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

2018 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 2018 first quarterly report of China Merchants Securities Co., Ltd. (the “**Company**” or “**China Merchants Securities**”) and its subsidiaries as of March 31, 2018. 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
HUO Da
Chairman

Shenzhen, the PRC, April 26, 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HUO Da, Mr. WANG Yan and Mr. XIONG Jiantao as executive Directors; Ms. SU Min, Mr. XIONG Xianliang, Mr. SU Jian, Ms. PENG Lei, Mr. HUANG Jian, Mr. WANG Daxiong and Mr. CHEN Zhigang as non-executive Directors; and Mr. XIANG Hua, Mr. XIAO Houfa, Mr. XIONG Wei, Mr. HU Honggao and Mr. WONG Ti 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** HUO Da, 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.

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 (%)
		After adjustment	Before adjustment	
Total assets	290,679,818,718.51	285,643,620,277.83	285,643,555,039.46	1.76
Net assets attributable to the shareholders of the Company	80,075,838,114.98	79,231,035,703.22	79,230,149,275.70	1.07
	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 (%)
		After adjustment	Before adjustment	
Net cash flows generated from operating activities	15,399,263,018.75	-5,216,332,596.52	-5,216,332,596.52	--
	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 (%)
		After adjustment	Before adjustment	
Operating income	2,622,191,987.09	2,824,640,336.41	2,824,640,336.41	-7.17
Net profit attributable to the shareholders of the Company	1,091,803,298.33	1,374,516,223.93	1,374,516,223.93	-20.57
Net profit attributable to the shareholders of the Company deducting non-recurring profit and loss	1,087,131,574.07	1,374,028,088.09	1,374,028,088.09	-20.88
Weighted average return on net assets (%)	1.38	2.27	2.27	Decreased by 0.89 percentage point
Basic earnings per share (in RMB per share)	0.1330	0.2052	0.2052	-35.16
Diluted earnings per share (in RMB per share)	0.1330	0.2052	0.2052	-35.16

Note 1: The Company has implemented the related guidelines of new financial instruments including the *Accounting Standards for Business Enterprises No. 22 – Confirmation and Measurement of Financial Instruments* since 1 January 2018. The “before adjustment” column in this table contains the data before the application of the guidelines of new financial instruments on 31 December 2017, and the “after adjustment” column in this table targets the data after the application of the guidelines of new financial instruments on 1 January 2018. Changes in the guidelines of new financial instruments have the following major effects on the financial data as of 1 January 2018: 1. There is no significant effect on total assets, liabilities and equity, with total assets increasing by RMB65,200, total liabilities decreasing by RMB821,200, and total equity increasing by RMB886,400. 2. The reclassification of financial assets leads to changes in the internal structures of assets and equity.

Note 2: After the guidelines of new financial instruments are applied, the Company’s “available-for-sale financial assets” are reclassified as “financial assets measured at fair value with their changes included in other comprehensive income” and “held-to-maturity investments” are reclassified as “financial assets measured at amortized cost”.

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	277,170.47	—
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	6,242,014.80	—
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	—	—
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	—	—

Items	Amount in the period	Remarks
Reversal of the provisions for impairment of receivables subject to separately 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	-300,964.32	–
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	-1,546,496.69	–
Total	4,671,724.26	–

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		101,872				
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)	980,013,580	14.63	--	Nil	--	Overseas legal person
China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司) (renamed as 中國遠洋運輸有限公司)	418,948,014	6.25	--	Nil	--	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	301,914,024	4.51	--	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 Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司) (renamed as 招商局輪船有限公司)	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)	980,013,580	Overseas listed foreign shares	980,013,580
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) (renamed as 中國遠洋運輸有限公司)	418,948,014	RMB ordinary shares	418,948,014
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	301,914,024	RMB ordinary shares	301,914,024
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 Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司) (renamed as 招商局輪船有限公司)	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: 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 2: 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 3: As the shares of the Company are the qualified securities for 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	As at the beginning of the year	Change (%)	Main reason for the change
Derivative financial assets	482,273,006.02	1,021,640,352.67	-52.79	Decrease in derivative financial assets
Receivables	2,028,393,051.40	784,164,590.05	158.67	Increase in interbank transactions and settlements
Dividend receivables	73,500,000.00	147,000,000.00	-50.00	Dividends recovered from associates
Other assets	672,707,736.76	1,769,863,303.64	-61.99	Decrease in other receivables
Short-term borrowings	4,382,369,738.66	6,611,444,182.28	-33.72	Decrease in short-term borrowings of Hong Kong subsidiaries of the Company
Borrowings from other financial institutions	5,000,000,000.00	1,470,000,000.00	240.14	Increase in refinancing funds
Financial liabilities at fair value through profit or loss	7,240,359,800.70	5,492,509,430.04	31.82	Increase in the scale of borrowed bonds sold
Derivative financial liabilities	795,399,604.26	1,584,910,242.63	-49.81	Decrease in derivative financial liabilities
Securities underwriting services	8,000,000.00	--	--	Proceeds from non-public offerings
Securities brokerage for margin transaction	6,545,649,548.65	5,009,362,504.02	30.67	Increase in the balance of transaction and settlement of credit customer
Dividend payables	328,018,226.02	592,195,726.03	-44.61	Pay the interests on perpetual subordinated bonds
Other liabilities	1,086,569,341.37	89,289,911.59	1116.90	Increase in other payable

Items	Beginning of the year to the end of the reporting period	The corresponding period of last year	Change (%)	Main reason for the change
Net interest income	301,814,238.75	449,224,963.46	-32.81	Increase in the interest expense on financial assets sold under repurchase agreements, short-term corporate bonds and structured notes
Gains from changes in fair value	-186,023,516.15	56,440,533.44	-429.59	Changes in fair value of financial instruments
Foreign exchange gains	-77,500,615.65	-18,774,726.72	--	Changes in exchange rates
Other business income	19,333,268.64	4,388,952.68	340.50	Increase in other business income
Asset impairment loss	15,479,759.45	11,659,334.48	32.77	Changes in provision for advances to customers and impairment loss for financial assets held under resale agreements
Non-operating income	6,657,376.99	1,579,590.93	321.46	Increase in government grants
Non-operating expenses	439,156.04	928,646.31	-52.71	Decrease in non-operating expenses
Profit or loss attributable to minority interest	-9,969,905.94	5,178,953.09	-292.51	Decrease in profit or loss attributable to minority interest
Other comprehensive income after tax, net	-46,478,386.58	82,526,093.28	-156.32	Changes in conversion difference in foreign currency statement
Cash flows from operating activities, net	15,399,263,018.75	-5,216,332,596.52	--	Increase in net cash generated from agency trading of securities, net cash inflows from disposal of financial assets, and Borrowings from other financial institutions
Cash flows from investing activities, net	1,456,030,368.98	3,048,455,688.75	-52.24	Decrease in net cash inflows from disposal of financial assets
Cash flows from financing activities, net	-7,761,478,579.03	-2,358,993,692.92	--	Decrease in cash flows generated from issuance of perpetual bond and borrowings

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

✓ Applicable □ Not Applicable

1. Changes in the directors during the reporting period

On May 26, 2017, the 2016 Annual General Meeting of the Company elected Mr. WONG Ti as an independent non-executive director of the sixth session of Board of the Company. In January 2018, the qualification of Mr. WONG Ti as an independent director of a securities company was approved by the Shenzhen Office of the CSRC, and he officially served as an independent non-executive director of the Company, with a term expiring on the date of the expiration of the current session of the Board of Directors, and Mr. YANG Jun ceased to be an independent non-executive director of the Company.

2. Issuance and payment of securities during the reporting period

(1) During the reporting period, the issuance of securities of the Company was as follows:

Bond Name	Abbreviation	Code	Date of issue completion	Date of expiry	Issuance size (hundred million)	Interest rate (%)	Payment of principal and interest	Trading place
The 2018 subordinated bonds (first tranche) of China Merchants Securities Co., Ltd. (招商證券股份有限公司2018年次級債券(第一期))	18 China Merchants C1 (18招商C1)	150078	January 12, 2018	January 12, 2020	16.40	5.56	Annual payment of interest and one-off payment of principal upon expiry where the final interest payment shall be made together with the principal	Shanghai Stock Exchange
The 2018 subordinated bonds (second tranche) of China Merchants Securities Co., Ltd. (招商證券股份有限公司2018年次級債券(第二期))	18 China Merchants C2 (18招商C2)	150097	January 22, 2018	January 22, 2020	51.50	5.70	Annual payment of interest and one-off payment of principal upon expiry where the final interest payment shall be made together with the principal	Shanghai Stock Exchange
The 2018 corporate bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to qualified investors (招商證券股份有限公司面向合格投資者公開發行2018年公司債券(第一期))	18 China Merchants G1 (18招商G1)	143460	February 5, 2018	February 5, 2021	19.40	5.35	Annual payment of interest and one-off payment of principal upon expiry where the final interest payment shall be made together with the principal	Shanghai Stock Exchange
The 2018 corporate bonds (first tranche) privately issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司2018年非公開發行公司債券(第一期))	18 China Merchants F1 (18招商F1)	150179	March 13, 2018	September 9, 2018	20.50	5.15	One-off payment of principal and interest upon expiry	Shanghai Stock Exchange
	18 China Merchants F2(18招商F2)	150180	March 13, 2018	March 13, 2019	30.00	5.30	One-off payment of principal and interest upon expiry	Shanghai Stock Exchange
The 2018 corporate bonds (second tranche) privately issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司2018年非公開發行公司債券(第二期))	18 China Merchants F3(18招商F3)	150200	March 20, 2018	September 16, 2018	11.20	5.18	One-off payment of principal and interest upon expiry	Shanghai Stock Exchange

The issuance of securities of the Company from the end of the reporting period to the date of this report was as follows:

Bond Name Abbreviation Code	Bond Name Abbreviation Code	Bond Name Abbreviation Code	Date of issue completion	Date of expiry	Issuance size (hundred million)	Interest rate (%)	Payment of principal and interest	Trading place
The 2018 corporate bonds (third tranche) privately issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司2018年非公開發行公司債券(第三期))	18 China Merchants F6(18招商F6)	150302	April 19, 2018	May 4, 2019	38.00	4.75	One-off payment of principal and interest upon expiry	Shanghai Stock Exchange

(2) From the beginning of the reporting period to the date of this report, payments of interest and principal of corporate bonds are as follows:

Bond Name	Abbreviation	Code	Date of issue completion	Date of expiry	Issuance size (hundred million)	Payment of interest and principal and implementation of special clause
2012 Type One Corporate Bonds of China Merchants Securities Co., Ltd. (招商證券股份有限公司2012年公司債券品種一)	12 China Merchants 01 (12招商01)	122232	March 5, 2013	March 5, 2018 (attached with the issuer's discretionary right to raise coupon rate and the investor's discretionary right of resale upon expiry of the third year)	30.00	Payment of interest and principal in full as scheduled
2012 Type Two Corporate Bonds of China Merchants Securities Co., Ltd. (招商證券股份有限公司2012年公司債券品種二)	12 China Merchants 02(12招商02)	122233	March 5, 2013	March 5, 2018	15.00	Payment of interest and principal in full as scheduled
2012 Type Three Corporate Bonds of China Merchants Securities Co., Ltd. (招商證券股份有限公司2012年公司債券品種三)	12 China Merchants 03(12招商03)	122234	March 5, 2013	March 5, 2023	55.00	Payment of interest in full as scheduled
The 2015 subordinated bonds (second tranche) of China Merchants Securities Co., Ltd. (招商證券股份有限公司2015年第二期次級債券)	15 China Merchants 02(15招商02)	123227	March 24, 2015	March 24, 2020 (attached with the issuer's discretionary redemption right upon expiry of the third year)	100.00	Exercise of redemption right and payment of interest and principal in full as scheduled
The 2015 subordinated bonds (fourth tranche) of China Merchants Securities Co., Ltd. (招商證券股份有限公司2015年第四期次級債券)	15 China Merchants 04(15招商04)	123211	April 13, 2015	April 13, 2018	50.00	Payment of interest and principal in full as scheduled

(3) Details of the Issuance of Other Corporate Bonds

In February 2018, the Company received the No Objection Letter for the Offer for Sale of Corporate Bonds Privately Issued by China Merchants Securities Co., Ltd. ((Shang Zheng Han [2018] No. 160) (《關於對招商證券股份有限公司非公開發行公司債券掛牌轉讓無異議的函》(上證函[2018]160號)) from the Shanghai Stock Exchange, pursuant to which the Shanghai Stock Exchange has no objection to the offer for sale of corporate bonds privately issued by the Company to qualified investors in the amount of no more than RMB40 billion. As of the date of approval for the publication of this report, the Company had issued a total of three tranches of privately-offered corporate bonds on the Shanghai Stock Exchange and raised RMB9.97 billion.

In April 2018, the Company received the Approval of on the Public Offering of Corporate Bonds by China Merchants Securities Co., Ltd. to Qualified Investors (Zheng Jian Xu Ke [2018] No. 612)(《關於核准招商證券股份有限公司向合格投資者公開發行公司債券的批復》(證監許可[2018]612號)) from the China Securities Regulatory Commission, pursuant to which the CSRC approved the Company's public offering of corporate bonds with total face value of no more than RMB11.8 billion to qualified investors.

3. *Completion of capital increase to CMS International during the reporting period*

After considered and approved by the 46th meeting of the fifth session of Board of Directors and the second meeting of the sixth session of Board of Directors, in March 2018, the capital increase of HK\$2.3 billion to a wholly-owned subsidiary China Merchants Securities International Company Limited (hereinafter referred to as “**CMS International**”) was completed, and then CMS International completed the capital increase of HK\$2 billion to its wholly-owned subsidiary China Merchants Securities (HK) Co., Ltd.

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 held its 2017 performance announcement and press conference and roadshow in Hong Kong. the Company had one-on-one and one-on-many contacts with 166 domestic and foreign institutional investors on 20 occasions through investment strategy seminars and forums organized by domestic and foreign securities firms and financial institutions, reception of visits from institutional investors and organizing video conferences or telephone conferences of institutional investors, etc. We also had communicated with 35 investors and analysts via SSE E-Interaction, telephone and emails.

The Company actively conducted in-depth communications with domestic and foreign investors on the Company's development strategy, investment banking services for new economy enterprises, the development of prime brokerage business, the transformation of brokerage and wealth management business, and the influence of new accounting standards, which enhanced investors' understanding of the Company and the industry.

Name of the Company	China Merchants Securities Co., Ltd.
Legal representative	HUO Da
Date	April 26, 2018

IV. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

March 31, 2018

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	60,142,125,991.46	52,656,695,176.95
Of which: Customer deposits	48,693,201,591.25	42,526,062,237.93
Clearing settlement funds	16,104,655,449.62	14,010,490,946.36
Of which: Settlement funds from customers	12,650,341,089.54	10,026,688,408.82
Lendings to other financial institutions		
Margin loans	57,748,884,981.18	59,235,425,550.71
Financial assets at fair value through profit or loss	68,453,707,906.09	75,709,896,283.33
Derivative financial assets	482,273,006.02	1,021,640,352.67
Financial assets held under resale agreements	41,417,073,920.87	36,099,323,693.06
Receivables	2,028,393,051.40	784,164,590.05
Interest receivables	2,045,634,585.73	1,926,609,195.28
Refundable deposits	1,314,557,960.41	1,224,478,078.68
Dividend receivables	73,500,000.00	147,000,000.00
Assets held for sale		
Available-for-sale financial assets	27,640,137,524.70	28,811,855,680.23
Held-to-maturity investments	1,806,920,030.49	1,793,329,846.65
Long-term receivables		
Long-term equity investments	7,728,974,878.79	7,489,496,696.00
Investment properties		
Fixed assets	613,284,150.79	647,018,810.03
Construction in progress	1,227,306,262.54	1,185,068,041.74
Intangible assets	20,866,928.96	21,579,245.66
Development expenses		
Goodwill	9,670,605.55	9,670,605.55
Long-term unamortized expenditures	180,245,287.30	197,917,274.99
Deferred income tax assets	968,898,459.85	902,096,906.25
Other assets	672,707,736.76	1,769,863,303.64
Total assets	290,679,818,718.51	285,643,620,277.83

Items	As at the end of the period	As at the beginning of the year
Liabilities:		
Short-term borrowings	4,382,369,738.66	6,611,444,182.28
Short-term margin loans	53,732,660,000.00	47,045,670,000.00
Borrowings from other financial institutions	5,000,000,000.00	1,470,000,000.00
Financial liabilities at fair value through profit or loss	7,240,359,800.70	5,492,509,430.04
Derivative financial liabilities	795,399,604.26	1,584,910,242.63
Financial assets sold under repurchase agreements	29,613,990,993.53	33,382,969,879.02
Securities brokerage services	53,661,608,199.43	46,085,972,204.03
Securities underwriting services	8,000,000.00	
Securities brokerage for margin transaction	6,545,649,548.65	5,009,362,504.02
Employee benefits payables	4,490,776,611.00	4,640,605,483.85
Tax payables	448,699,872.60	355,175,537.55
Payables	2,026,726,712.92	2,083,091,720.28
Interest payables	2,101,821,231.68	2,044,607,240.27
Dividend payables	328,018,226.02	592,195,726.03
Liabilities held for sale		
Provision		
Long-term borrowings	1,422,340,825.80	1,443,919,138.93
Bond payables	36,460,662,027.86	47,229,584,963.01
Long-term payables		
Long-term employee benefits payables	787,540,000.00	787,540,000.00
Special payables		
Deferred income tax liabilities	251,762,637.95	234,181,274.04
Deferred income	126,000,000.00	126,000,000.00
Other liabilities	1,086,569,341.37	89,289,911.59
Total liabilities	210,510,955,372.43	206,309,029,437.57

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	15,000,000,000.00	15,000,000,000.00
Capital reserve	27,533,939,437.04	27,533,939,437.04
Less: treasury shares		
Other comprehensive income	237,757,171.30	284,235,557.88
Special reserve		
Surplus reserve	4,306,384,035.06	4,306,384,035.06
General risk provision	8,483,955,063.56	8,483,955,063.56
Retained profits	17,814,393,079.02	16,923,112,280.68
Foreign currency translation reserve		
Total equity (or equity of shareholders) attributable to the parent company	80,075,838,114.98	79,231,035,703.22
Minority interests	93,025,231.10	103,555,137.04
Total equity (or equity of shareholders)	80,168,863,346.08	79,334,590,840.26
Total liabilities and equity (or equity of shareholders)	290,679,818,718.51	285,643,620,277.83

Legal representative:
HUO Da

Officer in charge of accounting:
DENG Xiaoli

Head of accounting department:
CHE Xiaoxin

BALANCE SHEET OF THE PARENT COMPANY

March 31, 2018

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	47,726,267,551.40	40,534,612,202.02
Of which: Customer deposits	39,367,403,150.46	33,888,415,892.35
Clearing settlement funds	13,254,281,084.70	10,885,488,698.91
Of which: Settlement funds from customers	10,800,559,020.66	8,743,749,793.40
Lendings to other financial institutions		
Margin loans	52,379,805,030.46	54,374,650,341.68
Financial assets at fair value through profit or loss	56,840,365,336.46	65,553,856,081.08
Derivative financial assets	230,148,153.03	284,158,428.45
Financial assets held under resale agreements	41,316,071,120.87	35,598,923,693.06
Receivables	442,934,953.17	481,643,667.51
Interest receivables	1,957,756,621.23	1,851,068,697.38
Refundable deposits	1,080,852,776.58	1,032,936,856.26
Dividend receivables	73,500,000.00	147,000,000.00
Assets held for sale		
Non-current assets due within one year		
Available-for-sale financial assets	27,640,137,524.70	28,811,855,680.23
Held-to-maturity investments	1,806,920,030.49	1,793,329,846.65
Long-term receivables		
Long-term equity investments	14,787,238,107.81	12,700,926,701.11
Investment properties		
Fixed assets	576,032,153.10	603,332,299.03
Construction in progress	1,194,485,657.76	1,161,947,517.72
Intangible assets	3,000,000.00	3,000,000.00
Development expenses		
Goodwill		
Long-term unamortized expenditures	172,731,076.84	185,237,820.91
Deferred income tax assets	825,311,996.34	769,683,062.82
Other assets	2,155,152,860.46	2,093,230,720.48
Total assets	264,462,992,035.40	258,866,882,315.30

Items	As at the end of the period	As at the beginning of the year
Liabilities:		
Short-term borrowings		
Short-term margin loans	53,732,660,000.00	47,065,670,000.00
Borrowings from other financial institutions	5,000,000,000.00	1,470,000,000.00
Financial liabilities at fair value through profit or loss	4,314,033,150.80	3,046,996,000.00
Derivative financial liabilities	559,808,546.51	589,264,698.87
Financial assets sold under repurchase agreements	28,850,453,474.53	33,382,969,879.02
Securities brokerage services	43,193,716,286.76	36,484,004,933.41
Securities underwriting services	8,000,000.00	
Securities brokerage for margin transaction	6,545,649,548.65	5,009,362,504.02
Employee benefits payables	4,081,458,356.19	4,255,788,799.66
Tax payables	258,791,275.20	190,161,448.13
Payables	576,558,527.57	798,181,902.05
Interest payables	2,094,136,492.25	2,038,187,213.84
Dividend payables	328,018,226.02	592,195,726.03
Liabilities held for sale		
Provision		
Long-term borrowings	400,747,075.80	378,133,888.93
Bond payables	36,460,662,027.86	47,229,584,963.01
Long-term payables		
Long-term employee benefits payables	787,540,000.00	787,540,000.00
Special payables		
Deferred income tax liabilities	218,721,158.91	190,498,885.13
Deferred income	126,000,000.00	126,000,000.00
Other liabilities	1,061,548,092.23	54,004,847.69
Total liabilities	188,598,502,239.28	183,688,545,689.79

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	15,000,000,000.00	15,000,000,000.00
Capital reserve	27,460,042,381.94	27,460,042,381.94
Less: treasury shares		
Other comprehensive income	483,071,468.86	402,761,021.43
Special reserve		
Surplus reserve	4,306,384,035.06	4,306,384,035.06
General risk provision	8,483,955,063.56	8,483,955,063.56
Retained profits	13,431,627,517.70	12,825,784,794.52
Foreign currency translation reserve		
Total equity (or equity of shareholders)	75,864,489,796.12	75,178,336,625.51
Total liabilities and equity (or equity of shareholders)	264,462,992,035.40	258,866,882,315.30

Legal representative:
HUO Da

Officer in charge of accounting:
DENG Xiaoli

Head of accounting department:
CHE Xiaoxin

CONSOLIDATED INCOME STATEMENT

Three months ended March 31, 2018

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	The corresponding period of last year
I. Operating income	2,622,191,987.09	2,824,640,336.41
Net fee and commission income	1,790,848,007.38	1,664,161,607.41
Of which: Net fee income from brokerage business	1,018,241,311.05	918,557,814.86
Net fee income from investment banking business	354,718,022.60	383,654,372.82
Net fee income from asset management business	278,738,540.79	253,444,987.54
Net interest income	301,814,238.75	449,224,963.46
Investment gains (“-” indicating losses)	773,720,604.12	669,199,006.14
Of which: Gains from investments in associates and joint ventures	243,547,722.44	195,622,631.00
Gains on disposal of assets (“-” indicating loss)		
Gains from changes in fair value (“-” indicating losses)	-186,023,516.15	56,440,533.44
Foreign exchange gains (“-” indicating losses)	-77,500,615.65	-18,774,726.72
Other income		
Other business income	19,333,268.64	4,388,952.68
II. Operating expenses	1,282,408,372.87	1,204,286,007.51
Tax and surcharges	25,463,441.02	23,372,196.30
Business and administrative expenses	1,241,465,172.40	1,169,254,476.73
Asset impairment loss	15,479,759.45	11,659,334.48
Other business costs		
III. Operating profit (“-” indicating loss)	1,339,783,614.22	1,620,354,328.90
Add: Non-operating income	6,657,376.99	1,579,590.93
Less: Non-operating expenses	439,156.04	928,646.31
IV. Total profit (“-” indicating loss)	1,346,001,835.17	1,621,005,273.52
Less: Income tax expenses	264,168,442.78	241,310,096.50

Items	Amount in the current period	The corresponding period of last year
V. Net profit (“-” indicating net loss)	1,081,833,392.39	1,379,695,177.02
(I) Classified by the continuity of operations		
1. Net profit from continuing operations (“-” indicating net loss)	1,081,833,392.39	1,379,695,177.02
2. Net profit from discontinued operations (“-” indicating net loss)		
(II) classified by ownership		
1. Profit or loss of minority interest	-9,969,905.94	5,178,953.09
2. Net profit attributable to the shareholders of the parent company	1,091,803,298.33	1,374,516,223.93
VI. Other comprehensive income after tax, net	-46,478,386.58	82,526,093.28
Other comprehensive income after tax attributable to the owners of the parent company, net	-46,478,386.58	82,526,093.28
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss	-2,340,534.13	
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		
3. Other	-2,340,534.13	
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	-44,137,852.45	82,526,093.28
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	-4,069,539.65	560,202.60
2. Gains and losses from changes in fair value of available-for-sale financial assets	86,720,521.21	95,876,968.48
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 arising from foreign currency translation	-126,788,834.01	-13,911,077.80
6. Others		
Other comprehensive income after tax attributable to minority interest, net		
VII. Total comprehensive income	1,035,355,005.81	1,462,221,270.30
Total comprehensive income attributable to owners of the parent company	1,045,324,911.75	1,457,042,317.21
Total comprehensive income attributable to minority interest	-9,969,905.94	5,178,953.09
VIII. Earnings per share		
(I) Basic (in RMB)	0.1330	0.2052
(II) Diluted (in RMB)	0.1330	0.2052

Legal representative:
HUO Da

Officer in charge of accounting:
DENG Xiaoli

Head of accounting department:
CHE Xiaoxin

INCOME STATEMENT OF THE PARENT COMPANY

Three months ended March 31, 2018

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	The corresponding period of last year
I. Operating income	2,001,274,053.47	2,205,774,853.41
Net fee and commission income	1,378,988,271.18	1,292,820,673.90
Of which: Net fee income from brokerage business	907,890,329.59	813,212,514.51
Net fee income from investment banking business	340,854,410.43	373,597,317.42
Net fee income from asset management business		
Net interest income	229,786,298.98	404,536,946.49
Investment gains (“-” indicating losses)	658,859,194.89	510,584,277.63
Of which: Gains from investments in associates and joint ventures	228,783,946.35	195,559,146.60
Gains on disposal of assets (“-” indicating loss)		
Gains from changes in fair value (“-” indicating losses)	-206,653,528.92	12,666,742.17
Foreign exchange gains (“-” indicating losses)	-78,775,204.50	-18,594,288.45
Other income		
Other business income	19,069,021.84	3,760,501.67
II. Operating expenses	1,042,924,524.86	969,985,262.84
Business tax and surcharges	22,822,862.60	20,084,611.11
Business and administrative expenses	1,004,621,902.81	938,241,317.25
Asset impairment loss	15,479,759.45	11,659,334.48
Other business costs		
III. Operating profit (“-” indicating loss)	958,349,528.61	1,235,789,590.57
Add: Non-operating income	6,555,054.47	1,579,590.93
Less: Non-operating expenses	431,640.00	927,791.94
IV. Total profit (“-” indicating loss)	964,472,943.08	1,236,441,389.56
Less: Income tax expenses	158,107,719.91	174,406,855.97
V. Net profit (“-” indicating net loss)	806,365,223.17	1,062,034,533.59
(I) Net profit from continuing operations (“-” indicating net loss)	806,365,223.17	1,062,034,533.59
(II) Net profit from discontinued operations (“-” indicating net loss)		

Items	Amount in the current period	The corresponding period of last year
VI. Other comprehensive income after tax, net	80,310,447.43	130,151,494.60
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss	-2,340,534.13	
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		
3. Other	-2,340,534.13	
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	82,650,981.56	130,151,494.60
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	-4,069,539.65	560,202.60
2. Gains and losses from changes in fair value of available-for-sale financial assets	86,720,521.21	129,591,292.00
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 arising from foreign currency translation		
6. Others		
VII. Total comprehensive income	886,675,670.60	1,192,186,028.19
VIII. Earnings per share :		
(I) Basic (in RMB)		
(II) Diluted (in RMB)		

Legal representative:
HUO Da

Officer in charge of accounting:
DENG Xiaoli

Head of accounting department:
CHE Xiaoxin

CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended March 31, 2018

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	The corresponding period of last year
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss	8,893,164,999.19	
Cash received from interests, fees and commissions	3,902,671,068.11	3,418,403,584.96
Net increase in borrowings from other financial institutions	3,530,000,000.00	
Net increase in cash from repurchase business		
Net decrease in margin loans	1,269,828,923.95	
Net cash received from securities brokerage services	9,112,559,688.26	
Cash received from other operating activities	1,929,521,103.43	839,003,386.44
Subtotal of cash inflows from operating activities	28,637,745,782.94	4,257,406,971.40
Net decrease in purchase of financial assets at fair value through profit or loss		960,307,401.76
Net decrease in borrowings from other financial institutions		300,000,000.00
Net decrease in cash from repurchase businesses	9,086,614,763.26	239,022,932.47
Net increase in margin loans		353,349,630.30
Net cash paid for securities brokerage services		5,151,708,842.03
Cash paid for interests, fees and commissions	664,342,897.80	644,764,352.22
Cash paid to and for employees	1,039,257,778.36	883,690,110.71
Taxes paid	624,725,306.23	319,598,620.58
Cash paid for other operating activities	1,823,542,018.54	621,297,677.85
Subtotal of cash outflows from operating activities	13,238,482,764.19	9,473,739,567.92
Net cash flows from operating activities	15,399,263,018.75	-5,216,332,596.52

Items	Amount in the current period	The corresponding period of last year
II. Cash flows from investing activities:		
Cash received from disposal of investment	1,209,685,667.14	2,921,113,157.92
Cash received from investment gains	289,617,102.91	151,291,308.63
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	389,721.83	518,460.06
Subtotal of cash inflows from investing activities	1,499,692,491.88	3,072,922,926.61
Cash paid for investments		
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	43,662,122.90	24,467,237.86
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	43,662,122.90	24,467,237.86
Net cash flows from investing activities	1,456,030,368.98	3,048,455,688.75
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	22,613,186.87	1,583,119,524.88
Proceeds from issuance of bonds	19,727,320,000.00	19,843,950,000.00
Proceeds from other financing activities		
Subtotal of cash inflows from financing activities	19,749,933,186.87	30,427,069,524.88
Cash repayment of borrowings	25,807,679,679.69	30,794,220,000.00
Cash paid for dividends, profits or interests	1,703,732,086.21	1,991,843,217.80
Of which: Dividends and profits paid to minority interest by subsidiaries	560,000.00	
Cash paid for other financing activities		
Subtotal of cash outflows from financing activities	27,511,411,765.90	32,786,063,217.80
Net cash flows from financing activities	-7,761,478,579.03	-2,358,993,692.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-354,194,467.46	-79,937,538.66
V. Net increase in cash and cash equivalents	8,739,620,341.24	-4,606,808,139.35
Add: Balance of cash and cash equivalents at the beginning of the period	65,924,436,993.47	80,121,368,468.75
VI. Balance of cash and cash equivalents at the end of the period	74,664,057,334.71	75,514,560,329.40

Legal representative:
HUO Da

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, 2018

Prepared by: China Merchants Securities Co., Ltd.

Unit and Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	The corresponding period of last year
I. Cash flows from operating activities:		
Net increase in disposal of financial assets at fair value through profit or loss	10,163,109,535.40	
Cash received from interests, fees and commissions	3,323,904,378.20	2,842,608,429.34
Net increase in Borrowings from other financial institutions	3,530,000,000.00	
Net increase in cash from repurchase business		
Net decrease in margin loans	1,994,559,363.33	743,511,190.60
Net cash received from securities brokerage services	7,993,221,446.42	
Cash received from other operating activities	1,325,178,968.46	58,267,248.07
Subtotal of cash inflows from operating activities	28,329,973,691.81	3,644,386,868.01
Net decrease in purchase of financial assets at fair value through profit or loss		1,901,407,189.44
Net decrease in Borrowings from other financial institutions		300,000,000.00
Net decrease in cash from repurchase businesses	10,266,063,810.13	316,126,429.97
Net increase in margin loans		
Net cash paid for securities brokerage services		6,001,712,253.64
Cash paid for interests, fees and commissions	589,490,303.03	555,035,930.09
Cash paid to and for employees	883,275,302.65	750,241,575.53
Taxes paid	444,355,294.59	224,703,689.79
Cash paid for other operating activities	1,206,456,987.03	548,676,241.44
Subtotal of cash outflows from operating activities	13,389,641,697.43	10,597,903,309.90
Net cash flows from operating activities	14,940,331,994.38	-6,953,516,441.89

Items	Amount in the current period	The corresponding period of last year
II. Cash flows from investing activities:		
Cash received from disposal of investment		2,918,197,066.30
Cash received from investment gains	289,617,102.91	124,041,457.75
Cash received from other investing activities	389,721.83	518,460.06
Subtotal of cash inflows from investing activities	290,006,824.74	3,042,756,984.11
Cash paid for investment	649,874,628.07	
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	34,615,681.48	22,435,715.35
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	684,490,309.55	22,435,715.35
Net cash flows from investing activities	-394,483,484.81	3,020,321,268.76
III. Cash flows from financing activities:		
Proceeds from investments		9,000,000,000.00
Proceeds from borrowings	22,613,186.87	4,444,496.87
Proceeds from issuance of bonds	19,727,320,000.00	19,843,950,000.00
Proceeds from other financing activities		
Subtotal of cash inflows from financing activities	19,749,933,186.87	28,848,394,496.87
Cash repayment of borrowings	23,830,330,000.00	30,794,220,000.00
Cash paid for dividends, profits or interests	1,666,203,733.30	1,984,164,060.49
Cash paid for other financing activities		
Subtotal of cash outflows from financing activities	25,496,533,733.30	32,778,384,060.49
Net cash flows from financing activities	-5,746,600,546.43	-3,929,989,563.62
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-78,775,204.50	-47,912,566.53
V. Net increase in cash and cash equivalents	8,720,472,758.64	-7,911,097,303.28
Add: Balance of cash and cash equivalents at the beginning of the period	50,677,351,771.09	66,352,141,276.74
VI. Balance of cash and cash equivalents at the end of the period	59,397,824,529.73	58,441,043,973.46

Legal representative:
HUO Da

Officer in charge of accounting:
Deng Xiaoli

Head of accounting department:
Che Xiaoxin

4.2 Auditors' Report

Applicable Not Applicable