreign exchange rate changes on Cash and Cash Equivalents	85,110,683.25	-195,291,375.88
V. Net increase in cash and cash equivalents	-1,303,462,846.08	-329,647,357.87
Add: Beginning balance of cash and cash equivalents	16,656,028,410.72	18,998,934,287.59
VI. Closing Balance of Cash and Cash Equivalents	15,352,565,564.64	18,669,286,929.72

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

Person in Charge of Accounting Institution: Zhan Junhua

4.2 Notes on financial statement adjustment

(1) Implementation of new revenue standards for the first time since 2020

Applicable Inapplicable

Consolidated Balance Sheet

Unit: RMB

Item	December 31 st 2019	January 1 st 2020	Adjustments
Current Assets:			
Cash and bank balances	27,071,948,919.78	27,071,948,919.78	0.00
Held-for-trading financial assets	181.76	181.76	0.00
Notes receivable	973,236,789.02	973,236,789.02	0.00
Accounts receivable	21,307,927,200.28	21,272,964,582.56	-34,962,617.72
Receivables for financing	1,257,385,053.02	1,257,385,053.02	0.00
Prepayments	309,685,733.32	309,685,733.32	0.00
Other receivables	555,246,545.48	555,246,545.48	0.00
Inventories	11,267,986,843.11	10,756,027,592.41	-511,959,250.70
Contract assets		546,921,868.42	546,921,868.42
Non-current assets due within one year	528,469,701.75	528,469,701.75	0.00
Other current assets	754,456,821.72	754,456,821.72	0.00
Total Current Assets	64,026,343,789.24	64,026,343,789.24	0.00
Non-current Assets:			
Long-term receivables	1,382,536,761.22	1,382,536,761.22	0.00
Long-term equity investment	252,165,321.49	252,165,321.49	0.00
Other non-current financial assets	312,398,267.44	312,398,267.44	0.00
Fixed assets	5,791,218,720.87	5,791,218,720.87	0.00

Item	December 31 st 2019	January 1 st 2020	Adjustments
Construction in progress	631,555,479.06	631,555,479.06	0.00
Intangible assets	1,046,122,507.64	1,046,122,507.64	0.00
Goodwill	273,611,961.96	273,611,961.96	0.00
Long-term deferred expenses	87,611,490.75	87,611,490.75	0.00
Deferred tax assets	688,849,263.70	688,849,263.70	0.00
Other non-current assets	865,586,676.92	865,586,676.92	0.00
Total Non-current Assets	11,331,656,451.05	11,331,656,451.05	0.00
Total Assets	75,358,000,240.29	75,358,000,240.29	0.00
Current Liabilities:			
Short-term borrowings	2,640,082,485.15	2,640,082,485.15	0.00
Held-for-trading financial liabilities	652,428.18	652,428.18	0.00
Notes payable	1,239,584,016.70	1,239,584,016.70	0.00
Accounts payable	12,700,075,307.70	12,700,075,307.70	0.00
Receipts in advance	1,020,989,460.61		-1,020,989,460.61
Contract liabilities		1,020,989,460.61	1,020,989,460.61
Payroll payable	2,359,674,640.12	2,359,674,640.12	0.00
Taxes payable	991,342,805.91	991,342,805.91	0.00
Other payables	1,568,744,599.94	1,568,744,599.94	0.00
Including : Interests payable			
Dividends payable	108,129,385.24	108,129,385.24	0.00
Non-current liabilities due within one year	86,123,154.06	86,123,154.06	0.00
Other current liabilities	913,534,538.26	913,534,538.26	0.00
Total Current Liabilities	23,520,803,436.63	23,520,803,436.63	0.00
Non-current Liabilities:			
Long-term borrowings	4,604,168,571.43	4,604,168,571.43	0.00
Long-term payables	50,181,416.72	50,181,416.72	0.00
Provisions	90,570,669.01	90,570,669.01	0.00
Deferred income	333,589,831.30	226,340,284.30	-107,249,547.00
Deferred tax liabilities	51,088,103.96	51,088,103.96	0.00
Other non-current liabilities	1,234,739,326.10	1,341,988,873.10	107,249,547.00
Total non-current liabilities	6,364,337,918.52	6,364,337,918.52	0.00
Total liabilities	29,885,141,355.15	29,885,141,355.15	0.00
Owners' Equity			
Share capital	9,345,010,696.00	9,345,010,696.00	0.00

Item	December 31 st 2019	January 1 st 2020	Adjustments
Capital reserves	4,126,943,698.96	4,126,943,698.96	0.00
Less: Treasury shares	2,148,273,864.36	2,148,273,864.36	0.00
Other comprehensive income	-53,541,146.99	-53,541,146.99	0.00
Surplus reserves	4,672,505,348.00	4,672,505,348.00	0.00
Retained earnings	28,961,389,145.22	28,961,389,145.22	0.00
Total owners' equity attributable to owner of the Company	44,904,033,876.83	44,904,033,876.83	0.00
Minority equity	568,825,008.31	568,825,008.31	0.00
Total owners' equity	45,472,858,885.14	45,472,858,885.14	0.00
Total liabilities and owners' equity	75,358,000,240.29	75,358,000,240.29	0.00

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31 st 2019	January 1 st 2020	Adjustments
Current Assets:			
Cash and bank balances	16,851,590,525.05	16,851,590,525.05	0.00
Notes receivable	149,703,073.98	149,703,073.98	0.00
Accounts receivable	25,107,965,925.08	25,107,965,925.08	0.00
Receivables for financing	84,839,695.67	84,839,695.67	0.00
Prepayments	160,688,588.99	160,688,588.99	0.00
Other receivables	921,275,388.15	921,275,388.15	0.00
Including: Interests receivable			
Dividends receivable	2,550,000.00	2,550,000.00	0.00
Inventories	171,243,815.97	160,419,083.27	-10,824,732.70
Contract assets		10,824,732.70	10,824,732.70
Non-current assets due within one year	4,513,795.81	4,513,795.81	0.00
Other current assets	23,117,398.50	23,117,398.50	0.00
Total Current Assets	43,474,938,207.20	43,474,938,207.20	0.00
Non-current Assets:			
Long-term receivables	681,568.43	681,568.43	0.00
Long-term equity investment	5,074,018,030.44	5,074,018,030.44	0.00
Other non-current financial assets	309,504,047.44	309,504,047.44	0.00
Fixed assets	2,831,295,145.61	2,831,295,145.61	0.00
Construction in progress	153,416,054.28	153,416,054.28	0.00
Intangible assets	188,362,883.75	188,362,883.75	0.00
Long-term deferred expenses	34,199,446.06	34,199,446.06	0.00
Deferred tax assets	126,357,792.34	126,357,792.34	0.00
Other non-current assets	21,619,464.07	21,619,464.07	0.00

Item	December 31 st 2019	January 1 st 2020	Adjustments
Total Non-current Assets	8,739,454,432.42	8,739,454,432.42	0.00
Total Assets	52,214,392,639.62	52,214,392,639.62	0.00
Current Liabilities:			
Short-term borrowings	2,001,781,388.89	2,001,781,388.89	0.00
Accounts payable	450,983,270.08	450,983,270.08	0.00
Receipts in advance	227,242,328.23		-227,242,328.23
Contract liabilities		227,242,328.23	227,242,328.23
Payroll payable	1,564,304,003.49	1,564,304,003.49	0.00
Taxes payable	796,890,945.83	796,890,945.83	0.00
Other payables	533,325,191.05	533,325,191.05	0.00
Including : Interests payable			
Dividends payable	105,679,385.24	105,679,385.24	0.00
Non-current liabilities due within one year	9,539,251.98	9,539,251.98	0.00
Other current liabilities	913,534,538.26	913,534,538.26	0.00
Total Current Liabilities	6,497,600,917.81	6,497,600,917.81	0.00
Non-current Liabilities:			
Long-term borrowings	3,126,200,000.00	3,126,200,000.00	0.00
Provisions	62,863,096.83	62,863,096.83	0.00
Deferred income	162,018,728.45	162,018,728.45	0.00
Other non-current liabilities	1,234,739,326.10	1,234,739,326.10	0.00
Total non-current liabilities	4,585,821,151.38	4,585,821,151.38	0.00
Total liabilities	11,083,422,069.19	11,083,422,069.19	0.00
Owners' Equity			
Share capital	9,345,010,696.00	9,345,010,696.00	0.00
Capital reserves	4,064,833,739.52	4,064,833,739.52	0.00
Less: Treasury shares	2,148,273,864.36	2,148,273,864.36	0.00
Surplus reserves	4,672,505,348.00	4,672,505,348.00	0.00
Retained earnings	25,196,894,651.27	25,196,894,651.27	0.00
Total owners' equity	41,130,970,570.43	41,130,970,570.43	0.00
Total liabilities and owners' equity	52,214,392,639.62	52,214,392,639.62	0.00

(2) Description of retrospective adjustment to prior comparative data for the implementation of the new revenue standard since 2020.

Applicable Inapplicable

The new revenue standard establishes a new revenue recognition model for regulating revenue from contracts with customers. According to the new revenue standard, the method of revenue recognition should reflect the entity's mode of transferring goods or services to customers, and the amount of revenue should reflect the amount of consideration that the entity expects to be entitled to due to the transfer of such goods and services to customers. At the same time, the new revenue standard also regulates the judgments and estimates required for each step of revenue recognition. The Company only adjusted the cumulative impact of contracts that have not been completed on January 1st 2020. For contract changed before or on January 1st 2020, the Company adopted a simplified approach to all these contracts based on the final arrangements on contract changes, identified the fulfilled and unfulfilled performance obligations, determined the transaction price, and allocated the transaction price between the fulfilled and unfulfilled performance obligations.

The impact of the implementation of the new revenue standard on January 1st 2020 balance sheet items is as follows:

Consolidated Balance Sheet

Unit: RMB

	Book value presented according to former revenue standards on December 31 st 2019	Reclassification	Book value presented according to the New Revenue Standard on January 1 st 2020
Accounts receivable	21,307,927,200.28	-34,962,617.72	21,272,964,582.56
Inventories	11,267,986,843.11	-511,959,250.70	10,756,027,592.41
Contract assets		546,921,868.42	546,921,868.42
Other non-current assets-Completed but unsettled assets formed by construction contracts	751,457,739.44	-751,457,739.44	
Other non-current assets-contract assets		751,457,739.44	751,457,739.44
Receipts in advance	1,020,989,460.61	-1,020,989,460.61	
Contract liabilities		1,020,989,460.61	1,020,989,460.61
Deferred income	333,589,831.30	-107,249,547.00	226,340,284.30
Other non-current liabilities-contract liabilities		107,249,547.00	107,249,547.00

Balance Sheet of the Parent Company

Unit: RMB

	Book value presented according to former revenue standards on December 31 st 2019	Reclassification	Book value presented according to the New Revenue Standards on January 1 st 2020
Inventories	171,243,815.97	-10,824,732.70	160,419,083.27
Contract assets		10,824,732.70	10,824,732.70
Receipts in advance	227,242,328.23	-227,242,328.23	
Contract liabilities		227,242,328.23	227,242,328.23

4.3 Audit Report

Whether audit has been performed on this 2020 1st Quarter Report

Yes No

The Company's 2020 1st Quarter report has not been audited

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD.

Chairman: Chen Zongnian

April 25th 2020

Note: This document is a translated version of the Chinese version 2020 Q1 Financial Report (“2020 年第一季度报告全文”), and the published 2020 Q1 report in the Chinese version shall prevail. The complete published Chinese 2020 Q1 Financial Report may be obtained at <http://www.cninfo.com.cn>.