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

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

(Stock Code: 6099)

2020 FIRST 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 2020 first quarterly report of China Merchants Securities Co., Ltd. (the "**Company**" or "**China Merchants Securities**") and its subsidiaries for the three months ended March 31, 2020 (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, April 28, 2020

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. GAO Hong, 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 the 2020 first 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 the 2020 first quarterly report.

1.3 HUO Da, the officer in charge of the Company, ZHAO Bin, the officer in charge of accounting matters of the Company, and HE Min, the officer in charge of the accounting office of the Company (head of accounting department), hereby warrant that the financial statements contained in the 2020 first quarterly report are true, accurate and complete.

1.4 The 2020 first quarterly report of the Company is prepared pursuant to China Accounting Standards for Business Enterprises and 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	404,248,952,980.92	381,771,888,128.44	5.89
Net assets attributable to the shareholders of listed Company	87,414,703,627.97	85,048,320,108.10	2.78
	From the beginning of the year to the end of the Reporting Period	**From the beginning of last year to the end of last year's Reporting Period**	**Increase/decrease over the corresponding period of last year (%)**
Net cash flows generated from operating activities	16,376,029,897.18	22,882,428,580.35	-28.43
	From the beginning of the year to the end of the Reporting Period	**From the beginning of last year to the end of last year's Reporting Period**	**Increase/decrease over the corresponding period of last year (%)**
Operating revenue	4,886,433,514.88	4,646,092,422.98	5.17
Net profit attributable to the shareholders of listed Company	1,797,555,461.56	2,127,013,935.09	-15.49
Net profit attributable to the shareholders of listed Company after deducting the non-recurring items	1,795,746,796.14	2,120,711,972.14	-15.32
Weighted average return on net asset (%)	2.25	2.89	Decreased by 0.64 percentage points
Basic earnings per share (RMB per share)	0.24	0.29	-17.24
Diluted earnings per share (RMB per share)	0.24	0.29	-17.24

Non-recurring items and amounts

Unit and Currency: RMB

Items	Amount in the Reporting Period
Profit or loss from disposal of non-current assets	8,315.14
Tax refunds or reductions without authorized 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	2,455,622.95
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
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 held-for-trading financial assets, derivatives financial assets, held-for-trading financial liabilities, 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	–
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	-45,403.61
Other profit or loss items falling within the meaning of non-recurring profit or loss	–
Effects of non-controlling interests (after tax)	–
Effects of income tax	-609,869.06
Total	1,808,665.42

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

Unit: Share

Total number of shareholders						100,552
Shareholdings of the top ten shareholders						
Name of shareholder (in full name)	**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	980,045,720	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
Hong Kong Securities Clearing Company Limited	108,174,610	1.61	–	Nil	–	Overseas legal person
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
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	980,045,720	Overseas listed foreign shares	980,045,720
China Ocean Shipping Company Limited (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
Hong Kong Securities Clearing Company Limited	108,174,610	RMB ordinary shares	108,174,610
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	83,999,922	RMB ordinary shares	83,999,922
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 subsidiaries of China Merchants Group Limited, the de facto controller of the Company; 2. China Ocean Shipping Company Limited and COSCO Shipping (Guangzhou) Co., Ltd. are subsidiaries of China COSCO Shipping Corporation Limited.		

Notes:

1. HKSCC Nominees Limited is the nominee holder of the shares held by the non-registered H shareholders of the Company.

2. Hong Kong Securities Clearing Company Limited is the nominee holder of the shares of the Company under the Shanghai Connect.

3. 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
Clearing settlement funds	16,870,919,682.70	12,471,615,672.00	35.27	Increase in settlement funds from customers
Derivative financial assets	5,984,825,710.30	1,805,818,795.53	231.42	Increase in commodity futures
Accounts receivables	2,494,563,958.83	763,703,283.76	226.64	Increase in accounts and settlements receivable
Other assets	1,797,523,499.95	3,447,579,111.33	-47.86	Decrease in other receivables
Borrowings from banks and other financial institutions	4,538,662,500.00	7,013,198,555.57	-35.28	Decrease in borrowings from banks and other financial institutions
Held-for-trading financial liabilities	16,302,855,518.21	10,076,386,273.63	61.79	Increase in bonds sold
Derivative financial liabilities	4,176,629,665.23	2,183,222,423.64	91.31	Increase in commodity futures
Tax payable	690,152,572.52	468,848,992.65	47.20	Increase in personal income tax payable on the transfer of restricted shares
Bills payable	1,087,500,000.00	615,000,000.00	76.83	Increase in bills payable
Deferred income tax liabilities	658,384,459.94	485,282,411.69	35.67	Increase in taxable temporary difference
Treasury shares	0.00	663,954,452.56	-100.00	Transfer of treasury shares to the employee stock ownership scheme of the Company

Items	The beginning of the year to the end of the Reporting Period	The same period of last year	Increase/decrease (%)	Major reason for change
Net interest income	632,478,884.90	484,346,837.75	30.58	Increase in interest income from self-owned funds and clients' funds
Investment gains	959,202,285.04	722,348,581.35	32.79	Increase in gains from investment on financial instruments
Gains from changes in fair value	372,837,412.76	1,550,050,697.05	-75.95	Changes in fair value of financial instruments
Foreign exchange gains	5,544,040.57	-4,343,476.22	–	Changes in exchange rates
Other operating income	622,303,617.37	92,035,624.14	576.16	Income from commodity business
Tax and surcharges	31,658,041.17	22,285,408.09	42.06	Increase in city maintenance and construction tax and education surcharge
Credit impairment losses	132,194,093.91	-116,687,152.39	–	Provision for expected credit losses of financing business
Other asset impairment losses	11,282,332.75	0.00	–	Provision for inventory impairment
Other operating cost	617,977,003.21	89,119,410.94	593.43	Expenses of commodity business
Non-operating income	2,498,969.52	885,982.35	182.06	Increase in government grants
Non-operating expenses	80,435.04	162,392.66	-50.47	Decrease in non-operating expenses
Other comprehensive income, net of tax	104,846,729.04	253,838,099.91	-58.70	Changes in fair value of investment on other equity instruments
Net cash flows generated from investing activities	776,007,963.78	5,754,442,292.68	-86.51	Decrease in net cash inflows from other debt investments
Net cash flows generated from financing activities	2,882,408,174.82	-4,531,709,223.96	–	Increase in cash received from issuance of bonds

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

1. Change of director of the Company

On January 15, 2020, at the 2020 first extraordinary general meeting of the Company, Mr. GAO Hong was elected as a non-executive director of the sixth session of the Board of the Company. At such time, Mr. GAO Hong's qualification as a director of a securities firm was yet to be approved by the securities regulatory authority. In March 2020, the newly revised Securities Law of the People's Republic of China (the "**New Securities Law**") was officially enforced. Pursuant to the New Securities Law and the Announcement on the Cancellation or Adjustment of Certain Administrative Approval Items of Securities Firms (《關於取消或調整證券公司部分行政審批項目等事項的公告》)(CSRC Announcement [2020] No. 18) promulgated by the China Securities Regulatory Commission (the "**CSRC**"), the approval of qualification of directors, supervisors and senior management of a securities firm was changed to post-event filing management. In view of the above, Mr. GAO Hong has served as a non-executive director of the Company from March 9, 2020, and his term of office shall expire on the date of expiration of the current session of the Board.

For details, please refer to the relevant announcements of the Company published on the website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on January 15 and March 9, 2020.

2. Progress of the A share rights issue of the Company

On April 3, 2020, the Issue Review Committee of the China Securities Regulatory Commission has reviewed the Company's application for the A Share Rights Issue. Pursuant to the review results of the meeting, the application for the A Share Rights Issue of the Company has been approved.

For details, please refer to the relevant announcement of the Company published on the website of the Hong Kong Stock Exchange on April 3, 2020.

3. Progress of the employee stock ownership scheme of the Company

On January 15, 2020, at the 2020 first extraordinary general meeting of the Company, the "Resolution on the Clarification of Price and Plan Size for the Repurchase of Shares of the Company's Employee Stock Ownership Scheme" was considered and approved, and accordingly, the "Employee Stock Ownership Scheme of China Merchants Securities Co., Ltd. (Draft)" and its summary were revised.

On January 21, 2020, the Company held the first meeting of holders under the employee stock ownership scheme, and considered and approved the "Resolution on the Establishment of Employee Stock Ownership Scheme Management Committee of the Company", the "Resolution on the Election of Members of the Employee Stock Ownership Scheme Management Committee of the Company" and the "Resolution on Authorizing the Employee Stock Ownership Scheme Management Committee of the Company to Deal with Matters in Relation to the Employee Stock Ownership Scheme".

On March 5, 2020, the Company received the Share Transfer Confirmation issued by China Securities Depository and Clearing Corporation Limited. On March 3, 2020, the Company has completed the share transfer procedures for the employee stock ownership scheme. There are 40,020,780 A shares under the employee stock ownership scheme of the Company, accounting for 0.5974% of the Company's total share capital, with a total of 995 participants.

For details, please refer to the relevant overseas regulatory announcements of the Company published on the website of the Hong Kong Stock Exchange on January 14, January 15, January 22 and March 5, 2020.

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

During the Reporting Period, through telephone conferencing, "e-interaction" application of the Shanghai Stock Exchange (上交所e互動), hotline, e-mail, WeChat and other manners, the Company maintained close contact with domestic and overseas analysts and investors, made in-depth exchange of industry and company hot issues, actively promoted the Company's investment value, and communicated with over 200 participants.

Name of the Company	China Merchants Securities Co., Ltd.
Legal representative	HUO Da
Date	April 28, 2020

IV. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

March 31, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	March 31, 2020	December 31, 2019
Assets:		
Cash and bank balances	78,288,620,455.24	61,927,739,281.18
Of which: Deposits from customers	63,631,395,327.74	53,040,322,678.76
Clearing settlement funds	16,870,919,682.70	12,471,615,672.00
Of which: Settlement funds from customers	11,928,740,478.97	8,125,251,787.68
Advances to customers	56,306,641,663.27	55,224,619,148.40
Derivative financial assets	5,984,825,710.30	1,805,818,795.53
Deposits with exchanges and non-bank financial institutions	4,496,700,450.41	4,780,890,141.37
Accounts receivables	2,494,563,958.83	763,703,283.76
Financial assets held under resale agreements	36,813,586,150.68	35,679,824,625.09
Financial investments:		
Held-for-trading financial assets	133,567,881,836.76	138,146,067,589.35
Debt investments	2,098,925,725.37	1,894,635,258.43
Other debt investments	45,708,408,886.59	45,734,306,885.10
Investments in other equity instruments	6,742,567,721.68	7,057,809,335.29
Long-term equity investments	9,072,559,544.15	8,833,586,050.37
Fixed assets	1,439,501,634.71	1,474,162,061.81
Construction in progress	54,942,689.78	66,583,575.56
Right-of-use assets	1,185,286,702.11	1,189,838,712.56
Intangible assets	434,050,903.37	436,565,507.36
Goodwill	9,670,605.55	9,670,605.55
Deferred income tax assets	881,775,159.47	826,872,488.40
Other assets	1,797,523,499.95	3,447,579,111.33
Total assets	404,248,952,980.92	381,771,888,128.44

Items	March 31, 2020	December 31, 2019
Liabilities:		
Short-term borrowings	3,928,902,934.34	3,103,672,685.57
Short-term debt instruments	34,500,722,857.18	33,098,616,429.20
Placements from banks and other institutions	4,538,662,500.00	7,013,198,555.57
Held-for-trading financial liabilities	16,302,855,518.21	10,076,386,273.63
Derivative financial liabilities	4,176,629,665.23	2,183,222,423.64
Financial assets sold under repurchase agreements	91,251,458,301.82	97,706,685,534.22
Accounts payable to brokerage clients	78,098,616,777.29	61,724,219,803.61
Accrued staff cost	5,754,348,645.86	5,567,916,991.96
Tax payable	690,152,572.52	468,848,992.65
Bills payable	1,087,500,000.00	615,000,000.00
Accounts payable	4,749,645,526.83	4,937,060,039.16
Long-term borrowings	1,441,522,369.59	1,413,614,692.95
Bonds payable	67,573,458,271.33	65,991,501,508.46
Lease liabilities	1,253,669,235.04	1,252,147,381.94
Deferred income	121,737,843.52	122,536,997.86
Deferred income tax liabilities	658,384,459.94	485,282,411.69
Other liabilities	622,232,526.57	884,127,579.09
Total liabilities	316,750,500,005.27	296,644,038,301.20
Owners' 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	–	663,954,452.56
Other comprehensive income	926,261,387.91	821,414,658.87
Surplus reserve	5,236,148,007.81	5,236,148,007.81
General risk reserve	11,179,857,904.05	11,165,277,428.15
Retained profits	20,839,087,562.16	19,256,085,699.79
Total owners' equity (or equity of shareholders) attributable to the parent company	87,414,703,627.97	85,048,320,108.10
Non-controlling interests	83,749,347.68	79,529,719.14
Total owners' equity (or equity of shareholders)	87,498,452,975.65	85,127,849,827.24
Total liabilities and owners' equity (or equity of shareholders)	404,248,952,980.92	381,771,888,128.44

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

March 31, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB   Type of audit: Unaudited

Items	March 31, 2020	December 31, 2019
Assets:		
Cash and bank balances	61,933,296,526.85	48,609,703,236.74
Of which: Deposits from customers	53,407,483,709.29	42,843,742,210.86
Clearing settlement funds	15,599,589,265.24	11,959,758,031.94
Of which: Settlement funds from customers	11,708,366,752.10	7,967,974,609.21
Advances to customers	53,268,090,134.40	51,318,914,985.30
Derivative financial assets	1,965,981,193.35	648,870,093.14
Deposits with exchanges and non-bank financial institutions	2,046,031,434.26	2,244,259,924.14
Accounts receivables	581,300,339.82	501,270,517.88
Financial assets held under resale agreements	36,813,586,150.68	35,679,824,625.09
Financial investments:		
Held-for-trading financial assets	116,962,922,998.21	119,471,255,078.00
Debt investments	1,813,957,746.81	1,800,034,149.58
Other debt investments	44,876,561,596.77	44,816,397,438.12
Investments in other equity instruments	6,742,567,721.68	7,057,809,335.29
Long-term equity investments	17,557,336,337.44	16,610,888,158.61
Fixed assets	1,374,915,019.94	1,404,373,257.83
Construction in progress	29,450,016.30	41,630,871.77
Right-of-use assets	1,011,058,533.24	1,020,049,836.00
Intangible assets	420,966,596.16	423,710,359.38
Goodwill	–	–
Deferred income tax assets	785,431,077.32	752,102,861.73
Other assets	2,214,411,729.12	2,170,647,102.24
Total assets	365,997,454,417.59	346,531,499,862.78
Liabilities:		
Short-term borrowings	–	–
Short-term debt instruments	34,500,722,857.18	33,098,616,429.20
Placements from banks and other institutions	4,538,662,500.00	7,013,198,555.57

Items	March 31, 2020	December 31, 2019
Held-for-trading financial liabilities	13,486,195,050.00	6,945,433,690.00
Derivative financial liabilities	1,588,222,728.09	1,048,823,498.57
Financial assets sold under repurchase agreements	88,112,512,141.10	94,035,284,996.70
Accounts payable to brokerage clients	64,468,983,794.99	49,827,012,509.14
Accrued staff cost	5,448,191,622.51	5,253,821,623.89
Tax payable	543,270,625.07	285,023,081.38
Bills payable	–	–
Accounts payable	2,867,923,561.79	2,481,127,444.48
Long-term borrowings	–	–
Bonds payable	67,573,458,271.33	65,991,501,508.46
Lease liabilities	1,078,274,269.33	1,071,621,719.59
Deferred income	121,737,843.52	122,536,997.86
Deferred income tax liabilities	570,516,857.72	394,322,385.69
Other liabilities	562,388,227.40	773,050,508.62
Total liabilities	285,461,060,350.03	268,341,374,949.15
Owners' 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	–	663,954,452.56
Other comprehensive income	545,366,021.63	541,685,772.44
Surplus reserve	5,236,148,007.81	5,236,148,007.81
General risk reserve	10,343,483,009.06	10,343,483,009.06
Retained profits	15,251,945,318.12	13,573,310,865.94
Total owners' equity (or equity of shareholders)	80,536,394,067.56	78,190,124,913.63
Total liabilities and owners' equity (or equity of shareholders)	365,997,454,417.59	346,531,499,862.78

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 – March, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB   Type of audit: Unaudited

Items	The first quarter of 2020	The first quarter of 2019
I. Total operating income	4,886,433,514.88	4,646,092,422.98
Net interest income	632,478,884.90	484,346,837.75
Of which: Interest income	2,273,295,949.88	1,913,398,447.72
Interest expense	1,640,817,064.98	1,429,051,609.99
Net fee and commission income	2,290,326,683.94	1,797,737,041.06
Of which: Net fee income from brokerage business	1,633,637,267.76	1,098,054,344.25
Net fee income from investment banking business	265,853,529.70	340,592,645.68
Net fee income from asset management business	231,644,862.78	234,797,615.60
Investment gains ("-" indicating losses)	959,202,285.04	722,348,581.35
Of which: Gains from investments in associates and joint ventures	238,707,003.25	216,600,556.67
Other gains	3,740,590.30	3,917,117.85
Gains from changes in fair value ("-" indicating losses)	372,837,412.76	1,550,050,697.05
Foreign exchange gains ("-" indicating losses)	5,544,040.57	-4,343,476.22
Other operating income	622,303,617.37	92,035,624.14
Gains on disposal of assets ("-" indicating losses)	–	–

Items	The first quarter of 2020	The first quarter of 2019
II. Total operating expenses	2,584,040,892.88	1,960,024,662.68
Tax and surcharges	31,658,041.17	22,285,408.09
Business and administrative expenses	1,790,929,421.84	1,965,306,996.04
Credit impairment losses	132,194,093.91	-116,687,152.39
Other asset impairment losses	11,282,332.75	–
Other operating costs	617,977,003.21	89,119,410.94
III. Operating profit ("-" indicating losses)	2,302,392,622.00	2,686,067,760.30
Add: Non-operating income	2,498,969.52	885,982.35
Less: Non-operating expense	80,435.04	162,392.66
IV. Total profit ("-" indicating total losses)	2,304,811,156.48	2,686,791,349.99
Less: Income tax expenses	503,036,066.38	554,972,572.73
V. Net profit ("-" indicating net loss)	1,801,775,090.10	2,131,818,777.26
(I) Classified by the continuity of operations		
1. Net profit from continuing operations ("-" indicating net loss)	1,801,775,090.10	2,131,818,777.26
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)	1,797,555,461.56	2,127,013,935.09
2. Profit or loss of non-controlling interests ("-" indicating net loss)	4,219,628.54	4,804,842.17

Items	The first quarter of 2020	The first quarter of 2019
VI. Other comprehensive income after tax, net	104,846,729.04	253,838,099.91
Other comprehensive income after tax attributable to the owners of the parent company, net	104,846,729.04	253,838,099.91
(I) Other comprehensive income that shall not be reclassified to profit and loss	-236,431,210.21	396,305,460.96
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	-236,431,210.21	396,305,460.96
4. Change in fair value of the enterprise's own credit risk	–	–
(II) Other comprehensive income that will be reclassified to profit and loss	341,277,939.25	-142,467,361.05
1. Other comprehensive income that will be reclassified to profit and loss under equity method	266,490.53	1,482,561.23
2. Change in fair value of other debt investment	245,164,446.52	-40,872,266.60
3. Amount of financial assets reclassified to other comprehensive income	–	–
4. Expected credit losses for other debt investments	-188,474.80	-253,070.39
5. Hedge reserve from cash flows	–	–
6. Exchange difference arising from foreign currency translation	96,035,477.00	-102,824,585.29
7. Others	–	–
Other comprehensive income after tax attributable to non-controlling interests, net	–	–
VII. Total comprehensive income	1,906,621,819.14	2,385,656,877.17
Total comprehensive income attributable to owners of the parent company	1,902,402,190.60	2,380,852,035.00
Total comprehensive income attributable to non-controlling interests	4,219,628.54	4,804,842.17
VIII. Earnings per share:		
(I) Basic (RMB per share)	0.24	0.29
(II) Diluted (RMB per share)	0.24	0.29

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 – March, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB   Type of audit: Unaudited

Items	The first quarter of 2020	The first quarter of 2019
I. Total operating income	4,084,918,459.47	3,603,705,991.46
Net interest income	554,166,475.09	399,097,011.87
Of which: Interest income	2,119,051,024.80	1,799,147,636.36
Interest expense	1,564,884,549.71	1,400,050,624.49
Net fee and commission income	1,937,370,282.26	1,467,516,989.04
Of which: Net fee income from brokerage business	1,527,007,722.33	1,018,201,340.26
Net fee income from investment banking business	253,367,078.81	329,757,302.30
Net fee income from asset management business	–	–
Investment gains ("-" indicating losses)	883,343,966.69	906,930,354.10
Of which: Gains from investments in associates and joint ventures	236,181,688.30	211,584,614.61
Other gains	2,072,819.37	3,917,117.85
Gains from changes in fair value ("-" indicating losses)	700,226,209.90	833,150,067.47
Foreign exchange gains ("-" indicating losses)	-7,694,232.25	-9,549,345.86
Other operating income	15,432,938.41	2,643,796.99
Gains on disposal of assets ("-" indicating losses)	–	–

Items	The first quarter of 2020	The first quarter of 2019
II. Total operating expenses	1,757,347,058.59	1,664,669,052.17
Tax and surcharges	28,772,270.99	20,110,999.73
Business and administrative expenses	1,595,261,925.21	1,761,245,204.83
Credit impairment losses	133,312,862.39	-116,687,152.39
Other asset impairment losses	–	–
Other operating costs	–	–
III. Operating profit ("-" indicating losses)	2,327,571,400.88	1,939,036,939.29
Add: Non-operating income	2,487,723.06	812,244.24
Less: Non-operating expense	18,598.66	116,233.04
IV. Total profit ("-" indicating total losses)	2,330,040,525.28	1,939,732,950.49
Less: Income tax expenses	451,432,949.81	371,301,976.02
V. Net profit ("-" indicating net loss)	1,878,607,575.47	1,568,430,974.47
(I) Net profit from continuing operations ("-" indicating net loss)	1,878,607,575.47	1,568,430,974.47
(II) Net profit from discontinued operations ("-" indicating net loss)	–	–

Items	The first quarter of 2020	The first quarter of 2019
VI. Other comprehensive income after tax, net	3,680,249.19	356,662,685.20
(I) Other comprehensive income that shall not be reclassified to profit and loss	-236,431,210.21	396,305,460.96
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	-236,431,210.21	396,305,460.96
4. Change in fair value of the enterprise's own credit risk	–	–
(II) Other comprehensive income that will be reclassified to profit and loss	240,111,459.40	-39,642,775.76
1. Other comprehensive income that will be reclassified to profit and loss under equity method	266,490.53	1,482,561.23
2. Change in fair value of other debt investment	240,033,443.67	-40,872,266.60
3. Amount of financial assets reclassified to other comprehensive income	–	–
4. Expected credit losses for other debt investments	-188,474.80	-253,070.39
5. Hedge reserve from cash flows	–	–
6. Exchange difference arising from foreign currency translation	–	–
7. Others	–	–
VII. Total comprehensive income	1,882,287,824.66	1,925,093,659.67
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 – March, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB   Type of audit: Unaudited

Items	The first quarter of 2020	The first quarter of 2019
I. Cash flows from operating activities:		
Net increase in disposal of held-for-trading financial assets	11,001,829,729.95	1,525,450,906.30
Cash received from interests, fees and commissions	4,539,864,065.62	3,717,076,196.63
Net increase in cash from repurchase business	–	6,326,926,142.92
Net cash received from accounts payables to brokerage clients	15,277,419,816.53	23,750,007,308.25
Cash received from other operating activities	1,995,959,148.63	1,487,898,050.39
Subtotal of cash inflows from operating activities	32,815,072,760.73	36,807,358,604.49
Net decrease in borrowings from other financial institutions	2,500,000,000.00	3,500,000,000.00
Net decrease in cash from repurchase business	7,668,983,427.04	–
Net increase in advances to customers	1,034,403,064.71	6,221,892,874.86
Cash paid for interests, fees and commissions	1,244,119,273.27	859,823,519.54
Cash paid to accrued staff costs	1,352,785,829.91	1,171,034,586.79
Taxes paid	964,115,176.32	1,027,093,636.13
Cash paid for other operating activities	1,674,636,092.30	1,145,085,406.82
Subtotal of cash outflows from operating activities	16,439,042,863.55	13,924,930,024.14
Net cash flows from operating activities	16,376,029,897.18	22,882,428,580.35

Items	The first quarter of 2020	The first quarter of 2019
II. Cash flows from investing activities:		
Cash received from disposal of investment	491,614,148.84	5,387,462,872.13
Cash received from investment gains	489,270,207.32	411,384,021.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Net cash received from disposal of subsidiaries and other business units	–	–
Cash received from other investing activities	63,861.72	679,721.38
Subtotal of cash inflows from investing activities	980,948,217.88	5,799,526,614.84
Cash paid for investments	188,578,417.51	–
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	16,361,836.59	45,084,322.16
Net cash paid for acquisition of subsidiaries and other business units	–	–
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	204,940,254.10	45,084,322.16
Net cash flows from investing activities	776,007,963.78	5,754,442,292.68
III. Cash flows from financing activities:		
Proceeds from investments	–	–
Of which: Cash contribution from non-controlling interest to subsidiaries	–	–
Proceeds from borrowings	711,304,007.16	1,009,093,541.86
Proceeds from issuance of bonds	37,614,520,000.00	21,866,800,000.00
Cash received from other financing activities	663,954,452.56	–
Subtotal of cash inflows from financing activities	38,989,778,459.72	22,875,893,541.86
Cash repayment of borrowings	34,406,208,837.42	25,428,158,285.02
Cash paid for dividends, profits or interests	1,701,161,447.48	1,979,444,480.80
Of which: Dividends and profits paid to non-controlling interest by subsidiaries	–	–
Cash paid for other financing activities	–	–
Subtotal of cash outflows from financing activities	36,107,370,284.90	27,407,602,765.82
Net cash flows from financing activities	2,882,408,174.82	-4,531,709,223.96

Items	The first quarter of 2020	The first quarter of 2019
IV. Effect of foreign exchange rate changes on cash and cash equivalents	194,488,875.86	-196,953,237.63
V. Net increase in cash and cash equivalents	20,228,934,911.64	23,908,208,411.44
Add: Balance of cash and cash equivalents at the beginning of the period	74,339,314,719.30	61,170,650,431.63
VI. Balance of cash and cash equivalents at the end of the period	94,568,249,630.94	85,078,858,843.07

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 – March, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	The first quarter of 2020	The first quarter of 2019
I. Cash flows from operating activities:		
Net increase in disposal of held-for-trading financial assets	9,472,614,691.48	4,743,885,163.75
Cash received from interests, fees and commissions	3,986,865,918.95	3,135,185,872.11
Net increase in cash from repurchase business	–	4,679,633,829.73
Net cash received from accounts payables to brokerage clients	15,034,624,161.74	22,959,769,613.45
Cash received from other operating activities	870,154,503.17	602,901,675.11
Subtotal of cash inflows from operating activities	29,364,259,275.34	36,121,376,154.15
Net decrease in borrowings from other financial institutions	2,500,000,000.00	3,500,000,000.00
Net decrease in cash from repurchase business	7,090,909,789.22	–
Net increase in advances to customers	1,970,419,226.43	6,977,278,500.29
Cash paid for interests, fees and commissions	1,116,824,272.42	785,600,663.87
Cash paid to accrued staff costs	1,193,351,434.56	992,432,999.90
Taxes paid	713,903,370.05	637,336,598.83
Cash paid for other operating activities	185,465,809.63	1,007,584,718.24
Subtotal of cash outflows from operating activities	14,770,873,902.31	13,900,233,481.13
Net cash flows from operating activities	14,593,385,373.03	22,221,142,673.02

Items	The first quarter of 2020	The first quarter of 2019
II. Cash flows from investing activities:		
Cash received from disposal of investment	387,557,489.28	5,387,462,872.13
Cash received from investment gains	489,270,207.32	411,384,021.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Cash received from other investing activities	63,618.78	656,938.31
Subtotal of cash inflows from investing activities	876,891,315.38	5,799,503,831.77
Cash paid for investments	710,000,000.00	–
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	15,522,099.04	42,026,382.18
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	725,522,099.04	42,026,382.18
Net cash flows from investing activities	151,369,216.34	5,757,477,449.59
III. Cash flows from financing activities:		
Proceeds from investments	–	–
Proceeds from borrowings	–	–
Proceeds from issuance of bonds	37,614,520,000.00	21,866,800,000.00
Cash received from other financing activities	663,954,452.56	–
Subtotal of cash inflows from financing activities	38,278,474,452.56	21,866,800,000.00
Cash repayment of borrowings	34,396,162,394.50	25,419,562,401.92
Cash paid for dividends, profits or interests	1,665,921,187.71	1,956,407,719.05
Cash paid for other financing activities	–	–
Subtotal of cash outflows from financing activities	36,062,083,582.21	27,375,970,120.97
Net cash flows from financing activities	2,216,390,870.35	-5,509,170,120.97

Items	The first quarter of 2020	The first quarter of 2019
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-7,694,232.25	-9,549,345.86
V. Net increase in cash and cash equivalents	16,953,451,227.47	22,459,900,655.78
Add: Balance of cash and cash equivalents at the beginning of the period	60,569,031,627.38	46,547,571,868.52
VI. Balance of cash and cash equivalents at the end of the period	77,522,482,854.85	69,007,472,524.30

Legal representative: HUO Da (霍達)

Officer in charge of accounting: ZHAO Bin (趙斌)

Head of accounting department: HE Min (何敏)