

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

## **ANNOUNCEMENT ON RECEIPT OF NOTICE OF ADMINISTRATIVE REGULATORY MEASURE FROM THE SHENZHEN OFFICE OF THE CHINA SECURITIES REGULATORY COMMISSION**

China Merchants Securities Co., Ltd. (the “**Company**”) has received the Notice of Administrative Regulatory Measure from the Shenzhen Office of the China Securities Regulatory Commission ([2017] No. 16) (中國證券監督管理委員會深圳監管局行政監管措施決定書([2017] 16號)) titled “Decision of the Shenzhen Office of the China Securities Regulatory Commission regarding the Order of Rectification against China Merchants Securities Co., Ltd. and the 3-month Suspension of PB System Account Opening” (《深圳證監局關於對招商證券股份有限公司採取責令改正並暫停新開立PB系統賬戶3個月措施的決定》). The main contents are as follows:

“On February 23, 2017, we conducted an on-site inspection on the businesses related to the PB system of the Company. According to the inspection, the following issues of the Company have been identified:

- I. The Company opened a securities account and a PB system account on December 6, 2016 and January 4, 2017 for Shenzhen Guangzhongying Asset Management Co., Ltd.\* (深圳市廣眾盈資產管理有限公司), respectively. The due diligence investigation conducted by the Company for the opening of such PB system account failed to identify that such company has previously engaged in margin trading services and no further investigation has been conducted to eliminate the suspicion of such company conducting illegal securities business activities.
- II. On November 30, 2016, the Company opened a PB system account for a customer, Qian xx, and assigned a trader, Huang xx, under such PB system account. On January 13, 2017, the Company opened a PB system account for a customer, Xu x. However, the account is actually operated by Zhejiang Jiuzhang Asset Management Co., Ltd.\* (浙江九章資產管理有限公司).

The above actions of the Company have violated the requirements under Clause 1 of Rule 27 and Clause 1 of Rule 28 under the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》), which reflects that certain defects exist in the Company's internal control. According to Rule 70 under the Regulations on Supervision and Administration of Securities Companies, we have decided to impose the administrative regulatory measure of ordering the Company to perform rectification and to suspend the opening of new PB system accounts for

three months. The Company shall perform comprehensive self-inspection on businesses related to the PB system and submit a report of self-inspection and rectification within 30 days upon the receipt of this notice.

In the event of any objection to the above administrative regulatory measure, the Company may either apply to the China Securities Regulatory Commission for an administrative review within 60 days upon the receipt of this notice, or initiate a litigation at a people's court with competent jurisdiction authority within six months upon the receipt of this notice. However, the abovementioned administrative regulatory measure shall remain effective during the period of review and litigation.”

The Company has no objection to the abovementioned penalties.

The Company has always attached high importance to lawful operation and internal control. In view of the issues mentioned above, the Company will perform comprehensive self-inspection and duly perform rectification according to the regulatory requirements, enhancing and improving the internal control for businesses related to the PB system, and at the same time conducting thorough inspection for defects, and continuously improving the internal control and compliance management of the Company.

The operation of the Company remains normal, and at present its financial condition and debt repayment ability have not been affected. Investors are advised to pay attention to investment risks.

\* *For identification only*

By Order of the Board  
**China Merchants Securities Co., Ltd.**  
**GONG Shaolin**  
*Chairman*

Shenzhen, the PRC  
April 28, 2017

*As of the date of this announcement, the Board 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.*