

2019

CORPORATE SOCIAL
RESPONSIBILITY REPORT
Environmental, Social and Governance

 中国银河证券 | CGS



CHINA GALAXY SECURITIES CO., LTD.
2019 Social Responsibility and
Environmental, Social and Governance Report



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About the Report

This report describes the activities and performance of China Galaxy Securities Co., Ltd. (the “Company” or “Galaxy Securities”) and all its subsidiaries in respect to social responsibility matters in 2019. The disclosure of this report is as follows:

- **Reporting Period**

Social Responsibility Reports are issued annually by the Company. The reporting period is from 1 January 2019 to 31 December 2019, with appropriate retrospective and prospective aspects.

- **Reporting Scope**

This report takes China Galaxy Securities Co., Ltd. as the main body, and the scope of its disclosure is consistent with the 2019 Annual Report of China Galaxy Securities Co., Ltd. (the “Annual Report”), covering various professional institutions of the Company.

- **Reporting Language**

The Company provides this report in Chinese and English-language versions. In all cases of inconsistency or conflict between versions, the Chinese version shall be regarded as definitive.

- **Reporting Guidelines**

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and with reference to: Sustainability Reporting Standard issued by Global Reporting Initiative (GRI); the Notice on Strengthening the Listed Companies’ Assumption of Social Responsibility and Publishing the Guidelines on Disclosing Environmental Information of Companies Listed on the Shanghai Stock Exchange; the Guidelines on Disclosing Environmental Information of Companies Listed on the Shanghai Stock Exchange; and Appendix 2 “Guidelines on the Preparation of Corporate Social Responsibility Report” contained in Memorandum No. 1 for the Reporting Work by Listed Companies for 2009 issued by the Shanghai Stock Exchange (the “SSE”).

- **Notes on Reporting Information**

The financial information in this report is extracted from the Company’s audited annual report. Other information is sourced from the Company’s internal systems or manual processing. Unless otherwise indicated, the currency in the Report is RMB.

- **Reporting Assurance**

This report has been taken as an independent assurance engagement by Ernst & Young Hua Ming LLP.

- **Confirmation and Approval of the Report**

The contents and data disclosed in this report have been considered and approved by the board of directors of the Company.

- **Release of the Report**

Printed and pdf versions of this report are available. The pdf file is published at the HKEXnews website of the Stock Exchange (<http://www.hkexnews.hk>), the website of the SSE (<http://www.sse.com.cn>), and the website of the Company (<http://www.chinastock.com.cn>).

About Us



Company Profile

China Galaxy Securities Co., Ltd. (the "Company") is a leading comprehensive financial service provider in China's securities industry. With the unique history, brand and shareholder advantages, the industry's widest coverage of business outlets and leading customer bases, and comprehensive business strength, the Company provides comprehensive financial services such as think tank consulting, wealth management, investment banking, investment management and international business for governments, enterprises, institutions, and individuals.

Aiming to the corporate strategic objectives of building a carrier securities broker and modern investment bank and adhering to the corporate values of innovation, compliance, service and collaboration, the Company focuses on implementation of national strategies, support real economy development, serve the wealth management of citizens, and fulfil social responsibilities, and takes the realization of corporate value, shareholders' return, employee benefits and social responsibility as its mission. The Company remain as a top securities company in the industry in terms of capital scale, profitability, business strength and risk management capability.

The Company is headquartered in Beijing with a registered capital of RMB10.137 billion. The Company has a total of 36 branches and 493 securities branches in 179 prefecture-level cities across the country and the international business network extends to Hong Kong, Singapore, Malaysia, Indonesia, Thailand, India, South Korea, the United Kingdom, the United States, Mauritius and other countries and regions. Currently, the Company owns 5 subsidiaries including Galaxy Futures Company Limited, Galaxy Capital Management Company Limited, China Galaxy International Financial Holdings Company Limited, Galaxy Jinhui Securities Assets Management Co., Ltd. and Galaxy Yuanhui Investment Co., Ltd..

101.37

billion

36

branches

493

securities
branches

179

prefecture-level
cities across the
country

Chairman's Statement

China marked the 70th anniversary of its founding while China Galaxy almost completed its three-year reform in 2019. Time flies and rewards are about to come. With strong support of CIC and effort of all employees, the Company has steadily implemented its new strategic plannings during the past three years. Upon the business model of “Dual-wheel Drive and Coordinated Development” was basically established, the Company shifted its focus to develop 15 key projects and gradually improved its comprehensive capabilities, striving for being a leading security company and systematic security financial institution.

In 2019, all of us adhere to the spirit of “not forgetting the original intention, keeping in mind the mission” and always strived for organic integration of shareholders’ return, customers’ interests, staff value and social responsibility. We carefully prevented and mitigated financial risks, insisted on compliance operation, continuously enhanced operating standards and endeavored to create higher value for its shareholders. We also accelerated the establishment of “Online Galaxy” and “Intelligent Galaxy” and conducted wealth management transformation with fin-tech to meet the increasingly higher demands of customers on wealth management. In addition, we took good use of the bridging effect of our organizations to largely promote the advanced corporate culture, tried our best to protect the rights and interests of employees and enabled them to develop skills, while strengthening our ability to serve the physical economy, actively develop green finance, increase our financing assistance for small and medium sized and private enterprises and proactively participate in poverty alleviation to help jingning County, Gansu, a targeted place in need, escape poverty.

2020 will be the first year that China Galaxy commences to consolidate its three-year transformation plan. The sudden outbreak of the Coronavirus epidemic has threatened the economic and social development and the living of human-beings. We will strictly follow the decision made by the Central government, make good arrangements of disease prevention and control and reform, protect our employees’ and customers’ health under certain limitations and actively fight against the virus while grasping opportunities for comprehensive reform in the capital market and adhering to new developing strategies. With domestic production as development basis, merger and acquisition as development approaches, fin-tech as driving force and risk control and development as key responsibilities, we focus on enhancing professional skills to minimize the impacts cause by the pandemic, in the pursuit of high-quality development, achieving “three major missions” and completing “three fighting tasks” .

China Galaxy Securities Co., Ltd.
Party Secretary and Chairman



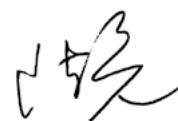
President's Statement

In 2019, under the slowdown of global economic growth and the sluggish inflation, China maintained stable leverage and strong regulatory policies. With the leadership and support of the Company's party committee and the Board as well as the contribution of all staff, the Company comprehensively put the new five-year plan into practice and largely promoted the business transformation and development. As a result, the major operating indicators recorded good performance while operating revenue and net profits increased significantly as compared with last year, amounting to RMB17.041 billion and RMB5.250 billion respectively and representing the increases of 71.69% and 79.08% respectively. The Company's capital scale, profitability level, business strength and risk management capability occupied the leading position among the industry.

In 2019, the transformation of the wealth management produced the initial success. It continued to establish a "customer-oriented" business system in which the brokerage and credit business became stable and improved, created an one-stop financial integrated service platform in which the wealth management accounts and APP5.0 of Galaxy Securities started their new chapter and adjusted the asset allocation structure of the investment business to form new competitive strengths. Furthermore, the international business also became stable and improved. The Company completed the capital increment and acquisition of CGS-CIMB Malaysia, which resulted in a stable financial performance, continuous improvement of the fin-tech level and significant enhancement of abilities of risk prevention and sustainable development. The Company has always been active in performing its missions and responsibilities as a state-owned financial enterprise, adhered to serving the physical economy and national strategies, contributed to making decisions on the "Belt and Road" initiatives, the construction planning of the Guangdong-Hong Kong-Macao Greater Bay Area and revitalization of the Northeast, kept paying attention to society's interest and participated in poverty alleviation and public welfare work.

Looking forward to 2020, amid the complicated and ever-changing economic and financial conditions, the Company will, based on the spirit conveyed at the 19th National Congress and the Central Economic Work Conference, continue to promote the new business model of "Dual-wheel Drive and Coordinated Development" and the new management system of "centralized organization + line supervision + hierarchical management" and established the integrated business system of "wealth management, investment and financing, international business". Leveraging the achievements in the transformation development over three years, the Company will continuously boost up its competitiveness, achieve high-quality development and strive for being a systematic security financial institution and leading security company.

China Galaxy Securities Co., Ltd.
Deputy Party Secretary and President



Development Milestones

On 18 January 2018

Galaxy International and CIMB Group completed the acquisition of 50% of the issued share capital of CIMB Securities International (which the joint venture was later renamed as CGS-CIMB Securities) and the Company comprehensively entered into the Southeast Asia market.

On 22 May 2013

The Company was listed on the Hong Kong Stock Exchange.

On 26 January 2007

With the approval of the State Council, on the basis of merging the securities business department and securities business department of the trust and investment company affiliated with the original ICBC, Agricultural Bank of China, Bank of China, China Construction Bank, People's Insurance and China Economic Development Trust & Investment Corp, China Galaxy Securities Co., Ltd was established, which is a wholly state-owned securities company.

In August 2000

With the approval of the State Council, on the basis of merging the securities business department and securities business department of the trust and investment company affiliated with the original ICBC, Agricultural Bank of China, Bank of China, China Construction Bank, People's Insurance and China Economic Development Trust & Investment Corp, China Galaxy Securities Co., Ltd was established, which is a wholly state-owned securities company.

On 28 June 2019

Galaxy International and CIMB Group completed the acquisition of 50% of the issued share capital of CGS-CIMB Holdings Sdn. Bhd. and the Company further expanded its overseas business.

On 23 January 2017

The Company was listed on the Shanghai Stock Exchange.

On 5 May 2015

The Company completed the placing of H shares.

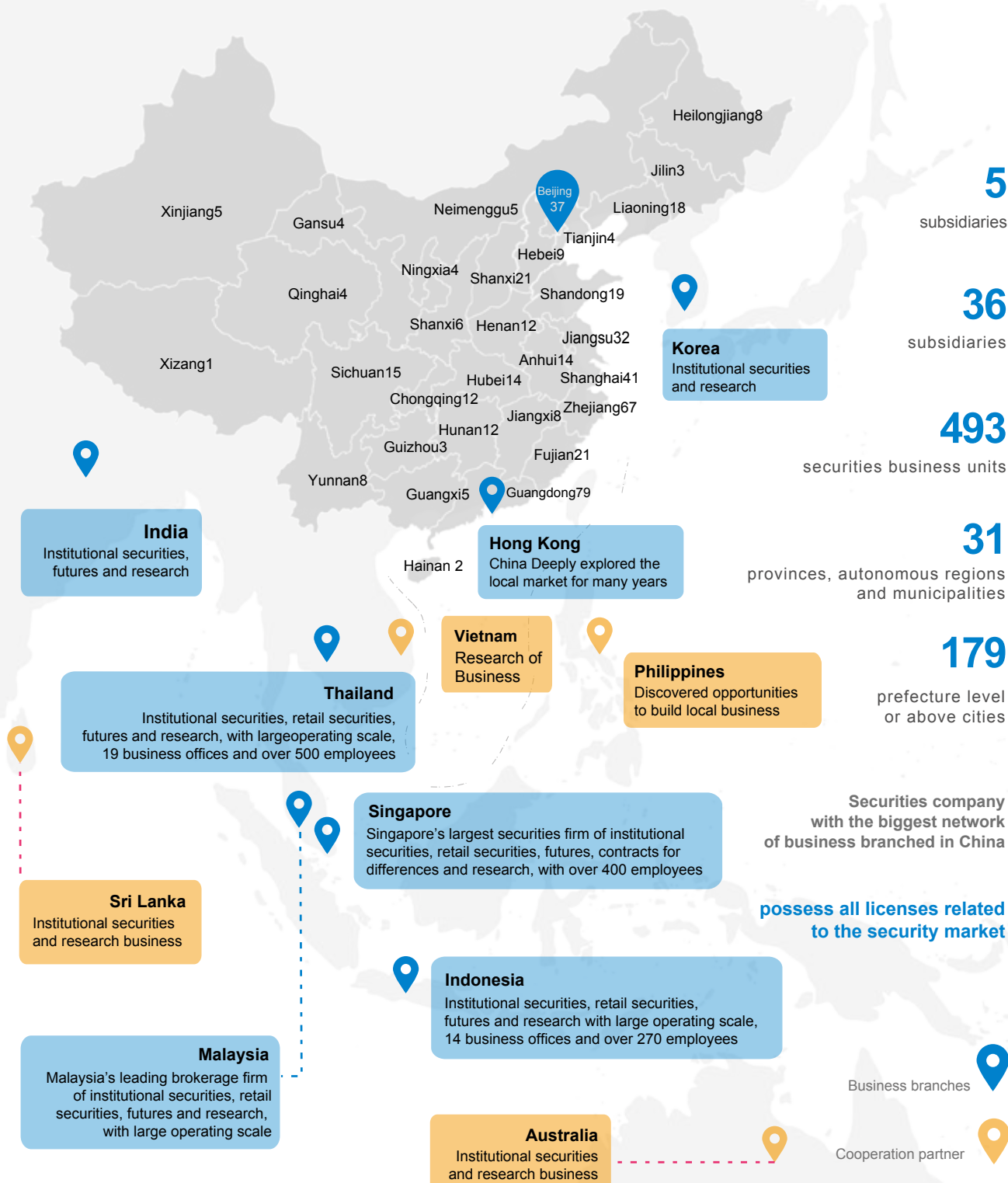
On 9 February 2011

The Company established China Galaxy International Financial Holdings Company Limited in Hong Kong.

On 8 August 2005

Huijin and the Ministry of Finance together established China Galaxy Financial Holdings Limited, a state-owned large scale financial enterprise directly controlled under the central government.

Global service network



Social Recognition in 2019

Hong Kong Stock
Connect Excellence
Information Service
Broker

Hong Kong Stock Exchange



TOP10 Best Social
Contribution Award of
2019 China Brokers'
Listed Companies Brand
Value List

Daily Economic News



Top 100 Financial
Industry Services of
2019

The Economic daily



Outstanding Social
Responsibility Award
for Chinese Securities
Company

China Finance Online



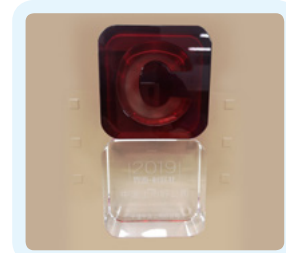
Green Award
for Sustainable
Development

Caijing Magazine



Top 10 Listed
Companies

Jiemia.com



Honors	Issuing authority
Quality Service for Real Economy Award	Securities Daily
Green Award for Sustainable Development	Caijing Magazine
Top Ten Options Brokers	Shanghai Stock Exchange
Best Organizational Award for Investor Education and Protection Series in 2018	Shanghai Stock Exchange
"Excellent Securities Companies" for Investor Survey in 2018	China Securities Investor Protection Fund Corporation Limited
Best Progress Award of Special Selection and Commendation of the Excellent Participation Team of Treasury Bond Futures in 2018	China Financial Futures Exchange
Junding Award for All-round Securities Broker in China	Securities Times
Junding Award for Securities Brokerage Business Brand in China	Securities Times
Junding Award for Retail Securities Brokers in China	Securities Times
"Pioneer of National Workers"	All-China Federation of Trade Unions
"National May 1 Labor award of National Finance"	
Best Innovation Award for 2019 IDC Financial Industry Technology Application Scenario	IDC China
Contribution Award in China Financial System Procurement	China Finance Magazine, China Finance Centralized Procurement Net
Top 100 Financial Industry Services of 2019	The Economic daily
Hong Kong Stock Connect Excellence Information Service Broker	Hong Kong Stock Exchange
Outstanding Social Responsibility Award for Chinese Securities Company	China Finance Online
TOP10 Best Social Contribution Award of 2019 China Brokers' Listed Companies Brand Value List	Daily Economic News
Most Powerful Wealth Management Broker of the Year	
Most Popular APP of the Year	
Best Brokers of 2019 Most Influential Research Institutions of 2019	Oriental Fortune, Tiantian Fund
Most Technologically Innovative Brokers in 2019	
Best Wealth Management Broker in 2019	
Most Potential Asset Management Brokers in 2019	

Membership in Social Organizations in 2019

Organization	Position
Green Financial Committee under the China Society for Finance and Banking	Executive council member
National Debt Association of China	Executive council member
Securities Association of China	Executive council member
Securities Association of Beijing	Vice-chairman
China Securities Regulatory Commission	Member
China Institute of Internal Audit	Group member
China Computer Users Association	Vice-chairman
Listed Companies Association of Beijing	Member
Hong Kong Institute of Chartered Secretaries	Joint member
China State Finance Magazine	Council member
Shanghai Gold Exchange	Special member (securities companies)
Banking Accounting Society of China	Vice-chairman
Beijing Financial Street Chamber of Commerce	Council member
Capital Financial Service Chamber of Commerce	Council member
Asset Management Association of China	Member
Insurance Asset Management Association of China	Joint member
Asian Financial Cooperation Association	Council member
National Association of Financial Market Institutional Investors	Member
Financial Street Human Resources Association	Member
China Social Insurance Association Social Insurance Fund Investment Management Committee	Member
Green Finance Cooperation Committee under Asia Financial Cooperation Association	Director unit
Off-site Commodity Derivatives Association	Member

Social Responsibility Management

Responsibility Philosophy and Strategy

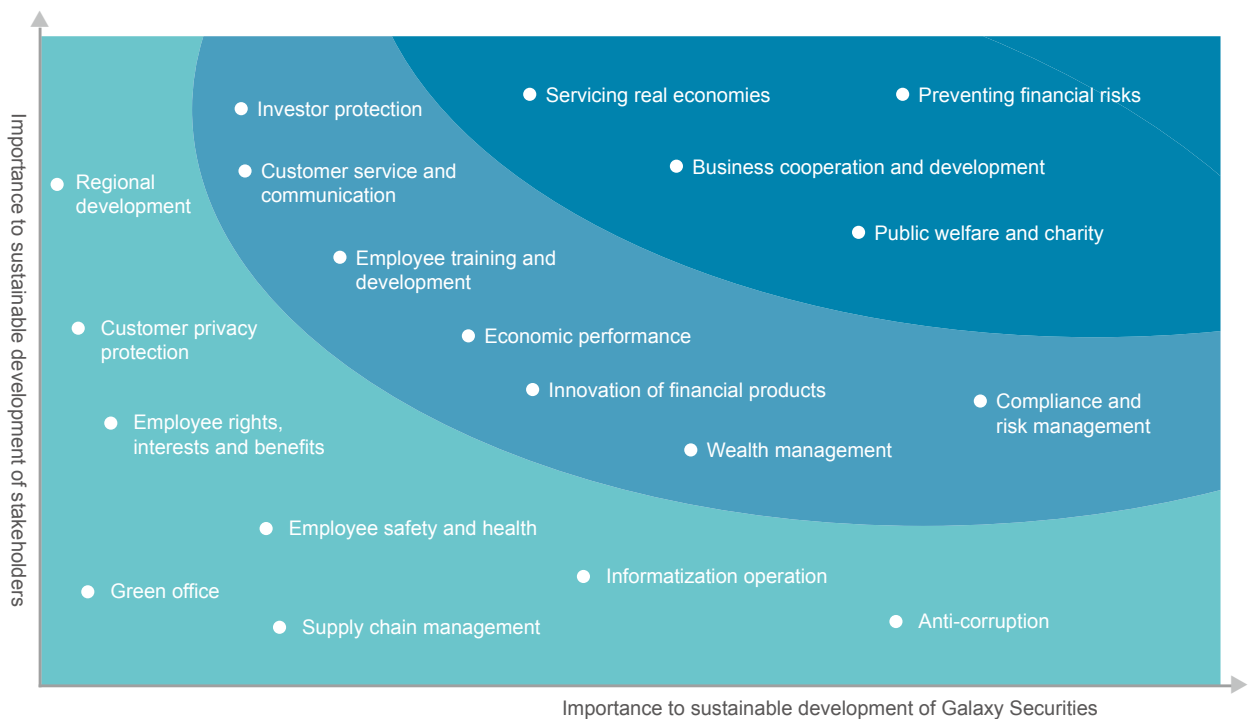
Galaxy Securities integrates social responsibility at the corporate strategic level, establishes the business model of "Dual-wheel Drive and Coordinated Development", and forms the integrated business system of "wealth management, investment and financing, international business". Through steady operation and giving back to the society, we will make unremitting efforts to meet the diverse financial needs of the people and the real economy, and to achieve sustainable development of companies and industries.



Responsibility Management

To systematically identify the key points of corporate social responsibility management, and in accordance with its corporate development strategy and national strategy, Galaxy Securities has made judgments on the significance of all issues of social responsibility. These are based on the summary of communication of various executive departments with stakeholders from a perspective of sustainable development of the Company and its stakeholders. The Company has accordingly drawn a matrix of significance of social responsibilities for 2019 as a basis for content selection for this report and for the Company's subsequent social responsibility related activities.

Major matrix of social responsibility issues of Galaxy securities in 2019

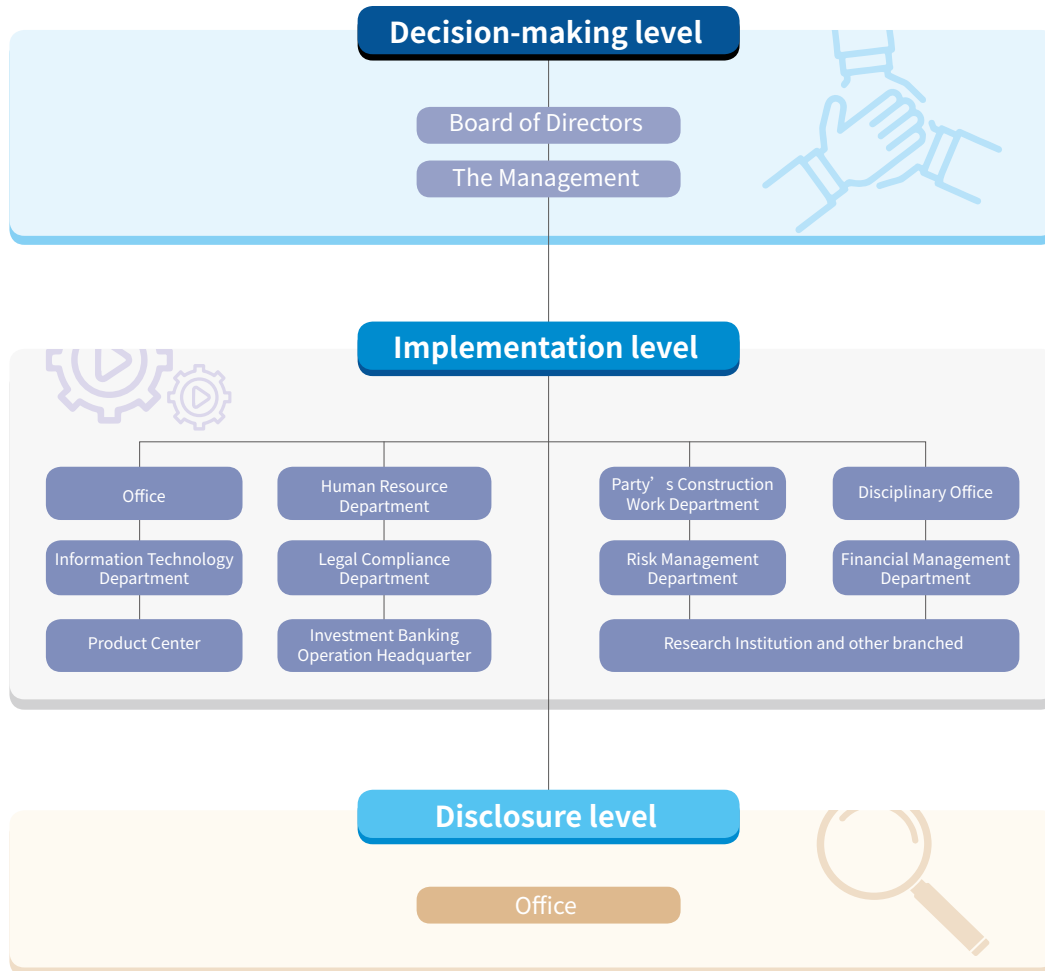


Communicating with stakeholders is an important part in social responsibility management of Galaxy Securities. The Company communicates with stakeholders through various channels to understand their concerns and respond proactively.

	Expectations	Communication methods	Responses
Customer	Provide innovative, diversified financial products	Official website, WeChat public account and other media exchanges	Provide convenient, fast financial services
	Provide complete, true and accurate product service information	Customer hotline	Improve the complaint handling process, understand customer comments and suggestions
	Protect customer privacy	Customer demand research	Timely release of products and marketing announcements
	Enhance customer experience	Customer feedback	Provide a wide range of products
	Provide convenient services	Develop online services	Build an online service system
Employee	Equal, diversified employment treatment	Internal meetings	Improve staff recruitment, promotion and other internal management systems
	Offer legal remuneration and benefits	Internal meetings	Provide a good salaries and benefits
	Provide a good working environment	Mailbox and Staff Congress	Respect the rights and interests of employees, treat each employee equally
	Provide room for growth and training opportunities	Galaxy network school, Galaxy college	Provide a wide range of job skills training
	Provide a variety of staff work and security for living	Internal corporate publications	Organize extensive employee activities
Shareholder	Regulate corporate governance	Shareholders' general meetings	Improve internal compliance system
	Improve shareholder returns	Regular reports and company announcements	Formulate and implement development strategy
	Enhance the Company's value	Road shows and other channels for information release	Regular information disclosure and enhanced communication
	Maintain sustainable development	Investor research and other activities	Enhance business diversification standards and consolidate industry leading position
Society	Support social development	On-site investigation and support	Implement special poverty alleviation
	Environmental protection	Charitable activities	On-site visit to carry out public welfare activities
	Carry out charitable activities	Investigate feedback of beneficiary groups	Organize employee volunteer activities
	Popularize financial knowledge	Investor education activities	Carry out the investor education activities
Government	Conform to national laws and regulations, industry standards and other norms	Laws and regulations, policy guidelines, normative documents	Observe laws and regulations
	Maintain financial market stability	On-site investigation, off-site supervision	Support national strategies and development of local undertakings with financial instruments
	Support implementation of national strategy	Visit governments at operational locations	Compliance operations, to resolve social and financial risks
	Drive local and broad industrial development	Government meeting	Provide employment positions, pay taxes by law
	Provide employment opportunities	Official website, media publication of recruitment announcements	Regular or irregular recruitment
Regulator	Healthy business operations	Reports at regular communication meetings	Improve corporate operational efficiency
	Public and transparent disclosure of information	Regular reports and company announcements	Timely and accurate disclosure of information
	Improve internal control and risk management systems	Regulatory notificatio and rating	Establish a comprehensive internal control system to raise standard of corporate governance
Partner	Promote healthy development of the industry	Cooperation, communication and research between peer companies	Participate in promoting industry standards and norms
	Compliance with business ethics	Industry associations	Establish and improve internal management mechanism
	Mutually beneficial, win-win and common development	Official website, public account number and other media communication	Establish a stable communication and cooperation mechanism

Responsibility system

In 2019, Galaxy Securities strictly followed the top-down management model of social responsibility, including the board of directors, senior management, Company departments, branches and subsidiaries, according to its established social responsibility index system.



01

COMPLIANCE AND SOUND OPERATION, ACHIEVING GOOD RETURNS

Galaxy securities has made every effort to promote business transformation, achieved excellent performance in main business indicators, adhered to the bottom line of compliance operations, continuously strengthened risk prevention and control capabilities, and brought sustainable and stable good returns to shareholders.



Steady Increase in Performance

2019 was the closing year of the Company's "three-year transformation" and the Company's operations shown a good trend of "steady development" thanks to the overall improvement of the market environment and the unremitting efforts of all cadres and employees. It recorded the consolidated operating revenue of RMB17.041 billion, representing a year-on-year increase of 71.69%; recorded a net profit of RMB5.25 billion, representing a year-on-year increase of 79.08%. The annualized return on net assets is expected to be 7.64%, representing an increase of 3.24 percentage points from the previous year. By the end of the year, the Company's consolidated total assets were RMB315.666 billion, representing an increase of 25.58% over the beginning of the year; net assets were RMB71.922 billion, representing an increase of 8.42% over the beginning of the year.

When formulating profit distribution scheme, the Company fully considered its long-term development and investors' benefits based on compliant and transparent procedure as well as sound decision-making procedure and mechanism, so as to provide shareholders with stable return on investments, and fully protect interests of small and medium-sized investors.

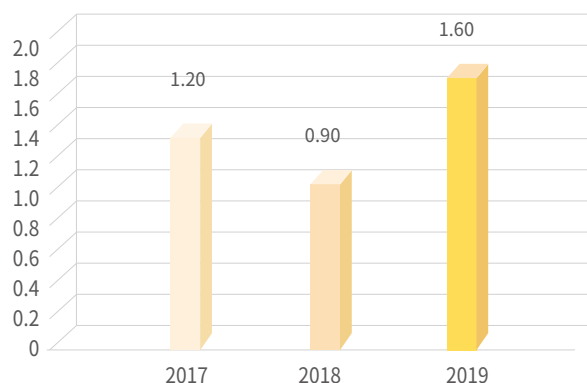
In 2019, the Company held 3 general meetings, considered and approved 16 resolutions, and arranged investors communications in the general meeting, so as to timely answer the questions raised by investors.

In 2019, Galaxy Securities maintained and deepened the relationship with investors and analysts through continuous and diversified investor relationship management. It organized the press conference on performance and analyst telephone meetings for year 2018 and the three quarters of year 2019; it attended international investment bank summits (including Credit Suisse AG, Morgan Stanley, Citibank and Merrill Lynch) and negotiated with investors; it established good relationship with domestic and overseas analysts, strengthened communications with analysts and investors, and maintained good communication with more than 30 domestic and overseas investment banks and research institutions whose research fields cover Galaxy Securities; it completed 120 person-times of study and research and personal interviews with domestic and overseas investors and analysts as well as investor receptions, and 180 times of mails or telephone communications with analysts and investors; it also actively responded to the shareholders' concerns by answering and managing questions raised by small and medium-sized investors in E-interaction platform of Shanghai Stock Exchange and attending activities such as online reception day of investors.

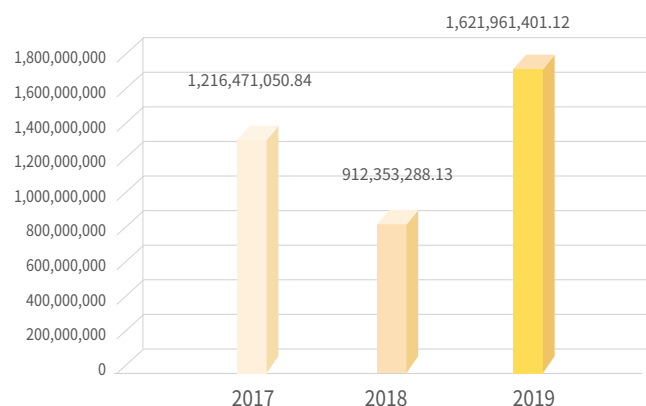
Plans for profit distribution of ordinary shares in the latest 3 years

Unit: Yuan Currency: RMB

Dividends paid for every 10 shares (inclusive of tax)



Amount of cash dividend (inclusive of tax)



Note: The profit distribution plan for 2019 shall be subject to the consideration and approval by the 2019 annual general meeting.

Legally Compliant Operation

Guided by Xi Jinping's thought on socialism with Chinese characteristics for a new era, the CPC Committee of the Company assumed the responsibilities of CPC member management, and persistently carried out the strict rule over CPC members, with a view to promote strict rule over the Company and guarantee the supervision on the high-quality development of the Company.

Adhered to learn and advocate the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company always gives priority to the party's political measures over its business. It upholds and gives emphasis on the educational theme of "Not forgetting the original intention, keeping in mind the mission", continues to promote the theme's mechanism in the long term and consolidates the educational outcomes.

The Company conducted precise supervision over its business development in a high-quality way. It further optimized the supervisory system, made good use of the manpower and promoted information sharing between different departments so as to form a cooperative supervising force. It also put large effort in conducting disciplinary review. In particular, it promulgated the "Measures for Disciplinary Inspection Management" and the "Regulations for Disciplinary Supervision" in 2019 to regulate its business procedures, offer centralized management, supervises the handling process and follows up the management records, which enabled the Company to carry out collective research, analysis and evaluation over case investigation and handling throughout the entire process, ensuring that every incident is investigated and solved.

The Company also strengthened inspections and rectification and focused on building a long-term mechanism. The party committee members led the team to conduct on-site supervision, selective inspection of key issues, and actively publish information on its rectification work for public supervision. Various working groups have adopted multiple measures including a required materials lists and cross-checks to improve the Company's system. They carried out the eight regulations issued by the Central government, grasped opportunities to continuously improve employee discipline, focused on rectifying the problems caused by formalism and bureaucracy and strived for fighting against the four traditional forms of decadence. In 2019, no corruption lawsuits occurred.

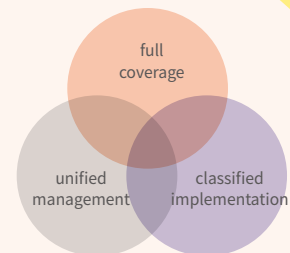


Anti-corruption and
Advocating Probity



Compliant
Operation

According to the general principles of "full coverage, unified management and classified implementation", the Company clarified its overall framework and detailed arrangement of compliance management. It set up information isolation wall management structure and division of work, including operation management level, compliance director, legal compliance office, IT Department, Audit Department and other departments.



Compliance monitoring system was set up to realize functions such as monitoring and warning of abnormal transaction behaviors of clients, management of key monitoring accounts of stock exchange, information isolation wall management, employee practice surveillance, client risk classification, suspicious transaction monitoring and analysis, so as to identify, analyze, follow-up, monitor and report suspicious transactions and abnormal behaviors, control improper flow of inside and secret information, prevent conflict of interests between the Company and clients as well as among clients, strengthen compliant operation of the Company and prevent fraudulent transactions.

In addition, the Company attached great importance to trainings and education of compliance, and adopted multiple level training means to train its managerial staff, businessmen, compliance management personnel, new and current employees on the field of compliance. In 2019, the Company organized a total of 21 on-site trainings and issued 81 tips on compliance, having a good effect on improvement of consciousness of compliance and business caliber of employees. In 2019, the Company was not involved in any inside trade or market manipulation case.

In 2019, based on actual circumstance of securities business and the evaluation results of money laundering risk, the Company monitored the transaction behaviors by means of comprehensive anti- money laundering monitoring system developed by it independently. When abnormal transaction occurs, firstly, manual analysis and identification would be conducted, and confirm whether it is suspicious transaction based on the due diligence result of client. If it is confirmed as suspicious transaction, the Company would report it to competent authorities such as China Anti-Money Laundering Monitoring and Analysis Center and fully support the investigation. If any client transaction is finally adjudicated by court as money laundering transaction, the Company would implement the judgment of the court, and punish relevant entities and persons who fail to perform the anti-money laundering obligations in accordance with relevant regulations. In 2019, Galaxy Securities was not involved in any money laundering transaction brought to justice.



**Litigation
Prevention and
Control**

In 2019, the Company became the first securities company to set up a specific legal-case prevention and control department. The prevention and control department is responsible for handling the in-appeal cases and major risks. By sorting out, classifying and managing the Company's cases, the Company established a regular reporting mechanism for legal-cases prevention and control, fully participated in the handling of major cases and risks and provided full legal support services. It also summarized and analysed major closed cases and provided effective recommendations to prevent potential businesses risks. The Company commences its legal-cases prevention and control work in an orderly way and there were no material operating risks occurred in 2019.

Galaxy Securities pays attention to the protection and management of intellectual properties. In 2019, the Company repurchased character and picture libraries, and renewed its LOGO. For litigations in relation to intellectual property, the Company adopts internal audit and negotiates with the plaintiffs and other management measures. As of the end of the Reporting Period, all litigations of intellectual property of the Company has been settled. During the reporting period, the Company owned 5 copyrights.



**Compliant
Procurement**

According to the requirements of Interim Regulations on Management of Collective Procurement of State-owned Financial Enterprises, the Company set up Procurement Management Committee in 2019 to take charge of its procurement. In addition, it revised Procurement Management Regulation, instituted Management Methods for Collective Procurement, Management Methods for Dispersed Procurement of Headquarters and Management Methods for Dispersed Procurement of Branches, and promulgated Collective Procurement Catalogue and Standards. Generally speaking, the Company has achieved good balance between quality and efficiency of its procurement management, and effectively prevented risks of procurement.

Continuous Risk Management

Construction of Risk Management Culture

The Company confirmed and built the risk management culture based on the principles of “not touching the boundary, not operating in grey area and not taking advantage of the loopholes of polices” , preconditioned on familiarity with business, with practice behavior as guideline, regulatory requirements as standard and development consciousness as purpose, maintained the risk idea of “standardized operation and stable development” , and implemented the risk preference of prudence and stability, with a view to prevent any systematic risk.

In 2019, the Company organized and carried out specific overhaul education to strengthen the risk management culture construction, which is divided into following 3 phases: the responsibility and function performance education, i.e., “performing your own duties and cooperating with others” ; anti-money laundering overhaul, i.e., “diligently performing the obligations of anti-money laundering, and improving efficiency based on risk consciousness” ; internal control construction overhaul, i.e., “preventing financial risks and enhancing internal control capacity” .

Risk Management Mechanism and System Construction.

The Company established and improved classified risk management system from top guideline design to specific business and practice, covering each business field and each risk type at the group level, and running through the whole procedure of business evaluation and approval, monitoring report, risk response and performance evaluation. Based on the construction of Data Center, the Company set up group risk data mart and overall risk management platform, gradually realizing unified measurement, monitoring, warning, analysis and exhibition of group risk information.

Actively participate in promoting risk management within the industry.

The Company participated in the pilot test of consolidated supervision of China Securities Regulatory Commission, with a view to continuously improve the Company's risk management capacity and strengthen the group management. It actively promoted the overall implementation of new financial instrument guideline in the securities industry, listed in “List of Pressure Test of Significant Institutions” , assisted in Capital Market Statistics and Monitoring Center, implemented industrial requirements on synchronous pressure test, and effectively prevented and responded to hidden risks.



02

ADHERING TO THE ORIGIN OF FINANCE SERVING THE REAL ECONOMY

We have always continued to implement our five-year strategic development plan and adhered to the national policies, comprehensively performing our visions and missions as an enterprise serving the physical economy.



Development of Financial Business

Strategic development plan

The Company's five-year strategic development plan for 2018-2022 expressly states that: the Company aims to establish an integrated business system of "wealth management, investment and financing, international business". In order to accomplish such development task, the Company actively promotes its five-year strategic development plan and continues to develop three major business segments, being the customer-centered wealth management business, the enterprise-centered investment and financing business and the Asia-centered international business.

01 wealth management transformation generated positive results, and brokerage and credit business recorded growth while remaining stable.

In 2019, through innovative service model, profit model, organization model and coordination model under the wealth management business, the transformation of wealth management was accelerated. The industry position of the brokerage business was further consolidated, and the income from sales agency and the size of credit business maintained the leading position in the industry. The transformation of Online Galaxy has yielded initial results. China Galaxy Securities App (version 4.0) had monthly average active users of 1,987,300 in 2019, and the number of securities accounts newly opened through the internet channel accounted for 27.73% of total number of new clients in 2019.

02 Another measure is for investment and financing services to serve the physical economy and procure direct financing.

Investment and financing services serve the physical economy and procure direct financing. Through integration of regional service, integration of investment and financing services, integration of customer services and integration of domestic and overseas investment and financing services, corporate customer service capabilities are enhanced. In 2019, the total scale of financing amounted to RMB75.656 billion. The Company commenced comprehensive services such as pre-IPO investment, mergers and acquisitions, fund establishment and bailout, implemented national strategies, served the physical economy, developed direct financing and generated capital.

03 the international business made steady progress. The financial statements of CIMB-Singapore had been consolidated with steady operation, and the capital increase and closing of CIMB-Malaysian were completed.

Through acquiring the Malaysian business of CIMB and steadily advancing international business, the Company has become the Chinese securities company with the widest presence in ASEAN region, and its ability to serve the "Belt and Road Initiative" has been effectively enhanced. The Company's overseas business presence was enhanced, with its overseas business network covering countries and regions including Singapore, Malaysia, Thailand, Indonesia, India, South Korea, the United States, the United Kingdom and Hong Kong.

International business presence

Through Galaxy International's platform in Hong Kong and the business network of its joint venture companies in ASEAN region, the Company will provide trading, financing, merger and acquisition, investment and wealth management services for a variety of domestic and overseas customers. With the opening up of China, overseas investors continued to increase asset allocation in the Mainland China market, and the demand for diversified wealth management products in Mainland China increased. The Company continued to help domestic and overseas customers gain in-depth understanding of the two different markets inside and outside China, and leveraged QFII, RQFII, QDII, Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Shanghai-London Stock Connect, Bond Connect, Fund Mutual-Recognition and other convenience and interconnection mechanisms to expand cross-border transactions, investment and risk management tools. In addition, by centering around the "Belt and Road Initiative" and the development of the Guangdong-Hong Kong-Macao Greater Bay Area and free trade zone, Galaxy International and CGS-CIMB Securities will leverage the Company's overall synergies, maintain a steady position in Asia while keeping a close eye on the world, combine domestic capital and assets with global capital and assets, and strive to become a "financial gateway to Asia".

As at the end of the year, the Company had consolidated the financial statements of CIMB-Singapore and completed the closing in relation to the 50% equity interest in CGS-CIMB Holdings Sdn Bhd in Malaysia with CIMB Group. Currently CGS-CIMB (Singapore) ranks No. 1 in Singapore, No. 6 in Thailand and No. 3 in Indonesia in terms of trading volume, and CGS-CIMB (Malaysia) ranks No. 2. Revenue from overseas business accounted for 6.32% of total revenue of the Group, representing an increase of 2.60 percentage points compared to last year.



Chen Gongyan, the Chairman of the Company, met with the independent director of Central Bank of Malaysia and the CEO of CIMB Group to discuss about the development, expansion of emerging businesses and potential cooperation opportunities of CGS-CIMB upon its acquisition.

Focus on National Strategies

Development of the “Belt and Road Initiative”

In line with the favorable policies for the development of capital market in Xinjiang such as the “Belt and Road Initiative”, the rural revitalization strategy, the targeted poverty alleviation strategy and other national strategies, Galaxy Securities, as a large state-owned listed securities company, actively pushed forward and laid the foundation for the development of the financial service network for the “Belt and Road Initiative”. The Company combined the “Belt and Road Initiative” development strategy with its specific business by focusing on the development of bonds under the “Belt and Road Initiative” in bond business innovation and actively developing bond underwriting business under the “Belt and Road Initiative”, which signaled its firmness in following China's strategies of supporting Xinjiang, poverty alleviation and the “Belt and Road Initiative”.



Case: Acting as lead underwriter of the 2019 tranche 1 medium notes of Beixin Road & Bridge

In April 2019, the Second “Belt and Road Initiative” International Cooperation Summit was held in Beijing. The issue of the 2019 medium notes under the “Belt and Road Initiative” by Xinjiang Beixin Road & Bridge Group Co., Ltd. (“Beixin Road & Bridge”) was also successfully completed on 8 April 2019, with Galaxy Securities as the lead underwriter. Five projects undertaken by Beixin Road & Bridge, including the S2 section of station work of the Golmud-Korla Railway Xinjiang Section, fall under the key construction projects specified in the Construction Plan of Transportation Hub Center in Core Area of Silk Road Economic Belt (2016-2030) published by the Xinjiang Uygur Autonomous Region government, which are of great significance to the steady development and long-term social stability of Xinjiang. Galaxy Securities has played a key supporting role in the issuance with its self-owned capital while playing a demonstration role in the market. Galaxy Securities responded to national calls with practical actions and supported the implementation of the “Belt and Road Initiative” strategy.

Construction of the Guangdong-Hong Kong-Macao Greater Bay Area

The level of development of the Guangdong-Hong Kong-Macao Greater Bay Area is far higher than the national average in the PRC. Its total GDP accounted for 12.4% of China's GDP; total export amount accounted for 26.1% of China's export; total import accounted for 20.2% of China's import. From the perspective of industry structure, there are gradients between industries within the Guangdong-Hong Kong-Macao Greater Bay Area, which can complement each other and realize coordinated development. As for industrial presence, Mainland China can make up for the “industrial hollowing out” in Hong Kong and Macau, and Hong Kong and Macau can support Mainland China by supporting the exports from the manufacturing industry in the Pearl River Delta.





Case: Launching the "2019 China Galaxy Securities's Financial Institutions Procuring Xinjiang Capital Market Development" Conference and the 3rd Galaxy Development Forum

On 22 August 2019, the "2019 China Galaxy Securities's Financial Institutions Procuring Xinjiang Capital Market Development" Conference and the 3rd Galaxy Development Forum was successfully held in Urumqi. The Chairman of the Company, Chen Gongyan, attended the meeting and delivered a speech. Our President, Chen Liang, presided over the meeting. The theme of the conference was "exploring a new model of provision of loan services to Xinjiang's physical economy and jointly building the Xinjiang financial ecosystem". The Company's Chief Business Officer, Wu Guofang, the chief economist, Liu Feng, and some invited guests gave speeches around the theme at the conference. Local financial institutions and business guests had conducted round-table discussions on topics such as "the construction of Xinjiang's financial ecosystem and serving the physical economy" and "rethinking the development of listed companies in Xinjiang". At the meeting the company entered into several strategic agreements with financial institutions and enterprises such as Xinjiang Branch of Agricultural Development Bank, Xinjiang Branch of Postal Savings Bank, Urumqi Branch of China Everbright Bank, Xinjiang Zhongtai (Group) Co., Ltd., Xinjiang Production and Construction Corps Construction Engineering (Group) Co., Ltd.



Case: Construction of the Guangdong-Hong Kong-Macao Greater Bay Area

On 25 December 2019, Mr. Chen Liang, President of the Company, was invited to a forum on supporting high-quality development of Guangzhou held by Guangzhou municipal Party committee and municipal government in Beijing. At the forum, Mr. Chen Liang, on behalf of Galaxy Securities, made a speech titled "Supporting regional development and together building a mature international financial center", in

which he expressed the sincere support of the Company for Guangzhou municipal Party committee and municipal government in the full implementation of the Outline of Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the hope that he will lead the wealth management, investment and financing and cross-border business lines in participating the establishment of a modern financial service system adapting to the core engine function of the Guangdong-Hong Kong-Macao Greater Bay Area. The Company will, with its Guangdong Branch as the foothold, build an integrated financial service platform with Guangzhou at the core which covers the Guangdong-Hong Kong-Macao Greater Bay Area, supports the infrastructure of home ports in the Bay Area, cultivate the development of strategic emerging industries, have its foothold in South China and face the world.





Case: The Company attended the Shenzhen Stock Exchange Technical Conference and assisted in the holding of the “financial security” sub-conference

On 26 November 2019, the Company attended the 2019 technical conference held by the Shenzhen Stock Exchange with the theme of “Building New Ecological System in the Industry with Technology”, and, together with Huawei, assisted in the holding of the “financial security” sub-conference. Such industry-wide technical conference deepened technical exchange and cooperation in the industry, stimulated the driving force for technical innovations in the industry, facilitated the digital transformation and upgrading of the industry, enhanced the technologies’ role in driving industry development, and strengthened the ability of the capital market to serve real economy. The conference attracted attention from and was well received by all parties and achieved a complete success.



Case: The Company entered into a strategic cooperation agreement with Huawei Technology Co., Ltd.

On 26 November 2019, the Company and Huawei Technology Co., Ltd. (“Huawei”) entered into a strategic cooperation agreement at Wuzhou Guest House Shenzhen.

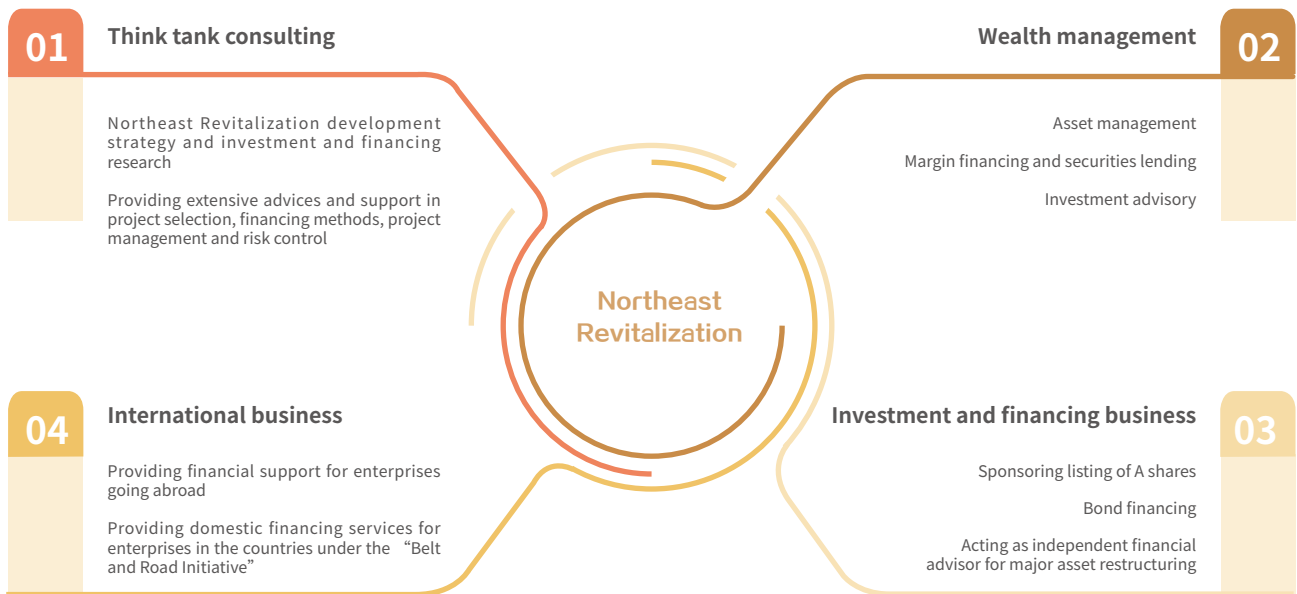
Huawei is a leading information and communication technology (ICT) solution provider in the world. It focuses on ICT area, sticks to steady operation, continuous innovation, opening up and cooperation, and provides competitive ICT solutions, products and services for enterprise customers and consumers.

Pursuant to the agreement, the Company and Huawei will cooperate in the application and advancement of digital transformation technologies and the research of future technical trends, with the common goal of ensuring the security and reliability of the ICT infrastructure of the Company, advancing its digital transformation, facilitating its innovations in financial technologies, and providing strong and effective support with Huawei for the Online Galaxy and “Intelligent Galaxy” strategic plan.



Northeast Revitalization

The Northeast Revitalization is one of the four major segments of regional development in the PRC. Northeast China has a superior location and a strong industrial foundation. Local government shall facilitate the sharing of resources and division of labor within the region, accelerate the free flow of resources and market elements, and reduce costs and improve efficiency for the development of the region. In addition, it shall promote the coordinated development of industries among regions, clarify the undertaking and complementary relationship between industries of Northeast China and other regions, strengthen the interest ties and adjustment mechanisms for the coordinated industry development, and form a reasonable pattern of differentiated competition and cooperation and regional synergy. Galaxy Securities will make full use of its own advantages to provide financial support for the Northeast Revitalization strategy in areas including think tank consulting, wealth management, investment and financing business and international business.



Case: 2019 "Beijing-Shenyang" Cooperation & Second Galaxy Development Forum

On 15 August 2019, the 2019 "Beijing-Shenyang" Cooperation & Second Galaxy Development Forum with the theme of "Innovation leading, industry and financing empowering" was held in Shenyang. Nearly 300 persons, including representatives from government authorities, senior management or investment managers of listed companies and financial institutions and industry experts and scholars attended the forum. They further reviewed the experience and achievements in the cooperation between Beijing and Shenyang, researched and determined the objectives, focuses and paths for cooperation in the next stage, discussed the specific contents and safeguard measures for the cooperation on investment and financing in order to offer wisdom and suggestions for balanced regional development and the construction of a coordinated development mechanism.

Mr. Chen Liang, president of Galaxy Securities, said that, as an industry-leading large state-owned securities company, Galaxy Securities has been taking upon itself to implement China's coordinated regional development strategy and has established a cooperation and exchange platform between Beijing and Shenyang with the resource advantage of China Investment ecosystem to effectively promote the comprehensive Revitalization of Northeast China.

In addition to making the relevant speeches and participating in panel discussion, China Galaxy Securities also entered into strategic agreements with Shenyang Shengjing Equity Investment Fund Management Co., Ltd., Liaoning Fangda Group, Shenyang Sujiatun District People's Government, Shenyang Fangde Town Construction and Operation Co., Ltd., Shenyang High Precision CNC Intelligent Technology Co., Ltd. and Shenyang Heping District State-owned Assets Management Co., Ltd. at the forum.



03

ADHERING TO THE CUSTOMER FIRST AND PROVIDING QUALITY SERVICES

Securities companies shall take on the responsibility of wealth management organizations for the public. They not only shall manage the wealth of high-net-worth customers, but also shall provide inclusive services for the wider public by thinking for investors wholeheartedly and enriching customer experience to let every investor share the benefits of economic growth in China, so as to realize the preservation and appreciation of personal wealth.

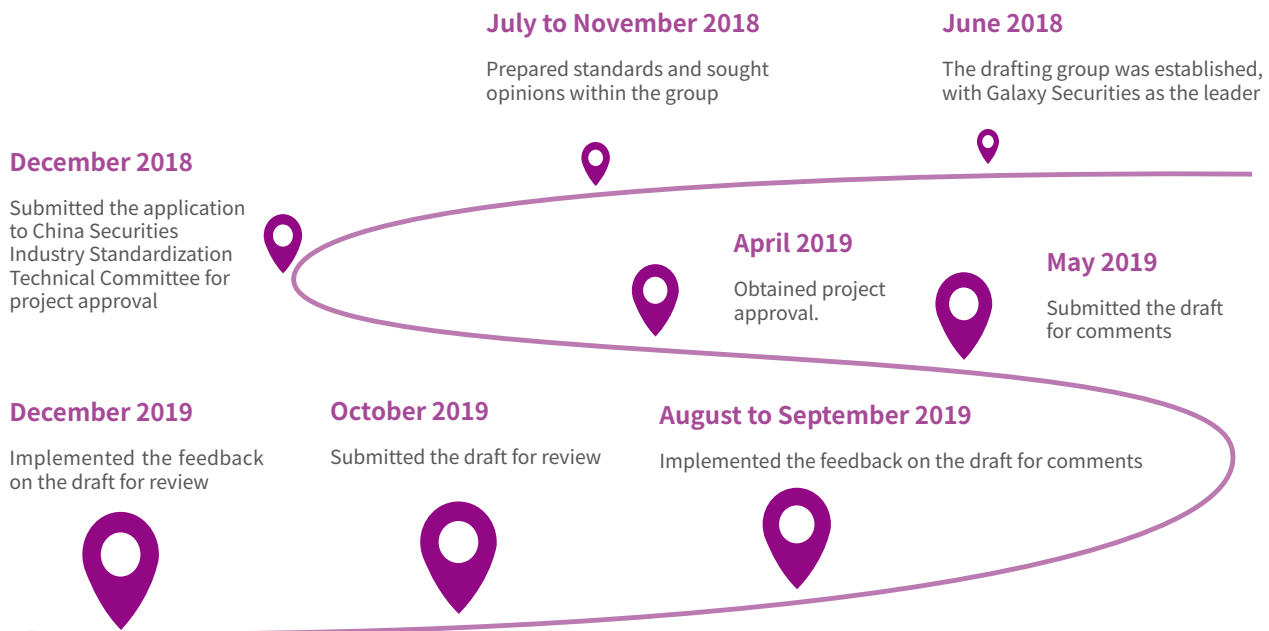


Refining Product Categories

Facilitating the preparation of introduction standards for financial industry products

With the rapid development of China's financial industry, a variety of financial and wealth management products have emerged in the market in recent years. While the sales documents of financial products are quite detailed, their rich contents, complicated provisions and extensive jargons often make it difficult for investors to make informed decisions on the substantial risks of the asset management products they intend to purchase.

In 2019, Galaxy Securities participated in the preparation of the standard for the Elements of Asset Management Product Introduction, the first such standard in the PRC financial industry, and led the preparation of the standard for the Securities and Futures Asset Management Plans and Related Products. Such standards will enable investors to fully understand the categories of products and independently choose investment directions, expand the investment channels for the public, inhibit disorderly financial innovations, and make up for the lack of legal system construction. They are of great significance to protect the interests of small and medium-sized investors and maintain social stability and national financial security, and will also benefit China and its people in the long term. They will also lay a foundation for enhancing China's voice and influence in the international financial field and contribute to the promotion of China's financial product regulation mode and experience in the world.



Introducing products to subscribe for new shares in the Science and Technology Innovation Board and serving customers in asset allocation

The Science and Technology Innovation Board is of significant strategic importance as it aims to achieve development powered by national innovation strategies under the market mechanism through a hybrid model of national strategic capital + market and social capital. The Science and Technology Innovation Board serves as an experimental field of reform. It not only represents changes in the listing and trading system, but also will hopefully cultivate long-term securities market investors who will invest sufficient capital capable of taking risks in innovations as the market system and institutional environment continue to improve.

With the commencement of trading in the Science and Technology Innovation Board, Galaxy Securities actively responded to the calls in the capital market by starting with agency sales of financial products in the Science and Technology Innovation Board in view of customers' needs for asset allocation. It strived to build a strategic product line of subscribing for new shares in the Science and Technology Innovation Board, which covered 119 branches with special marketing activities and forum promotion. This has effectively supported China's strategy for the Science and Technology Innovation Board and encouraged customers to support the capital market and the financing for real economy in the form of long-term investments in products.



Optimizing Customer Experience

Upgrading the integrated service platform for retail customers

The Company upgraded the integrated service platform for retail customers in 2019. The integrated service platform for retail customers is an important supporting platform for employees at the brokerage business line of the Company to serve customers and an IT system incorporating customer service, marketing support and performance tracking functions. The launch of the platform enriched the retail customer label system, formed a label matrix of five major categories and 15 sub-categories, made total number of customer labels reach 317 and gradually realized accurate portrait of customers. Through customer portrait, the Company was able to provide accurate, active and immediate care services, and the efficiency and accuracy of team marketing services were significantly improved to provide data support for the Company to make informed and correct decisions.

“Fortune Star” launches new services

In 2019, Galaxy Securities launched the “Fortune Star - Service Commission” service and the “Fortune Star - Public Fund” service. “Fortune Star - Service Commission” is a commission-based investment advisory service mainly recommending A shares (including ETF) and providing investment recommendations and follow-up. It is connected to multiple back-office systems and enables customers to receive real-time investment advisory services through multiple channels. With the philosophy of “investment advisory service for buyers”, it provides asset allocation services with characteristics of the securities industry to meet customers' needs for stock assets allocation. As at the end of 2019, it had contracted assets in the total amount of RMB30,356 million and 22,224 contracted customers.

“Fortune Star - Public Fund” recommends different public funds and investment portfolios for different objectives, continues to track and manage product investment strategies to meet the wealth management needs of customers who prefer allocation, and assists customers in making reasonable plans for their assets to fully enhance users' experience in enjoying wealth appreciation.

Holding a series of wealth management forums

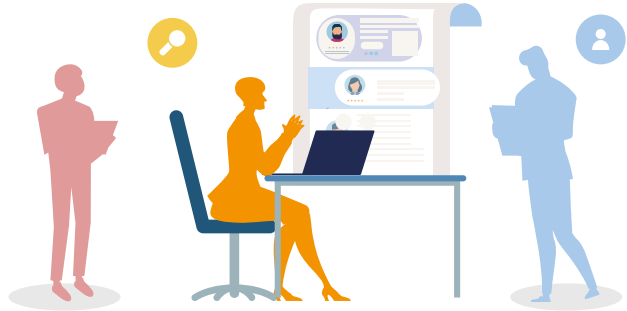
The Company held “Investment Skills” and “Investment in Science and Technology Innovation Board” series of wealth management forums, and its branches independently held investment report meetings in various forms, which had strengthened the professional services provided to high-end customers, significantly improved service quality and were widely well received by customers. From June to August 2019, the “Investment Skills” series of wealth management forum invited top industry experts within and outside the Company and held 20 large investment report meetings in 20 cities of 18 provinces in the PRC. To cope with the commencement of trading in the Science and Technology Innovation Board, the Company subsequently held wealth management forums for investment in the Science and Technology Innovation Board and held 18 large investment report meetings in 18 cities across the PRC, which provided strong support for customers to understand and master the investment and trading in the Science and Technology Innovation Board.



In the “Second New Fortune Best Investment Advisor” selection, Galaxy Securities won the second place in the best investment advisor teams, and 15 employees of the Company won the title of “New Fortune Best Investment Advisor”, with the number of its winners accounting for 16% of all winners in the PRC.

Responding to Customer Feedback

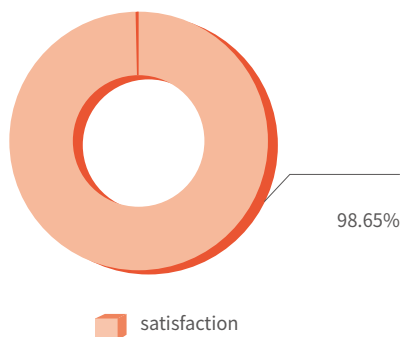
Galaxy Securities regards customer feedback as an important link in maintaining good communication with customers. The Company implements a “first responder accountability system” for handling customer complaints, i.e. the first employee to receive or accept customer complaints, whether or not he is a customer complaint handler, must follow up on the handling of complaints throughout the process. The principle of handling customer complaints is “smooth channels, proper handling, timely feedback, implementation and improvement”. All units must deal with customer complaints in accordance with the law and the basic requirements of respecting the facts and protecting the legitimate rights and interests of customers.



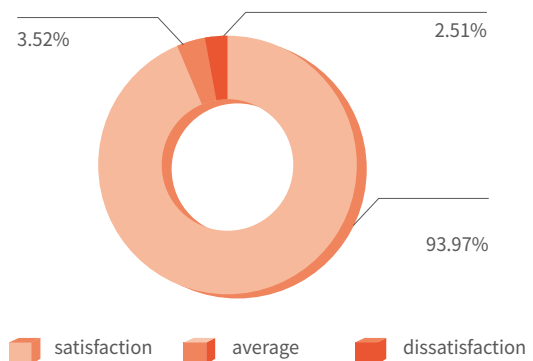
Currently the Company has set up a leading group and working group for customer complaint handling to coordinate and manage complaints from brokerage business clients. The related departments carried out division of responsibilities: Customer Contact Center at the wealth management headquarters is responsible for receipt, distribution, coordination, tracking, supervision, feedback, visit, aggregation, reporting and filing of customer complaints; each branch is responsible for receipt, investigation, handling, feedback, reporting and filing of customer complaints. Most of customer complaints to the Company were made by telephone.

In 2019, the Company properly handled all kinds of major, complex and special complaints, and there was no escalation of customer complaints caused by improper handling. The handling rate of customer complaints reached 100% and the settlement rate was 81%. For the complaints being handled, the Company is still maintaining active communication with customers and strives to solve their needs.

**In 2019, the return call satisfaction rate
of new customers of the Company**



**In the survey of customer complaint
telephone evaluation satisfaction**



Protection of investors' Rights and interests

Galaxy Securities always regards protecting the legitimate rights and interests of investors as its fundamental mission and attaches great importance to investor suitability management. By establishing a model combining closed-loop suitability management and strengthening continuous management, the Company has effectively fulfilled its obligation for suitability management. In addition, with the promulgation of the new Securities Law, the Company fully implemented investor suitability management in four areas.

01. Obtaining comprehensive information of investors and prudently assessing the risk tolerance of investors

According to the profiles of investors, the Company divides investors into professional investors and ordinary investors, and performs special protection obligations for ordinary investors in terms of information disclosure, risk warning and suitability matching. Based on the risk tolerance of investors, the Company further refines the investor categories for management, and divides the risk tolerance of ordinary investors into five categories from low to high: conservative (including the category with the lowest risk tolerance), relatively conservative, stable, relatively aggressive and aggressive.



02. Scientific and reasonable classification of product or service risk levels

Based on the nature and characteristics of the products or services, the Company assesses the risk levels of products or services sold by it and divides them into five levels of risk: low risk (R1), medium and low risk (R2), medium risk (R3), medium and high risk (R4) and high risk (R5), and reviews the risk levels of financial products or services from time to time in view of business management needs.



03. Fully disclosing risks and providing right products and services to suitable investors

The Company determines the categories of investors suitable for purchasing products or services according to different risk levels of products or services, determines the products or services suitable for purchase by different categories of investors according to the classification of investors, and provides clear opinions on suitability match and discloses the relevant risks according to the results of suitability match or mismatch.



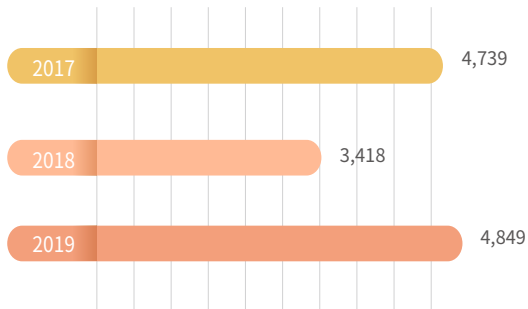
04. Strengthening continuous investor suitability management

In 2019, Galaxy Securities continued to improve and advance continuous investor suitability management. It formulated the Implementation Rules for the Investor Suitability Management for Trading in the Science and Technology Innovation Board for the launch of the Science and Technology Innovation Board, facilitated the update of risk tolerance assessment of existing investors and the implementation of follow-up assessment of the relevant business, regularly organized and carried out self-examination of investor suitability management, conducted the relevant business training for suitability management from time to time, prepared and distributed business instruction manuals, and fully, effectively and practically fulfilled its responsibility for investor suitability management.

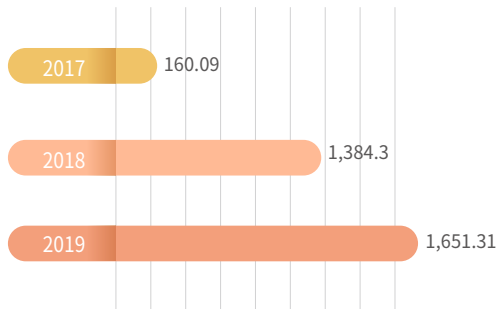


Investor education of Galaxy Securities from 2017 to 2019

Number of investor education sessions (times)



Investor education coverage (10,000 person-time)



Investor education achievements

Award	Issuing institution
Recognized as “Outstanding” in the assessment of national securities and futures investor education bases 2018-2019	China Securities Regulatory Commission
Outstanding securities company in the 2018 investor survey of China Securities Investor Protection Fund Corporation	China Securities Investor Protection Fund Corporation
2019 Special Graphic Award for Investor Education for the Science and Technology Innovation Board	Shanghai Stock Exchange
Best Organization Award in 2019 “E Ask and Answer” ETF Knowledge Contest	
2019 Outstanding Investor Education Team Member Nomination Award	Shenzhen Stock Exchange
Second prize in financial analysis of Micro Class for Investment Knowledge	
Video Group Gold Medal of 2019 China Investor Education Comics, Light Cartoon and Short Video Competition	
Top Ten Investor Education Pioneer Award	ShaanXi Broadcasting Corporation
2018 Campus Investor Education Advanced Unit	Shandong Securities Association
Outstanding Promotion Award and Outstanding Organization Award in Gansu of 2019 “Here Come Investors” Investor Equity Knowledge Competition	Gansu Listed Companies Association, Gansu Securities and Futures Association

In 2019, Galaxy Securities carried out annual investor education activity of “Intelligent Investor Education for Wealth Appreciation” and actively organized special investor education activities as required by regulatory authorities, stock exchanges and industry associations.

01 Advocating rational investment

“Science and Technology Innovation Board for Us” special investor education activity. Through the activity, the Company explained the operation mechanism of the Science and Technology Innovation Board and the registration system to investors, guided their expectations, disclosed the risks relating to the Science and Technology Innovation Board, and helped investors fully understand the positive meanings of the launch of the Science and Technology Innovation Board and the registration system, gain an objective understanding of investment opportunities and risks arising from the Science and Technology Innovation Board and make rational investments.



“May 15 China Investor Protection Publicity Day” launch ceremony. Yi Huiman, chairman of the CSRC, and representatives from the Supreme People’s Court of the People’s Republic of China, market players, media and investors jointly launched the publicity day activity. Mr. Chen Gongyan, Chairman of the Company, attended the launch ceremony as a special representative of market players and made a speech on investor protection. The Company’s branches across China actively responded to the call of the CSRC by organizing May 15 China Investor Protection Publicity Day series of activities to advocate the philosophy of rational investment and protect the legitimate interests of investors.



02

Staying away from illegal fundraising

“2019 Illegal Fundraising Prevention Publicity Month Activity & Special Operations for Illegal Fundraising Risk Identification”. The Company expanded the coverage of the publicity for preventing and combating illegal fundraising through multiple channels, and arranged its branches in Beijing to identify the potential risks of illegal fundraising in their own publicity and business activities.



“Recognizing the Essence and Staying Away from Off-floor Financing and Illegal Securities Activities” illegal activities combating publicity month activity, aimed to strengthen investors' ability to identify illegal securities activities and their risk awareness. The Company carried out targeted publicity and education for preventing securities activities specially designed for middle-aged and elderly customers, and designed and published the brochure “How to Prevent Illegal Securities Activities for Middle-aged and Elderly People”. In order to strengthen the publicity for fighting illegal securities activities in poor areas, the Company organized publicity for fighting illegal securities activities in Jingning County, Gansu Province to help investors improve their ability to prevent risks.



03 Improving financial quotient of the youth

“Galaxy Investment Wisdom” special investor education activity in 100 colleges. Based on the Company's internet investor education base and platform, the Company's headquarters and branches conducted extensive cooperation with colleges or secondary vocational schools in the areas where they operate to spread securities and financial knowledge, which covered 13,000 teachers and students from 101 colleges across China.

“E Ask and Answer” First ETF Knowledge Contest. On the 15th anniversary of the establishment of China's ETF products, the Company cooperated with the Shanghai Stock Exchange to organize activities targeting public investors and college students, which guided investors into fully understanding ETF trading rules and becoming aware of investment risks through online quiz.



“Little Galaxy Financial Quotient Training Camp” publicity activity. Leveraging the professional investor education products of teenager financial quotient education developed by it, the Company promoted securities investment knowledge to teenagers to improve their risk awareness, and strived to guide teenagers into establishing a correct concept of wealth and improving their financial quality through combining education with entertainment. It published the “Little Galaxy Financial Quotient Trip” junior high school series of image and graphic products and animation at its online investor education base, and fully advanced the inclusion of investor education into the national education system.



Case: “Online Galaxy” investor education base

In 2019, in addition to its six major module functions, Galaxy Securities investor education base combined key business with investor education service in depth, launched “Science and Technology Innovation Board” and “Stock Options” investor education columns, and optimized and upgraded business columns in an all-round way.

In order to protect the interests of investors, Galaxy Securities investor education base independently developed investor education graphics, videos and animations, and introduced interesting interactive games, which made entertainment a medium of education, strengthened investors' participation and recognition, realized the transformation from traditional paper-based investor education products to electronic products and enhanced investors' service experience with entertainment and diversified innovative ways.

In 2019, the Company produced a total of 228 original investor education products, which received approximately 280 million of views online. It has received a number of awards from stock exchanges and wide recognition from investors for these original graphics, animation and videos. On the basis of existing simulated transactions, the Company developed and launched diversified interactive game products, which greatly enriched the models for investors to participate in investor education publicity and enabled them to learn about securities and finance in a relaxed entertainment.

As at the end of 2019, the number of page views of the investor education base for the year exceeded 300 million and the number of visitors reached 15.67 million. In the future, Galaxy Securities investor education base will further give full play to its advantage as an internet investor education base, build a characteristic brand of “Online Galaxy” for investor education, and continue to protect the rights and interests of investors.



Special Topic: Transformation and Upgrading of Wealth Management, Financial Technology Empowers Transformation

As the transformation of wealth management has become a consensus in the securities industry, how to well manage the wealth of investors has become the next step for securities companies to explore.

On 23 December 2019, the wealth account of Galaxy Securities was officially launched, realizing the separate setting of investor objectives and management of investor assets by category. Investors may create separate wealth accounts for different objectives in view of their own needs and enjoy differentiated, personalized and diversified wealth management services. As of 31 December 2019, 15,850 customers opened 16,430 wealth accounts, with assets of clients opened the wealth accounts reaching RMB7.7 billion.

Creating “Small Goals” in life

Investors have different wealth management goals at different stages of life. Galaxy Securities launched the wealth account function, through which investors are free to create accounts to meet the needs of capital “classification” to purchase and hold various investment products. Investors are granted the privilege to set their own account name. Behind each playful and personalized account name is their real demand for wealth management classification and the full yearning for a better life.

Wealth account, a pioneer in the industry

From the perspective of IT, in order to fundamentally carry out the classified management of wealth, it is necessary to adjust account structure. The wealth account launched by Galaxy Securities brought investors a good service experience without adding any redundant actions. Starting from the bottom layer of account system, developers developed wealth accounts under the existing third-party capital custodian framework, which enabled investors to use such function conveniently and smoothly after logging into their accounts. Only after the account management and the classification of funds are realized can securities companies give full play to their ability to collect funds from various areas and establish an account management business model covering all products, so as to provide investors with better financial service packages and personalized investment solutions.

Account + service grow with customers

In view of the scenario needs of different wealth accounts, Galaxy Securities will offer targeted professional services for investors to choose according to their own actual situation. After establishing various scenarios, the wealth account will provide corresponding investment portfolios to meet different investment needs. With the growth of investors, it will continue to provide value-added services according to the categories and investment assets in different accounts.

Galaxy Securities is undergoing a customer-centered transformation. In addition to stock investments, the wealth account in fact guides investors into facing up to their own situations and needs including income, consumption and risk tolerance and reasonably transferring their assets into the wealth account for asset preservation and appreciation. The setting up of wealth accounts and the promotion of wealth management concepts are also a process of guiding investors into gradually returning to rationality and cultivating wealth management awareness. Wealth management really puts forward the idea of growing together with customers, reshapes customer relationship, and represents the realization of the value of investor education while continuing to help customers establish healthy investment concepts.

The transformation of wealth management business is an inevitable trend in history, the need of the times, and also the development direction of the capital market in the new era. Taking customers as the center is more than just talk. The small goals of customers are the big goals of Galaxy. Securities companies shall take on the responsibility of wealth management organizations for the public. They not only shall manage the wealth of high-net-worth clients, but also shall provide inclusive services for the wider public to let every investor share the bonus of economic growth in China, so as to realize the preservation and appreciation of personal wealth.



Case: The Company successfully launched wealth account & China Galaxy Securities Global Allocation Index

On 23 December 2019, Galaxy Securities launched wealth account and China Galaxy Securities Global Allocation Index in Beijing. More than ten guests from China Investment Corporation, Central Huijin, Alibaba and Morgan Stanley attended the launch meeting and had a heated discussion about the new opportunities arising from the transformation of wealth management. Mr. Chen Gongyan, Chairman of the Company, attended the meeting and Mr. Chen Liang, President of the Company, gave a speech. In 2019, Galaxy Securities' brokerage business accelerated the transformation into a "customer-centered" wealth management model and the establishment of a wealth management system of "customer classification, diversified products, investment advisory services at different levels and layers, technical support".



At the meeting, Galaxy Securities also launched China Galaxy Securities Global Allocation Index (CGSGLOBE) and published index data online at Bloomberg. Such index is designed based on cross-asset trend trading strategy and risk parity asset allocation strategy and can achieve excess investment returns through dynamic and decentralized allocation of major categories of global assets. For specific application, such index can be applied to income receipt design, OTC options business, Jinhui FOF product design and QDII business to provide new channels for investors to invest across borders.



In the context of economic globalization, global asset allocation has become an inevitable trend. In the future, Galaxy Securities will further launch characteristic overseas industry indexes to provide new ideas for investors.



Case: A major upgrade to China Galaxy Securities App 5.0

On 23 December 2019, China Galaxy Securities made a grand launch of its version 5.0 App. This upgrade added a number of important functions including wealth account, scenario wealth management, portfolio trading and securities margin trading condition order, and optimized and upgraded trading experience. This signaled that, driven by financial technologies and supported by professional technical capacities, Galaxy Securities has taken another important step in the process of wealth management transformation.



Wealth account sets life goals

Among the new functions of the version 5.0 App, the original “financial management” section was officially renamed as the “wealth management” section, and the “wealth account” has been visually displayed at the center of the interface. Investors may create separate wealth accounts at will based on their own objectives and risk preferences and purchase corresponding products to easily realize asset allocation. Based on different objectives and asset categories of accounts, wealth accounts will also reflect professional services in three major areas, being securities services, financial services and asset allocation services, and realize intelligent services and targeted marketing with the support of big data.

Four Major scenarios

Different clients are in different stages of life. The four major scenarios covered different life stages and offering different wealth management solutions



Smart trading took the lead in covering margin borrowing and securities lending business

The smart trading function of the version 5.0 App was upgraded again, and users of securities margin trading can conduct stock purchase through financing and repayment with stocks in the new App, which significantly saved the time for investors to monitor price. The launch of smart trading function attempts to realize a breakthrough in the limit of time for price monitoring, which is an attempt at another dimension.

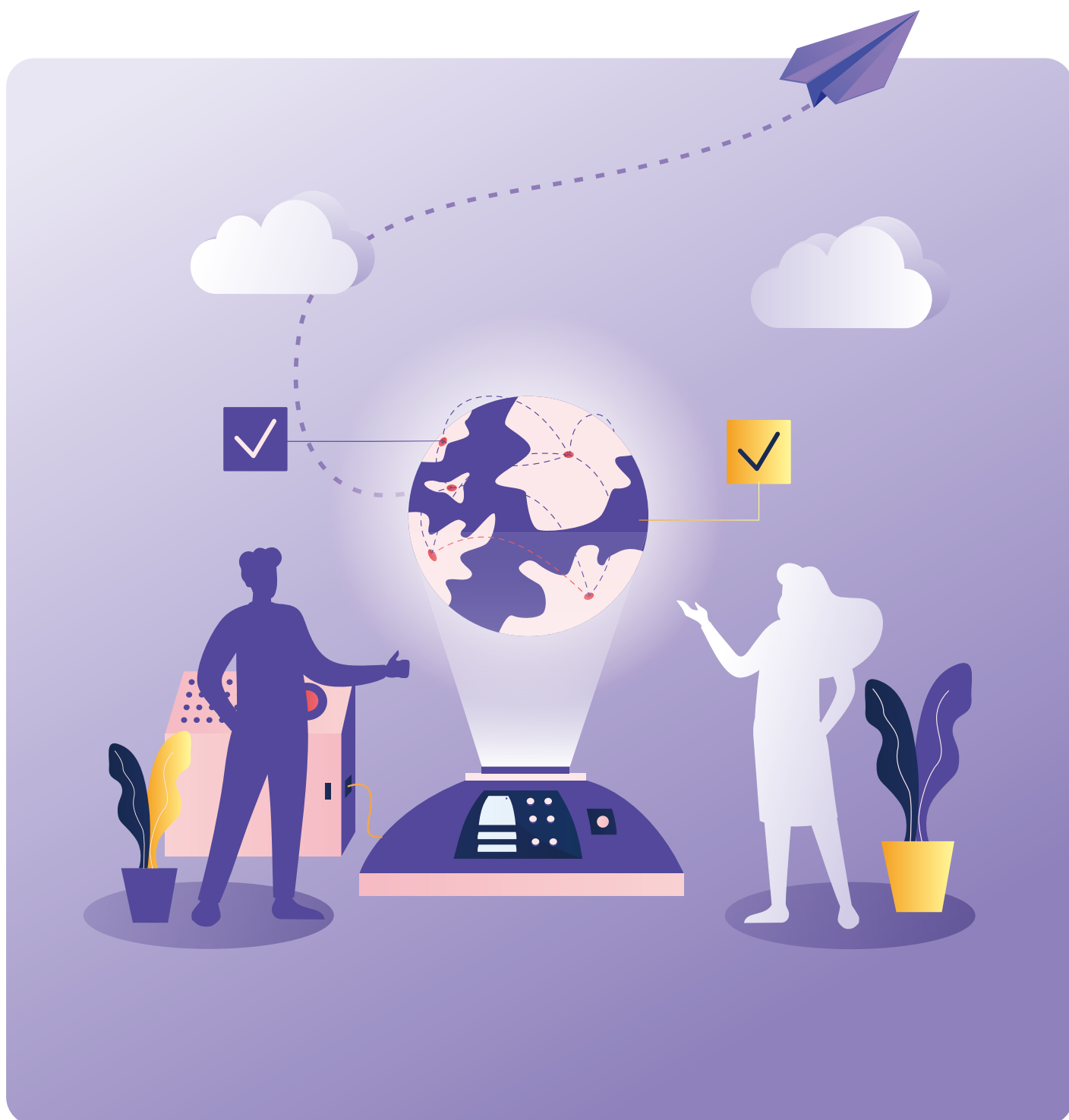
In addition, the version 5.0 App has made many functional innovations in general trading. Through constant analysis of trading scenarios, the App has launched new functions including quick clearance, smart trading keyboard and trading detail book. The elaborate designs make trading easier and more efficient.



04

ADHERING TO EMPLOYEE-ORIENTED AND WORKING TOGETHER FOR GROWTH

In 2019, the Company paid attention to the implementation of the “six stabilization” and made great efforts in “stabilizing employment, stabilizing finance, stabilizing foreign trade, stabilizing foreign investment, stabilizing investment and stabilizing expectation”. In particular, in “stabilizing employment”, as employment is the foundation of people's livelihood, the Company placed “stabilizing employment” in a prominent position by focusing on the employment of college graduates and retired soldiers. It strived to implement a positive employment policy and enhance employees' senses of security, gain and happiness.



Protection of Employees' Rights and Interests

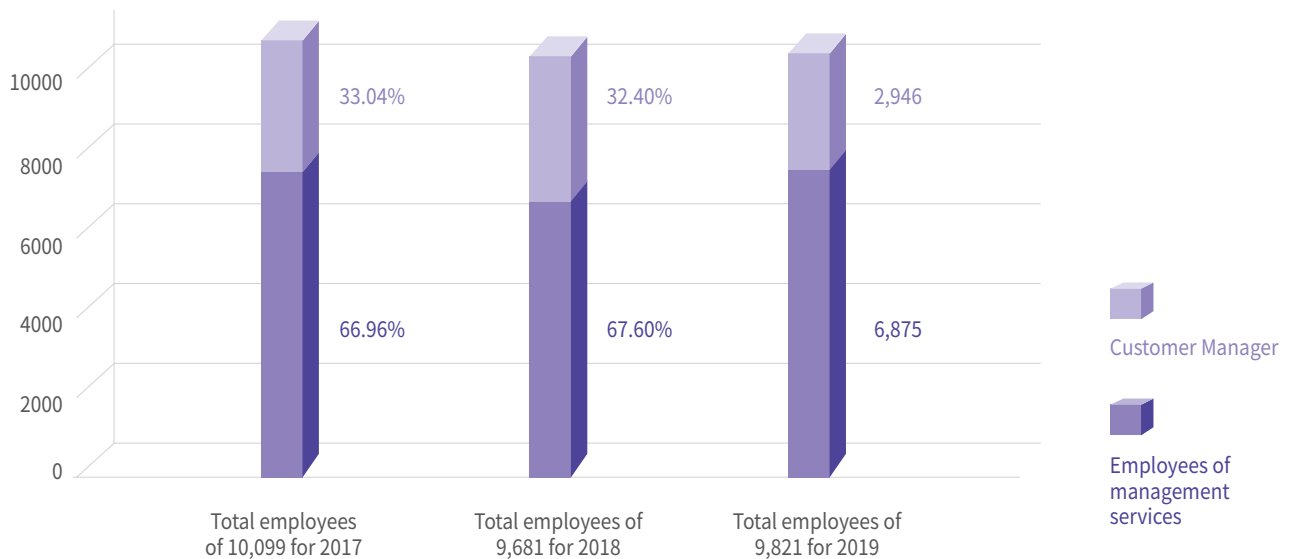
The Company strictly abides by the laws and regulations in the PRC relating to human resources and strives to improve its rules for human resources. In 2019, the Company successively revised the Administrative Measures for Staff Recruitment and the Administrative Measures for Positions and Ranks, and leveraged the same and the Implementation Measures for Remuneration Distribution and the Administrative Measures for Staff Benefits of the Company to provide multiple protection for the legitimate rights and interests of employees and protect their development.

Staff employment

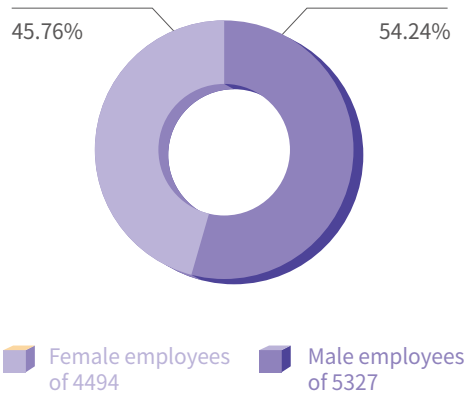
The Company regulated the recruitment of employees at the headquarters and branches, further implemented the principle of “Party leads cadres and talents” , optimized recruitment standards for different levels of employees in light of the conditions of external talents and the requirements for specific positions, clarified the timeliness requirements for overall recruitment and various links, and further improved recruitment efficiency.

In order to build a high-quality workforce and enhance the core competitiveness of its key businesses, the Company has made personnel reserve for its business transformation. Following the principle of “reasonable allocation of suitable persons to matching positions and matters” , in 2019, the Company received two demobilized army cadres, recruited 72 fresh graduates, and obtained 159 outstanding talents urgently needed for its business development through social recruitment. The recruited employees signed employment contracts with the Company in compliance with the Labor Contract Law, which set clear responsibilities and obligations for the Company and its staff and completely eradicate child labor and forced labor.

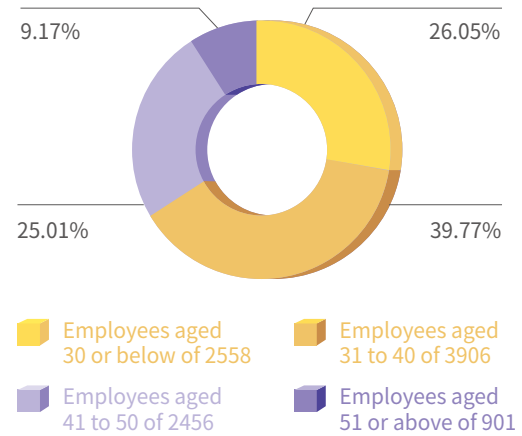
Total employees of Galaxy Securities in 2017-2019



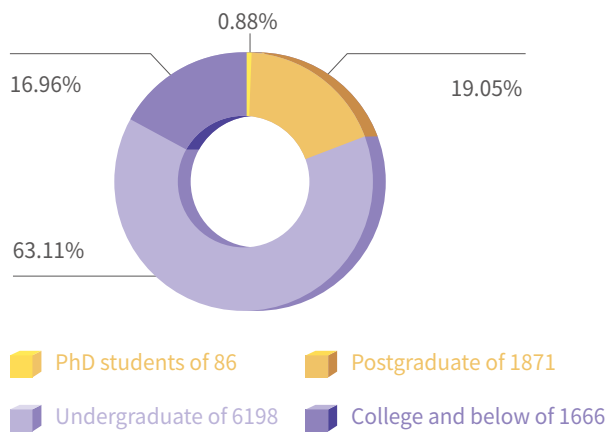
**Percentage of employees of Galaxy Securities
in 2017-2019 (by gender)**



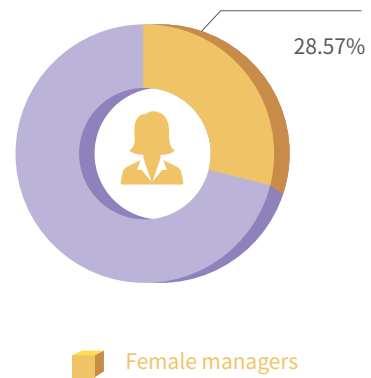
**Percentage of employees of Galaxy Securities
in 2017-2019 (by age)**



**Number of employees and percentage of employees
of Galaxy Securities in 2017-2019 (by education level)**



**Proportion of female managers of Galaxy
Securities in 2019**



Employees' rights and interests

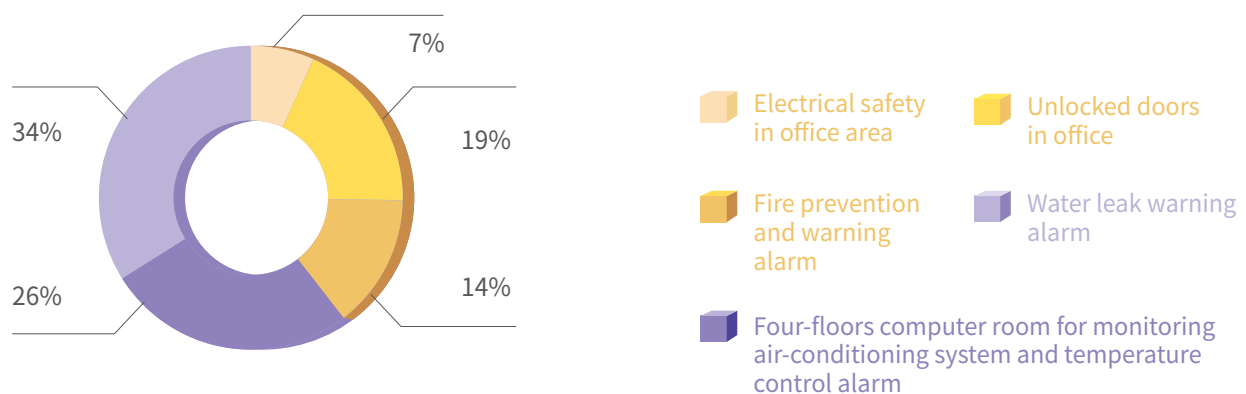
The Company advocates fairness and multiculturalism and provides a wide range of benefits for employees, and employees are entitled to reasonable remuneration and leave in accordance with the law. In addition, in compliance with the Administrative Measures for Staff Benefits of the Company, while providing employees with statutory benefits including contributions for pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, the Company also provides employees with supplementary medical insurance, annuity fund, physical examination for staff and other supplementary benefits in accordance with national policies and based on its operating performance to improve employees' satisfaction and sense of belonging. For retired staff, the Company revised the Administrative Measures for Staff Retirement of the Company in recent years to provide retirement subsidies, regular physical examinations and other benefits to retired staff based on certain standards.

The Hong Kong subsidiary is committed to ensuring that its employee policies, procedures and codes of practice meet the requirements of laws including the Hong Kong Employment Ordinance in all respects. It has established the relevant protection in accordance with the requirements of local government and its internal employee guidelines. To attach importance to human rights protection, the Hong Kong subsidiary has provided basic protection, including group medical insurance plan, mandatory provident fund plan, employee compensation insurance, business travel insurance, medical insurance plan and employee compensation insurance protection.

In order to further strengthen the democratic management of the Company, protect employees' right to know, participate, express and supervise, and fully mobilize the enthusiasm, initiative and creativity of the working class, the Company's labor union held the fourth meeting of the second session of employee representative meeting in the form of live + video conference on 26 December 2019. 216 employee representatives attended the meeting, at which the proposals including the Proposed List of Presidium and the Proposal for Adjustment of Members of Enterprise Annuity Management Committee were considered and passed.

The Company experienced no work-related injury accidents in 2019.

Hidden security risks investigated and eliminated by Galaxy Securities in 2019



Remuneration and benefits

In 2019, the Company facilitated the revision of its position and rank system, accelerated staff promotion and provided larger room for career development of employees. In accordance with the requirements of the Administrative Measures for Positions and Ranks (2019 Revision), the Company adjusted the positions, ranks and remuneration of all employees at the headquarters for the fifth straight year.

In addition, in distributing the bonus for 2019, the Company set up a market-oriented incentive mechanism based on net profit performance in accordance with the Implementation Measures for Remuneration Distribution. Following the principles of “market-oriented and performance-oriented” and “incentive and constraint at the same time”, the Company designed bonus distribution methods matching the characteristics of each business line while providing competitive remuneration.

Career development

The Company has always attached great importance to the selection and training of key young employees. It has formulated the Administrative Measures for Backup Talents, providing an institutional system for the growth of excellent talents. To fully stimulate the vitality of key young employees, the Company has broken down its strategic objective into key performance indicators and key tasks of each business line, department and employee to ensure transparent, systematic and objective performance assessment.

In order to strengthen the training of young cadres, establish a team of sufficient high-quality key young employees, further explore outstanding talents and reserve cadres and solve the problem of development potential, the Company has provided a Green Channel for Growth of Outstanding Talents in the Administrative Measures for Positions and Ranks (2019 Revision), which showed an obvious positive incentive effect.

From 2017 to 2019, the Company held six seminars for young cadres and trained 273 new key young employees. It guides key young employees into participating in the business line transformation and provides a broad stage for them to exhibit their talents and make their marks.

Promote Employee Development

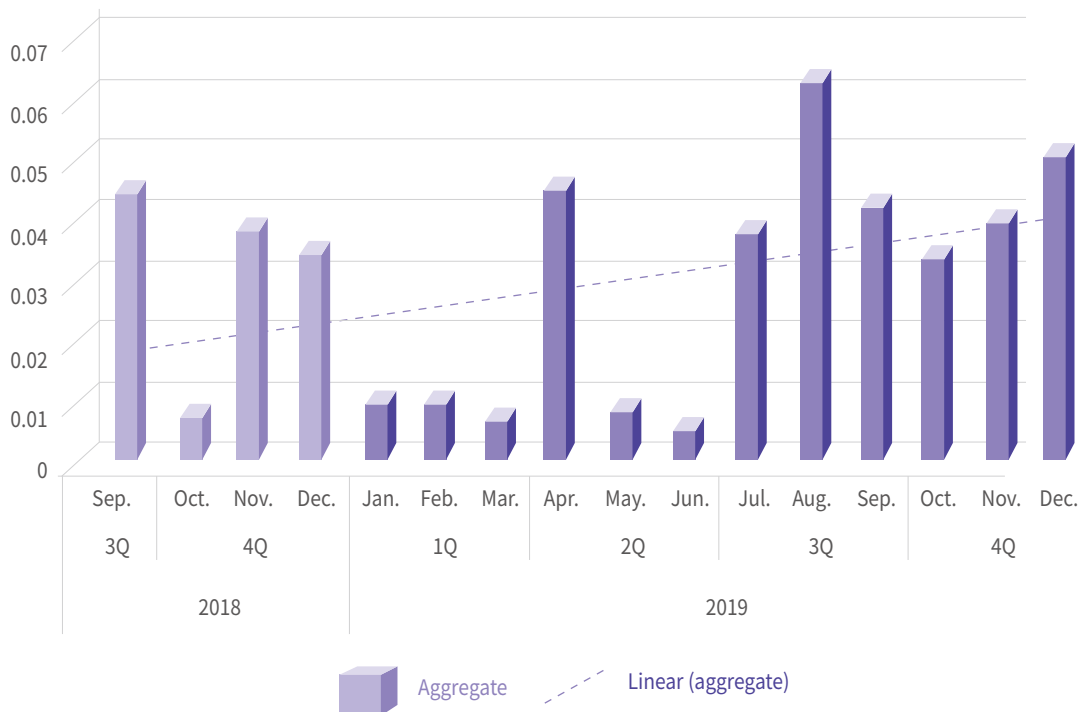
To improve training, Galaxy Securities actively carried out training innovations while striving to optimize its training system. In 2019, Galaxy Securities steadily and orderly carried out training activities and projects with various forms and rich contents through developing an annual training plan, which has improved the quality and business skills of employees in a targeted manner.

Improving and revising training system. In March 2019, the Company revised and supplemented its existing system by issuing three rules, being the Administrative Measures for Staff Training (2019 Revision), the Implementation Rules for Internal Trainers and Curriculum Research and Development and the Administrative Measures for Attending External Training. The Company has set up the position of training specialist in 36 branches across China. In the future, the training center will strengthen the connection to training specialists to assist in the training of branches of the Company.

“Galaxy University” gave full play to its advantages. In 2019, Galaxy Securities strengthened its efforts in two areas, being enriching the course contents and improving the course utilization rate of “Galaxy University”. In 2019, the Company added new courses and training hours through external procurement and self-recording, mainly involving three areas, being professional skills, general skills and Galaxy Party School. It held 11 online exams with 49,043 participants in 2019. Participants can take the exams through mobile phone, which has significantly improved the efficiency and completion rate of the examination. The training realized real-time interaction through multiple functions of the “Galaxy University” platform and the livestreaming system, and students can watch on various terminals including PC, mobile phone, tablets and smart TV. As at the end of 2019, “Galaxy University” had published 372 courses with 619 hours in total. 171 hours of courses were newly published in 2019, including a total of 33.93 hours of self-recorded courses.

Galaxy Securities makes the resources of “Galaxy University” available to all employees, provides support and services as much as possible to business lines in need, let them use the resources and help them realize the relevant functions.

Activity analysis of Galaxy University users (monthly average)





Case: The fifth session of wealth manager training of the Company was successfully completed in Beijing

The 8-day (25 March to 1 April 2019) Galaxy Securities wealth manager training (first session in 2019 and fifth in total) was successfully completed in Xiangshan, Beijing. During the training, the management of the Company made speeches titled “Financial technologies and wealth management” and about its future five-year strategic plan.

A total of 58 students from the headquarters and 25 branches of the Company received the wealth manager training, and the lecturers for each module were heads and key employees from the research academy, wealth management headquarters, product center, marketing and trading headquarters and legal and compliance department of the Company.



Establishment of external training sharing mechanism. Employees who apply to participate in third-party training shall share the training within the Company upon completion to enhance the value of training. Since the implementation of the external training exchange and sharing system in August 2019, several departments at the headquarters of the Company have held 35 sharing seminars on different topics and contents, benefiting over 200 employees. This has really achieved the goal of promoting development with learning, enhancing value with sharing, and teaching and learning helping each other. The effectiveness of training has been significantly increased.

Training arranged by Galaxy Securities from 2017 to 2019

Indicator	Unit	2017	2018	2019
Coordinated training at Company level	(session)	3	28	24
	(person-time)	151	831	3,499
Training at business department level	(session)	219	224	325
	(person-time)	1,447	2,975	8,478
Training at branch level	(session)	499	700	903
	(person-time)	4,791	4,292	13,824
Total	(session)	721	952	1,252
	(person-time)	6,389	8,098	25,801
Total training expenses	(RMB in ten thousand)	398.48	908.91	780.95

Internal training development progress. In order to strengthen the training of internal trainers, Galaxy Securities held two internal trainer training sessions in 2019. A total of 65 middle managers or key employees from the headquarters and branches of the Company received the training and produced high-quality class products following the training. The Company is reviewing the implementation proposal for internal trainer evaluation in accordance with the existing Internal Trainer Management Measures.

Independent development of curriculum system. Pursuant to its five-year strategic plan, Galaxy Securities commenced the curriculum development of the relevant business skill systems in three major business areas, being wealth management business, investment banking business and research business. As at the end of 2019, it had arranged 8 sessions of “wealth manager training”, which were designed to cope with the transformation of traditional brokerage business into wealth management business. Nearly 500 investment advisors and wealth managers received the training. The investment banking business training system had developed the course outline and entered the stage of courseware development.



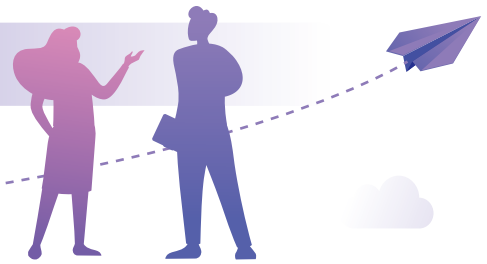
Case: The Company held 2019 “Galaxy New Star” training camp for employees

From 25 to 26 December 2019, the Company successfully held a two-day 2019 “Galaxy New Star” training camp for employees. Over 130 students from 21 departments at the headquarters of the Company attended the training for new employees.

The training center carried out new exploration in reform of new employee training by recording offline training courses for provision in the platform of Galaxy University, which improved the convenience of learning and reduced the pressure on offline training. On the basis of completing online training courses, in order to further help new employees integrate into Galaxy culture as soon as possible and improve their professional quality, the offline training mainly involved two courses, being professional quality training and team building training. The training was carried out in an intense, orderly and lively manner. It made entertainment a medium of education and produced positive results.



Caring for Employees



While implementing an incentive mechanism linked to performance contribution, Galaxy Securities also established a sound welfare system including statutory benefits and supplementary benefits. In 2019, it revised and distributed the Funds Management Measures for the Labor Union Committee, the Charity Management Measures for the Labor Union Committee and the Interim Measures for Cultural and Sports Clubs under the Labor Union Committee, and formulated and distributed the Management Measures of the Labor Union Committee for the Selection of Advanced and Outstanding Units and Persons, in order to improve the satisfaction and sense of belonging of employees.

The labor union of the Company focuses on promoting the development of corporate culture of the Company and pays attention to the individual needs of employees. It not only sent holiday greetings and one-on-one birthday greetings to all employees, but also expressed its care for special groups including employees in financial difficulty and retired employees. It paid special attention to the physical and mental health of female employees and renovated the milking room for female employees at the headquarters of the Company. It conducted daily caring work including helping sick and needy employees and visiting retired employees, cared about the life sufferings of employees, paid attention to the exchange and communication with them, and gave them “care, fairness and dignity” while helping them.

Each year, 13 cultural and sports clubs established by the labor union of the Company organize a wide range of activities, including hiking in Spring and Autumn, fishing, swimming, and calligraphy and painting training. With a wide coverage, these activities have attracted many employees to participate, enriched the cultural life of employees in spare time, and created a good corporate cultural environment.



The football club was the champion of the 2019 First Securities Industry Football Invitational Tournament and the Fifth China Investment Corporation Cup Football Invitational Tournament.



The Company held the fourth (2019) staff skill competition with the theme of “advocating the spirit of craftsman and building a model of service”, in order to vigorously create a healthy environment for frontline employees to learn and practice skills and strive to be a financial craftsman.



The Company's labor union organizes a birthday party for its employees quarterly, giving warm care to the Galaxy family.



“Celebrating the new era and building the Chinese dream” art show of employees from the headquarters and subsidiaries of the Company, which fully showed the positive spirit of Galaxy employees and their strong confidence in Galaxy culture and stimulated employees' cohesion, team spirit and fighting strength.

05

CONTRIBUTING SOCIETY AND IMPROVING LIVELIHOOD

Galaxy Securities cared for benefits of all walks of the society, helped poor people, carried out charity campaign, performed social responsibilities of state-owned financial enterprise, and continuously contributed to the poverty alleviation task.



Participation in Social Welfare

At the beginning of 2020, facing the outbreak of novel coronavirus, Galaxy Securities rapidly formed plague prevention leading group with a view to stop the plague transmission effectively. In order to perform the due responsibilities of state-owned financial enterprise, the Company donated RMB10 million to Hubei Charity Federation in January 2020, and, together with its subsidiary Galaxy Jinhui, donated 20,000 surgical masks to Inner Mongolia Xinghe County Plague Prevention Headquarters. The employees from each department, branch and subsidiary of the Company actively donated money to combat against novel coronavirus.



Encouraging Volunteer Service

Galaxy Securities sets up branches and subsidiaries in each corner of mainland China and Hong Kong, and participates in social welfare by various means such as donating to charity organizations, participating in the activities of charity organizations, carrying out charity activities and making its employees participate in volunteer activities.

With a view to better support the charity, help the people who need help, better perform its social responsibilities and promote harmonious development of the society, since 2015, Galaxy International regularly donated money to recognized charity organizations. As of December 2019, Galaxy International has donated HKD360,000 to 3 charity organizations, details of which are as follows:

Name of organization	Amount donated (HKD)
Operation Smile	300,000
Love Heritage	50,000
ORBIS	10,450
Total	360,450

In addition to donation, Galaxy International has dispatched its employees to participate in all kinds of volunteer activities. In March 2019, nine volunteers from Galaxy International and Shenzhen Branch participated in “2019 Guizhou Zunyi International Operation Smile” held by “Operation Smile”, which is non-profit charity organization aimed at providing free medical treatment to poor children who suffer cleft lip and palate or other facial dysmorphisms. During the activity, Galaxy International contributed to the operation of poor children, which was well recognized all parties.



Special Topic: Comprehensive and Targeted Poverty Alleviation to Help Win the Battle of Poverty Alleviation

Galaxy Securities attaches great importance to poverty alleviation and strengthens its position and responsibility and regards poverty alleviation as a social responsibility that must be fulfilled. Resolutely responding to the call of the Party Central Committee, the State Council, and industry regulatory agencies, combining the characteristics and advantages of financial enterprises and the actual situation of helping the region, the Company has come out of a Galaxy-style poverty alleviation road of "party committee, financial characteristics, industry-oriented, and participation of all", and contributed to the "Galaxy Plan" and "Galaxy Wisdom" for the national poverty alleviation cause.

Continuing to fulfill the obligation of helping

The Company carried out poverty alleviation in a number of regions and from multiple perspectives. With a practical and innovative mind, it has made substantial progress. The Company earnestly fulfilled its responsibility as a state-owned financial enterprise, continued to perform its agreement with the governments of Jingning County in Gansu, Linxi County in Inner Mongolia, Daozhen County in Guizhou, Hotan County in Xinjiang and Zuoquan County in Shanxi for poverty alleviation by leveraging local resource advantages to provide targeted help. It actively responded to the calls of local securities regulatory authorities and government departments and participated in poverty alleviation projects in Wei County in Hebei, Xi County in Shanxi, Lankao County in Henan, Jiali County in Tibet and Yongshan County in Yunnan. During the year, it incurred poverty alleviation expenses of approximately RMB65.1million, participated in public welfare and poverty alleviation projects in the relevant areas, sent cadres on temporary duty, and strengthened the supervision over poverty alleviation funds and poverty alleviation projects to ensure that the poverty alleviation funds are utilized as intended and that poverty alleviation projects are completed with guaranteed quality and quantity.

Fully supporting poverty alleviation in Jingning

Jingning County, Gansu Province is a national poverty-stricken county and one of the designated areas to be helped by China Investment Corporation and Galaxy Securities. In recent years, Galaxy Securities spent a total of over RMB100 million in poverty alleviation in Jingning County. 2019 was the year in which Jingning County, Gansu Province expected to get rid of poverty, and also the most critical year for Galaxy Securities to help Jingning County win the battle of poverty alleviation. The party committee of the Company strengthened its help in an all-around way. The Company took poverty alleviation as part of its social responsibilities and convened 10 special meetings in total throughout the year to make arrangements for the work. The Chairman, Chen Gongyan, the President, Chen Liang, the secretary of the discipline inspection commission, Guo Xiaoguang, and the Vice President, Li Xianglin, have conducted in-depth on-site supervision and search to give instructions for 8 times in Jingning County.



In 2019, the company invested a total of RMB59.48 million in its poverty alleviation funds, deployed 4 cadres, trained 890 junior cadres and 8,400 technicians. The fund of consumption poverty amounted to RMB 13.4 million and agricultural products amounting to RMB 1.73 million were sold through the e-commerce platform. There were 48 persons conducting on-site investigation and supervision in total.

The Company has made the greatest contribution within its powers to help Jingning County get rid of poverty as scheduled. On 28 February 2020, the Gansu Provincial People's Government officially announced that Jingning county had been withdrawn from poverty-stricken counties, and thus China Galaxy Securities helped Jingning county to win the battle against poverty as scheduled!

1. Fulfil duties with financial characteristics

Poverty alleviation through finance. In 2019, the Company guided Jingning County into applying for and implementing an apple “insurance + futures” county area poverty alleviation full coverage pilot project, which was the first such project in Gansu Province and also the largest apple “insurance + futures” project in the PRC until then. The poverty alleviation work covers 8,713 apple-growing households involving a population of 24,000 citizens in Jingning County and covering an area of 35,000 mu. Galaxy Futures organized experts for the operation of the project. The project has a total insurance premium of RMB23 million, covering 46,000 tons of apples. The successful implementation of the project has provided an important guarantee for the steady development of the apple industry in Jingning County, and also explored a new and effective path for facilitating the in-depth integration of financial instruments and agricultural production.



The President, Chen Liang, and the Vice President, Li Xianglin, visited Jingning County to conduct research on the delivery of the apple inventory base.

In order to improve the ability of the relevant entities in Jingning to serve local poverty alleviation using multi-level capital market resources, tools and market-oriented mechanisms, the investment banking committee of the Company helped Pingliang Jingning Apple Industry Development Co., Ltd. successfully complete the shareholding reform and the listing on the New OTC Board. Six relevant training sessions were held, with a total of over 3,000 trainees. On 20 February 2020, Pingliang Jingning Apple Company was successfully listed on the New OTC Board and is the only company listed in the New OTC Board in the city and even the whole Longdong region and serve as a super carrier driving the development of the apple industry in Jingning.

2. Industry-orientated and steady poverty alleviation

Poverty alleviation through production. In Jingning County, Gansu, the Company promoted the entire apple production chain for poverty alleviation, assisted in establishing Hong Kong beef cattle export bases, Pingliang red cattle breeding bases, "Jingyuan chicken" breeding farms, edible fungus production bases and edible fungus greenhouses and introduced leading enterprises and funds, laying the foundation for expanding the scale of related industries and achieving standardized development.

Ecological poverty alleviation. Green homeland is always our valuable property. The Company, together with CIC, invested RMB20 million to build a "economic + ecological" public forest covering 20,000 mu. By the end of 2019, the county's forest coverage rate will be increased by 0.59 percentage points, which enables 14,000 poor citizens living nearby to increase their labor income by RMB7 million through land preparation, seedlings, forest management and so on and accelerates the pace of helping households escape poverty and increase incomes. At the same time, under-forest plantation and inter-forest breeding have been actively developed, which creates another channel to promote ecological governance through the forestry and fruit industry.



The secretary of Discipline Inspection Commission, Guo Xiaoguang visited the cattle breeding base located in Jinping village, Bali Town, Jingning County, to inspect the research outcomes.

3. Joint effort with everyone's participation

Poverty alleviation through consumption. The Company purchased agricultural products in the amount of over RMB13.40 million in total from poverty-stricken areas by way of “donation through purchase” and “help through purchase”. Driving other social forces to purchase agricultural special products which amounted to over RMB1.73 million. Jingning County ranked first in Gansu Province for poverty alleviation through consumption by central state-owned entities in terms of both the amount of poverty alleviation through consumption and the number of poor people receiving help. The “friend circle” of poverty alleviation through consumption has been growing up and a good atmosphere where everyone is able and willing to take part in poverty alleviation was formed. By way of poverty alleviation through consumption, high-quality agricultural products of Jingning were sold to thousands of urban families, which realized the connection between Chinese people and Jingning people and drove nearly 45,000 poor people out of poverty.



Case: Galaxy Securities “Apple Trees Sponsoring Program”

In order to further drive the development of the apple industry in Yangzui Village, Jingning County and help Yangzui Village win the battle of poverty alleviation as scheduled, in September 2019, the Company called on all employees and strategic customers to participate in the activity of “Contributing to poverty alleviation through sponsoring an apple tree”. The employees at the departments, branches and subsidiaries of the Company as well as customer representatives warmly responded to the call. As at the end of the year, a total of 2,875 apple trees were sponsored, raising poverty alleviation funds of RMB3.45 million, all of which were utilized in the battle of poverty alleviation for Yangzui Village, Jingning County. It covered 179 registered poor families of Yangzui Village for 2014 and increased the annual income of poor families in Yangzui Village by more than RMB3,000.



Poverty alleviation through e-commerce. The Company cooperated with JD and built a “Jingning Poverty Alleviation Store” at jd.com, which achieved direct connection between consumers and poor families. Jingning Poverty Alleviation Store sells agricultural products from a leading enterprise and six industrial poverty alleviation companies and cooperatives, directly included 24 village collective enterprises and 1,520 registered poor families in the system of poverty alleviation through e-commerce, and provided job for over 300 persons. By the end of the year, the sales volume of Jingning Poverty Alleviation Store ranked first among poverty alleviation stores at jd.com.



4. Create momentum to help the less privileged

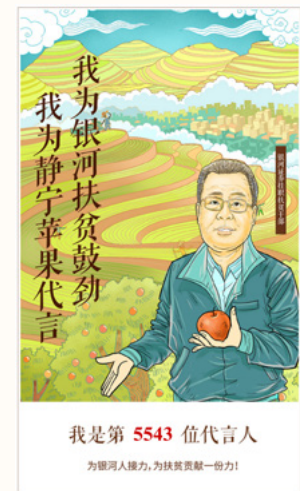
Poverty alleviation through talents. The Company sent four cadres on temporary duty in Jingning County, Gansu Province, including one acting as first village secretary, and established a poverty alleviation working group for Jingning County. The Company accepted one enterprise manager sent by Jingning County to work at its headquarters on temporary duty, and gave priority to fresh graduates from a registered poor family in Jingning County in recruitment in accordance with the principle of “preferential recruitment under the same conditions”, helping poor people get employed and increase income.



On 25-26 July 2019, the President, Chen Liang, and the Vice President, Li Xianglin, visited Jingning County to serve in the poverty alleviation unit and conducted targeted research.

Poverty alleviation through education. The Company supported the construction of Jingning County Chengguan Galaxy Experimental Primary School and provided aid to the school for seven consecutive years. The school currently has 2,632 students. Since the establishment of the “Galaxy Start Educational Aid Fund” in 2018, the Company has allocated RMB2.5 million each year for distribution of RMB2,000 each to 1,250 registered poor students, which has effectively solved the problems of difficulty in getting to school, shortage and uneven distribution of educational resources in urban areas and realized the effect of “helping one family get rid of poverty by providing educational aids to one student”.

Poverty alleviation through charity. In order to help registered poor labor in Jingning get employed the Company spent more than RMB5.57 million in the poor labor employment poverty alleviation project, which has effectively increased the income of poor people. It set up non-profit positions to truly realize poverty alleviation through labor and generate inner strength.

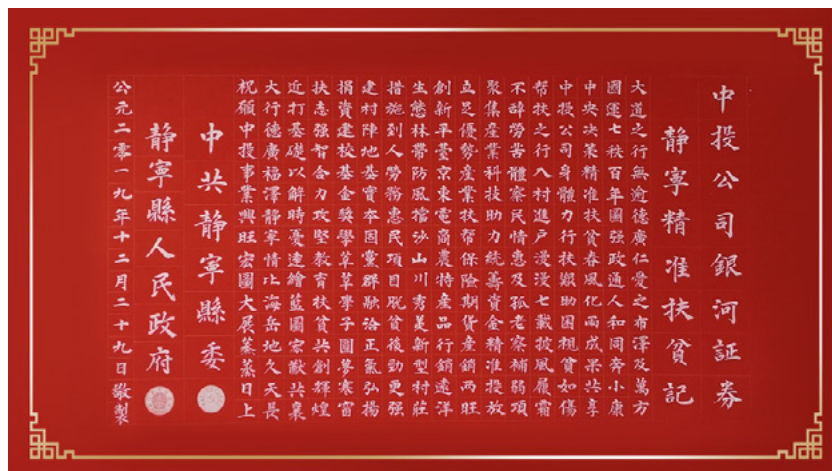


5. Significant achievements with large recognition

According to the poverty alleviation plan of the State Council's Poverty Alleviation Office, CIC commenced targeted poverty alleviation work in Jingning County, in which the party committee of CIC has attached great importance. The Company's main leaders and members of the party committee have visited Jingning County several times to check the progress and requirements of the work and tackle certain existing problems and difficulties. Until now, CIC has invested an aggregate of RMB150.56 million in the poverty alleviation fund, of which the Company has invested a total of RMB104.68 million cumulatively and participated in 26 projects.

In 2019, the Company's achievement in poverty alleviation was remarkable, which was not only recognized by regional party committees, governments and the society, but also drew attention of the State Council's Poverty Alleviation Office and the mass media. The Company's "Proposals for Steady Increase in Income and Prevention of Poverty" and information for implementing the apple's "insurance + futures" project were published in a highlight of the State Council's "Poverty Alleviation Information". Its contribution to poverty alleviation in Jingning County was widely reported by more than 10 media including China Securities Journal, Securities Daily, People's Daily Online, Chinext, Farmers' Daily, Capital Securities Window, Gansu Daily, Gansu Farmers Daily, Sina Finance and so on. The Company was awarded the honorary title of "The Advanced Group in Fighting against Poverty in the City" by Pingliang City, Gansu Province, and the honorary title of the "Advanced Group in Fighting against Poverty" by Jingning County. Du Xiaoguang, the deputy mayor of Jingning County, was awarded the "Advanced Individual and CIC System's Outstanding Cadre in Poverty Alleviation in Gansu Provincial". The company's first secretary in Yangzui Village, Dong Xinzheng, was entitled the outstanding first secretary of CIC System.

In 2020, under the strong leadership of CIC's party committee, the Company will continue to firmly perform its political responsibility to overcome poverty, resolutely implement the General Secretary's "Four Don'ts" requirement, consolidate and enlarge its effort made to overcome poverty in Jingning and help Jingning establish a long-term mechanism for tackling poverty issues. We promote "industrial prosperity" through "industrial poverty alleviation", promote "ecological livability" through "ecological poverty alleviation", promote "rural civilization" through "education for poverty alleviation", promote "effective governance" through "party's construction for poverty alleviation" and promote "rich living" through "financial poverty alleviation", so as to promote the organic integration of poverty alleviation and rural rejuvenation and create a "peaceful model" of Jingning County for targeted poverty alleviation.



The Company received a thank-you letter from the People's Government of Jingning County.

06

PRACTICING GREEN DEVELOPMENT AND CONTRIBUTING ECOLOGICAL CIVILIZATION

In 2019, Galaxy Securities continued to care for the benefits of all walks of society, actively responded to the national call for green development, advocated for green finance, pursued and practiced the concept of environment protection, and always emphasized green operation in its operation and management.



Developing of Green Finance

Galaxy Securities actively advocated for green finance, participated in the drafting of industrial standards and various work for market development, which was combined with its specific business; with respect to innovation in bonds business, the Company gave priority to green bonds and green debt financing instruments, and actively explored the underwriting business of green bonds and green debt financing instruments, indirectly protecting environment and ecological resources through issuing bonds of green projects in market; active attempts have been made by the Company in promoting orderly and healthy development of green industry, serving green enterprises and constructing green finance system.

In 2019, as the lead underwriter, Galaxy Securities sold five green bonds such as 19 Huzhou Chengtou GN003, 19 Wuhan Ditie GN001, G19 Lujin 1, G19 Xin Y1 and G19 Qingxin 1, with a total issuance amount of RMB4.48 billion. In the green finance reform and innovation pilot zone, Galaxy Securities successfully issued the first debt financing instrument in Zhejiang Province, actively practiced the idea of green finance development, and made great contribution to the construction of green projects.



Case: AFCA Green Finance International Forum (London) and Press Conference of AFCA Green Finance Practice Report (2019)

On 3 September 2019, AFCA Green Finance International Forum (London) and Press Conference of AFCA Green Finance Practice Report (2019), hosted by Asian Financial Cooperation Association and the City of London, and co-organized by China Galaxy Securities and IAMAC, was officially held in London. The forum released AFCA Green Finance Practice Report (2019) prepared by China Galaxy Securities Research Institute; it was the first time when Asia showed the interim result of regional green finance development to the world.

The Report collected the data of green finance and four resources emission from 15 countries and regions in Asia, created a green finance evaluation system suitable for Asia with aforesaid 7 indexes, and set forth the development degree of green finance and future direction of each country and region through comparison of development status among the countries, supporting the future research and institution of Asian version of green finance practice guideline and standard. Through preparing and releasing the Report, Galaxy Securities not only revealed its research results in green finance, but also showed the importance attached by securities companies to social responsibilities.



Promoting Green Operation

As a financial enterprise engaged in office activities with low energy consumption and light pollution, the Company makes virtually no direct material impact on the natural environment and natural resources. Its routine consumption of resources mainly includes office electricity, petrol for official business vehicles, tap water and paper. Major emissions consist of carbon emissions from energy consumption, domestic sewage, office and domestic garbage, and other harmless waste. In 2019, the Company was not involved in any major environment related lawsuits.

In order to improve the resource utilization efficiency of its headquarters and safeguard transaction safety and data resources, besides arranging computer rooms in its headquarters, the Company also rented professional and stable data centers outside the Company. In order to save energy and reduce loss of data center, the Company requires adoption of technologies such as virtualization, cloud computation and hyper converge, increase of utilization rate of hardware resources, reduction of quantity, power consumption and heat dissipation of equipment in computer room; the computer room of data center supplies cold air through cold passages, increasing the overall efficiency of air conditioning system; adopting UPS with higher energy efficiency to increase power factor and system efficiency.

With respect to official cars management, in 2019, the Company did not purchase any official cars for its headquarters, and exercised delicacy management on its official cars. It revised Interim Regulation on Management of Official Cars of Headquarters, clarifying the provisions on equipment and purchase, dispatch and use, daily repair and maintenance, oil management and registration system of official cars, avoided private use of official cars, improved the use efficiency of official cars under the precondition of satisfying operation and business needs of its headquarters, and effectively saved operation costs.



In order to improve work efficiency and reduce consumption of paper, the Company upgraded its portal website and background office system, with a view to optimize work flow and reduce frequency of printing; the collective digital archive management system is also under construction. The Company exercises more delicate and individualized procurement management, and encourages employees to recycle paper and stationery. Management on use of aged electronic equipment is strengthened; the low-value consumables such as toner cartridges of printers will be recovered and treated by manufacturers.

In terms of saving water and electricity, the Company continued to use eco-friendly sanitary appliances to reduce the use of fresh water and emission of dirty water, improved use efficiency of water resources and reduced water consumption; it advocated for saving electricity, and dispatched personnel to inspect the use and shut down of office equipment and power supply.

The Company observed no significant environmental problems and recorded no lawsuits, significant punishments or noneconomic punishments for environmental problems in 2019. Data for major emissions and use of resources are as follows:

Galaxy Securities' Emissions in 2017-2019

Indicators	Unit	2017	2018	2019
Direct carbon dioxide (Scope I)	ton of CO2 equivalent	1,680.37	1,033.27	728.79
Direct carbon dioxide (Scope II)	ton of CO2 equivalent	21,598.26	21,247.67	23628.44
Total Greenhouse Gases (Total=Scope I + Scope II)	ton of CO2 equivalent	23,278.63	22,280.94	24,357.23
Greenhouse Gas Emissions per Office Area	ton of CO2 equivalent/m2	0.07	0.07	0.08
Per Capita Emissions of Greenhouse Gases	ton of CO2 equivalent/person	2.31	2.66	2.48
Discharge of Harmless Waste (domestic garbage applicable to the Company)	ton	21.13	19.51	17.20

Galaxy Securities' Resource Consumption in 2017-2019

Indicators	Unit	2017	2018	2019
Total Office Power Consumption	MWH	31,280.05	30,310.36	25114.78
Per Capita Office power Consumption	MWH/person	3.1	3.13	2.56
Power Consumption per Unit Office Area	KWH/ m2	90.85	87.15	81.79
Total Petrol Consumption	0'000 litre	72.89	44	30.47
Total Diesel Consumption	litre	6,653.98	4,232.57	1535.33
Natural Gas Consumption	0'000 m3	3.12	2.72	1.54
Comprehensive Energy Consumption	ton of standard coal	4,617.63	4,239.25	3590.29
Per Capita Comprehensive Energy Consumption	ton of standard coal/person	0.46	0.44	0.37
Comprehensive Energy Consumption per Unit Office Area	ton of standard coal/m2	0.01	0.01	0.01
Total Water Consumption	0'000 ton	23.91	22.95	17.20
Water Consumption per Unit Area	ton/m2	0.69	0.65	0.56

APPENDIX



Galaxy Securities ESG Index Table

Subject Areas, Aspects, General Disclosures and KPIs		Section
A: Environmental		
A1: Emissions		
General Disclosures		Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A1.1	The types of emissions and respective emissions data	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation CGS 2017-2019 Emissions Data
A1.2	Greenhouse gas emissions in total (in ton) and intensity (if applicable)	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation CGS 2017-2019 Emissions Data
A1.3	Total hazardous waste produced (in ton) and intensity (if applicable)	Given that the company is an office-based enterprise, all harmful waste is recycled by third parties, of which data collection is being gradually improved.
A1.4	Direct and/or indirect energy (like electricity, gas or oil) consumption by type in total (in 1K KWH) and intensity	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A1.5	Description of measures to mitigate emissions and results achieved.	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A2: Use of Resources		
General Disclosure		Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A2.1	Direct and/or indirect energy (like electricity, gas or oil) consumption by type in total (in 1K KWH) and intensity	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation CGS 2017-2019 Resources Consumption
A2.2	Water consumption in total and intensity	Practicing Green Development and Contributing Ecological Civilization CGS 2017-2019 Resources Consumption
A2.3	Description of energy use efficiency initiatives and results achieved	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
A2.5	Total packaging material used for finished products and with reference to per unit produced (if applicable)	Not applicable
A3: Environment and Natural Resources		
General Disclosure		Green Practicing Development and Contributing Ecological Civilization - Promote Green Operation
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Practicing Green Development and Contributing Ecological Civilization - Promote Green Operation
B: Social		
B1: Employment		
General Disclosure		Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests - Employments
B1.1	Total workforce by gender, employment type, age group and geographical region.	Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests - Employments
B1.2	Employee turnover rate by gender, age group and geographical region	Not disclosed
B2: Health and Safety		
General Disclosure		Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests – Employee' s Rights
B2.1	Number and rate of work-related fatalities	Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests – Employee' s Rights
B2.2	Lost days due to work injury	Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests – Employee' s Rights
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests – Employee' s Rights

Subject Areas, Aspects, General Disclosures and KPIs		Section
B3: Development and Training		
General Disclosure		Adhering to Employee-oriented and working together for growth – Protection of Employees' Rights and Interests, Promote Employee Development
B3.1	The percentage of employees trained by gender and employee category	Adhering to Employee-oriented and working together for growth – Promote Employee Development
B3.2	The average training hours completed per employee by gender and employee category	Not disclosed
B4: Labour Standards		
General Disclosure		Adhering to Employee-oriented and working together for growth - Protection of Employees' Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labor	Adhering to Employee-oriented and working together for growth - Protection of Employees' Rights and Interests – Employment
B4.2	Description of steps taken to eliminate such practices when discovered	Adhering to Employee-oriented and working together for growth - Protection of Employees' Rights and Interests – Employees' rights and interests
B5: Supply Chain Management		
General Disclosure		Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Compliant Procurement
B5.1	Number of suppliers by geographical region	Not Disclosed
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Compliant Procurement
B6: Product Responsibility		
General Disclosure		Adhering to the Customer First and Providing Quality Services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with	Adhering to the Customer First and Providing Quality Services - Responding to Customer Feedback
B6.3	Description of practices relating to observing and protecting intellectual property rights	Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Respecting Intellectual Properties
B6.4	Description of quality assurance process and recall procedures	Not applicable
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Adhering to the Customer First and Providing Quality Services - Protection of Investors' Rights and Interests
B7: Anti-corruption		
General Disclosure		Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Anti-corruption and Advocating Probity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Anti-corruption and Advocating Probity
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Compliance and Sound Operation, Achieving Good Returns - Legally Compliant Operation - Anti-corruption and Advocating Probity
B8: Community Investment		
General Disclosure		Contributing Society and Improving Livelihood
B8.1	Focus areas of contribution	Contributing Society and Improving Livelihood; Special Topic: Comprehensive and Targeted Poverty Alleviation to Help Win the Battle of Poverty Alleviation
B8.2	Resources contributed	Contributing Society and Improving Livelihood; Special Topic: Comprehensive and Targeted Poverty Alleviation to Help Win the Battle of Poverty Alleviation



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Social Responsibility Report Independent Assurance Report

安永华明(2020)专字第61517561_A01号
China Galaxy Securities Co., Ltd.

The Board of Directors of China Galaxy Securities Co., Ltd:

We have been engaged to express a limited assurance opinion on the selected data in the 2019 Social Responsibility Report (the "Social Responsibility Report") prepared by China Galaxy Securities Co., Ltd. (the "Galaxy Securities").

I. The Board of Directors' responsibilities

The Board of Directors of Galaxy Securities are responsible for the preparation and presentation of the selected data in accordance with the "Reporting Guidelines" within the Social Responsibility Report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected data; and making estimates that are reasonable in the circumstances.

II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the Social Responsibility Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected data in accordance with the *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected data as at 31 December 2019 and for the year then ended in the 2019 Social Responsibility Report is not prepared in all material respects in accordance with the basis of reporting.

III. Scope of work, approach, and limitation

The selected data in the Social Responsibility Report of Galaxy Securities for 2019 that is covered by this report is as follows:





Social Responsibility Report Independent Assurance Report (Continued)

安永华明(2020)专字第61517561_A01号
China Galaxy Securities Co., Ltd.

- Number of securities branches
- Number of on-site trainings on compliance
- Number of tips on compliance
- Monthly average active users of China Galaxy Securities App (version 4.0) (10,000 person)
- Proportion of securities accounts newly opened through the internet channel in the total number of new clients in 2019 (%)
- Handling rate of customer complaints (%)
- Settlement rate of customer complaints (%)
- Return call satisfaction rate of new customers of the Company (%)
- Survey of customer complaint telephone evaluation satisfaction:
 - Satisfaction (%)
 - Average (%)
 - Dissatisfaction (%)
- Number of green bonds sold as a lead underwriter
- Total issuance amount of green bonds as a lead underwriter (RMB in hundred million)
- Number of investor education sessions (times)
- Investor education coverage (10,000 person-time)
- Number of original investor education products
- Number of visitors to the investor education base (10,000 person-time)
- Number of total training (session)
- Number of total participants in trainings (person-time)
- Total training expenses (RMB in ten thousand)
- Total employees (persons)
- Management service staff (persons)
- Client Managers (persons)
- Number of work-related injury accidents
- Number of employees (by gender)
 - male employees (persons)
 - female employees (persons)
- Percentage of employees (by gender)
 - male employees (%)
 - female employees (%)
- Number of employees (by age)
 - aged 30 or below (persons)
 - aged 31 to 40 (persons)
 - aged 41 to 50 (persons)
 - aged 51 or above (persons)
- Percentage of employees (by age)
 - aged 30 or below (%)
 - aged 31 to 40 (%)
 - aged 41 to 50 (%)
 - aged 51 or above (%)
- Number of employees (by education level)
 - PhD (persons)
 - Postgraduate (persons)
 - Undergraduate (persons)
 - College and below (persons)
- Percentage of employees (by education level)
 - PhD (%)
 - Postgraduate (%)
 - Undergraduate (%)
 - College and below (%)
- Total Office Power Consumption (MWh)
- Per Capita Office power Consumption (MWh/person)
- Power Consumption per Unit Office Area (KWh/m²)
- Total Petrol Consumption (0'000 litre)
- Total Diesel Consumption (litre)
- Natural Gas Consumption (0'000 m³)
- Comprehensive Energy Consumption (ton of standard coal)
- Per Capita Comprehensive Energy Consumption (ton of standard coal/person)

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Social Responsibility Report Independent Assurance Report (Continued)

安永华明(2020)专字第61517561_A01号
China Galaxy Securities Co., Ltd.

- Comprehensive Energy Consumption per Unit Office Area (ton of standard coal/m²)
- Total Water Consumption (0'000 ton)
- Water Consumption per Unit Area (ton/m²)
- Percentage of water leak warning alarm in hidden security risks investigated and eliminated (%)
- Proportion of four-floors computer room for monitoring air-conditioning system and temperature control alarm in hidden security risks investigated and eliminated (%)
- Total Greenhouse Gases (ton of CO₂ equivalent)
- Direct carbon dioxide (Scope I) (ton of CO₂ equivalent)
- Indirect carbon dioxide (Scope II) (ton of CO₂ equivalent)
- Greenhouse Gas Emissions per office area (ton of CO₂ equivalent/m²)
- Greenhouse Gas Emissions per capita (ton of CO₂ equivalent/person)

Our work was performed at the Head Office of Galaxy Securities, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Social Responsibility Report in relation to the selected data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected data prepared in accordance with the basis of reporting.

Our work was limited to the selected data as of 31 December 2019 and for the year then ended in the Social Responsibility Report. We have not performed any procedures over other data included in the Social Responsibility Report for 2019, nor have we performed any procedures on other data or data for 2018 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of Galaxy Securities's internal controls.



Social Responsibility Report Independent Assurance Report (Continued)

安永华明(2020)专字第61517561_A01号
China Galaxy Securities Co., Ltd.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2019 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

V. Our independence, quality control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.


 Ernst & Young Hua Ming LLP
 Beijing, China
 27 March 2020



Feedback Sheet

Galaxy Securities has taken into consideration the interests and requirements of different stakeholders as much as possible in the compilation of the report, and strives to make it plain, clear and easy to read. Readers are welcome to propose opinions and suggestions to this report and the corporate and social responsibilities reporting of the Company by filling in the Feedback Sheet. If you have any opinions and suggestions to the performing of corporate and social responsibilities by the Company, please give us feedback through the following channels:

Fax: (8610) 6656 8532

E-mail: esg@chinastock.com.cn

Mailing address: President's Office, China Galaxy Securities Co., Ltd., Tower C, Corporate Square, 35 Finance Street, Xicheng District, Beijing, PRC

Postcode: 100033

1. Which of the following stakeholder types applies to you?

- ☐ Our shareholder and investor
- ☐ Our customer
- ☐ Our supplier and partner
- ☐ Our staff
- ☐ Governmental organization (non-regulatory)
- ☐ Regulatory authority
- ☐ Stock exchange
- ☐ Public
- ☐ Other

2. What is your overall impression of our Social Responsibility Report for 2019?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

3. Please rate the content and quality of our Social Responsibility Report for 2019 in the following areas:

- | | | | | |
|--------------------|------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Clarity: | <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |
| Credibility: | <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |
| Importance: | <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |
| Structure: | <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |
| Design and layout: | <input type="checkbox"/> Excellent | <input type="checkbox"/> Good | <input type="checkbox"/> Fair | <input type="checkbox"/> Poor |

4. Please rate our fulfilment of social responsibilities at the economic level

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

5. Please rate our fulfilment of social responsibilities at the environmental level:

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

6. Please rate our fulfilment of social responsibilities at the social level:

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

7. Your suggestions on our performance and reporting of social responsibilities:



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For more information, please refer to: