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(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6099)

2017 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 2017 first quarterly report of China Merchants Securities Co., Ltd. (the “**Company**”) and its subsidiaries as of March 31, 2017. 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.
GONG Shaolin
Chairman

Shenzhen, the PRC
April 28, 2017

As at the date of this announcement, the Board of Directors of the Company comprises Mr. GONG Shaolin and Mr. WANG Yan as executive Directors; Ms. SU Min, Mr. HUA Li, Mr. XIONG Xianliang, Mr. GUO Jian, Ms. PENG Lei, Mr. WANG Daxiong, Mr. HUANG Jian and Mr. CAO Dong as non-executive Directors; and Mr. YI Xiqun, Mr. LIU Jialin, Mr. DING Huiping, Mr. ZHU Haiwu and Mr. YANG Jun as independent non-executive Directors.

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I. Important Notice

- 1.1** The Board of Directors, 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** Gong Shaolin, officer in charge of the Company, Deng Xiaoli, officer in charge of accounting affairs of the Company, and Che Xiaoxin, officer in charge of the accounting office of the Company (head of accounting department), hereby guarantee that the financial statements contained in the quarterly report are true, accurate and complete.
- 1.4** This first quarterly report of the Company is unaudited.
- 1.5** Unless the context otherwise requires, all amounts are stated in RMB.

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 the previous year	Change (%)
Total assets	242,937,280,491.45	243,058,427,505.06	-0.05
Net assets attributable to the shareholders of the Company	70,283,379,347.32	59,826,337,030.11	17.48
	Beginning of the year to the end of the reporting period	Beginning of the previous year to the end of the reporting period in the previous year	Change (%)
Net cash flows generated from operating activities	-5,216,332,596.52	13,444,215,086.76	-138.80

	Beginning of the year to the end of the reporting period	Beginning of the previous year to the end of the reporting period in the previous year	Change (%)
Operating income	2,824,640,336.41	2,402,100,453.04	17.59
Net profit attributable to the shareholders of the Company	1,374,516,223.93	1,008,952,715.35	36.23
Net profit attributable to the shareholders of the Company deducting non-recurring profit and loss	1,374,028,088.09	996,695,825.01	37.86
Weighted average return on net assets (%)	2.27	2.09	Increased by 0.18 percentage point
Basic earnings per share (in RMB per share)	0.2052	0.1737	18.11
Diluted earnings per share (in RMB per share)	0.2052	0.1737	18.11

Non-recurring items and amounts

Applicable Not Applicable

Unit and Currency: RMB

Items	Amount in the period	Remarks
Profit or loss from disposal of non-current assets	339,787.70	—
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	1,089,778.21	—
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	—	—

Items	Amount in the period	Remarks
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	—	—
Profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment gain from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business in the ordinary operations of the Company	—	—
Reversal of the provisions for impairment of receivables subject to individually impairment test	—	—
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	—	—
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	-778,621.29	—
Other profit and loss items falling within the meaning of non-recurring profit and loss	—	—
Effects of minority interests (after tax)	—	—
Effects of income tax	-162,808.78	—
Total	488,135.84	—

2.2 Total number of shareholders, shareholding of top ten shareholders and top ten holders of tradable shares (or shareholders not subject to selling restrictions) as at the end of the reporting period

Unit: Shares

Total number of shareholders	110,907					
Shareholding of top ten shareholders						
Name of shareholder (in full name)	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged or frozen shares		Class of shareholder
				Status of shares	Number of shares	
China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司)	1,402,114,293	20.93	815,308,642	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)	979,965,580	14.63	—	Nil	—	Overseas legal person
China Ocean Shipping (Group) Company (中國遠洋運輸 (集團) 總公司)	418,948,014	6.25	124,453,374	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	65,273,684	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)	178,716,941	2.67	—	Nil	—	State-owned legal person
China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司)	173,193,797	2.59	—	Nil	—	State-owned 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

Shareholding of top ten holders of shares not subject to selling restrictions			
Name of shareholder	Number of tradable shares not subject to selling restrictions	Class and number of shares	
		Class	Number
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)	979,965,580	Overseas listed foreign shares	979,965,580
China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司)	586,805,651	RMB ordinary shares	586,805,651
China Ocean Shipping (Group) Company (中國遠洋運輸 (集團) 總公司)	294,494,640	RMB ordinary shares	294,494,640
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
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	198,789,956	RMB ordinary shares	198,789,956
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	178,716,941	RMB ordinary shares	178,716,941
China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司)	173,193,797	RMB ordinary shares	173,193,797
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 action in concert among the above shareholders	<p>In the above-mentioned top ten shareholders,</p> <ol style="list-style-type: none"> China Merchants Finance Investment Holdings Co., Ltd., Shenzhen Jisheng Investment Development Co., Ltd. and China Merchants Steam Navigation Co., Ltd. are all the subsidiaries of China Merchants Group Limited, the de facto controller of the Company; China Ocean Shipping (Group) Company and COSCO Shipping (Guangzhou) Co., Ltd. are all subsidiaries of China COSCO Shipping Corporation Limited. 		

Note 1: As at March 31, 2017, the Company had a total of 110,907 shareholders, including 110,517 A shareholders and 390 H shareholders;

Note 2: HKSCC Nominees Limited is the nominal holder on behalf of the shareholders of the Company who do not register the H Shares under their names.

Note 3: The class of A shares represents the type of account held by A shareholders with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Note 4: As the shares of the Company are the subject of margin financing and securities lending, the number of shares held by the shareholders represents the aggregation of all shares and interests held in ordinary securities accounts and credit securities accounts.

2.3 Total number of holders of preference shares, shareholding of top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not Applicable

III. Major Events

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

Applicable Not Applicable

Unit and Currency: RMB

Items	As at the end of the reporting period	At at the end of the previous year	Change (%)	Main reason for the change
Derivative financial assets	504,911,181.55	1,109,613,068.13	-54.50	Decrease in derivative financial assets
Receivables	3,918,026,842.32	724,870,674.14	440.51	Increase in interbank transactions and settlements
Short-term borrowings	4,800,261,904.17	3,251,969,524.60	47.61	Increase in short-term borrowings of Hong Kong subsidiaries of the Company
Derivative financial liabilities	1,135,559,570.88	1,842,803,403.41	-38.38	Decrease in derivative financial liabilities
Interest payables	1,609,884,652.07	2,780,944,557.89	-42.11	Decrease in interests payable on subordinated bonds and bonds
Other equity instruments	9,000,000,000.00	—	—	Issuance of perpetual bonds
Other comprehensive income	-181,047,748.42	-263,573,841.70	—	Change in fair value of available-for-sale financial assets
Net interest income	449,224,963.46	118,467,017.70	279.20	Decrease in interest expenses of financial assets sold under repurchase agreements
Investment gains	669,199,006.14	1,449,241,445.22	-53.82	Decrease in gains from investment of financial instruments
Gains from change in fair value	56,440,533.44	-1,334,861,691.33	—	Changes in fair value of financial instruments
Foreign exchange gains	-18,774,726.72	-1,083,611.97	—	Changes in exchange rates
Tax and surcharges	23,372,196.30	264,111,081.17	-91.15	Decrease in business tax payable after the replacement of business tax by value-added tax
Business and administrative expense	1,169,254,476.73	868,055,772.01	34.70	Increase in relevant costs as a result of increased income

Items	As at the end of the reporting period	At at the end of the previous year	Change (%)	Main reason for the change
Assets impairment loss	11,659,334.48	-76,625,109.26	—	Changes in provision for advances to customers and impairment loss for financial assets held under resale agreements
Other business expenses	—	204,957.57	-100.00	Decrease in other business expenses
Non-operating income	1,579,590.93	15,286,365.93	-89.67	Decrease in government grants
Non-operating expenses	928,646.31	85,804.96	982.28	Increase in non-operating expenses
Income tax expense	241,310,096.50	349,815,448.06	-31.02	Decrease in taxable income
Profit or loss attributable to minority interest	5,178,953.09	2,786,149.11	85.88	Increase in profit or loss attributable to minority interest
Other comprehensive income after tax, net	82,526,093.28	-1,301,628,332.57	—	Change in fair value of available-for-sale financial assets
Cash flows from operating activities, net	-5,216,332,596.52	13,444,215,086.76	-138.80	Net cash outflow from disposal of financial assets and increase in margin loans
Cash flows from investing activities, net	3,048,455,688.75	-3,166,604,140.05	—	Net cash inflow from disposal of financial assets
Cash flows from financing activities, net	-2,358,993,692.92	-18,040,211,471.21	—	Change in net cash due to the issuance of perpetual bonds and repayment of borrowings

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

Applicable Not Applicable

1. *Replenishment of state-owned shares for fulfilment of transfer obligation by an original state-owned shareholder*

On March 27, 2017, deregistration for 12,982 A shares held by Liaoning Liaoneng Holdings Co., Ltd., an original state-owned shareholder of the Company, as replenishment of state-owned shares for fulfilment of transfer obligation¹ was completed. Total share capital of the Company was changed to 6,699,409,329 shares, including 5,719,008,149 A shares and 980,401,180 H shares, representing 85.37% and 14.63% of the total share capital of the Company, respectively. For details, please see the Announcement on the Replenishment of State-owned Shares for Fulfilment of Transfer Obligation by Liaoning Liaoneng Holdings Co., Ltd., an original State-Owned Shareholder (《關於原國有股東遼寧遼能實業有限公司補充履行國有股轉持義務的公告》) of the Company dated March 27, 2017 published on the SSE website.

As at the end of the reporting period, the Company had not completed the registration for the change of capital.

¹ Prior to the listing of H shares of the Company, due to a change in the shareholding by Liaoning Liaoneng Holdings Co., Ltd., the deregistration for 12,982 A shares which should have been transferred by it has not yet completed.

2. Issuance and redemption of securities during the reporting period

During the first quarter of 2017, the Company issued tranche I and tranche II of 2017 perpetual subordinated bonds of RMB4 billion and RMB5 billion with the coupon rates of 5.18% and 5.15%, respectively, both attached with an option to renew upon the expiry of the fifth year exercisable by the issuer.

During the first quarter of 2017, the Company issued tranche I, tranche II, tranche III and tranche IV of 2017 securities company short-term corporate bonds of RMB3.8 billion, RMB3.0 billion, RMB2.0 billion and RMB3.220 billion, respectively. The maturities of the bonds are four months, 100 days, five months and 90 days, and coupon rates are 3.98%, 4.48%, 4.60% and 4.80%, respectively.

On March 20, 2017, the Company exercised the redemption option of subordinated bonds “15 China Merchants 01 (15 招商 01)”. Upon completion, “15 China Merchants 01 (15 招商 01)” was delisted from the Electronic Platform of Fixed-income Securities of the SSE.

On April 13, 2017, the Company exercised the redemption option of subordinated bonds “15 China Merchants 03 (15 招商 03)”. Upon completion, “15 China Merchants 03 (15 招商 03)” was delisted from the Electronic Platform of Fixed-income Securities of the SSE.

3.3 Undertakings not yet performed by the end of the reporting period

Applicable Not Applicable

3.4 Warning and reasons for cumulative net loss expected to be recorded for the period from the beginning of the year to the end of the next reporting period or material changes of cumulative net profit as compared to the corresponding period of the previous year

Applicable Not Applicable

3.5 Investor relation activities during the reporting period

During the reporting period, the Company had one-on-one and one-on-many contacts with 96 domestic and overseas institutional investors in 10 rounds through speeches during investment strategies meetings or forums organized by domestic and overseas securities companies or reception for visiting institutional investors, and 30 investors by way of phone calls and SSE’s “e-interaction”. On March 29, 2017, the Company organized the 2016 results presentation and press conference, and organized a 2.5-day-long road show.

Through the above methods, the Company communicated with analysts, investors and the media in respect of industry regulation as well as the Company’s operating results, business highlights, internationalization strategies, investment value and other aspects to fully demonstrate the investment value of the Company.

Name of the Company	China Merchants Securities Co., Ltd.
Legal representative	Gong Shaolin
Date	April 28, 2017

VI. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	As at the end of the period	As at the beginning of the year
Assets:		
Monetary capital	60,112,188,715.85	61,272,262,772.88
Of which: Customer deposits	49,578,458,693.14	50,326,986,281.30
Clearing settlement funds	15,409,395,817.22	19,043,468,593.71
Of which: Settlement funds from customers	13,382,445,144.73	17,468,564,031.70
Placements with other financial institutions		
Margin loans	53,675,544,513.50	53,351,537,796.68
Financial assets at fair value through profit or loss	50,455,638,361.94	48,244,454,755.91
Derivative financial assets	504,911,181.55	1,109,613,068.13
Financial assets held under resale agreements	24,471,410,305.78	18,953,143,643.22
Receivables	3,918,026,842.32	724,870,674.14
Interest receivables	1,518,198,223.82	1,261,980,835.35
Refundable deposits	553,528,025.68	540,441,677.79
Dividend receivables	160,296,385.14	160,296,385.14
Assets classified as held for sale		
Available-for-sale financial assets	19,533,832,670.84	24,722,186,261.88
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	5,484,688,987.88	5,288,506,154.28
Investment properties		
Fixed assets	551,884,171.25	572,562,636.03
Construction in progress	1,216,979,994.59	1,206,606,933.24
Intangible assets	22,967,960.04	23,428,566.45
Development expenses		
Goodwill	9,670,605.55	9,670,605.55
Long-term unamortized expenditures	182,523,061.93	195,050,228.23
Deferred income tax assets	1,167,517,086.70	1,207,996,081.17
Other assets	3,988,077,579.87	5,170,349,835.28
Total assets	242,937,280,491.45	243,058,427,505.06

Items	As at the end of the period	As at the beginning of the year
Liabilities:		
Short-term borrowings	4,800,261,904.17	3,251,969,524.60
Short-term margin loans	20,832,060,000.00	21,782,330,000.00
Placements from other financial institutions	1,200,000,000.00	1,500,000,000.00
Financial liabilities at fair value through profit or loss	5,006,250,676.25	4,439,955,642.34
Derivative financial liabilities	1,135,559,570.88	1,842,803,403.41
Financial assets sold under repurchase agreements	24,694,811,000.00	19,398,988,000.00
Securities brokerage services	56,525,549,170.70	61,040,727,228.30
Securities underwriting services		
Securities brokerage for margin transaction	5,872,899,942.44	6,540,993,242.11
Employee benefits payables	4,670,717,472.00	4,707,662,371.74
Tax payables	213,361,573.88	270,525,751.21
Payables	4,009,908,735.42	3,624,376,084.40
Interest payables	1,609,884,652.07	2,780,944,557.89
Dividend payables		
Liabilities classified as held for sale		
Provision		
Long-term borrowings	373,040,366.71	368,595,869.84
Bond payables	40,466,271,675.88	50,465,206,389.37
Long-term payables		
Long-term employee benefits payables	787,540,000.00	787,540,000.00
Special payables		
Deferred income tax liabilities	91,567,890.78	98,754,149.90
Deferred income	126,000,000.00	126,000,000.00
Other liabilities	144,335,870.79	116,016,570.77
Total liabilities	172,560,020,501.97	183,143,388,785.88

Items	As at the end of the period	As at the beginning of the year
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	9,000,000,000.00	
Capital reserve	27,533,939,437.04	27,533,939,437.04
Less: treasury shares		
Other comprehensive income	-181,047,748.42	-263,573,841.70
Special reserve		
Surplus reserve	3,875,865,462.67	3,875,865,462.67
General risk provision	7,622,917,918.78	7,622,917,918.78
Retained profits	15,732,294,948.25	14,357,778,724.32
Translation reserve		
Total equity (or equity of shareholders) attributable to the parent company	70,283,379,347.32	59,826,337,030.11
Minority interests	93,880,642.16	88,701,689.07
Total equity (or equity of shareholders)	70,377,259,989.48	59,915,038,719.18
Total liabilities and equity (or equity of shareholders)	242,937,280,491.45	243,058,427,505.06

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

Balance Sheet of the Parent Company

March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	As at the end of the period	As at the beginning of the year
Assets:		
Monetary capital	46,337,211,733.49	51,334,290,001.06
Of which: Customer deposits	38,944,173,740.58	41,610,390,724.42
Clearing settlement funds	12,110,856,443.64	15,212,214,173.52
Of which: Settlement funds from customers	10,860,055,093.89	14,081,877,872.94
Placements with other financial institutions		
Margin loans	50,004,455,121.00	50,744,635,952.92
Financial assets at fair value through profit or loss	41,377,563,618.96	38,512,886,853.33
Derivative financial assets	162,281,612.56	184,151,410.98
Financial assets held under resale agreements	24,408,610,305.78	18,813,240,145.72
Receivables	335,226,277.30	449,979,890.14
Interest receivables	1,450,881,554.45	1,181,309,685.31
Refundable deposits	640,613,486.86	604,735,752.22
Dividend receivables	160,296,385.14	160,296,385.14
Assets classified as held for sale		
Available-for-sale financial assets	18,667,559,341.09	23,808,685,559.16
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	11,555,487,906.42	11,359,368,557.22
Investment properties		
Fixed assets	516,536,471.67	532,732,191.69
Construction in progress	1,197,847,799.50	1,188,228,842.12
Intangible assets	3,322,500.00	3,645,000.00
Development expenses		
Goodwill		
Long-term unamortized expenditures	173,814,414.86	185,025,744.76
Deferred income tax assets	994,339,347.56	1,038,103,318.56
Other assets	4,662,534,660.73	2,101,847,408.20
Total assets	214,759,438,981.01	217,415,376,872.05

Items	As at the end of the period	As at the beginning of the year
Liabilities:		
Short-term borrowings		
Short-term margin loans	20,832,060,000.00	21,782,330,000.00
Placements from other financial institutions	1,200,000,000.00	1,500,000,000.00
Financial liabilities at fair value through profit or loss	2,677,111,875.30	2,447,097,430.00
Derivative financial liabilities	460,077,461.73	365,905,013.98
Financial assets sold under repurchase agreements	24,694,811,000.00	19,398,988,000.00
Securities brokerage services	42,891,283,588.28	48,204,991,417.66
Securities underwriting services		
Securities brokerage for margin transaction	5,872,899,942.44	6,540,993,242.11
Employee benefits payables	4,234,785,020.90	4,315,034,273.62
Tax payables	147,650,882.60	178,599,598.96
Payables	1,189,648,581.57	1,176,629,108.34
Interest payables	1,606,346,037.05	2,777,497,585.83
Dividend payables		
Liabilities classified as held for sale		
Provision		
Long-term borrowings	373,040,366.71	368,595,869.84
Bond payables	40,466,271,675.88	50,465,206,389.37
Long-term payables		
Long-term employee benefits payables	787,540,000.00	787,540,000.00
Special payables		
Deferred income tax liabilities	2,218,784.63	338,191.65
Deferred income	126,000,000.00	126,000,000.00
Other liabilities	121,189,146.72	95,312,161.68
Total liabilities	147,682,934,363.81	160,531,058,283.04

Items	As at the end of the period	As at the beginning of the year
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	9,000,000,000.00	
Capital reserve	27,460,042,381.94	27,460,042,381.94
Less: treasury shares		
Other comprehensive income	-387,335,568.77	-517,487,063.37
Special reserve		
Surplus reserve	3,875,865,462.67	3,875,865,462.67
General risk provision	7,622,917,918.78	7,622,917,918.78
Retained profits	12,805,605,093.58	11,743,570,559.99
Translation reserve		
Total equity (or equity of shareholders)	67,076,504,617.20	56,884,318,589.01
Total liabilities and equity (or equity of shareholders)	214,759,438,981.01	217,415,376,872.05

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

Consolidated Income Statement
Three months ended March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in the previous period
I. Operating income	2,824,640,336.41	2,402,100,453.04
Net fee and commission income	1,664,161,607.41	2,166,771,742.37
Of which: Net fee income from brokerage business	918,557,814.86	1,326,406,116.45
Net fee income from investment banking business	383,654,372.82	475,098,338.47
Net fee income from asset management business	253,444,987.54	280,374,439.39
Net interest income	449,224,963.46	118,467,017.70
Investment gains (“-” indicating losses)	669,199,006.14	1,449,241,445.22
Of which: Gains from investments in associates and joint ventures	195,622,631.00	138,628,319.27
Gains from changes in fair value (“-” indicating losses)	56,440,533.44	-1,334,861,691.33
Foreign exchange gains (“-” indicating losses)	-18,774,726.72	-1,083,611.97
Other business income	4,388,952.68	3,565,551.05
II. Operating expenses	1,204,286,007.51	1,055,746,701.49
Business tax and surcharges	23,372,196.30	264,111,081.17
Business and administrative expenses	1,169,254,476.73	868,055,772.01
Asset impairment loss	11,659,334.48	-76,625,109.26
Other business costs		204,957.57
III. Operating profit (“-” indicating loss)	1,620,354,328.90	1,346,353,751.55
Add: Non-operating income	1,579,590.93	15,286,365.93
Less: Non-operating expenses	928,646.31	85,804.96
IV. Total profit (“-” indicating loss)	1,621,005,273.52	1,361,554,312.52
Less: Income tax expenses	241,310,096.50	349,815,448.06
V. Net profit (“-” indicating net loss)	1,379,695,177.02	1,011,738,864.46
Of which: Net profit attributable to owners (or shareholders) of the parent company	1,374,516,223.93	1,008,952,715.35
Profit or loss of minority interest	5,178,953.09	2,786,149.11

Items	Amount in the current period	Amount in the previous period
VI. Other comprehensive income after tax, net	82,526,093.28	-1,301,628,332.57
Other comprehensive income after tax attributable to the owners of the parent company, net	82,526,093.28	-1,301,628,332.57
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss		
1. Re-measurement of change in net liabilities or assets of defined benefit scheme		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity method		
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	82,526,093.28	-1,301,628,332.57
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	560,202.60	-10,796,189.41
2. Gains and losses from changes in fair value of available-for-sale financial assets	95,876,968.48	-1,278,475,875.13
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences from translation of statements denominated in foreign currencies	-13,911,077.80	-12,356,268.03
6. Others		
Other comprehensive income after tax attributable to minority interest, net		
VII. Total comprehensive income	1,462,221,270.30	-289,889,468.11
Total comprehensive income attributable to owners of the parent company	1,457,042,317.21	-292,675,617.22
Total comprehensive income attributable to minority interest	5,178,953.09	2,786,149.11
VIII. Earnings per share		
(I) Basic (in RMB)	0.21	0.17
(II) Diluted (in RMB)	0.21	0.17

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

Income Statement of the Parent Company

Three months ended March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in the previous period
I. Operating income	2,205,774,853.41	2,307,396,120.57
Net fee and commission income	1,292,820,673.90	1,792,052,648.57
Of which: Net fee income from brokerage business	813,212,514.51	1,250,567,176.90
Net fee income from investment banking business	373,597,317.42	459,351,050.28
Net fee income from asset management business		
Net interest income	404,536,946.49	105,593,463.78
Investment gains (“-” indicating losses)	510,584,277.63	1,251,502,444.21
Of which: Gains from investments in associates and joint ventures	195,559,146.60	138,278,533.97
Gains from changes in fair value (“-” indicating losses)	12,666,742.17	-844,569,315.87
Foreign exchange gains (“-” indicating losses)	-18,594,288.45	-594,066.86
Other business income	3,760,501.67	3,410,946.74
II. Operating expenses	969,985,262.84	818,066,574.30
Business tax and surcharges	20,084,611.11	244,760,386.54
Business and administrative expenses	938,241,317.25	649,726,339.45
Asset impairment loss	11,659,334.48	-76,625,109.26
Other business costs		204,957.57
III. Operating profit (“-” indicating loss)	1,235,789,590.57	1,489,329,546.27
Add: Non-operating income	1,579,590.93	15,230,513.47
Less: Non-operating expenses	927,791.94	87,718.15
IV. Total profit (“-” indicating loss)	1,236,441,389.56	1,504,472,341.59
Less: Income tax expenses	174,406,855.97	268,520,694.38
V. Net profit (“-” indicating net loss)	1,062,034,533.59	1,235,951,647.21

Items	Amount in the current period	Amount in the previous period
VI. Other comprehensive income after tax, net	130,151,494.60	-1,141,318,114.41
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss		
1. Re-measurement of change in net liabilities or assets of defined benefit scheme		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity method		
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	130,151,494.60	-1,141,318,114.41
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	560,202.60	-10,796,189.41
2. Gains and losses from changes in fair value of available-for-sale financial assets	129,591,292.00	-1,130,521,925.00
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences from translation of statements denominated in foreign currencies		
6. Others		
VII. Total comprehensive income	1,192,186,028.19	94,633,532.80
VIII. Earnings per share		
(I) Basic (in RMB)		
(II) Diluted (in RMB)		

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

Consolidated Statement of Cash Flows
Three months ended March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in the previous period
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss		13,703,276,046.21
Cash received from interests, fees and commissions	3,418,403,584.96	4,119,835,363.25
Net increase in placements from other financial institutions		
Net increase in cash from repurchase business		
Net decrease in margin loans		16,655,244,608.26
Net cash from securities brokerage services		
Cash received from other operating activities	839,003,386.44	373,027,271.72
Subtotal of cash inflows from operating activities	4,257,406,971.40	34,851,383,289.44
Net decrease in purchase of financial assets at fair value through profit or loss	960,307,401.76	
Net decrease in placements from other financial institutions	300,000,000.00	4,000,000,000.00
Net decrease in cash from repurchase businesses	239,022,932.47	1,327,581,226.43
Net increase in margin loans	353,349,630.30	
Net cash paid for securities brokerage services	5,151,708,842.03	11,764,125,193.17
Cash paid for interests, fees and commissions	644,764,352.22	860,668,062.20
Cash paid to and for employees	883,690,110.71	1,041,764,812.27
Taxes paid	319,598,620.58	779,601,245.01
Cash paid for other operating activities	621,297,677.85	1,633,427,663.60
Subtotal of cash outflows from operating activities	9,473,739,567.92	21,407,168,202.68
Net cash flows from operating activities	-5,216,332,596.52	13,444,215,086.76

Items	Amount in the current period	Amount in the previous period
II. Cash flows from investing activities:		
Cash received from disposal of investment	2,921,113,157.92	
Cash received from investment gains	151,291,308.63	544,790,311.71
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	518,460.06	317,286.16
Subtotal of cash inflows from investing activities	3,072,922,926.61	545,107,597.87
Cash paid for investments		3,685,322,943.89
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	24,467,237.86	26,388,794.03
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	24,467,237.86	3,711,711,737.92
Net cash flows from investing activities	3,048,455,688.75	-3,166,604,140.05
III. Cash flows from financing activities:		
Proceeds from investments	9,000,000,000.00	
Of which: Cash contribution from minority interest to subsidiaries		
Proceeds from borrowings	1,583,119,524.88	117,256,150.79
Proceeds from issuance of bonds	19,843,950,000.00	
Proceeds from other financing activities		
Subtotal of cash inflows from financing activities	30,427,069,524.88	117,256,150.79
Cash repayment of borrowings	30,794,220,000.00	15,904,610,000.00
Cash paid for dividends, profits or interests	1,991,843,217.80	2,252,857,622.00
Of which: Dividends and profits paid to minority interest by subsidiaries		
Cash paid for other financing activities		
Subtotal of cash outflows from financing activities	32,786,063,217.80	18,157,467,622.00
Net cash flows from financing activities	-2,358,993,692.92	-18,040,211,471.21
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-79,937,538.66	-38,086,548.05
V. Net increase in cash and cash equivalents	-4,606,808,139.35	-7,800,687,072.55
Add: Balance of cash and cash equivalents at the beginning of the period	80,121,368,468.75	99,845,629,142.29
VI. Balance of cash and cash equivalents at the end of the period	75,514,560,329.40	92,044,942,069.74

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

Cash Flow Statement of the Parent Company

Three months ended March 31, 2017

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in the previous period
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss		15,002,544,328.34
Cash received from interests, fees and commissions	2,842,608,429.34	3,700,800,847.53
Net increase in placements from other financial institutions		
Net increase in cash from repurchase business		
Net decrease in margin loans	743,511,190.60	16,104,927,672.39
Net cash received from securities brokerage services		
Cash received from other operating activities	58,267,248.07	240,287,350.05
Subtotal of cash inflows from operating activities	3,644,386,868.01	35,048,560,198.31
Net decrease in purchase of financial assets at fair value through profit or loss	1,901,407,189.44	
Net decrease in placements from other financial institutions	300,000,000.00	4,000,000,000.00
Net decrease in cash from repurchase businesses	316,126,429.97	1,874,566,516.43
Net increase in margin loans		
Net cash paid for securities brokerage services	6,001,712,253.64	12,067,599,806.90
Cash paid for interests, fees and commissions	555,035,930.09	864,633,942.06
Cash paid to and for employees	750,241,575.53	920,052,079.24
Taxes paid	224,703,689.79	679,095,346.10
Cash paid for other operating activities	548,676,241.44	638,346,454.45
Subtotal of cash outflows from operating activities	10,597,903,309.90	21,044,294,145.18
Net cash flows from operating activities	-6,953,516,441.89	14,004,266,053.13

Items	Amount in the current period	Amount in the previous period
II. Cash flows from investing activities:		
Cash received from disposal of investment	2,918,197,066.30	
Cash received from investment gains	124,041,457.75	420,638,324.94
Cash received from other investing activities	518,460.06	317,286.16
Subtotal of cash inflows from investing activities	3,042,756,984.11	420,955,611.10
Cash paid for investment		3,562,223,327.41
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	22,435,715.35	24,659,639.21
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	22,435,715.35	3,586,882,966.62
Net cash flows from investing activities	3,020,321,268.76	-3,165,927,355.52
III. Cash flows from financing activities:		
Proceeds from investments	9,000,000,000.00	
Proceeds from borrowings	4,444,496.87	1,605,000.00
Proceeds from issuance of bonds	19,843,950,000.00	
Proceeds from other financing activities		
Subtotal of cash inflows from financing activities	28,848,394,496.87	1,605,000.00
Cash repayment of borrowings	30,794,220,000.00	15,904,610,000.00
Cash paid for dividends, profits or interests	1,984,164,060.49	2,235,246,077.28
Cash paid for other financing activities		
Subtotal of cash outflows from financing activities	32,778,384,060.49	18,139,856,077.28
Net cash flows from financing activities	-3,929,989,563.62	-18,138,251,077.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-47,912,566.53	-9,922,407.29
V. Net increase in cash and cash equivalents	-7,911,097,303.28	-7,309,834,786.96
Add: Balance of cash and cash equivalents at the beginning of the period	66,352,141,276.74	87,250,270,003.88
VI. Balance of cash and cash equivalents at the end of the period	58,441,043,973.46	79,940,435,216.92

Legal representative:
Gong Shaolin

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

4.2 Auditors' Report

Applicable Not Applicable