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 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 2020 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, 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, October 29, 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 of the Company 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 of the Company 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, 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 this quarterly report are true, accurate and complete.

1.4 This 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 the Reporting Period over the end of last year (%)
		After adjustment	Before adjustment	
Total assets	479,123,775,949.59	381,771,888,128.44	381,771,888,128.44	25.50
Net assets attributable to the shareholders of the Company	106,691,425,974.88	85,048,320,108.10	85,048,320,108.10	25.45
	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 (%)**
		After adjustment	**Before adjustment**	
Net cash flows generated from operating activities	-29,374,903,711.51	11,286,744,377.04	11,286,744,377.04	-360.26
	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 (%)**
		After adjustment	**Before adjustment**	
Operating revenue	17,903,113,002.85	12,899,419,147.10	12,899,419,147.10	38.79
Net profit attributable to the shareholders of the Company	7,271,161,214.16	4,823,594,061.09	4,823,594,061.09	50.74
Net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss	7,266,081,520.20	4,834,343,319.79	4,834,343,319.79	50.30
Weighted average return on net assets (%)	8.71	6.27	6.27	Increased by 2.44 percentage points
Basic earnings per share (RMB per share)	0.83	0.53	0.63	55.35
Diluted earnings per share (RMB per share)	0.83	0.53	0.63	55.35

Note: In July and August 2020, the Company's A share and H share rights issue completed respectively. The Company allotted 3 shares for every 10 shares to its existing shareholders, and the total share capital increased from 6,699,409,329 to 8,696,526,806. Pursuant to Accounting Standards for Business Enterprises No. 34 – Earnings per Share and the Application Guidance for Accounting Standards for Business Enterprises No. 34 – Earnings per Share, in consideration of the bonus shares involved in the rights issue, the weighted average number of ordinary shares outstanding for each period presented in the above table has been adjusted when calculating the earnings per share.

Non-recurring profit or loss 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	147,827.30	233,353.14
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	3,235,485.90	10,422,639.01
Non-operating income and expense other than the above items	760,509.19	-3,403,897.35
Effects of income tax	-1,057,039.12	-2,172,400.84
Total	3,086,783.27	5,079,693.96

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						154,855
Shareholdings of the top ten shareholders						
Name of shareholder (in full name)	**Number of shares held as at the end of the Reporting Period**	**Percentage (%)**	**Number of restricted shares**	**Pledged or locked-up**		**Nature of shareholder**
				Status	**Number**	
China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司)	2,047,900,517	23.55	–	Nil	–	State-owned legal person
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,703,934,870	19.59	–	Nil	–	State-owned legal person
HKSCC Nominees Limited	1,274,152,809	14.65	–	Nil	–	Overseas legal person
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	544,632,418	6.26	–	Nil	–	State-owned legal person
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	343,282,732	3.95	–	Nil	–	State-owned legal person
China Communications Construction Company Ltd. (中國交通建設股份有限公司)	272,219,361	3.13	–	Nil	–	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	260,406,933	2.99	–	Nil	–	Unknown
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運（廣州）有限公司)	109,199,899	1.26	–	Nil	–	State-owned legal person
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	100,427,080	1.15	–	Nil	–	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	99,337,332	1.14	–	Nil	–	Overseas 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)	2,047,900,517	RMB ordinary shares	2,047,900,517
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,703,934,870	RMB ordinary shares	1,703,934,870
HKSCC Nominees Limited (香港中央結算（代理人）有限公司)	1,274,152,809	Overseas listed foreign shares	1,274,152,809
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	544,632,418	RMB ordinary shares	544,632,418
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	343,282,732	RMB ordinary shares	343,282,732
China Communications Construction Company Ltd. (中國交通建設股份有限公司)	272,219,361	RMB ordinary shares	272,219,361
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	260,406,933	RMB ordinary shares	260,406,933
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運（廣州）有限公司)	109,199,899	RMB ordinary shares	109,199,899
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	100,427,080	RMB ordinary shares	100,427,080
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	99,337,332	RMB ordinary shares	99,337,332
Description of the connected relationships or concerted actions among the aforesaid shareholders	Among the above-mentioned 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 controlling shareholder 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 is 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	19,526,938,864.57	12,471,615,672.00	56.57	Increase in settlement funds from customers
Advances to customers	84,498,501,068.31	55,224,619,148.40	53.01	Increase in advances to customers
Deposits with exchanges and non-bank financial institutions	7,008,027,360.22	4,780,890,141.37	46.58	Increase in deposits with exchanges and non-bank financial institutions
Accounts receivables	3,737,300,985.35	763,703,283.76	389.37	Increase in accounts and settlements receivable
Held-for-trading financial assets	183,977,946,108.04	138,146,067,589.35	33.18	Increase in bonds investment
Deferred income tax assets	1,253,820,233.30	826,872,488.40	51.63	Increase in deductible temporary difference
Other assets	1,953,754,547.30	3,447,579,111.33	-43.33	Decrease in other receivables
Short-term borrowings	11,358,104,135.98	3,103,672,685.57	265.96	Increase in short-term borrowings of Hong Kong subsidiaries
Placements from banks and other institutions	1,556,580,083.33	7,013,198,555.57	-77.80	Decrease in placements from banks and other institutions
Held-for-trading financial liabilities	16,064,581,664.72	10,076,386,273.63	59.43	Increase in the scale of bonds sold
Funds payable to securities issuers	200,538,905.00	–	–	Increase in funds payable to securities issuers
Tax payable	804,911,890.85	468,848,992.65	71.68	Increase in personal income tax payable on the transfer of restricted shares
Bills payable	2,151,400,000.00	615,000,000.00	249.82	Increase in bills payable
Bonds payable	87,207,208,061.81	65,991,501,508.46	32.15	Increase in corporate bonds issued
Deferred income tax liabilities	697,915,448.68	485,282,411.69	43.82	Increase in taxable temporary difference
Capital reserve	40,361,022,253.27	27,533,939,437.04	46.59	Completion of the A+H share rights issue of the Company
Treasury shares	–	663,954,452.56	-100.00	Transfer of treasury shares to the employee stock ownership scheme of the Company
Other comprehensive income	305,123,935.56	821,414,658.87	-62.85	Change in fair value of other debt investments
Retained profits	25,844,217,158.31	19,256,085,699.79	34.21	Increase in net profit of the year of the Company

Items	The beginning of the year to the end of the Reporting Period	The corresponding period of last year	Increase/ decrease (%)	Major reason for change
Net interest income	2,205,752,531.79	1,474,755,697.30	49.57	Increase in interest income from self-owned funds and clients' funds
Net fee and commission income	7,803,577,324.20	5,455,174,351.42	43.05	Increase in income from brokerage business
Investment gains ("-" indicating losses)	4,730,833,184.77	3,376,320,366.50	40.12	Increase in gains from investment in financial instruments
Other gains	39,102,273.06	7,849,180.39	398.17	Increase in fee income from withholding and remitting
Gains from changes in fair value ("-" indicating losses)	904,208,848.95	1,414,755,297.67	-36.09	Changes in fair value of financial instruments
Foreign exchange gains ("-" indicating losses)	16,142,738.53	10,945,140.19	47.49	Changes in exchange rates
Other operating income	2,203,496,101.55	1,159,619,113.63	90.02	Income from commodity business
Tax and surcharges	99,440,279.81	68,993,684.66	44.13	Increase in city maintenance and construction tax and education supplemental tax
Credit impairment losses	127,571,961.10	68,568,758.14	86.05	Provision for expected credit losses of financing business
Other operating costs	2,164,459,603.26	1,134,072,235.15	90.86	Expenses of commodity business
Non-operating expense	4,659,617.25	30,226,078.70	-84.58	Decrease in non-operating expense of Hong Kong subsidiaries
Income tax expenses	1,582,335,768.86	1,047,182,803.41	51.10	Increase in income tax payable
Other comprehensive income after tax, net	-516,290,723.31	311,972,880.84	-265.49	Changes in fair value of other debt investments
Net cash flows generated from operating activities	-29,374,903,711.51	11,286,744,377.04	-360.26	Increase in net outflows from advances to customers
Net cash flows generated from investing activities	7,295,536,771.43	-3,681,051,019.41	–	Increase in net cash inflows from other debt investments
Net cash flows generated from financing activities	44,877,572,018.13	8,938,793,706.55	402.05	Increase in cash received from issuance of bonds and the A+H share rights issue

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

1. Change of session of the Board and the supervisory committee of the Company

The sixth session of the Board and the sixth session of the supervisory committee of the Company were established on May 26, 2017, and have reached the term of three years. Pursuant to the articles of association of the Company, an election for the new session of the Board and the supervisory committee is required. On September 28, 2020, at the 37th meeting of the sixth session of the Board of the Company, the "Resolution on the Nomination of Candidates for Non-Independent Directors of the Seventh Session of the Board of Directors of the Company" and the "Resolution on the Nomination of Candidates for Independent Directors of the Seventh Session of the Board of Directors of the Company" have been considered and approved; and at the 22nd meeting of the sixth session of the supervisory committee of the Company, the "Resolution on the Nomination of Candidates for Shareholder Representative Supervisors of the Seventh Session of the Supervisory Committee of the Company" was considered and approved. The above resolutions will be submitted to the 2020 second extraordinary general meeting of the Company to be held on October 30, 2020 for consideration.

For details, please refer to the relevant announcements of the Company published on the website of the Hong Kong Stock Exchange dated September 28 and October 13, 2020.

2. Completion of the A+H share rights issue of the Company

As approved under CSRC Approval [2020] No. 723 and [2019] No. 1946, the Company has successfully completed the A share and H share rights issue (the "Rights Issue") on July 20 and August 20, 2020, respectively. In the Rights Issue, 1,702,997,123 RMB ordinary shares have been issued to the existing A shareholders and 294,120,354 H shares have been issued to the existing H shareholders. Upon the issuance, the total share capital of the Company increased from 6,699,409,329 to 8,696,526,806, of which, the A share capital increased from 5,719,008,149 to 7,422,005,272, and the H share capital increased from 980,401,180 to 1,274,521,534. The A shares and H shares of the Company issued under the Rights Issue have been listed and traded on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on July 31 and August 20, 2020, respectively. The total proceeds raised from the A share rights issue and the H share rights issue amounted to RMB12.704 billion and HK$2.407 billion (equivalent to approximately RMB2.194 billion), respectively.

For details, please refer to the relevant announcements of the Company published on the website of the Hong Kong Stock Exchange dated July 19, July 27 and August 18, 2020.

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

From the beginning of the year to the end of the Reporting Period, the Company communicated with 484 domestic and foreign analysts and institutional investors on 44 occasions and 856 other investors through shareholders' general meetings, online performance and cash dividend briefing sessions, investment strategy meetings, SSE E-Interaction, telephone hotlines, email and Weixin. The Company has improved investors' in-depth understanding of the Company's development strategy, operating conditions, A+H share rights issue and important issues, and achieved impressive results.

Name of the Company	China Merchants Securities Co., Ltd.
Legal representative	HUO Da
Date	October 29, 2020

IV. APPENDIX

4.1 Financial statements

CONSOLIDATED BALANCE SHEET
September 30, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	September 30, 2020	December 31, 2019
Assets:		
Cash and bank balances	79,001,132,932.24	61,927,739,281.18
Of which: Deposits from customers	62,984,708,337.31	53,040,322,678.76
Clearing settlement funds	19,526,938,864.57	12,471,615,672.00
Of which: Settlement funds from customers	13,583,786,541.71	8,125,251,787.68
Advances to customers	84,498,501,068.31	55,224,619,148.40
Derivative financial assets	2,294,023,350.64	1,805,818,795.53
Deposits with exchanges and non-bank financial institutions	7,008,027,360.22	4,780,890,141.37
Accounts receivables	3,737,300,985.35	763,703,283.76
Financial assets held under resale agreements	35,066,303,191.04	35,679,824,625.09
Financial investments:		
Held-for-trading financial assets	183,977,946,108.04	138,146,067,589.35
Debt investments	1,512,021,209.35	1,894,635,258.43
Other debt investments	39,880,714,204.04	45,734,306,885.10
Investments in other equity instruments	7,082,564,893.79	7,057,809,335.29
Long-term equity investments	9,227,761,089.01	8,833,586,050.37
Fixed assets	1,420,536,143.42	1,474,162,061.81
Construction in progress	59,031,854.02	66,583,575.56
Right-of-use assets	1,186,480,186.02	1,189,838,712.56
Intangible assets	427,247,123.38	436,565,507.36
Goodwill	9,670,605.55	9,670,605.55
Deferred income tax assets	1,253,820,233.30	826,872,488.40
Other assets	1,953,754,547.30	3,447,579,111.33
Total assets	479,123,775,949.59	381,771,888,128.44

Items	September 30, 2020	December 31, 2019
Liabilities:		
Short-term borrowings	11,358,104,135.98	3,103,672,685.57
Short-term debt instruments	36,584,068,032.43	33,098,616,429.20
Placements from banks and other institutions	1,556,580,083.33	7,013,198,555.57
Held-for-trading financial liabilities	16,064,581,664.72	10,076,386,273.63
Derivative financial liabilities	2,419,998,736.94	2,183,222,423.64
Financial assets sold under repurchase agreements	121,245,394,415.12	97,706,685,534.22
Accounts payable to brokerage clients	77,311,262,191.43	61,724,219,803.61
Funds payable to securities issuers	200,538,905.00	–
Accrued staff cost	6,094,378,126.29	5,567,916,991.96
Tax payable	804,911,890.85	468,848,992.65
Accounts payable	4,921,317,920.32	4,937,060,039.16
Long-term borrowings	1,385,819,625.80	1,413,614,692.95
Bonds payable	87,207,208,061.81	65,991,501,508.46
Lease liabilities	1,247,811,954.41	1,252,147,381.94
Deferred income tax liabilities	697,915,448.68	485,282,411.69
Other liabilities	3,242,314,345.67	1,621,664,576.95
Total liabilities	372,342,205,538.78	296,644,038,301.20
Owners' equity (or equity of shareholders):		
Paid-up capital (or share capital)	8,696,526,806.00	6,699,409,329.00
Other equity instruments	15,000,000,000.00	15,000,000,000.00
Perpetual bonds	15,000,000,000.00	15,000,000,000.00
Capital reserve	40,361,022,253.27	27,533,939,437.04
Less: Treasury shares	–	663,954,452.56
Other comprehensive income	305,123,935.56	821,414,658.87
Surplus reserve	5,236,148,007.81	5,236,148,007.81
General risk reserve	11,248,387,813.93	11,165,277,428.15
Retained profits	25,844,217,158.31	19,256,085,699.79
Total owners' equity (or equity of shareholders) attributable to the parent company	106,691,425,974.88	85,048,320,108.10
Non-controlling interests	90,144,435.93	79,529,719.14
Total owners' equity (or equity of shareholders)	106,781,570,410.81	85,127,849,827.24
Total liabilities and owners' equity (or equity of shareholders)	479,123,775,949.59	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

September 30, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB   Type of audit: Unaudited

Items	September 30, 2020	December 31, 2019
Assets:		
Cash and bank balances	61,422,781,600.12	48,609,703,236.74
Of which: Deposits from customers	50,981,863,975.01	42,843,742,210.86
Clearing settlement funds	19,389,954,990.76	11,959,758,031.94
Of which: Settlement funds from customers	13,350,858,815.60	7,967,974,609.21
Advances to customers	71,479,720,389.48	51,318,914,985.30
Derivative financial assets	1,333,632,375.01	648,870,093.14
Deposits with exchanges and non-bank financial institutions	3,727,902,006.69	2,244,259,924.14
Accounts receivables	885,894,842.17	501,270,517.88
Financial assets held under resale agreements	35,066,303,191.04	35,679,824,625.09
Financial investments:		
Held-for-trading financial assets	163,306,823,113.21	119,471,255,078.00
Debt investments	1,362,993,149.90	1,800,034,149.58
Other debt investments	37,584,310,804.00	44,816,397,438.12
Investments in other equity instruments	7,082,564,893.79	7,057,809,335.29
Long-term equity investments	22,131,641,299.79	16,610,888,158.61
Fixed assets	1,365,096,546.64	1,404,373,257.83
Construction in progress	34,235,328.73	41,630,871.77
Right-of-use assets	1,031,579,610.54	1,020,049,836.00
Intangible assets	415,479,069.72	423,710,359.38
Deferred income tax assets	1,150,770,855.77	752,102,861.73
Other assets	2,139,600,178.00	2,170,647,102.24
Total assets	430,911,284,245.36	346,531,499,862.78
Liabilities:		
Short-term debt instruments	36,584,068,032.43	33,098,616,429.20
Placements from banks and other institutions	1,556,580,083.33	7,013,198,555.57
Held-for-trading financial liabilities	12,127,176,360.00	6,945,433,690.00
Derivative financial liabilities	1,333,060,071.49	1,048,823,498.57

Items	September 30, 2020	December 31, 2019
Financial assets sold under repurchase agreements	118,100,461,907.43	94,035,284,996.70
Accounts payable to brokerage clients	63,132,748,410.58	49,827,012,509.14
Funds payable to securities issuers	200,538,905.00	–
Accrued staff cost	5,909,999,517.44	5,253,821,623.89
Tax payable	666,467,925.20	285,023,081.38
Accounts payable	2,923,521,910.65	2,481,127,444.48
Bonds payable	87,205,816,827.25	65,991,501,508.46
Lease liabilities	1,091,681,099.29	1,071,621,719.59
Deferred income tax liabilities	481,052,550.47	394,322,385.69
Other liabilities	915,569,343.79	895,587,506.48
Total liabilities	332,228,742,944.35	268,341,374,949.15
Owners' equity (or equity of shareholders):		
Paid-up capital (or share capital)	8,696,526,806.00	6,699,409,329.00
Other equity instruments	15,000,000,000.00	15,000,000,000.00
Perpetual bonds	15,000,000,000.00	15,000,000,000.00
Capital reserve	40,247,125,198.17	27,460,042,381.94
Less: Treasury shares	–	663,954,452.56
Other comprehensive income	116,668,403.71	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	19,042,589,876.26	13,573,310,865.94
Total owners' equity (or equity of shareholders)	98,682,541,301.01	78,190,124,913.63
Total liabilities and owners' equity (or equity of shareholders)	430,911,284,245.36	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 – September, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
I. Total operating income	6,404,375,064.41	4,359,014,632.89	17,903,113,002.85	12,899,419,147.10
Net interest income	804,167,912.63	460,416,208.09	2,205,752,531.79	1,474,755,697.30
Of which: Interest income	2,572,070,016.72	2,149,940,272.05	7,119,703,110.84	6,082,203,169.04
Interest expense	1,767,902,104.09	1,689,524,063.96	4,913,950,579.05	4,607,447,471.74
Net fee and commission income	3,281,651,106.85	1,862,206,721.28	7,803,577,324.20	5,455,174,351.42
Of which: Net fee income from brokerage business	2,197,286,532.79	950,539,493.63	5,109,933,019.12	3,120,886,998.65
Net fee income from investment banking business	634,495,014.27	513,933,302.81	1,412,945,210.69	1,165,922,560.70
Net fee income from asset management business	250,633,429.55	239,055,105.54	776,135,313.10	745,825,740.54
Investment gains ("-" indicating losses)	1,527,439,837.16	805,878,261.20	4,730,833,184.77	3,376,320,366.50
Of which: Gains from investments in associates and joint ventures	270,950,629.49	225,392,287.50	737,036,671.40	687,355,790.24
Other gains	20,067,694.56	2,215,441.48	39,102,273.06	7,849,180.39
Gains from changes in fair value ("-" indicating losses)	543,371,584.71	522,996,231.41	904,208,848.95	1,414,755,297.67
Foreign exchange gains ("-" indicating losses)	19,425,801.00	-3,305,932.54	16,142,738.53	10,945,140.19
Other operating income	208,251,127.50	708,607,701.97	2,203,496,101.55	1,159,619,113.63
Gains on disposal of assets ("-" indicating losses)	–	–	–	–
II. Total operating expenses	2,856,770,784.22	2,802,562,478.12	9,046,253,397.84	6,992,970,917.61
Tax and surcharges	39,827,261.52	23,543,708.15	99,440,279.81	68,993,684.66
Business and administrative expenses	2,588,483,743.72	1,981,646,229.23	6,653,904,185.98	5,720,522,564.55
Credit impairment losses	47,451,422.40	99,609,633.68	127,571,961.10	68,568,758.14
Other asset impairment losses	-17,166.64	10,226.94	877,367.69	813,675.11
Other operating costs	181,025,523.22	697,752,680.12	2,164,459,603.26	1,134,072,235.15

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
III. Operating profit ("-" indicating losses)	3,547,604,280.19	1,556,452,154.77	8,856,859,605.01	5,906,448,229.49
Add: Non-operating income	4,465,437.31	3,397,056.21	11,911,712.05	9,801,391.09
Less: Non-operating expense	321,614.92	748,747.39	4,659,617.25	30,226,078.70
IV. Total profit ("-" indicating total losses)	3,551,748,102.58	1,559,100,463.59	8,864,111,699.81	5,886,023,541.88
Less: Income tax expenses	609,992,055.89	234,636,848.78	1,582,335,768.86	1,047,182,803.41
V. Net profit ("-" indicating net loss)	2,941,756,046.69	1,324,463,614.81	7,281,775,930.95	4,838,840,738.47
(I) Classified by the continuity of operations				
1. Net profit from continuing operations ("-" indicating net loss)	2,941,756,046.69	1,324,463,614.81	7,281,775,930.95	4,838,840,738.47
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)	2,937,326,822.30	1,320,834,663.76	7,271,161,214.16	4,823,594,061.09
2. Profit or loss of non-controlling interests ("-" indicating net loss)	4,429,224.39	3,628,951.05	10,614,716.79	15,246,677.38
VI. Other comprehensive income after tax, net	-290,741,961.25	60,899,084.55	-516,290,723.31	311,972,880.84
Other comprehensive income after tax attributable to the owners of the parent company, net	-290,741,961.25	60,899,084.55	-516,290,723.31	311,972,880.84
(I) Other comprehensive income that shall not be reclassified to profit or loss	175,021,920.70	-71,121,729.03	18,566,668.88	277,949,114.95
1. Re-measurement of change in defined benefit scheme	–	–	–	–
2. Other comprehensive income that shall not be reclassified to profit or loss under equity method	–	–	–	–
3. Change in fair value of other equity instrument investments	175,021,920.70	-71,121,729.03	18,566,668.88	277,949,114.95
4. Change in fair value of the enterprise's own credit risk	–	–	–	–

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
(II) Other comprehensive income that will be reclassified to profit or loss	-465,763,881.95	132,020,813.58	-534,857,392.19	34,023,765.89
1. Other comprehensive income that will be reclassified to profit or loss under equity method	-10,054,659.79	5,475,047.58	-4,529,266.04	10,590,867.95
2. Change in fair value of other debt investment	-255,555,839.69	2,218,060.24	-443,715,975.64	-117,591,609.17
3. Amount of financial assets reclassified to other comprehensive income	–	–	–	–
4. Expected credit losses for other debt investments	-1,107,348.12	345,087.39	14,517,028.11	536,202.95
5. Hedge reserve from cash flows	–	–	–	–
6. Exchange difference arising from foreign currency translation	-199,046,034.35	123,982,618.37	-101,129,178.62	140,488,304.16
7. Others	–	–	–	–
Other comprehensive income after tax attributable to non-controlling interests, net	–	–	–	–
VII. Total comprehensive income	2,651,014,085.44	1,385,362,699.36	6,765,485,207.64	5,150,813,619.31
Total comprehensive income attributable to owners of the parent company	2,646,584,861.05	1,381,733,748.31	6,754,870,490.85	5,135,566,941.93
Total comprehensive income attributable to non-controlling interests	4,429,224.39	3,628,951.05	10,614,716.79	15,246,677.38
VIII. Earnings per share:				
(I) Basic (RMB per share)	0.33	0.14*	0.83	0.53*
(II) Diluted (RMB per share)	0.33	0.14*	0.83	0.53*

* Note: In July and August 2020, the Company's A share and H share rights issue completed respectively. The Company allotted 3 shares for every 10 shares to its existing shareholders, and the total share capital increased from 6,699,409,329 to 8,696,526,806. Pursuant to Accounting Standards for Business Enterprises No. 34 – Earnings per Share and the Application Guidance for Accounting Standards for Business Enterprises No. 34 – Earnings per Share, in consideration of the bonus shares involved in the rights issue, the weighted average number of ordinary shares outstanding for each period presented in the above table has been adjusted when calculating the earnings 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)

INCOME STATEMENT OF THE PARENT COMPANY

January – September, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
I. Total operating income	5,292,430,496.21	3,173,039,089.99	13,515,198,199.92	9,741,256,929.92
Net interest income	675,977,637.11	374,398,464.66	1,899,401,721.94	1,216,567,551.15
Of which: Interest income	2,374,654,710.32	1,987,380,244.11	6,607,771,076.46	5,669,285,907.50
Interest expense	1,698,677,073.21	1,612,981,779.45	4,708,369,354.52	4,452,718,356.35
Net fee and commission income	2,871,061,714.59	1,504,971,026.86	6,647,831,938.82	4,385,887,709.01
Of which: Net fee income from brokerage business	2,066,967,449.44	854,226,043.55	4,780,058,886.82	2,877,257,111.44
Net fee income from investment banking business	607,964,341.02	495,690,835.87	1,370,698,595.11	1,096,698,469.28
Net fee income from asset management business	–	–	–	–
Investment gains ("-" indicating losses)	1,362,630,105.48	1,230,970,194.44	3,979,312,272.03	3,318,314,364.40
Of which: Gains from investments in associates and joint ventures	264,248,244.79	210,675,495.74	710,312,407.22	652,330,275.24
Other gains	2,947,924.37	2,063,661.13	19,765,332.10	7,697,400.04
Gains from changes in fair value ("-" indicating losses)	334,235,715.05	43,630,025.01	907,571,462.68	778,587,636.32
Foreign exchange gains ("-" indicating losses)	21,213,105.80	6,376,323.97	2,054,860.22	8,145,429.30
Other operating income	24,364,293.81	10,629,393.92	59,260,612.13	26,056,839.70
Gains on disposal of assets ("-" indicating losses)	–	–	–	–
II. Total operating expenses	2,447,716,567.03	1,934,583,600.96	6,250,889,520.85	5,290,133,751.73
Tax and surcharges	36,536,339.83	21,144,928.61	90,376,817.60	62,063,460.01
Business and administrative expenses	2,363,433,773.31	1,810,746,795.25	6,047,815,262.11	5,149,310,004.18
Credit impairment losses	47,746,453.89	102,691,877.10	112,697,441.14	78,760,287.54
Other asset impairment losses	–	–	–	–
Other operating costs	–	–	–	–

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
III. Operating profit ("-" indicating losses)	2,844,713,929.18	1,238,455,489.03	7,264,308,679.07	4,451,123,178.19
Add: Non-operating income	3,388,163.57	3,141,526.84	10,751,134.73	9,235,387.81
Less: Non-operating expense	72,367.18	368,597.49	428,162.83	858,119.07
IV. Total profit ("-" indicating total losses)	2,848,029,725.57	1,241,228,418.38	7,274,631,650.97	4,459,500,446.93
Less: Income tax expenses	462,447,023.27	166,019,935.52	1,205,433,270.79	718,316,647.97
V. Net profit ("-" indicating net loss)	2,385,582,702.30	1,075,208,482.86	6,069,198,380.18	3,741,183,798.96
(I) Net profit from continuing operations ("-" indicating net loss)	2,385,582,702.30	1,075,208,482.86	6,069,198,380.18	3,741,183,798.96
(II) Net profit from discontinued operations ("-" indicating net loss)	–	–	–	–
VI. Other comprehensive income after tax, net	–82,722,532.17	–63,357,167.19	–425,017,368.73	171,298,730.74
(I) Other comprehensive income that shall not be reclassified to profit or loss	175,021,920.70	–71,121,729.03	18,566,668.88	277,949,114.95
1. Re-measurement of change in defined benefit scheme	–	–	–	–
2. Other comprehensive income that shall not be reclassified to profit or loss under equity method	–	–	–	–
3. Change in fair value of other equity instrument investments	175,021,920.70	–71,121,729.03	18,566,668.88	277,949,114.95
4. Change in fair value of the enterprise's own credit risk	–	–	–	–

Items	The third quarter of 2020 (July – September)	The third quarter of 2019 (July – September)	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
(II) Other comprehensive income that will be reclassified to profit or loss	-257,744,452.87	7,764,561.84	-443,584,037.61	-106,650,384.21
1. Other comprehensive income that will be reclassified to profit or loss under equity method	-10,054,659.79	5,475,047.58	-4,529,266.04	10,590,867.95
2. Change in fair value of other debt investment	-246,897,202.59	1,944,426.87	-437,484,892.29	-117,777,455.11
3. Amount of financial assets reclassified to other comprehensive income	–	–	–	–
4. Expected credit losses for other debt investments	-792,590.49	345,087.39	-1,569,879.28	536,202.95
5. Hedge reserve from cash flows	–	–	–	–
6. Exchange difference arising from foreign currency translation	–	–	–	–
7. Others	–	–	–	–
VII. Total comprehensive income	2,302,860,170.13	1,011,851,315.67	5,644,181,011.45	3,912,482,529.70
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, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
I. Cash flows from operating activities:		
Net increase in disposal of held-for-trading financial assets	–	–
Cash received from interests, fees and commissions	15,196,149,191.81	11,565,807,384.05
Net increase in borrowings from other financial institutions	–	–
Net increase in cash from repurchase business	24,113,783,804.78	34,136,059,656.94
Net decrease in advances to customers	–	–
Net cash received from accounts payables to brokerage clients	15,870,734,451.84	13,455,799,103.24
Cash received from other operating activities	4,375,111,748.82	4,633,548,937.74
Subtotal of cash inflows from operating activities	59,555,779,197.25	63,791,215,081.97
Net decrease in acquisition of held-for-trading financial assets	35,745,170,480.56	29,454,403,759.51
Net decrease in borrowings from other financial institutions	5,450,000,000.00	3,000,000,000.00
Net decrease in cash from repurchase business	–	–
Net increase in advances to customers	29,517,098,190.35	8,200,201,691.25
Net cash paid for accounts payables to brokerage clients	–	–
Cash paid for interests, fees and commissions	3,716,210,316.80	2,912,096,002.16
Cash paid to accrued staff costs	4,732,807,978.21	3,576,820,417.11
Taxes paid	2,734,950,739.80	2,208,008,362.87
Cash paid for other operating activities	7,034,445,203.04	3,152,940,472.03
Subtotal of cash outflows from operating activities	88,930,682,908.76	52,504,470,704.93
Net cash flows from operating activities	-29,374,903,711.51	11,286,744,377.04

Items	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
II. Cash flows from investing activities:		
Cash received from disposal of investment	5,971,993,861.31	–
Cash received from investment gains	1,467,669,867.77	1,307,903,923.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Cash received from other investing activities	818,851.33	1,063,009.79
Subtotal of cash inflows from investing activities	7,440,482,580.41	1,308,966,932.94
Cash paid for investments	–	4,863,864,949.36
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	144,945,808.98	126,153,002.99
Net cash paid for acquisition of subsidiaries and other business units	–	–
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	144,945,808.98	4,990,017,952.35
Net cash flows from investing activities	7,295,536,771.43	-3,681,051,019.41
III. Cash flows from financing activities:		
Proceeds from investments	14,824,200,293.23	–
Of which: Cash contribution from non-controlling interest to subsidiaries	–	–
Proceeds from borrowings	8,347,830,793.02	100,173,504.58
Proceeds from issuance of bonds	124,050,890,000.00	75,812,140,000.00
Cash received from other financing activities	663,954,452.56	–
Subtotal of cash inflows from financing activities	147,886,875,538.81	75,912,313,504.58
Cash repayment of borrowings	98,933,957,290.74	60,955,215,129.61
Cash paid for dividends, profits or interests	4,075,346,229.94	6,018,304,668.42
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	103,009,303,520.68	66,973,519,798.03
Net cash flows from financing activities	44,877,572,018.13	8,938,793,706.55

Items	The first three quarters of 2020 (January – September)	The first three quarters of 2019 (January – September)
IV.Effect of foreign exchange rate changes on cash and cash equivalents	-208,633,264.94	238,617,020.52
V. Net increase in cash and cash equivalents	22,589,571,813.11	16,783,104,084.70
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	96,928,886,532.41	77,953,754,516.33

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, 2020

Prepared by: China Merchants Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	The first three quarters of 2020 (January –September)	The first three quarters of 2019 (January – September)
I. Cash flows from operating activities:		
Net increase in disposal of held-for-trading financial assets	–	–
Cash received from interests, fees and commissions	13,299,892,012.33	9,687,498,929.57
Net increase in borrowings from other financial institutions	–	–
Net increase in cash from repurchase business	24,588,182,160.12	31,086,736,943.55
Net decrease in advances to customers	–	–
Net cash received from accounts payables to brokerage clients	13,494,893,945.49	12,492,206,044.56
Cash received from other operating activities	1,608,005,133.29	1,071,981,070.71
Subtotal of cash inflows from operating activities	52,990,973,251.23	54,338,422,988.39
Net decrease in acquisition of held-for-trading financial assets	35,420,574,706.71	25,436,164,606.69
Net decrease in borrowings from other financial institutions	5,450,000,000.00	3,000,000,000.00
Net decrease in cash from repurchase business	–	–
Net increase in advances to customers	20,241,457,718.62	8,830,805,251.09
Net cash paid for accounts payables to brokerage clients	–	–
Cash paid for interests, fees and commissions	3,363,924,202.87	2,631,186,588.28
Cash paid to accrued staff costs	4,199,240,092.81	3,054,279,476.30
Taxes paid	1,885,920,329.89	1,336,103,490.15
Cash paid for other operating activities	2,380,290,170.68	1,645,083,781.22
Subtotal of cash outflows from operating activities	72,941,407,221.58	45,933,623,193.73
Net cash flows from operating activities	-19,950,433,970.35	8,404,799,794.66

Items	The first three quarters of 2020 (January –September)	The first three quarters of 2019 (January – September)
II. Cash flows from investing activities:		
Cash received from disposal of investment	7,386,328,571.50	–
Cash received from investment gains	1,458,767,501.05	1,307,903,923.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Cash received from other investing activities	696,976.58	937,137.50
Subtotal of cash inflows from investing activities	8,845,793,049.13	1,308,841,060.65
Cash paid for investments	5,130,000,000.00	4,003,191,850.68
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	134,481,180.86	115,642,424.79
Cash paid for other investing activities	–	–
Subtotal of cash outflows from investing activities	5,264,481,180.86	4,118,834,275.47
Net cash flows from investing activities	3,581,311,868.27	-2,809,993,214.82
III. Cash flows from financing activities:		
Proceeds from investments	14,784,200,293.23	–
Proceeds from borrowings	–	–
Proceeds from issuance of bonds	124,050,890,000.00	75,812,140,000.00
Cash received from other financing activities	663,954,452.56	–
Subtotal of cash inflows from financing activities	139,499,044,745.79	75,812,140,000.00
Cash repayment of borrowings	98,901,872,886.10	60,930,349,513.09
Cash paid for dividends, profits or interests	3,993,134,496.77	5,930,050,072.85
Cash paid for other financing activities	–	–
Subtotal of cash outflows from financing activities	102,895,007,382.87	66,860,399,585.94
Net cash flows from financing activities	36,604,037,362.92	8,951,740,414.06
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-43,335,139.78	8,145,429.30
V. Net increase in cash and cash equivalents	20,191,580,121.06	14,554,692,423.20
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	80,760,611,748.44	61,102,264,291.72

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