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中信建投証券股份有限公司 CSC FINANCIAL CO., LTD.

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

(Stock Code: 6066)

2018 THIRD QUARTERLY RESULTS

This announcement is made pursuant to the disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Summary of the unaudited results of the Group for the third quarter ended 30 September 2018:

- For the third quarter of 2018, the Group recorded an operating revenue of RMB2,548,293,039.38. The net profit attributable to the equity holders of the Company amounted to RMB492,612,048.73.
- This results report was prepared in accordance with the relevant disclosure requirements applicable to quarterly reports of listed companies issued by the CSRC.
- The financial information contained in this results report was prepared in accordance with the PRC GAAP.
- Unless otherwise indicated, Renminbi is the recording currency in this report.

The contents of this results report are consistent with the relevant announcement published by the Company on the Shanghai Stock Exchange. This announcement is published simultaneously in Hong Kong and Mainland China.

I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board of Directors**”) and the supervisory committee (the “**Supervisory Committee**”), together with the directors (the “**Directors**”), supervisors and senior management of CSC Financial Co., Ltd. (the “**Company**”) warrant the truthfulness, accuracy and completeness of this quarterly report and that there is no false representation, misleading statement contained herein or material omission from this quarterly report, and for which they will assume joint and several legal liabilities.
- 1.2 This report was considered and approved at the 8th meeting of the second session of the Board of Directors of the Company. All Directors attended the board meeting, and none of the Directors raised any objection to this report.
- 1.3 WANG Changqing, Chairman of the Company, and LI Geping, General Manager and Chief Financial Officer, and ZHAO Ming, head of the Company’s accounting department, warrant that the financial statements set out in this quarterly report are true, accurate and complete.
- 1.4 The financial information set out in this quarterly report was prepared in accordance with the PRC GAAP, and the relevant data disclosed is unaudited.
- 1.5 “Reporting Period” refers to the July to September 2018.

II. BASIC INFORMATION OF THE COMPANY

2.1 Key financial data

	<i>In RMB Yuan</i>		
	As at the end of the Reporting Period (30 September 2018)	As at the end of last year (31 December 2017)	Increase/decrease as at the end of the Reporting Period as compared to the end of last year (%)
Total assets	200,305,167,395.94	205,883,392,442.64	-2.71
Equity attributable to equity holders of the Company	48,481,405,345.36	43,754,078,534.62	10.80
	From the beginning of the year to the end of the Reporting Period (January to September 2018)	From the beginning of last year to the end of the reporting period of last year (January to September 2017)	Change as compared to the same period of last year (%)
Net cash inflows/(outflows) from operating activities	9,498,087,840.81	-31,176,405,729.01	N/A
	From the beginning of the year to the end of the Reporting Period (January to September 2018)	From the beginning of last year to the end of the reporting period of last year (January to September 2017)	Change as compared to the same period of last year (%)
Operating revenue	7,811,102,811.43	8,301,791,900.08	-5.91
Net profit attributable to equity holders of the Company	2,185,474,314.88	3,033,298,651.34	-27.95
Net profit attributable to equity holders of the Company excluding extraordinary gains and losses	2,174,454,421.50	3,008,779,733.68	-27.73
Return on weighted average equity (%)	5.36%	8.07%	Decreased by 2.71 percentage points
Basic earnings per share (RMB/share)	0.30	0.42	-28.57
Diluted earnings per share (RMB/share)	0.30	0.42	-28.57

Items and amounts of extraordinary gains and losses

☒ Applicable ☐ Not applicable

In RMB Yuan

Items	Amount for the beginning of the year to the end of the Reporting		Note
	the period (July to September 2018)	Period (January to September 2018)	
Profits and losses from disposal of non-current assets	22,224.12	139,684.21	Mainly gains from disposal of fixed assets
Government subsidies through profit or loss except for government subsidies closely related to the Company's ordinary business, which are in line with national policies, calculated according to certain standards or continuously granted in fixed amount	1,166,600.00	8,164,404.00	Mainly government subsidies
Non-operating income/expenses other than the above items	2,295,898.76	8,777,472.63	
Effect on non-controlling interests, after tax	–	-1,839,052.35	
Effect on income tax	-834,607.40	-4,222,615.11	
Total	2,650,115.48	11,019,893.38	

2.2 Total number of shareholders and shareholdings of the top 10 shareholders and top 10 holders of tradable shares (or shareholders whose shares are not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

Total number of shareholders 116,231
Including 116,157 A shareholders and 74 H shareholders

Shareholdings of the top 10 shareholders

Name of shareholder	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status	Number of shares	Type of shareholder
Beijing State-owned Capital Operation and Management Center	2,684,309,017	35.11	2,684,309,017	Nil	–	State-owned legal person
Central Huijin Investment Limited	2,386,052,459	31.21	2,386,052,459	Nil	–	State-owned legal person
HKSCC Nominees Limited <i>(Note)</i>	796,266,262	10.41	–	Unknown	–	Foreign legal person
CITIC Securities Co., Ltd.	427,000,000	5.58	427,000,000	Nil	–	Domestic non-state-owned legal person
Glasslake Holdings Limited	351,647,000	4.60	–	Nil	–	Foreign legal person
Xizang Tengyun Investment Management Limited	300,000,000	3.92	300,000,000	Pledged	300,000,000	Domestic non-state-owned legal person
Shanghai Shangyan Investment Center (Limited Partnership)	150,624,815	1.97	150,624,815	Nil	–	Domestic non-state-owned legal person
China Structural Reform Fund Co., Ltd.	112,740,500	1.47	–	Nil	–	State-owned legal person
Shiji Jinyuan Investment Group Co., Ltd.	37,375,185	0.49	37,375,185	Pledged	37,375,185	Domestic non-state-owned legal person
Vanguard Investments Australia Limited – Vanguard Emerging Market Index Fund (Stock Exchange) (領航投資澳洲有限公司–領航新興市場股指基金(交易所))	7,134,677	0.11	7,134,677	Nil	–	Others

Shareholdings of the top 10 shareholders whose shares are not subject to trading moratorium

Name of shareholder	Number of tradable shares not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	796,266,262	Overseas listed foreign shares	796,266,262
Glasslake Holdings Limited	351,647,000	Overseas listed foreign shares	351,647,000
China Structural Reform Fund Co., Ltd.	112,740,500	Overseas listed foreign shares	112,740,500
Vanguard Investments Australia Limited – Vanguard Emerging Market Index Fund (Stock Exchange) (領航投資澳洲有限公司—領航新興市場股指基金(交易所))	7,134,677	RMB-denominated ordinary shares	7,134,677
WANG Anyu	4,460,785	RMB-denominated ordinary shares	4,460,785
National Social Security Fund No. 412 Portfolio (全國社保基金四一二組合)	2,992,800	RMB-denominated ordinary shares	2,992,800
Industrial and Commercial Bank of China Limited — SWS MU CSI SWS Securities Industry Index Classified Securities Investment Fund (中國工商銀行股份有限公司—申萬菱信申證申萬證券行業指數分級證券投資基金)	2,398,203	RMB-denominated ordinary shares	2,398,203
XU Yunhe	2,231,400	RMB-denominated ordinary shares	2,231,400
FENG Guizhong	1,897,900	RMB-denominated ordinary shares	1,897,900
YOU Bin	1,392,214	RMB-denominated ordinary shares	1,392,214

Explanation on related relationship or concerted action among the above shareholders

As of the end of the Reporting Period, the related relationship and/or acting-in-concert relationship among shareholders of the Company are as follows:

1. There was a related relationship between Xizang Tengyun Investment Management Limited and Shiji Jinyuan Investment Group Co., Ltd., of which the relevant provisions regarding acting-in-concert relationship are applicable. For details, please refer to the Prospectus of the Initial Public Offering of Shares (A Shares) disclosed by the Company to the public.
2. For details of the related relationship between CITIC Securities Co., Ltd. and Glasslake Holdings Limited, please refer to Prospectus of the Initial Public Offering of Shares (A Shares) disclosed by the Company to the public.

Saved as the above, the Company is not aware of the related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.

Explanation on holders of preferred shares with recovered voting rights and their shareholdings

N/A

Note: The shares held by HKSCC Nominees Limited in the above table are holding shares other than Glasslake Holdings Limited and China Structural Reform Fund Co., Ltd..

2.3 Total number of holders of preferred shares and shareholdings of the top 10 holders of preferred shares and top 10 holders of preferred shares not subject to trading moratorium as at the end of the Reporting Period

☐ Applicable ☒ Not applicable

III. SIGNIFICANT EVENTS

3.1 Significant changes in major financial statement items and financial indicators of the Company and the reasons thereof

☒ Applicable ☐ Not applicable

3.1.1 Significant changes in the items of statement of financial position of the Company and the reasons thereof

In RMB Yuan

Items	Amount at the end of the period (30 September 2018)	Amount at the end of the previous period (31 December 2017)	Increase/ Decrease (%)	Main reason
Margin accounts	30,754,523,827.65	47,821,230,402.15	-35.69	Decrease in scale of margin accounts
Accounts receivable	1,917,069,264.27	1,369,856,122.70	39.95	Mainly attributable to the increase in clearing funds receivable at the end of the Reporting Period
Derivative financial assets	1,202,369,542.05	120,384,092.44	898.78	Increase in assets formed by equity derivative instruments
Financial assets at fair value through profit or loss	N/A	32,649,098,564.76	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Financial assets held for trading	54,314,389,300.90	N/A	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Available-for-sale financial assets	N/A	39,581,791,103.95	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Other debt investments	29,160,483,050.69	N/A	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards

Items	Amount at the end of the period (30 September 2018)	Amount at the end of the previous period (31 December 2017)	Increase/ Decrease (%)	Main reason
Other investments in equity instruments	3,417,462,473.51	N/A	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Held-to-maturity financial assets	N/A	578,568,507.27	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Debt investments	180,456,755.43	N/A	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Other assets	737,807,676.06	539,499,596.03	36.76	Increase in other accounts receivable at the end of the Reporting Period
Short-term financing instrument payables	15,884,151,610.57	27,641,672,714.95	-42.54	Decrease in scale of structured notes and short-term corporate bonds at the end of the Reporting Period
Placement from banks and other financial institutions	6,000,000,000.00	14,000,000,000.00	-57.14	Decrease in scale of placement from banks and other financial institutions
Financial liabilities at fair value through profit and loss	N/A	138,420,763.13	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Financial liabilities held for trading	737,735,658.56	N/A	N/A	Mainly attributable to the adjustment to the New Financial Instruments Standards
Accounts payable to underwriting clients	70,511,668.24	31,572,501.82	123.33	Increase in funds payable to debts issuers at the end of the Reporting Period
Derivative financial liabilities	194,908,573.06	285,283,915.11	-31.68	Decrease in liabilities formed by equity derivative instruments
Deferred tax liabilities	383,550,278.07	36,017,588.98	964.90	Changes in fair value of derivative instruments
Other comprehensive income	259,753,958.85	-227,781,481.07	N/A	Increase in carrying amount of other debt investments at the end of the Reporting Period

3.1.2 Significant changes in the items of income statement and statement of cash flows of the Company and the reasons thereof

In RMB Yuan

Items	From the beginning of the year to the end of the Reporting Period (January to September 2018)	From the beginning of last year to the end of the reporting period of last year (January to September 2017)	Increase/Decrease (%)	Main reason
Net interest income	715,064,648.85	1,082,496,469.03	-33.94	Increase in interest expenses of short-term corporate bonds and bonds payable during the period
Gains and losses arising from changes in fair value	771,951,626.20	-55,754,439.12	N/A	Mainly attributable to the increase in gains from changes in fair value of derivative financial instruments
Foreign exchange gains and losses	-21,287,751.73	-98,910,771.84	N/A	Impact of fluctuations in exchange rate
Impairment losses	–	26,071,064.32	N/A	Mainly attributable to the adjustment to the format of financial statements by the New Financial Instruments Standards, resulting in movement of the original financial asset impairment losses to credit impairment losses
Credit impairment losses	759,368,837.00	N/A	N/A	Mainly attributable to the adjustment to format of financial statements by the New Financial Instruments Standards, resulting in movement of the original financial asset impairment losses to credit impairment losses

Items	From the beginning of the year to the end of the Reporting Period (January to September 2018)	From the beginning of last year to the end of the reporting period of last year (January to September 2017)	Increase/Decrease (%)	Main reason
Other operating costs	2,927,759.00	1,550,561.76	88.82	Mainly attributable to the increase in costs arising from commencement of the new “insurance + futures” corn business by futures subsidiaries
Non-operating income	8,745,781.87	15,889,502.13	-44.96	Mainly attributable to the decrease in receipt of stamp duty during the period
Non-operating expenses	-171,374.97	17,912,003.06	-100.96	Mainly attributable to the offset of litigation expenses subject to excessive provision
Other comprehensive income, net of tax	464,654,856.14	139,834,119.39	232.29	Increase in fair value change of other debt investments
Net cash inflows/(outflows) from operating activities	9,498,087,840.81	-31,176,405,729.01	N/A	Mainly attributable to the increase in cash inflow from operating activities as a result of the decrease in margin accounts and increase in capital inflow from repurchased business
Net cash inflows/(outflows) from financing activities	-4,915,658,106.19	21,962,744,619.24	N/A	Mainly attributable to the increase in cash outflow from financing activities as a result of repayment of debts

3.2 Analysis and explanations of the progress of significant events and their impacts and solutions

☒ Applicable ☐ Not applicable

3.2.1 Changes to Securities Business Outlets

1. Securities outlet of CSC

During the Reporting Period, the Company completed the change in the registered address of one securities outlet, details of which are as follows:

No.	Original name of securities outlet	Current name of securities outlet	Address after the change
1	Shanghai Hami Road Securities Outlet	Shanghai Changning District Tianshan West Road Securities Outlet	L4-01 of No. 118 and L1-25 of No. 138 Tianshan West Road, Shanghai

2. Securities outlets of China Securities Futures

During the Reporting Period, China Securities Futures completed the change in the registered address of two securities outlets, details of which are as follows:

No.	Original name of securities outlet/ branches	Current name of securities outlets	Address after the change
1	Shanghai Caoxi North Road Securities Outlet	Shanghai Xuhui Securities Outlet	Room 1601, Building 1, No. 2899A Xietu Road, Xuhui District, Shanghai
2	Hangzhou Securities Outlet	Hangzhou Securities Outlet	Room 702, Building 3, Qianjiang International Times Square, Jiangqian District, Hangzhou City, Zhejiang Province

On 17 August 2018, China Securities Futures newly established the 24th securities outlet, i.e. Shanghai Pudong Securities Outlet, details of which are as follows:

Securities outlet	Location	Time of establishment	Person in charge	Customer service and complaints hotline	Detailed address (post code)
Shanghai Pudong Securities Outlet	Shanghai	17 August 2018	LUO Xiaoting	021-68597015	Room F1, 3/F, East Hope Building, No. 1777 Century Avenue, Pudong New Area, Shanghai, postal code: 200122

3.2.2 Material litigation and arbitration

During the Reporting Period, there were no material litigation and arbitration cases of the Company with amount involving more than RMB10 million and accounting for more than 10% of the absolute value of the latest audited net assets of the Company, which are required to be disclosed by the Rules Governing the Listing of Shares on the Shanghai Stock Exchange.

During the Reporting Period, litigation and arbitration cases of the Company disclosed in the 2018 interim report are as follows:

1. The Company (as the manager), on behalf of the “Minsheng CSC Financial Chongqing No. 1 Directional Asset Management Scheme”, filed a lawsuit about objections raised by non-party to the People’s Court of Tongguan District with Copper Crown Electrical of Tongling Nonferrous Co., Ltd. as a defendant, and Chongqing Bright Industry (Group) Co., Ltd. and Chongqing Bright Motor Parts Procurement Co., Ltd. as third parties.

For relevant background information, please refer to the 2018 interim report of the Company. Upon retrial of the second instance, on 13 September 2018, in response to the litigation application of the Company, the People’s Court of Tongguan District in Tongling City ruled to return the deducted deposit of RMB14,023,239.13 to the account set up by Chongqing Bright Industry (Group) Co., Ltd. with China Minsheng Bank Corp., Ltd. Chongqing Branch Business Department. Copper Crown Electrical of Tongling Nonferrous Co., Ltd., the defendant, has appealed.

The asset management contract and the entrustor's instruction of "Minsheng CSC Financial Chongqing No. 1 Directional Asset Management Scheme" appointed the Company to assist China Minsheng Bank Corp., Ltd., the entrustor, and its Chongqing branch to recover investment losses through lawsuits, while the responsibilities arising therefrom shall be fully borne by the entrustor rather than the Company. Upon the expiry of its term, the manager's return of unrealized assets on an "as if" basis to the entrustor shall be deemed as having performed its duties diligently and faithfully. Meanwhile, relevant fees of the lawsuit shall be borne by the entrustor and paid from the entrusted assets.

2. The Company, as the manager, on behalf of the "CSC Longxing No. 916 Directional Asset Management Scheme", applied for pre-litigation property preservation and arbitration case in relation to the default matters in stock-pledged repurchase business.

For relevant background information, please refer to the 2018 interim report of the Company. According to the requirements of the Zhongshan Branch of China Construction Bank Co., Ltd., the actual investor of the Directional Scheme, the Company entrusted Guangdong Dongfang Kunlun Law Firm as the agent of the case to apply for an arbitration application to the Beijing Arbitration Commission in accordance with the relevant agreements. During the Reporting Period, the Company applied for property preservation to the People's Court of Futian District, Shenzhen City, in accordance with the order. The People's Court of Futian District, Shenzhen City has accepted the application for property preservation of the Company on 10 October 2018. In this case, the Company is not obliged to bear legal fees, preservation arbitration fees and etc., and will transfer the relevant fees paid by the trustor to law firm, court and guarantee company upon receipt of such fees.

3. Disputes in relation to margin financing and securities lending business between Yu Xiaofeng and the Company.

On 9 June 2017, Yu Xiaofeng filed an arbitration against the Company on the dispute in relation to margin financing and securities lending business, demanding compensation of the Company with a total amount of RMB41,680,176.50. For relevant background information, please refer to the 2018 interim report of the Company. On 16 October 2018, the Company received from Beijing Arbitration Commission the Arbitration Award (2018) Jing Zhong Cai Zi No. 1285, which ruled that the Company shall pay economic loss, interest (up to 15 June 2017) and part of the arbitration fees amounting to RMB5,916,460.95 to Yu Xiaofeng. The case has been closed.

3.2.3 Issuance of bonds by the Company

During the Reporting Period, the Company completed non-publicly issuance of two tranches of corporate bonds with a total issuance amount of RMB6.0 billion. Of which, the Company completed the non-public issuance of 2018 corporate bonds (third tranche) as at 11 July 2018 with a total issuance amount of RMB3.5 billion, a term of three years and a coupon interest rate at 4.86%. The Company has also completed the non-public issuance of 2018 corporate bonds (fourth tranche) as at 24 July 2018 with a total issuance amount of RMB2.5 billion, a term of three years and a coupon interest rate at 4.84%.

3.3 Overdue undertakings of the Company during the Reporting Period

☐ Applicable ☒ Not applicable

3.4 Warning and explanation on reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period or material change as compared to those of the same period last year

☐ Applicable ☒ Not applicable

Name of the Company **CSC Financial Co., Ltd.**
Legal Representative **WANG Changqing**
Date 30 October 2018

IV. APPENDIX

4.1 Financial Statements

Consolidated Statement of Financial Position

30 September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Closing Balance (30 September 2018)	Opening Balance (31 December 2017)
ASSETS:		
Cash and bank balances	44,797,898,241.29	41,721,594,631.46
Including: cash held on behalf of customers	31,075,537,227.36	33,746,478,376.74
Settlement deposits	8,060,600,742.13	9,247,161,907.96
Including: deposits held on behalf of customers	4,862,501,472.46	5,994,373,289.29
Margin accounts	30,754,523,827.65	47,821,230,402.15
Financial assets at fair value through profit or loss	N/A	32,649,098,564.76
Financial assets held for trading	54,314,389,300.90	N/A
Derivative financial assets	1,202,369,542.05	120,384,092.44
Financial assets held under resale agreements	19,770,497,399.78	26,065,076,667.08
Accounts receivable	1,917,069,264.27	1,369,856,122.70
Interest receivable	2,024,599,661.70	2,223,253,221.72
Refundable deposits	2,107,473,267.76	2,228,778,325.18
Available-for-sale financial assets	N/A	39,581,791,103.95
Other debt investments	29,160,483,050.69	N/A
Other investments in equity instruments	3,417,462,473.51	N/A
Held-to-maturity financial assets	N/A	578,568,507.27
Debt investments	180,456,755.43	N/A
Long-term equity investment	196,988,329.59	206,292,443.58
Investment properties	48,218,778.95	49,647,908.90
Property, plant and equipment	459,579,728.26	515,203,416.67
Intangible assets	165,714,677.81	169,892,090.31
Deferred tax assets	989,034,678.11	796,063,440.48
Other assets	737,807,676.06	539,499,596.03
Total assets	200,305,167,395.94	205,883,392,442.64

Items	Closing Balance (30 September 2018)	Opening Balance (31 December 2017)
LIABILITIES:		
Short-term borrowings	1,541,242,380.77	2,050,817,050.00
Short-term financing instruments payable	15,884,151,610.57	27,641,672,714.95
Placements from banks and other financial institutions	6,000,000,000.00	14,000,000,000.00
Financial liabilities at fair value through profit or loss	N/A	138,420,763.13
Financial liabilities held for trading	737,735,658.56	N/A
Derivative financial liabilities	194,908,573.06	285,283,915.11
Financial assets sold under repurchase agreement	33,740,711,029.29	29,147,292,911.12
Accounts payable to brokerage clients	37,364,449,320.18	41,416,502,828.88
Accounts payable to underwriting clients	70,511,668.24	31,572,501.82
Salaries, bonuses and allowances payable	2,390,722,382.59	2,591,642,829.94
Taxes payable	290,711,603.15	346,182,773.86
Accounts payable	3,781,516,838.09	3,004,143,194.33
Interest payable	1,242,452,174.41	1,435,456,349.93
Provision	55,402,869.50	57,425,000.00
Bonds payable	38,866,538,390.37	30,872,760,581.28
Deferred tax liabilities	383,550,278.07	36,017,588.98
Other liabilities	9,007,358,867.41	8,829,423,228.60
Total liabilities	<u>151,551,963,644.26</u>	<u>161,884,614,231.93</u>

Items	Closing Balance (30 September 2018)	Opening Balance (31 December 2017)
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	7,646,385,238.00	7,246,385,238.00
Other equity instruments	5,000,000,000.00	5,000,000,000.00
Capital reserve	8,753,212,699.52	7,084,515,519.23
Other comprehensive income	259,753,958.85	(227,781,481.07)
Surplus reserves	2,698,327,194.72	2,702,393,343.75
General risk reserve	6,921,356,254.35	6,930,389,756.10
Retained earnings	17,202,369,999.92	15,018,176,158.61
Equity attributable to equity holders (or shareholders) of the Company	48,481,405,345.36	43,754,078,534.62
Non-controlling interests	271,798,406.32	244,699,676.09
Total equity of the owners (or shareholders)	48,753,203,751.68	43,998,778,210.71
Liabilities and total equity of the owners (or shareholders)	200,305,167,395.94	205,883,392,442.64
<i>Legal Representative:</i> WANG Changqing	<i>Chief Financial Officer:</i> LI Geping	<i>Person-in-charge of accounting department:</i> ZHAO Ming

Statement of Financial Position of the Company
30 September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Closing Balance (30 September 2018)	Opening Balance (31 December 2017)
ASSETS:		
Cash and bank balances	39,746,853,090.31	36,702,291,115.83
Including: cash held on behalf of customers	27,417,332,366.56	29,873,122,303.14
Settlement deposits	6,950,994,916.46	8,102,170,750.11
Including: deposits held on behalf of customers	3,968,184,062.99	5,151,356,683.47
Margin accounts	29,148,032,988.56	46,162,993,829.54
Financial assets at fair value through profit or loss	N/A	20,535,538,828.47
Financial assets held for trading	42,169,730,368.16	N/A
Derivative financial assets	1,201,785,451.69	120,384,092.44
Financial assets held under resale agreements	18,781,139,743.77	25,388,056,558.82
Accounts receivable	951,806,094.11	1,202,918,906.91
Interests receivable	1,713,156,503.08	1,927,558,859.79
Refundable deposits	781,543,180.39	691,870,629.18
Available-for-sale financial assets	N/A	38,744,832,183.11
Other debt investments	28,850,727,282.70	N/A
Other investments in equity instruments	3,360,012,957.87	N/A
Long-term equity investment	4,141,139,115.48	2,091,077,927.68
Investment properties	48,218,778.95	49,647,908.90
Property, plant and equipment	448,481,750.50	504,140,275.04
Intangible assets	141,705,980.31	149,560,081.31
Deferred tax assets	935,826,612.03	780,139,923.99
Other assets	544,825,766.02	1,189,917,486.57
Total assets	<u>179,915,980,580.39</u>	<u>184,343,099,357.69</u>

Items	Closing Balance (30 September 2018)	Opening Balance (31 December 2017)
LIABILITIES:		
Short-term financing instruments payable	16,064,151,610.57	27,831,672,714.95
Placements from banks and other financial institutions	6,000,000,000.00	14,000,000,000.00
Financial liabilities at fair value through profit or loss	N/A	138,420,763.13
Financial liabilities held for trading	737,735,658.56	N/A
Derivative financial liabilities	193,939,745.73	285,283,915.11
Financial assets sold under repurchase agreement	32,626,711,768.49	27,150,205,560.96
Accounts payable to brokerage clients	31,493,836,572.51	35,163,374,919.41
Accounts payable to underwriting clients	70,511,668.24	31,572,501.82
Salaries, bonuses and allowances payable	2,265,159,626.73	2,364,486,704.45
Taxes payable	223,939,135.39	275,584,658.22
Accounts payable	3,028,987,885.01	2,903,137,377.10
Interest payable	1,249,555,876.13	1,417,666,632.79
Provision	55,402,869.50	57,425,000.00
Bonds payable	37,798,879,487.41	29,736,472,257.52
Deferred tax liabilities	366,312,897.33	27,358,783.43
Other liabilities	728,010,588.38	488,661,750.11
Total liabilities	132,903,135,389.98	141,871,323,539.00
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	7,646,385,238.00	7,246,385,238.00
Other equity instruments	5,000,000,000.00	5,000,000,000.00
Capital reserve	8,690,960,420.09	7,022,263,239.80
Other comprehensive income	134,559,093.33	(302,481,698.86)
Surplus reserves	2,581,925,315.89	2,589,254,463.08
General risk reserve	6,825,339,901.34	6,839,998,195.72
Retained earnings	16,133,675,221.76	14,076,356,380.95
Total equity of the owners (or shareholders)	47,012,845,190.41	42,471,775,818.69
Total liabilities and equity of the owners (or shareholders)	179,915,980,580.39	184,343,099,357.69

<i>Legal Representative:</i> WANG Changqing	<i>Chief Financial Officer:</i> LI Geping	<i>Person-in-charge of accounting department:</i> ZHAO Ming
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Consolidated Income Statement
January to September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Amount of current period (July to September 2018)	Amount of last period (July to September 2017)	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
1. Operating revenue	2,548,293,039.38	3,177,069,063.09	7,811,102,811.43	8,301,791,900.08
Net fee and commission income	1,367,079,816.16	2,122,652,421.35	4,587,238,765.70	5,356,039,002.74
Including: Net fee income from				
brokerage business	501,400,364.24	865,416,965.87	1,835,963,152.04	2,293,320,291.73
Net fee income from				
investment banking	595,359,275.21	980,172,401.72	2,016,099,963.63	2,284,511,600.24
business				
Net fee income from asset				
management business	182,121,116.00	155,749,372.07	481,167,332.27	474,261,198.80
Net interest income	229,262,793.72	312,115,299.12	715,064,648.85	1,082,496,469.03
Investment income (loss denoted by “-”)	579,072,450.55	753,721,595.68	1,705,378,311.30	1,961,383,400.04
Including: Investment income from				
associates and joint				
ventures	(5,471,279.23)	(1,775,559.48)	(4,214,931.66)	(4,402,870.72)
Gains and losses arising from changes				
in the fair value (loss denoted by “-”)	355,297,068.99	11,955,533.64	771,951,626.20	(55,754,439.12)
Foreign exchange gains and losses (loss				
denoted by “-”)	7,541,114.23	(29,045,287.42)	(21,287,751.73)	(98,910,771.84)
Other operating income	6,448,952.89	4,763,907.34	15,701,916.78	14,256,630.58
Other income	3,590,842.84	905,593.38	37,055,294.33	42,281,608.65
2. Operating expenses	1,862,178,482.77	1,582,582,542.59	4,892,528,088.42	4,217,375,005.14
Tax and surcharges	17,397,893.41	24,325,972.88	60,068,291.92	63,977,079.61
Operating and administrative expenses	1,339,733,582.61	1,559,442,829.74	4,070,163,200.50	4,125,776,299.45
Impairment losses	-	(1,692,994.65)	-	26,071,064.32
Credit impairment losses	503,072,001.07	N/A	759,368,837.00	N/A
Other operating costs	1,975,005.68	506,734.62	2,927,759.00	1,550,561.76

Items	Amount of current period (July to September 2018)	Amount of last period (July to September 2017)	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
3. Operating profit (loss denoted by “-”)	686,114,556.61	1,594,486,520.50	2,918,574,723.01	4,084,416,894.94
Add: Non-operating income	775,421.81	8,286,827.47	8,745,781.87	15,889,502.13
Less: Non-operating expenses	(1,542,701.07)	18,858,441.38	(171,374.97)	17,912,003.06
4. Profit before income tax (gross loss denoted by “-”)	688,432,679.49	1,583,914,906.59	2,927,491,879.85	4,082,394,394.01
Less: Income tax expense	196,550,584.68	394,939,481.07	729,219,746.95	1,007,552,753.11
5. Net profit (net loss denoted by “-”)	491,882,094.81	1,188,975,425.52	2,198,272,132.90	3,074,841,640.90
(I) Classified by business continuity				
1. Net profit from continuing operations (net loss denoted by “-”)	491,882,094.81	1,188,975,425.52	2,198,272,132.90	3,074,841,640.90
2. Net profit from discontinued operations (net loss denoted by “-”)	-	-	-	-
(II) Classified by ownership				
1. Net profit attributable to equity holders of the Company	492,612,048.73	1,178,158,982.99	2,185,474,314.88	3,033,298,651.34
2. Non-controlling interests	(729,953.92)	10,816,442.53	12,797,818.02	41,542,989.56
6. Other comprehensive income, net of tax	304,147,554.00	79,238,867.27	464,654,856.14	139,834,119.39
Other comprehensive income attributable to owners of the parent, net of tax	304,147,554.00	78,998,046.25	464,654,856.14	139,561,569.19
(I) Other comprehensive income not to be reclassified to profit and loss				
1. Changes in fair value of other investments in equity instruments	42,648,245.01	N/A	(63,034,311.34)	N/A

Items	Amount of current period (July to September 2018)	Amount of last period (July to September 2017)	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
(II) Other comprehensive income to be reclassified to profit or loss				
1. Share of other comprehensive income of associates	–	–	1,130,846.20	221,581.15
2. Changes in fair value of available-for-sale financial assets	N/A	96,785,805.96	N/A	184,164,896.63
3. Changes in fair value of other debt investments	191,419,210.75	N/A	406,563,774.77	N/A
4. Credit impairment provisions for other debt investments	(1,156,009.55)	N/A	1,267,340.44	N/A
5. Foreign currency translation differences	71,236,107.79	(17,787,759.71)	118,727,206.07	(44,824,908.59)
Other comprehensive income attributable to non-controlling interests, net of tax	–	240,821.02	–	272,550.20
7. Total comprehensive income	796,029,648.81	1,268,214,292.79	2,662,926,989.04	3,214,675,760.29
Comprehensive income attributable to equity holders of the Company	796,759,602.73	1,257,157,029.24	2,650,129,171.02	3,172,860,220.53
Comprehensive income attributable to non-controlling interests	(729,953.92)	11,057,263.55	12,797,818.02	41,815,539.76
8. Earnings per share:				
(1) Basic earnings per share (RMB/share)	0.06	0.16	0.30	0.42
(2) Diluted earnings per share (RMB/share)	0.06	0.16	0.30	0.42

Legal Representative:
WANG Changqing

Chief Financial Officer:
LI Geping

*Person-in-charge of
accounting department:*
ZHAO Ming

Income Statement of the Parent Company
From January to September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Amount of current period (July to September 2018)	Amount of last period (July to September 2017)	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
I. Operating revenue	2,296,700,599.74	2,819,197,340.13	7,183,980,562.29	7,563,013,508.77
Net fee and commission income	1,169,353,225.96	1,926,361,081.55	4,072,089,949.73	4,883,947,862.11
Including: Net fee income from brokerage business	437,776,025.54	783,701,157.58	1,673,308,941.48	2,094,345,002.82
Net fee income from investment banking business	524,852,946.83	964,481,242.82	1,845,884,210.33	2,258,370,789.70
Net fee income from asset management business	190,242,229.07	164,212,447.95	508,100,319.34	499,474,256.15
Net interest income	181,422,925.52	292,699,856.85	597,553,960.97	1,008,682,383.94
Investment income (loss denoted by “-”)	621,362,748.91	626,003,783.51	1,630,846,742.23	1,651,083,097.95
Including: Investment income from associates and joint ventures	(444,853.75)	(936,360.11)	(1,539,658.40)	(1,554,469.81)
Gains and losses arising from changes in the fair value (loss denoted by “-”)	303,263,183.24	(425,411.45)	858,714,254.83	65,457,202.34
Foreign exchange gains and losses (loss denoted by “-”)	14,526,144.71	(29,681,007.90)	(17,754,274.96)	(94,748,485.58)
Other operating income	3,759,490.98	3,559,568.16	11,730,200.06	11,407,228.07
Other income	3,012,880.42	679,469.41	30,799,729.43	37,184,219.94
2. Operating expenses	1,660,899,326.25	1,407,229,323.26	4,380,346,430.45	3,766,302,058.65
Tax and surcharges	16,033,097.49	23,111,736.02	56,206,796.88	60,967,255.76
Operating and administrative expenses	1,159,615,342.56	1,385,303,847.27	3,593,307,804.16	3,683,740,000.58
Impairment losses	-	(1,692,994.65)	-	20,044,240.55
Credit impairment losses	484,774,509.57	N/A	729,402,699.46	N/A
Other operating costs	476,376.63	506,734.62	1,429,129.95	1,550,561.76
3. Operating profit (loss denoted by “-”)	635,801,273.49	1,411,968,016.87	2,803,634,131.84	3,796,711,450.12
Add: Non-operating income	340,264.02	7,017,064.92	7,949,177.47	14,276,182.62
Less: Non-operating expenses	(1,616,940.13)	16,799,350.14	(467,439.56)	15,560,398.17

Items	Amount of current period (July to September 2018)	Amount of last period (July to September 2017)	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
4. Profit before income tax (gross loss denoted by “-”)	637,758,477.64	1,402,185,731.65	2,812,050,748.87	3,795,427,234.57
Less: Income tax expense	183,842,049.16	361,291,792.62	703,427,877.76	948,911,176.76
5. Net profit (net loss denoted by “-”)	453,916,428.48	1,040,893,939.03	2,108,622,871.11	2,846,516,057.81
(I) Net profit from continuing operations (net loss denoted by “-”)	453,916,428.48	1,040,893,939.03	2,108,622,871.11	2,846,516,057.81
(II) Net profit from discontinued operations (net loss denoted by “-”)	-	-	-	-
6. Other comprehensive income, net of tax	258,983,196.36	123,233,348.23	368,588,511.91	59,758,491.65
(I) Other comprehensive income not to be reclassified to profit or loss				
1. Changes in fair value of other investments in equity instruments	66,763,181.40	N/A	(38,919,374.95)	N/A
(II) Other comprehensive income to be reclassified to profit or loss				
1. Share of other comprehensive income of associates	-	-	1,130,846.20	221,581.15
2. Changes in fair value of available-for-sale financial assets	N/A	123,233,348.23	N/A	59,536,910.50
3. Changes in fair value of other debt investments	192,264,371.46	N/A	406,602,627.62	N/A
4. Credit impairment provisions for other debt investments	(44,356.50)	N/A	(225,586.96)	N/A
7. Total comprehensive income	712,899,624.84	1,164,127,287.26	2,477,211,383.02	2,906,274,549.46

Legal Representative:
WANG Changqing

Chief Financial Officer:
LI Geping

*Person-in-charge of
accounting department:*
ZHAO Ming

Consolidated Cash Flow Statement
From January to September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
I. Cash flows from operating activities:		
Net increase in funds from repurchase business	10,864,623,034.61	–
Net decrease in margin accounts	16,315,709,602.77	–
Cash received from interest, fee and commission	11,269,149,397.02	9,300,197,158.38
Cash received from other operating activities	1,324,281,387.21	2,791,511,285.20
Subtotal of cash inflows from operating activities	39,773,763,421.61	12,091,708,443.58
Net increase in financial assets held for trading	10,111,823,323.22	N/A
Net increase in purchase of financial assets at fair value through profit or loss	N/A	9,144,513,639.89
Net decrease in placements from banks and other financial institutions	8,000,000,000.00	1,610,000,000.00
Net decrease in funds from repurchase business	–	955,085,109.94
Net increase in margin accounts	–	10,849,375,900.06
Net cash paid for accounts payable to brokerage clients	4,052,053,508.70	9,288,435,580.52
Cash payment of interests, fees and commissions	2,301,467,740.24	2,272,604,753.64
Cash paid to and on behalf of employees	3,027,545,809.28	3,450,609,720.90
Cash payments of taxes and rates	1,272,137,643.22	667,670,475.51
Cash paid for other operating activities	1,510,647,556.14	5,029,818,992.13
Sub-total of cash outflows from operating activities	30,275,675,580.80	43,268,114,172.59
Net cash inflows/(outflows) from operating activities	9,498,087,840.81	(31,176,405,729.01)

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
II. Cash flows from investing activities:		
Cash received from investments	7,527,000.00	2,430,000.00
Dividends received from investments	4,055,847.99	4,527,294.98
Cash received from other investing activities	<u>276,599,458.09</u>	<u>275,040,812.62</u>
Sub-total of cash inflows from investing activities	<u>288,182,306.08</u>	<u>281,998,107.60</u>
Cash paid for investments	2,785,985,088.02	3,726,851,444.65
Cash paid for purchase of property, plant and equipment, intangible assets and other long-term assets	105,610,750.55	116,420,708.62
Cash paid for other investing activities	<u>311,134,160.83</u>	<u>321,011,388.53</u>
Sub-total of cash outflows from investing activities	<u>3,202,729,999.40</u>	<u>4,164,283,541.80</u>
Net cash inflows/(outflows) from investing activities	<u>(2,914,547,693.32)</u>	<u>(3,882,285,434.20)</u>
III. Cash flows from financing activities:		
Cash received from capital injection	2,190,925,000.00	425,570,726.38
Including: Cash inflows from public offering	2,168,000,000.00	425,534,726.38
Cash received from capital injected by non-controlling interests	22,925,000.00	36,000.00
Cash received from borrowing activities	15,037,619,394.00	3,135,916,114.21
Cash received from issuing bonds	62,114,163,000.00	56,312,697,000.00
Cash received from other financing activities	<u>–</u>	<u>83,295,067.71</u>
Sub-total of cash inflows from financing activities	<u>79,342,707,394.00</u>	<u>59,957,478,908.30</u>

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
Payments of debts	81,541,468,063.00	34,888,544,495.77
Cash outflows due to payment of dividends, profit or interests	2,689,880,610.88	3,036,855,024.69
Including: Distribution to other equity instrument holders	294,000,000.00	294,000,000.00
Cash paid for other financing activities	27,016,826.31	69,334,768.60
Sub-total of cash outflows from financing activities	84,258,365,500.19	37,994,734,289.06
Net cash inflows/(outflows) from financing activities	(4,915,658,106.19)	21,962,744,619.24
IV. Effect of exchange rate changes on cash and cash equivalents	87,508,554.96	(143,735,680.43)
V. Net increase in cash and cash equivalents	1,755,390,596.26	(13,239,682,224.40)
Add: cash and cash equivalent balance at the beginning of the period	50,924,814,023.47	72,510,622,486.31
VI. Cash and cash equivalents at the end of the period	52,680,204,619.73	59,270,940,261.91

<i>Legal Representative:</i> WANG Changqing	<i>Chief Financial Officer:</i> LI Geping	<i>Person-in-charge of accounting department:</i> ZHAO Ming
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Statement of Cash Flows of the Parent Company
From January to September 2018

Prepared by: CSC Financial Co., Ltd.

In RMB Yuan (unaudited)

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
1. Cash flows from operating activities:		
Net increase in funds from repurchase business	12,060,558,939.54	–
Net decrease in margin accounts	16,302,499,395.03	–
Cash received from interest, fee and commission	10,245,626,378.32	8,597,956,761.72
Cash received from other operating activities	933,890,180.84	2,631,776,092.38
Subtotal of cash inflow from operating activities	39,542,574,893.73	11,229,732,854.10
Net increase in financial assets held for trading	10,860,682,220.36	N/A
Net increase in purchase of financial assets at fair value through profit or loss	N/A	10,731,844,489.02
Net decrease in placements from banks and other financial institutions	8,000,000,000.00	1,610,000,000.00
Net decrease in funds from repurchase business	–	1,251,242,437.64
Net increase in margin accounts	–	11,083,939,024.83
Net cash paid for accounts payable to brokerage clients	3,669,538,346.90	9,391,814,952.50
Cash payment of interests, fees and commissions	2,160,070,034.94	2,215,772,619.59
Cash paid to and on behalf of employees	2,659,891,803.14	3,161,346,548.57
Cash payment of taxes and rates	1,183,704,601.65	541,023,520.82
Cash paid for other operating activities	1,226,425,372.39	4,025,986,850.16
Sub-total of cash outflows from operating activities	29,760,312,379.38	44,012,970,443.13
Net cash inflows/(outflows) from operating activities	9,782,262,514.35	(32,783,237,589.03)

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
II. Cash flows from investing activities:		
Cash received from other investing activities	156,050.20	309,387.71
Sub-total of cash inflows from investing activities	156,050.20	309,387.71
Cash paid for investments	3,755,240,634.40	3,157,333,633.87
Cash paid for purchase of property, plant and equipment, intangible assets and other long-term assets	89,239,084.14	95,598,769.99
Sub-total of cash outflows from investing activities	3,844,479,718.54	3,252,932,403.86
Net cash inflows/(outflows) from investing activities	<u>(3,844,323,668.34)</u>	<u>(3,252,623,016.15)</u>
III. Cash flows from financing activities:		
Cash received from capital injection	2,168,000,000.00	425,534,726.38
Including: Cash inflows from public offering	2,168,000,000.00	425,534,726.38
Cash received from issuing bonds	62,244,163,000.00	56,502,697,000.00
Sub-total of cash inflows from financing activities	64,412,163,000.00	56,928,231,726.38
Payments of debts	65,958,834,000.00	31,939,647,000.00
Cash outflows due to payments of dividends, profits or interests	2,453,146,603.91	2,775,003,888.49
Including: Distribution to other equity instrument holders	294,000,000.00	294,000,000.00
Cash paid for other financing activities	26,980,826.31	69,334,768.60
Sub-total of cash outflows from financing activities	68,438,961,430.22	34,783,985,657.09
Net cash inflows/(outflows) from financing activities	<u>(4,026,798,430.22)</u>	<u>22,144,246,069.29</u>

Items	Amount for the beginning of the year to the end of the reporting period (January to September 2018)	Amount for the beginning to the end of the reporting period of last year (January to September 2017)
IV. Effects of changes in foreign exchange rates on cash and cash equivalents	(17,754,274.96)	(94,748,485.58)
V. Net increase in cash and cash equivalents	1,893,386,140.83	(13,986,363,021.47)
Add: Cash and cash equivalents at the beginning of the period	44,804,461,865.94	66,108,812,682.98
VI. Cash and cash equivalents at the end of the period	46,697,848,006.77	52,122,449,661.51

<i>Legal Representative:</i>	<i>Chief Financial Officer:</i>	<i>Person-in-charge of accounting department:</i>
WANG Changqing	LI Geping	ZHAO Ming

4.2 Audit report

☐ Applicable ☒ Not applicable

By Order of the Board
CSC Financial Co., Ltd.
Wang Changqing
Chairman

Beijing, the PRC
30 October 2018

As at the date of this announcement, the executive Directors of the Company are Mr. WANG Changqing and Mr. LI Geping; the non-executive Directors of the Company are Mr. YU Zhongfu, Mr. DONG Shi, Ms. ZHANG Qin, Ms. ZHU Jia, Mr. WANG Hao, Mr. WANG Bo and Mr. XU Gang; and the independent non-executive Directors of the Company are Mr. FENG Genfu, Ms. ZHU Shengqin, Mr. DAI Deming, Mr. BAI Jianjun and Mr. LIU Qiao.