招商证券股份有限公司
China Merchants Securities Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6099)

2019 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Set out below is the 2019 third quarterly report of China Merchants Securities Co., Ltd. (the "**Company**" or "**China Merchants Securities**") and its subsidiaries for the nine months ended September 30, 2019 (the "**Reporting Period**"). The financial report contained herein is prepared pursuant to China Accounting Standards for Business Enterprises and has not been audited.

This announcement is prepared in both Chinese and English languages. In the event of any inconsistency between these two versions, the Chinese version shall prevail.

By order of the Board
China Merchants Securities Co., Ltd.
HUO Da
Chairman

Shenzhen, the PRC, October 29, 2019

As at the date of this announcement, the executive directors of the Company are Mr. HUO Da and Mr. XIONG Jiantao; the non-executive directors are Ms. SU Min, Mr. SU Jian, Mr. XIONG Xianliang, Ms. PENG Lei, Mr. HUANG Jian, Mr. WANG Daxiong and Mr. WANG Wen; and the independent non-executive directors are Mr. XIANG Hua, Mr. XIAO Houfa, Mr. XIONG Wei, Mr. HU Honggao and Mr. WONG Ti.

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I. IMPORTANT NOTICE

1.1 The board of directors (the "**Board**"), the supervisory committee, directors, supervisors and senior management of the Company undertake that the information in this quarterly report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume joint and several liabilities to the information in this report.

1.2 All directors of the Company attended the Board meeting to review and consider this quarterly report.

1.3 HUO Da, officer in charge of the Company, ZHAO Bin, officer in charge of accounting affairs of the Company, and HE Min, officer in charge of the accounting office of the Company (head of accounting department), hereby guarantee that the financial statements contained in this quarterly report are true, accurate and complete.

1.4 The third quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Key financial data

Unit and Currency: RMB

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease for the end of Reporting Period over the end of last year (%)
Total assets	371,998,800,058.63	304,930,704,832.13	21.99
Net assets attributable to the shareholders of listed Company	83,417,362,580.08	80,722,846,394.07	3.34
	From the beginning of the year to the end of the Reporting Period (January-September)	**From the beginning of last year to the end of last year's Reporting Period (January-September)**	**Increase/decrease over the corresponding period of last year (%)**
Net cash flows generated from operating activities	11,286,744,377.04	28,435,050,814.79	-60.31
	From the beginning of the year to the end of the Reporting Period (January-September)	**From the beginning of last year to the end of last year's Reporting Period (January-September)**	**Increase/decrease over the corresponding period of last year (%)**
Operating revenue	12,899,419,147.10	7,791,582,876.43	65.56
Net profit attributable to the shareholders of listed Company	4,823,594,061.09	3,071,722,755.39	57.03
Net profit attributable to the shareholders of listed Company after deducting the non-recurring items	4,834,343,319.79	3,060,651,154.49	57.95
Weighted average return on net asset (%)	6.27	3.80	Increased by 2.47 percentage points
Basic earnings per share (RMB per share)	0.63	0.37	70.99
Diluted earnings per share (RMB per share)	0.63	0.37	70.99

Non-recurring items and amounts

Unit and Currency: RMB

Items	Amount in the Reporting Period (July-September)	Amount from the beginning of the year to the end of the Reporting Period (January-September)
Profit or loss from disposal of non-current assets	-6,957.94	122,882.30
Tax refunds or reductions without authorised approval or without official approval documents or on an occasional basis	–	–
Government grants recognized in profit or loss of the current period, excluding those closely related to the normal operation of the Company and granted on an ongoing basis in fixed amount or fixed quota in accordance with government policies and regulations	3,174,526.10	8,948,478.12
Finance charges from non-financial enterprises recognized in profit or loss of the current period	–	–
Gains representing the difference between investment costs for acquisition of subsidiaries, associates and joint ventures and the shares of the fair value of identifiable net assets acquired	–	–
Profit or loss from exchange of non-monetary assets	–	–
Gain or loss from entrusted investments or asset management	–	–
Provision for impairment of assets due to force majeure such as natural disasters	–	–
Profit or loss from debt restructuring	–	–
Corporate restructuring costs, such as employee layoff expenses and integration costs	–	–
Profit or loss representing the difference between the unfair transaction consideration and the fair value of the transaction	–	–
Net profit or loss of fellow subsidiaries from the beginning of the current period to the date of acquisition	–	–
Profit or loss from contingencies not related to the ordinary operations of the Company	–	–

Items	Amount in the Reporting Period (July-September)	Amount from the beginning of the year to the end of the Reporting Period (January-September)
Profit or loss from change in fair value of held-for-trading financial assets, derivatives financial assets, held-for-trading financial liabilities and derivatives financial liabilities, and investment gain from disposal of financial assets at fair value through profit or loss, derivatives financial assets, financial liabilities at fair value through profit or loss, derivatives financial liabilities and other debt investments, other than effective hedging business in the ordinary operations of the Company	–	–
Reversal of the provisions for impairment of receivables and contract assets subject to impairment test separately	9,160.84	9,393,567.14
Profit or loss from external entrusted loans	–	–
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement	–	–
One-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting	–	–
Fees income from custodian business	–	–
Non-operating income and expense other than the above items	-519,259.34	-29,496,048.03
Effects of non-controlling interests (after tax)	–	–
Effects of income tax	-689,120.68	281,861.77
Total	1,968,348.98	-10,749,258.70

2.2 Total number of shareholders, shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or holders of unrestricted shares) at the end of the Reporting Period

Unit: Share

Total number of shareholders						105,078
Shareholdings of the top ten shareholders						
Name of shareholder	**Number of shares held at the end of the Reporting Period**	**Percentage (%)**	**Number of restricted shares**	**Pledged or locked-up**		**Nature of shareholders**
				Status	**Number**	
China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司)	1,575,308,090	23.51	–	Nil	–	State-owned legal person
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,310,719,131	19.56	–	Nil	–	State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司)	980,045,120	14.63	–	Nil	–	Overseas legal person
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	418,948,014	6.25	–	Nil	–	State-owned legal person
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	264,063,640	3.94	–	Nil	–	State-owned legal person
China Communications Construction Company Ltd. (中國交通建設股份有限公司)	209,399,508	3.13	–	Nil	–	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	200,313,024	2.99	–	Nil	–	Unknown
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	83,999,922	1.25	–	Nil	–	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	78,551,825	1.17	–	Nil	–	Overseas legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	77,251,600	1.15	–	Nil	–	State-owned legal person

Shareholdings of the top ten holders of unrestricted shares			
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
China Merchants Finance Investment Holdings Co.,Ltd. (深圳市招融投資控股有限公司)	1,575,308,090	RMB ordinary shares	1,575,308,090
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,310,719,131	RMB ordinary shares	1,310,719,131
HKSCC Nominees Limited (香港中央結算(代理人)有限公司)	980,045,120	Overseas listed foreign shares	980,045,120
China Ocean Shipping Co., Ltd. (中國遠洋運輸有限公司)	418,948,014	RMB ordinary shares	418,948,014
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	264,063,640	RMB ordinary shares	264,063,640
China Communications Construction Company Ltd. (中國交通建設股份有限公司)	209,399,508	RMB ordinary shares	209,399,508
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	200,313,024	RMB ordinary shares	200,313,024
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	83,999,922	RMB ordinary shares	83,999,922
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	78,551,825	RMB ordinary shares	78,551,825
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	77,251,600	RMB ordinary shares	77,251,600
Description of the connected relationships or concerted actions among the aforesaid shareholders	Among the above top ten shareholders, 1. China Merchants Finance Investment Holdings Co., Ltd. and Shenzhen Jisheng Investment Development Co., Ltd. are all subsidiaries of China Merchants Group Limited, the controlling shareholder of the Company; 2. China Ocean Shipping Co., Ltd. and COSCO Shipping (Guangzhou) Co., Ltd. are all subsidiaries of China COSCO Shipping Corporation Limited.		

Notes:

1. HKSCC Nominees Limited is the nominee holder on behalf of the non-registered H shareholders of the Company.

2. Given the fact that the shares of the Company are margin financing and securities lending targeted securities, the number of shares held by the shareholders will be calculated based on the aggregate number of shares and equities in their ordinary securities accounts and credit securities accounts.

III. SIGNIFICANT EVENTS

3.1 Details and reasons for material changes in the major accounting items and financial indicators of the Company

Unit and Currency: RMB

Items	As at the end of the Reporting Period	As at the end of last year	Increase/decrease (%)	Major reason for change
Deposits with exchanges and non-bank financial instructions	2,517,411,143.94	1,431,420,434.16	75.87	Increase in trading deposits
Accounts receivables	3,351,954,920.10	708,465,721.65	373.13	Increase in accounts and settlements receivable
Financial assets at fair value through profit of loss	134,183,145,866.61	100,124,746,037.27	34.02	Increase in investment in bonds
Right-of-use asset	1,198,509,792.65	–	–	Implementation of new standards of lease
Other assets	1,052,642,905.80	2,810,639,236.88	-62.55	Decrease in other receivables
Borrowings from banks and other financial institutions	500,972,222.22	3,519,000,000.00	-85.76	Decrease in borrowings from banks and other financial institutions
Financial assets sold under repurchase agreements	94,880,660,898.18	61,267,556,893.22	54.86	Increase in the scale of repurchase business sold
Accounts payables	4,661,410,889.30	2,239,908,457.02	108.11	Increase in accounts payable
Deferred income tax liabilities	394,879,771.39	148,764,242.09	165.44	Increase in taxable temporary difference
Lease liability	1,269,839,266.89	–	–	Implementation of new standards of lease
Other comprehensive income	783,118,816.40	471,145,935.56	66.22	Change in fair value of the investment in other equity instruments

Item	Beginning of the year to the end of the Reporting Period	Corresponding period of last year	Increase/decrease (%)	Major reason for change
Investment gains	3,376,320,366.50	2,091,127,144.71	61.46	Increase in gains from investment on financial instruments
Other gains	7,849,180.39	31,628,964.59	-75.18	Decrease in commission from withholding and remitting
Gains from changes in fair value	1,414,755,297.67	-570,049,776.88	–	Changes in fair value of financial instruments
Foreign exchange gains	10,945,140.19	-76,222,772.13	–	Changes in exchange rates
Other operating income	1,159,619,113.63	12,632,267.53	9,079.82	Income from commodity business
Business and administrative expenses	5,720,522,564.55	3,869,730,850.27	47.83	Increase in related costs arising from increase in revenue
Impairment loss of other assets	813,675.11	–	–	Losses on impairment of intangible assets
Other operating cost	1,134,072,235.15	–	–	Expenses of commodity business
Non-operating revenue	9,801,391.09	15,304,663.42	-35.96	Decrease in government grants
Non-operating expenses	30,226,078.70	1,051,585.49	2,774.33	Increase in non-operating expenses of Hong Kong subsidiaries
Income tax expenses	1,047,182,803.41	700,817,477.81	49.42	Increase in Income tax payable
Profit or loss of minority shareholders	15,246,677.38	-2,597,943.81	–	Increase in profit or loss of minority shareholders
Other comprehensive income, net of tax	311,972,880.84	451,388,128.75	-30.89	Changes in fair value of investment on other equity instruments
Net cash flows generated from operating activities	11,286,744,377.04	28,435,050,814.79	-60.31	Increase in net outflows from purchase of financial assets at fair value through profit or loss
Net cash flows generated from investing activities	-3,681,051,019.41	-7,693,932,154.64	–	Decrease in net cash outflows from purchase of other debt investments
Net cash flows generated from financing activities	8,938,793,706.55	-19,755,607,668.17	–	Increase in cash received from issuance of bonds, decrease in cash repayment of debts

3.2 Analysis and description of the progress of significant events and their effects and solutions

1. Changes of Directors and Senior Management

On June 28, 2019, at the 2018 annual general meeting of the Company, Mr. WANG Wen was elected as the non-executive director of the 6th session of the Board of the Company. On July 11, 2019, Shenzhen Securities Regulatory Bureau published the Approval of Shenzhen Securities Regulatory Bureau relating to WANG Wen's Qualification as a Director of a Securities Company (Shenzhengju Xu Ke Zi [2019] No. 53). Accordingly, Mr. WANG Wen shall officially serve as a non-executive director of the Company with the term of office from July 11, 2019 to the expiry date of the current session of the Board.

On July 22, 2019, at the 22th meeting of the 6th session of the Board of the Company, the resolution to appoint a chief information officer was considered and approved, and our president Mr. XIONG Jiantao was appointed and concurrently served as the chief information officer, with the term of office from July 22, 2019 to November 23, 2021.

On October 15, 2019, at the 25th meeting of the 6th session of the Board of the Company, the resolution to appoint Mr. GAO Hong as a candidate for director was considered and approved, and Mr. GAO Hong was nominated as a candidate for director of the 6th session of the Board of the Company. This resolution shall be submitted to the general meeting of the Company for consideration and approval.

For details, please refer to the relevant announcements of the Company dated July 12, July 22 and October 15, 2019 which were published on the website of The Stock Exchange of Hong Kong Limited.

2. Passing the resolution on the Employee Stock Ownership Scheme (Draft) and its Summary by the Board of the Company

On October 15, 2019, at the 25th meeting of the 6th session of the Board of the Company, the resolution on the Employee Stock Ownership Scheme (Draft) of China Merchants Securities Co., Ltd. and its summary, together with the resolution on authorizing the board of directors in its absolute discretion to handle the matters regarding the Employee Stock Ownership Scheme to be proposed at the general meeting of the Company, were considered and approved. The above resolutions shall be submitted to the general meeting of the Company for consideration and approval.

For details, please refer to the relevant announcement of the Company dated October 15, 2019 which was published on the website of The Stock Exchange of Hong Kong Limited.

3.3 Investor relation activities from the beginning of the year to the end of the Reporting Period

As of the end of the Reporting Period, by ways of participating the 2019 collective reception activity of online investors on Quanjing net (www.p5w.net)（全景網）, making speeches at investment strategy conferences and exchange sessions held by various domestic and overseas securities dealers, by reception of visitors from domestic and overseas analysts and institutional investors and participating in seminars of analysts of securities industry, we have communicated with 150 domestic and overseas analysts, institutional investors and small and medium-sized investors in 33 occasions and communicated with 426 investors through"e-interaction"application of the Shanghai Stock Exchange (上交所e互動), hotline, e-mail, WeChat and other manners. We actively communicated with domestic and overseas investors and potential investors on hot issues of the industry and our Company, and summarize, analyze, and respond to investors' opinions and suggestions to create value through communication and interaction as well as enhance investors' understanding of the value of the Company's investment.

Name of the Company	China Merchants Securities Co., Ltd.
Legal representative	HUO Da
Date	October 29, 2019

IV. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

September 30, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	September 30, 2019	December 31, 2018
Assets:		
Cash and bank balances	61,119,327,688.58	47,433,784,413.59
Of which: Deposits from customers	51,029,918,248.60	40,144,484,403.73
Clearing settlement funds	16,859,992,340.81	13,796,280,422.62
Of which: Settlement funds from customers	12,951,613,305.12	9,883,047,574.33
Advances to customers	51,243,928,553.34	42,976,429,747.47
Derivative financial assets	1,023,062,330.82	1,150,232,249.79
Deposits with exchanges and non-bank financial institutions	2,517,411,143.94	1,431,420,434.16
Accounts receivables	3,351,954,920.10	708,465,721.65
Financial assets held under resale agreements	32,372,825,895.90	33,043,860,111.02
Financial investments:		
Financial assets at fair value through profit or loss	134,183,145,866.61	100,124,746,037.27
Debt investments	1,795,921,562.30	1,844,194,877.22
Other debt investments	46,558,268,365.11	41,642,341,386.41
Investments in other equity instruments	7,093,205,585.71	6,722,606,765.78
Interest in associates	8,637,516,566.84	8,287,923,809.54
Fixed assets	1,467,482,538.65	1,546,694,526.79
Construction in progress	83,963,617.59	82,097,882.65
Right-of-use assets	1,198,509,792.65	–
Intangible assets	442,183,448.40	450,806,585.49
Goodwill	9,670,605.55	9,670,605.55
Deferred income tax assets	987,786,329.93	868,510,018.25
Other assets	1,052,642,905.80	2,810,639,236.88
Total assets	371,998,800,058.63	304,930,704,832.13

Items	September 30, 2019	December 31, 2018
Liabilities:		
Short-term borrowings	1,732,527,276.99	1,581,860,926.54
Short-term debt instruments	37,228,675,229.43	34,850,475,747.35
Placements from banks and other institutions	500,972,222.22	3,519,000,000.00
Financial liabilities at fair value through profit or loss	10,062,248,005.09	9,528,574,977.65
Derivative financial liabilities	1,445,290,163.62	1,305,685,455.20
Financial assets sold under repurchase agreements	94,880,660,898.18	61,267,556,893.22
Accounts payable to brokerage clients	62,647,387,560.33	48,911,747,624.23
Accounts payable to underwriting clients	–	–
Accrued staff cost	5,354,512,457.37	4,441,675,129.19
Tax payable	456,870,722.94	558,474,572.11
Accounts payable	4,661,410,889.30	2,239,908,457.02
Long-term borrowings	1,418,527,204.09	1,380,015,000.00
Bond payables	65,583,974,230.91	53,419,092,277.79
Deferred income	123,336,152.20	125,733,615.22
Deferred income tax liabilities	394,879,771.39	148,764,242.09
Lease liabilities	1,269,839,266.89	–
Other liabilities	735,570,946.00	859,785,716.23
Total liabilities	288,496,682,996.95	224,138,350,633.84
Total equity (or equity of shareholders):		
Paid-up capital(or share capital)	6,699,409,329.00	6,699,409,329.00
Other equity instruments	15,000,000,000.00	15,000,000,000.00
Of which: Preferred shares	–	–
Perpetual bonds	15,000,000,000.00	15,000,000,000.00
Capital reserve	27,533,939,437.04	27,533,939,437.04
Less: Treasury shares	–	–
Other comprehensive income	783,118,816.40	471,145,935.56
Surplus reserve	4,662,350,302.60	4,662,350,302.60
General risk reserve	9,249,814,932.08	9,202,612,397.63
Retained profits	19,488,729,762.96	17,153,388,992.24
Total equity (or equity of shareholders) attributable to the parent company	83,417,362,580.08	80,722,846,394.07
Non-controlling interests	84,754,481.60	69,507,804.22
Total equity (or equity of shareholders)	83,502,117,061.68	80,792,354,198.29
Total liabilities and equity (or equity of shareholders)	371,998,800,058.63	304,930,704,832.13

Legal representative: HUO Da (霍達)   Officer in charge of accounting: ZHAO Bin (趙斌)   Head of accounting department: HE Min (何敏)

BALANCE SHEET OF THE PARENT COMPANY

September 30, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	September 30, 2019	December 31, 2018
Assets:		
Cash and bank balances	47,460,887,876.66	34,707,669,575.83
Of which: Deposits from customers	41,326,446,202.08	30,919,430,433.74
Clearing settlement funds	13,666,941,928.12	11,849,316,697.27
Of which: Settlement funds from customers	10,662,228,182.76	8,673,222,909.19
Advances to customers	47,822,699,032.00	39,032,744,250.32
Derivative financial assets	600,125,851.58	654,937,937.08
Deposits with exchanges and non-bank financial instructions	1,913,973,457.83	1,089,030,131.28
Accounts receivables	595,200,360.98	399,408,202.75
Financial assets held under resale agreements	32,372,825,895.90	32,813,931,898.70
Financial investments:		
Financial assets at fair value through profit of loss	118,340,277,558.49	89,014,259,910.52
Debt investments	1,795,921,562.30	1,796,608,055.66
Other debt investments	45,691,956,315.12	41,642,341,386.41
Investments in other equity instruments	7,093,205,585.71	6,722,606,765.78
Interest in associates	15,682,119,331.99	15,301,198,188.80
Fixed assets	1,401,070,320.09	1,481,522,011.31
Construction in progress	60,716,346.92	51,794,992.27
Right-of-use assets	1,016,191,617.37	–
Intangible assets	426,454,122.60	434,685,412.26
Goodwill	–	–
Deferred income tax assets	867,430,087.08	686,505,484.11
Other assets	2,422,433,647.14	2,429,698,630.92
Total assets	339,230,430,897.88	280,108,259,531.27
Liabilities:		
Short-term borrowings	–	–
Short-term debt instruments	37,228,675,229.43	34,850,475,747.35
Placements from banks and other institutions	500,972,222.22	3,519,000,000.00
Financial liabilities at fair value through profit or loss	6,941,667,301.70	6,640,526,680.00
Derivative financial liabilities	673,276,439.08	577,865,598.09

Items	September 30, 2019	December 31, 2018
Financial assets sold under repurchase agreements	91,660,660,110.18	60,911,667,339.17
Accounts payable to brokerage clients	50,915,974,097.86	38,339,464,063.19
Accounts payable to underwriting clients	–	–
Accrued staff cost	5,097,685,316.86	4,069,597,231.73
Tax payable	289,969,099.03	257,782,676.49
Accounts payable	1,148,784,384.66	979,668,665.53
Long-term borrowings	–	–
Bond payables	65,583,974,230.91	53,419,092,277.79
Deferred income	123,336,152.20	125,733,615.22
Deferred income tax liabilities	318,162,484.37	99,961,303.84
Lease liabilities	1,075,838,461.19	–
Other liabilities	679,522,125.89	799,408,140.34
Total liabilities	262,238,497,655.58	204,590,243,338.74
Total equity (or equity of shareholders):		
Paid-up capital(or share capital)	6,699,409,329.00	6,699,409,329.00
Other equity instruments	15,000,000,000.00	15,000,000,000.00
Of which: Preferred shares	–	–
Perpetual bonds	15,000,000,000.00	15,000,000,000.00
Capital reserve	27,460,042,381.94	27,460,042,381.94
Less: Treasury shares	–	–
Other comprehensive income	474,162,271.56	302,863,540.82
Surplus reserve	4,662,350,302.60	4,662,350,302.60
General risk reserve	9,195,887,598.64	9,195,887,598.64
Retained profits	13,500,081,358.56	12,197,463,039.53
Total equity (or equity of shareholders)	76,991,933,242.30	75,518,016,192.53
Total liabilities and equity (or equity of shareholders)	339,230,430,897.88	280,108,259,531.27

Legal representative: HUO Da (霍達)

Officer in charge of accounting: ZHAO Bin (趙斌)

Head of accounting department: HE Min (何敏)

CONSOLIDATED INCOME STATEMENT

January–September, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
I. Total Operating income	4,359,014,632.89	3,005,423,128.26	12,899,419,147.10	7,791,582,876.43
Net interest income	460,416,208.09	438,788,443.58	1,474,755,697.30	1,470,133,946.78
Of which: Interest income	2,149,940,272.05	1,998,245,866.57	6,082,203,169.04	6,270,641,688.23
Interest expense	1,689,524,063.96	1,559,457,422.99	4,607,447,471.74	4,800,507,741.45
Net fee and commission income	1,862,206,721.28	1,509,216,040.45	5,455,174,351.42	4,832,333,101.83
Of which: Net fee income from brokerage business	950,539,493.63	661,211,902.24	3,120,886,998.65	2,516,958,855.43
Net fee income from investment banking business	513,933,302.81	443,835,082.84	1,165,922,560.70	1,026,589,333.41
Net fee income from asset management business	239,055,105.54	267,718,444.08	745,825,740.54	873,384,108.48
Investment gains ("-" indicating losses)	805,878,261.20	759,269,182.40	3,376,320,366.50	2,091,127,144.71
Of which: Gains from investments in associates and joint ventures	225,392,287.50	235,602,205.20	687,355,790.24	711,940,583.11
Other gains	2,215,441.48	892,968.92	7,849,180.39	31,628,964.59
Gains from changes in fair value ("-" indicating losses)	522,996,231.41	300,525,529.70	1,414,755,297.67	-570,049,776.88
Foreign exchange gains ("-" indicating losses)	-3,305,932.54	-8,884,790.84	10,945,140.19	-76,222,772.13
Other operating income	708,607,701.97	5,615,754.05	1,159,619,113.63	12,632,267.53
Gains on disposal of assets ("-" indicating losses)	–	–	–	–
II. Total operating expenses	2,802,562,478.12	1,455,686,766.56	6,992,970,917.61	4,035,893,664.97
Tax and surcharges	23,543,708.15	20,076,147.81	68,993,684.66	69,462,611.68
Business and administrative expenses	1,981,646,229.23	1,458,734,246.22	5,720,522,564.55	3,869,730,850.27
Expected credit losses	99,609,633.68	-23,123,627.47	68,568,758.14	96,700,203.02
Other impairment losses	10,226.94	–	813,675.11	–
Other operating costs	697,752,680.12	–	1,134,072,235.15	–

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
III. Operating profit ("-" indicating loss)	1,556,452,154.77	1,549,736,361.70	5,906,448,229.49	3,755,689,211.46
Add: Non-operating income	3,397,056.21	4,863,047.34	9,801,391.09	15,304,663.42
Less: Non-operating expense	748,747.39	237,361.30	30,226,078.70	1,051,585.49
IV. Total profit ("-" indicating total loss)	1,559,100,463.59	1,554,362,047.74	5,886,023,541.88	3,769,942,289.39
Less: Income tax expenses	234,636,848.78	289,719,492.31	1,047,182,803.41	700,817,477.81
V. Net profit ("-" indicating net loss)	1,324,463,614.81	1,264,642,555.43	4,838,840,738.47	3,069,124,811.58
(I) Classified by the continuity of operations				
1. Net profit from continuing operations ("-" indicating net loss)	1,324,463,614.81	1,264,642,555.43	4,838,840,738.47	3,069,124,811.58
2. Net profit from discontinued operations ("-" indicating net loss)	–	–	–	–
(II) Classified by ownership				
1. Net profit attributable to the shareholders of the parent company ("-" indicating net loss)	1,320,834,663.76	1,265,105,743.70	4,823,594,061.09	3,071,722,755.39
2. Profit or loss of non-controlling interests ("-" indicating net loss)	3,628,951.05	-463,188.27	15,246,677.38	-2,597,943.81
VI. Other comprehensive income after tax, net	60,899,084.55	419,979,901.36	311,972,880.84	451,388,128.75
Other comprehensive income after tax attributable to the owners of the parent company, net	60,899,084.55	419,979,901.36	311,972,880.84	451,388,128.75
(I) Other comprehensive income that shall not be reclassified to profit and loss	-71,121,729.03	149,430,763.86	277,949,114.95	-87,110,167.70
1. Re-measurement of change in defined benefit scheme	–	–	–	–
2. Other comprehensive income that shall not be reclassified to profit and loss under equity method	–	–	–	–
3. Change in fair value of other equity instrument investments	-71,121,729.03	149,430,763.86	277,949,114.95	-87,110,167.70
4. Change in fair value of the enterprise's own credit risk	–	–	–	–

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
(II) Other comprehensive income that will be reclassified to profit and loss	132,020,813.58	270,549,137.50	34,023,765.89	538,498,296.45
1. Other comprehensive income that will be reclassified to profit and loss under equity method	5,475,047.58	1,629,280.27	10,590,867.95	314,414.41
2. Change in fair value of other debt investment	2,218,060.24	71,503,602.44	-117,591,609.17	234,222,161.99
3. Gains and losses from changes in fair value of available-for-sale financial assets	–	–	–	–
4. Amount of financial assets reclassified to other comprehensive income	–	–	–	–
5. Gains and losses from reclassification of held-to-maturity investments to available-for- sale financial assets	–	–	–	–
6. Expected credit losses for other debt investments	345,087.39	-673,455.55	536,202.95	-1,617,375.48
7. Hedge reserve from cash flows (effective portion of cash flow hedge gains and losses)	–	–	–	–
8. Exchange difference arising from foreign currency translation	123,982,618.37	198,089,710.34	140,488,304.16	305,579,095.53
9. Others	–	–	–	–
Other comprehensive income after tax attributable to non-controlling interests, net	–	–	–	–
VII. Total comprehensive income	1,385,362,699.36	1,684,622,456.79	5,150,813,619.31	3,520,512,940.33
Total comprehensive income attributable to owners of the parent company	1,381,733,748.31	1,685,085,645.06	5,135,566,941.93	3,523,110,884.14
Total comprehensive income attributable to non-controlling interests	3,628,951.05	-463,188.27	15,246,677.38	-2,597,943.81
VIII. Earnings per share:				
(I) Basic (RMB per share)	0.17	0.16	0.63	0.37
(II) Diluted (RMB per share)	0.17	0.16	0.63	0.37

Legal representative: HUO Da (霍達)
Officer in charge of accounting: ZHAO Bin (趙斌)
Head of accounting department: HE Min (何敏)

INCOME STATEMENT OF THE PARENT COMPANY

January-September, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
I. Total Operating income	3,173,039,089.99	2,415,298,972.73	9,741,256,929.92	6,144,974,652.22
Net interest income	374,398,464.66	347,674,849.03	1,216,567,551.15	1,225,614,476.03
Of which: Interest income	1,987,380,244.11	1,860,070,959.26	5,669,285,907.50	5,878,386,439.20
Interest expense	1,612,981,779.45	1,512,396,110.23	4,452,718,356.35	4,652,771,963.17
Net fees and commission income	1,504,971,026.86	1,033,371,280.76	4,385,887,709.01	3,500,532,754.36
Of which: Net fee income from brokerage business	854,226,043.55	568,519,066.93	2,877,257,111.44	2,228,777,067.94
Net fee income from investment banking business	495,690,835.87	332,992,315.95	1,096,698,469.28	874,201,971.68
Net fee income from asset management business	–	–	–	–
Investment gains ("-" indicating losses)	1,230,970,194.44	876,835,563.39	3,318,314,364.40	1,846,475,091.63
Of which: Gains from investments in associates and joint ventures	210,675,495.74	223,445,587.89	652,330,275.24	670,878,462.43
Other gains	2,063,661.13	494,829.86	7,697,400.04	31,172,751.96
Gains from changes in fair value ("-" indicating losses)	43,630,025.01	152,271,642.34	778,587,636.32	-406,328,230.50
Foreign exchange gains ("-" indicating losses)	6,376,323.97	-834,272.86	8,145,429.30	-64,627,830.88
Other operating income	10,629,393.92	5,485,080.21	26,056,839.70	12,135,639.62
Gains on disposal of assets ("-" indicating losses)	–	–	–	–
II. Total operating expenses	1,934,583,600.96	1,185,840,705.57	5,290,133,751.73	3,261,687,747.89
Tax and surcharges	21,144,928.61	17,989,057.39	62,063,460.01	61,797,581.99
Business and administrative expenses	1,810,746,795.25	1,190,975,275.65	5,149,310,004.18	3,103,189,962.88
Expected credit losses	102,691,877.10	-23,123,627.47	78,760,287.54	96,700,203.02
Other impairment losses	–	–	–	–
Other operating costs	–	–	–	–

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
III. Operating profit ("-" indicating loss)	1,238,455,489.03	1,229,458,267.16	4,451,123,178.19	2,883,286,904.33
Add: Non-operating income	3,141,526.84	4,806,390.96	9,235,387.81	13,082,983.07
Less: Non-operating expenses	368,597.49	225,645.64	858,119.07	1,026,589.32
IV. Total profit ("-" indicating total loss)	1,241,228,418.38	1,234,039,012.48	4,459,500,446.93	2,895,343,298.08
Less: Income tax expenses	166,019,935.52	207,315,837.53	718,316,647.97	448,712,868.20
V. Net profit ("-" indicating net loss)	1,075,208,482.86	1,026,723,174.95	3,741,183,798.96	2,446,630,429.88
(I) Net profit from continuing operations ("-" indicating net loss)	1,075,208,482.86	1,026,723,174.95	3,741,183,798.96	2,446,630,429.88
(II) Net profit from discontinued operations ("-" indicating net loss)	–	–	–	–
VI. Other comprehensive income after tax, net	-63,357,167.19	221,890,191.02	171,298,730.74	145,809,033.22
(I) Other comprehensive income that shall not be reclassified to profit and loss	-71,121,729.03	149,430,763.86	277,949,114.95	-87,110,167.70
1. Re-measurement of change in defined benefit scheme	–	–	–	–
2. Other comprehensive income that shall not be reclassified to profit and loss under equity method	–	–	–	–
3. Change in fair value of other equity instrument investments	-71,121,729.03	149,430,763.86	277,949,114.95	-87,110,167.70
4. Change in fair value of the enterprise's own credit risk	–	–	–	–

Items	The third quarter of 2019 (July-September)	The third quarter of 2018 (July-September)	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
(II) Other comprehensive income that will be reclassified to profit and loss	7,764,561.84	72,459,427.16	-106,650,384.21	232,919,200.92
1. Other comprehensive income that will be reclassified to profit and loss under equity method	5,475,047.58	1,629,280.27	10,590,867.95	314,414.41
2. Change in fair value of other debt investment	1,944,426.87	71,503,602.44	-117,777,455.11	234,222,161.99
3. Gains and losses from changes in fair value of available-for-sale financial assets	–	–	–	–
4. Amount of financial assets reclassified to other comprehensive income	–	–	–	–
5. Gains and losses from reclassification of held-to-maturity investments to available-for- sale financial assets	–	–	–	–
6. Expected credit losses for other debt investments	345,087.39	-673,455.55	536,202.95	-1,617,375.48
7. Hedge reserve from cash flows (effective portion of cash flow hedge gains and losses)	–	–	–	–
8. Exchange difference arising from foreign currency translation	–	–	–	–
9. Others	–	–	–	–
VII. Total comprehensive income	1,011,851,315.67	1,248,613,365.97	3,912,482,529.70	2,592,439,463.10
VIII. Earnings per share:				
(I) Basic (RMB per share)	–	–	–	–
(II) Diluted (RMB per share)	–	–	–	–

Legal representative: HUO Da (霍達)

Officer in charge of accounting: ZHAO Bin (趙斌)

Head of accounting department: HE Min (何敏)

CONSOLIDATED STATEMENT OF CASH FLOWS

January-September, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss	–	–
Cash received from interests, fees and commissions	11,565,807,384.05	11,198,287,056.64
Net increases in borrowings from other financial institutions	–	–
Net increase in cash from repurchase business	34,136,059,656.94	20,764,197,151.25
Net decrease in advances to customers	–	12,691,804,413.05
Net cash received from accounts payables to brokerage clients	13,455,799,103.24	2,467,191,763.27
Cash received from other operating activities	4,633,548,937.74	1,771,204,485.80
Subtotal of cash inflows from operating activities	63,791,215,081.97	48,892,684,870.01
Net decrease in purchase of financial assets at fair value through profit or loss	29,454,403,759.51	9,900,692,614.55
Net decrease in borrowings from other financial institutions	3,000,000,000.00	470,000,000.00
Net decrease in cash from repurchase businesses	–	–
Net increase in advances to customers	8,200,201,691.25	–
Net cash paid by accounts payables to brokerage clients	–	–
Cash paid for interests, fees and commissions	2,912,096,002.16	2,248,905,982.98
Cash paid to accrued staff costs	3,576,820,417.11	3,880,013,773.49
Income taxes paid	2,208,008,362.87	1,415,693,692.59
Cash paid for other operating activities	3,152,940,472.03	2,542,327,991.61
Subtotal of cash outflows from operating activities	52,504,470,704.93	20,457,634,055.22
Net cash flows from operating activities	11,286,744,377.04	28,435,050,814.79

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
II. Cash flows from investing activities:		
Cash received from disposal of investment	–	–
Cash received from investment gains	1,307,903,923.15	836,292,135.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Cash received from other investing activities	1,063,009.79	573,576.46
Subtotal of cash inflows from investing activities	1,308,966,932.94	836,865,712.15
Cash paid for investments	4,863,864,949.36	8,344,557,366.36
Cash paid for purchase of fixed assets, intangible assets and other long - term assets	126,153,002.99	186,240,500.43
Net cash paid for acquisition of subsidiaries and other business units	–	–
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	4,990,017,952.35	8,530,797,866.79
Net cash flows from investing activities	-3,681,051,019.41	-7,693,932,154.64
III. Cash flows from financing activities:		
Proceeds from investments	–	–
Of which: Cash contribution from non-controlling interest to subsidiaries	–	–
Proceeds from borrowings	100,173,504.58	42,551,250.89
Proceeds from issuance of bonds	75,812,140,000.00	60,676,040,000.00
Cash received from other financing activities	–	–
Subtotal of cash inflows from financing activities	75,912,313,504.58	60,718,591,250.89
Cash repayment of borrowings	60,955,215,129.61	74,142,965,863.31
Cash paid for dividends, profits or interests	6,018,304,668.42	6,324,134,583.70
Of which: Dividends and profits paid to non-controlling interest by subsidiaries	–	20,824,600.00
Cash paid for other financing activities	–	7,098,472.05
Subtotal of cash outflows from financing activities	66,973,519,798.03	80,474,198,919.06
Net cash flows from financing activities	8,938,793,706.55	-19,755,607,668.17

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	238,617,020.52	475,494,872.86
V. Net increase in cash and cash equivalents	16,783,104,084.70	1,461,005,864.84
Add: Balance of cash and cash equivalents at the beginning of the period	61,170,650,431.63	65,924,436,993.47
VI. Balance of cash and cash equivalents at the end of the period	77,953,754,516.33	67,385,442,858.31

Legal representative: HUO Da (霍達)

Officer in charge of accounting: ZHAO Bin (趙斌)

Head of accounting department: HE Min (何敏)

CASH FLOW STATEMENT OF THE PARENT COMPANY

January–September, 2019

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss	–	–
Cash received from interests, fees and commissions	9,687,498,929.57	9,275,814,560.84
Net increase in borrowings from other financial institutions	–	–
Net increase in cash from repurchase business	31,086,736,943.55	19,951,488,552.44
Net decrease in advances to customers	–	12,972,504,843.31
Net cash received from accounts payables to brokerage clients	12,492,206,044.56	821,239,172.68
Cash received from other operating activities	1,071,981,070.71	923,547,320.45
Subtotal of cash inflows from operating activities	54,338,422,988.39	43,944,594,449.72
Net decrease in purchase of financial assets at fair value through profit or loss	25,436,164,606.69	8,895,006,317.07
Net decrease in borrowings from other financial institutions	3,000,000,000.00	470,000,000.00
Net decrease in cash from repurchase businesses	–	–
Net increase in advances to customers	8,830,805,251.09	–
Net cash paid by accounts payables to brokerage clients	–	–
Cash paid for interests, fees and commissions	2,631,186,588.28	2,009,922,691.94
Cash paid to accrued staff costs	3,054,279,476.30	3,286,550,621.67
Income taxes paid	1,336,103,490.15	809,282,143.47
Cash paid for other operating activities	1,645,083,781.22	1,277,947,516.14
Subtotal of cash outflows from operating activities	45,933,623,193.73	16,748,709,290.29
Net cash flows from operating activities	8,404,799,794.66	27,195,885,159.43

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
II. Cash flows from investing activities:		
Cash received from disposal of investment	–	
Cash received from investment gains	1,307,903,923.15	814,920,853.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Cash received from other investing activities	937,137.50	566,520.82
Subtotal of cash inflows from investing activities	1,308,841,060.65	815,487,374.47
Cash paid for investment	4,003,191,850.68	10,197,054,207.36
Cash paid for purchase of fixed assets, intangible assets and other long term assets	115,642,424.79	143,429,001.38
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	4,118,834,275.47	10,340,483,208.74
Net cash flows from investing activities	-2,809,993,214.82	-9,524,995,834.27
III. Cash flows from financing activities:		
Proceeds from investments	–	–
Proceeds from borrowings	–	42,551,250.89
Proceeds from issuance of bonds	75,812,140,000.00	60,676,040,000.00
Cash received from other financing activities	–	–
Subtotal of cash inflows from financing activities	75,812,140,000.00	60,718,591,250.89
Cash repayment of borrowings	60,930,349,513.09	70,636,305,139.82
Cash paid for dividends, profits or interests	5,930,050,072.85	6,200,792,956.34
Cash paid for other financing activities	–	–
Subtotal of cash outflows from financing activities	66,860,399,585.94	76,837,098,096.16
Net cash flows from financing activities	8,951,740,414.06	-16,118,506,845.27

Items	The first three quarters of 2019 (January–September)	The first three quarters of 2018 (January–September)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	8,145,429.30	-64,627,830.89
V. Net increase in cash and cash equivalents	14,554,692,423.20	1,487,754,649.00
Add: Balance of cash and cash equivalents at the beginning of the period	46,547,571,868.52	50,677,351,771.09
VI. Balance of cash and cash equivalents at the end of the period	61,102,264,291.72	52,165,106,420.09

Legal representative:
HUO Da (霍達)

Officer in charge of accounting:
ZHAO Bin (趙斌)

Head of accounting department:
HE Min (何敏)