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*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 06881)**

## **2020 THIRD QUARTERLY REPORT**

This announcement is made by China Galaxy Securities Co., Ltd. (the “**Company**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Listing Rules.

### **I. IMPORTANT NOTICE**

- 1.1 The board of directors (the “**Board**”), the supervisory committee (the “**Supervisory Committee**”), the directors (the “**Directors**”), supervisors and senior management officers of the Company warrant that the information contained in this quarterly report is true, accurate, and complete without any false and misleading statements or material omissions, and individually and jointly assume legal responsibility for the contents of the report.
- 1.2 All Directors of the Company attended the Board meeting to consider this quarterly report.
- 1.3 Chen Gongyan, person-in-charge of the Company, Wu Chengming, person-in-charge of the accounting affairs and Fan Minfei, person-in-charge of the accounting department (head of accounting), warrant that the financial statements contained in this quarterly report are true, accurate and complete.
- 1.4 The 2020 third quarterly report of the Company is unaudited.

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 Financial Highlights

|   |  |  | <i>Unit: Yuan</i>   |
|---|--|--|---|
|   |  |  | <i>Currency: RMB</i>  |
|   | <b>As at<br/>30 September<br/>2020</b>                 | <b>As at<br/>31 December<br/>2019</b>                  | <b>Change as<br/>compared to the end<br/>of last year (%)</b>             |
| Total assets  | 423,854,392,591.81                                     | 315,665,877,433.83                                     | 34.27   |
| Net assets attributable to shareholders<br>of the Company                               | 74,400,012,093.30                                      | 70,895,594,078.45                                      | 4.94  |
|   | <b>Nine months<br/>ended<br/>30 September<br/>2020</b> | <b>Nine months<br/>ended<br/>30 September<br/>2019</b> | <b>Change as<br/>compared to the<br/>same period of<br/>last year (%)</b> |
| Net cash flow from operating activities   | 30,521,383,596.40                                      | 30,323,666,698.01                                      | 0.65  |
|   | <b>Nine months<br/>ended<br/>30 September<br/>2020</b> | <b>Nine months<br/>ended<br/>30 September<br/>2019</b> | <b>Change as<br/>compared to the<br/>same period of<br/>last year (%)</b> |
| Operating income  | 18,080,979,439.65                                      | 12,043,714,920.85                                      | 50.13   |
| Net profit attributable to shareholders<br>of the Company                               | 5,650,638,803.29                                       | 3,860,235,940.60                                       | 46.38   |
| Net profit attributable to shareholders of<br>the Company excluding extraordinary items | 5,693,060,005.67                                       | 3,867,549,634.99                                       | 47.20   |
| Return on weighted average net assets (%)   | 7.75   | 5.67   | Increased by 2.08<br>percentage points                                    |
| Basic earnings per share (Yuan/share)   | 0.56   | 0.38   | 47.37   |
| Diluted earnings per share (Yuan/share)   | N/A  | N/A  | N/A   |

## Extraordinary Items of Gains and Losses and Amount

✓Applicable    □Not Applicable

*Unit: Yuan  
Currency: RMB*

| <b>Items</b>   | <b>July to<br/>September<br/>2020</b> | <b>Nine months<br/>ended<br/>30 September<br/>2020</b> | <b>Note</b>                                |
|--|---------------------------------------|--|--|
| Profit/loss on disposal of non-current assets  | 5,623,699.66                          | 5,733,089.52   | Mainly due to the disposal of fixed assets |
| Government subsidies accounted into profit and loss for the current period (except for those closely associated with the normal operations of the Company which were granted on an on-going basis and accounted for in certain standard amount or volume in compliance with the requirements of the policies of the State) | 5,064,431.82                          | 6,846,000.00   | Mainly due to government subsidies         |
| Other non-operating income and expenses save for the above   | -27,527,569.97                        | -84,891,143.61   | Mainly due to donation outlay              |
| Impact of non-controlling interests (net of tax)   | 10,192,784.19                         | 14,669,924.37  |  |
| Effect on income tax   | 3,005,908.47                          | 15,220,927.34  |  |
| Total  | <u>-3,640,745.83</u>                  | <u>-42,421,202.38</u>                                  |  |

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

*Unit: Share*

**Total number of shareholders**<sup>(Note 1)</sup>

110,508 in total

**Shareholding of the Top Ten Shareholders**

| Name of shareholder<br>(Full name)  | Number of shares held as at 30 September 2020 |       | Number of shares subject to selling restrictions | Pledged or frozen |                  | Nature of shareholder                 |
|---|---|-------|--|-------------------|------------------|---------------------------------------|
|   | Percentage (%)                                |       |  | Status of shares  | Number of shares |                                       |
| China Galaxy Financial Holdings Company Limited (“Galaxy Financial Holdings”)   | 5,186,538,364                                 | 51.16 | 0  | Nil               | 0                | State-owned legal person              |
| HKSCC Nominees Limited <sup>(Note 2)</sup>  | 3,688,188,546                                 | 36.38 | 0  | Nil               | 0                | Foreign legal person                  |
| China Securities Finance Corporation Limited  | 84,078,210                                    | 0.83  | 0  | Nil               | 0                | State-owned legal person              |
| Hong Kong Securities Clearing Company Limited <sup>(Note 3)</sup>   | 55,720,086                                    | 0.55  | 0  | Nil               | 0                | Foreign legal person                  |
| Bank of Lanzhou Co., Ltd.   | 41,941,882                                    | 0.41  | 0  | Nil               | 0                | Domestic non state-owned legal person |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 25,328,483                                    | 0.25  | 0  | Nil               | 0                | Other                                 |
| Joincare Pharmaceutical Industry Group Co., Ltd.  | 23,979,863                                    | 0.24  | 0  | Nil               | 0                | Domestic non state-owned legal person |
| Zhongshan Financial Investment Holdings Co., Ltd.   | 19,241,213                                    | 0.19  | 0  | Nil               | 0                | State-owned legal person              |
| China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 14,308,112                                    | 0.14  | 0  | Nil               | 0                | Other                                 |
| Shenzhen State-Owned Duty Free Commodity (Group) Co., Ltd.  | 13,468,849                                    | 0.13  | 0  | Nil               | 0                | State-owned legal person              |

## Shareholding of the Top Ten Shareholders not subject to Selling Restrictions

| Name of shareholder   | Number of circulating shares not subject to selling restrictions | Class and number of shares     |                  |
|---|--|--------------------------------|------------------|
|   |  | Class                          | Number of shares |
| Galaxy Financial Holdings   | 5,186,538,364  | RMB ordinary shares            | 5,186,538,364    |
| HKSCC Nominees Limited <sup>(Note 2)</sup>  | 3,688,188,546  | Overseas listed foreign shares | 3,688,188,546    |
| China Securities Finance Corporation Limited  | 84,078,210   | RMB ordinary shares            | 84,078,210       |
| Hong Kong Securities Clearing Company Limited <sup>(Note 3)</sup>   | 55,720,086   | RMB ordinary shares            | 55,720,086       |
| Bank of Lanzhou Co., Ltd.   | 41,941,882   | RMB ordinary shares            | 41,941,882       |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 25,328,483   | RMB ordinary shares            | 25,328,483       |
| Joincare Pharmaceutical Industry Group Co., Ltd.  | 23,979,863   | RMB ordinary shares            | 23,979,863       |
| Zhongshan Financial Investment Holdings Co., Ltd.   | 19,241,213   | RMB ordinary shares            | 19,241,213       |
| China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 14,308,112   | RMB ordinary shares            | 14,308,112       |
| Shenzhen State-Owned Duty Free Commodity (Group) Co., Ltd.  | 13,468,849   | RMB ordinary shares            | 13,468,849       |

Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders

The Company is not aware of any connected relationship or any parties acting in concert among the aforesaid shareholders. In particular, the shares held by HKSCC Nominees Limited are H Shares entrusted by overseas investors; the shares held by Hong Kong Securities Clearing Company Limited are A Shares held by overseas investors through Northbound Trading.

Description on shareholders of preference shares whose voting rights had resumed and their shareholdings

Nil

*Note 1:* As of the end of the reporting period, there are 110,508 shareholders of the Company, among which 109,780 are holders of A shares and 728 are registered holders of H shares.

*Note 2:* HKSCC Nominees Limited is the nominee holder on behalf of the non-registered shareholders of the H shares of the Company, which held the H shares on behalf of various customers, including 25,927,500 H shares of the Company held by Galaxy Financial Holdings.

*Note 3:* Hong Kong Securities Clearing Company Limited is the nominee holder of the A shares of the Company held by the investors of Shanghai Connect.

### 2.3 As of the end of the reporting period, total number of shareholders of preference shares, shareholdings of the top ten shareholders of preference shares and top ten shareholders of preference shares not subject to selling restrictions

Applicable  Not Applicable

### III. IMPORTANT MATTERS

#### 3.1 Details and reasons for material changes in major items of financial statements and financial indices of the Company

✓ Applicable    □ Not Applicable

*Unit: Yuan*  
*Currency: RMB*

| Items   | As at<br>30 September<br>2020 | As at<br>31 December<br>2019 | Increase/<br>Decrease<br>(%) | Main reasons  |
|---|-------------------------------|------------------------------|------------------------------|---|
| Cash and bank balances                            | 86,149,438,144.28             | 70,329,276,149.83            | 22.49                        | The enlarged scale of customers' funds  |
| Clearing settlement funds                         | 18,501,700,446.57             | 11,276,474,884.56            | 64.07                        | Increase in the size of clearing settlement funds of customers                              |
| Advances to customers                             | 86,422,610,543.00             | 58,721,318,360.66            | 47.17                        | Increase in the scale of advances to customers  |
| Refundable deposits                               | 14,719,570,878.50             | 10,735,256,392.21            | 37.11                        | Increase in refundable deposits from customers  |
| Accounts receivable                               | 12,185,969,569.69             | 5,116,838,493.30             | 138.15                       | Increase in the scale of settlement funds receivable of overseas subsidiaries               |
| Financial assets held for trading                 | 84,941,161,362.56             | 74,039,119,174.28            | 14.72                        | Increase in investment scale of bonds and stocks  |
| Other debt investments                            | 53,298,531,116.26             | 23,017,490,419.13            | 131.56                       | Increase in investment scale of bonds   |
| Investment in other equity instruments            | 29,683,126,671.82             | 19,349,248,070.01            | 53.41                        | Increase in investment scale of perpetual bonds   |
| Construction in progress                          | 27,599,832.48                 | -                            | N/A                          | Incompletion of the additional office buildings of branches for their intended use          |
| Deferred tax assets                               | 60,955,555.97                 | 99,832,078.83                | -38.94                       | Changes in the fair value of financial assets   |
| Short-term borrowings                             | 17,551,754,000.96             | 5,775,420,038.07             | 203.90                       | Increased bank borrowings of overseas subsidiaries  |
| Short-term financing instrument payables          | 43,211,059,838.01             | 17,659,517,315.52            | 144.69                       | Increase in newly issued short-term commercial papers                                       |
| Due to banks and other financial institutions     | 13,910,637,346.12             | 8,177,307,038.33             | 70.11                        | The enlarged scale of due to banks and other financial institutions                         |
| Financial liabilities held for trading            | 5,976,201,328.07              | 1,718,081,624.77             | 247.84                       | Increase in the scale of equity swap business and income certificates linked to stock index |
| Derivative financial liabilities                  | 674,257,948.64                | 469,791,795.92               | 43.52                        | Increase in the scale of option business  |
| Financial assets sold under repurchase agreements | 86,356,252,371.55             | 54,855,653,810.50            | 57.42                        | Increase in the scale of dealer-quoted bond repurchase business                             |
| Accounts payable to brokerage clients             | 95,911,928,678.52             | 80,508,860,269.58            | 19.13                        | Increase in customers' funds  |
| Accounts payable                                  | 11,161,445,474.66             | 2,766,214,205.46             | 303.49                       | Increase in settlement funds payable by overseas subsidiaries                               |
| Other liabilities                                 | 5,298,153,039.01              | 2,474,045,715.04             | 114.15                       | Increase in performance bond payable to OTC option customers                                |

| Items                                      | Nine months ended<br>30 September<br>2020 | Nine months ended<br>30 September<br>2019 | Increase/<br>Decrease<br>(%) | Main reasons  |
|--|---|---|------------------------------|---|
| Net fee and commission income              | 6,517,052,020.77                          | 4,530,870,132.12                          | 43.84                        | Mainly due to an increase in income from handling fee of brokerage business   |
| Investment gains                           | 3,890,402,287.75                          | 1,707,370,407.81                          | 127.86                       | Mainly due to an increase in proprietary trading investment income  |
| Other gains                                | 25,061,622.64                             | 14,760,877.25                             | 69.78                        | Mainly due to an increase in refund of the handling fees for withholding tax  |
| Gains or losses from changes in fair value | 48,680,961.04                             | 1,659,587,931.84                          | -97.07                       | Mainly due to the relatively large reversal amount from disposal of bond investment in the same period of last year                 |
| Foreign exchange gains                     | 12,446,509.75                             | 23,226,185.98                             | -46.41                       | Mainly due to the impacts of movements in exchange rates  |
| Other operating incomes                    | 4,431,180,656.65                          | 1,565,778,294.96                          | 183.00                       | Mainly due to an increase in income from warehouse receipts of subsidiaries   |
| Gains on disposal of assets                | 5,733,089.52                              | 395,484.79                                | 1,349.64                     | Mainly due to an increase in gains on disposal of fixed assets  |
| Impairment losses on credit                | 108,161,492.06                            | 46,724,802.96                             | 131.49                       | Mainly due to an increase in the scale of other debt investments and an increase in the impairment losses of stocks pledge business |
| Other asset impairment losses              | 23,866,646.45                             | 7,799,770.90                              | 205.99                       | Mainly due to an increase in inventory impairment losses on warehouse receipts of subsidiaries                                      |
| Other operating expenses                   | 4,464,023,874.55                          | 1,522,365,756.62                          | 193.23                       | Mainly due to an increase in costs from warehouse receipts of subsidiaries  |
| Non-operating expense                      | 85,807,632.64                             | 34,102,062.25                             | 151.62                       | Mainly due to an increase in donation outlay  |
| Net cash flow from investing activities    | -39,081,391,823.66                        | -1,531,311,991.23                         | N/A                          | Mainly due to an increase in cash outflow of other debt investments and investment in other equity instruments                      |
| Net cash flow from financing activities    | 31,954,638,077.75                         | -8,410,816,631.80                         | N/A                          | Mainly due to an increase in cash inflow from borrowings and issuance of bonds  |

### 3.2 Analysis and description of the progress, impact and solutions of the important matters

✓Applicable    □Not Applicable

- (1) On 12 August 2020, the China Securities Regulatory Commission (the “CSRC”) issued the “Reply to the Opinions Concerning the Public Issuance of Perpetual Subordinated Bonds by China Galaxy Securities Co., Ltd.” (Ji Gou Bu Han [2020] No. 2153) to the Company. Pursuant to the letter, the CSRC had no objection to the Company’s application for the public issuance of perpetual subordinated bonds with a total size of not exceeding RMB15 billion (including RMB15 billion).
- (2) On 14 August 2020, the CSRC issued the “Reply for the Approval on the Registration of Public Issuance of Corporate Bonds to Professional Investors by China Galaxy Securities Co., Ltd.” (Zheng Jian Xu Ke [2020] No. 1790), approving the Company’s registration application for the public issuance of corporate bonds with an aggregate face value of not exceeding RMB30 billion. According to the above reply, the Company completed the public issuance of 2020 corporate bonds (first tranche) in an amount of RMB3.5 billion and 2020 corporate bonds (second tranche) in an amount of RMB5 billion on 31 August 2020 and 23 October 2020, respectively.
- (3) On 14 August 2020, the “Proposal on Appointing Mr. Wu Jianhui as the Company’ Chief Risk Officer” was considered and approved at the 60th meeting (extraordinary) of the third session of the Board, pursuant to which Mr. Wu Jianhui was appointed as the chief risk officer of the Company, and Mr. Chen Liang, the vice chairman of the Board and the president of the Company, ceased to act as the chief risk officer.
- (4) On 14 August 2020, the “Proposal on Appointing Mr. Ke Suchun as the Company’s Securities Affair Representative” was considered and approved at the 60th meeting (extraordinary) of the third session of the Board, pursuant to which it was agreed to appoint Mr. Ke Suchun as the securities affair representative of the Company. On 28 August 2020, Mr. Ke Suchun has obtained the certificate of qualification for secretary to the board of directors from the Shanghai Stock Exchange and has officially performed his duties.
- (5) On 26 August 2020, China Securities Lize Real Estate (Beijing) Co., Ltd., the project company incorporated by the Company and its partner (China Securities Internet System Co., Ltd.), received the “Written Approval for the Project Concerning F3 Other Multi-functional Land Use in F-22 and F-23 Land Parcels of the South Zone in Lize Financial Business District of Fengtai District by Beijing Municipal Commission of Development and Reform and Beijing Municipal Commission of Housing and Urban-Rural Development” (Jing Fa Gai (He) [2020] No. 231), pursuant to which the development and construction of the project concerning F3 other multi-functional land use in F-22 and F-23 land parcels of the South Zone in Lize Financial Business District of Fengtai District by China Securities Lize Real Estate (Beijing) Co., Ltd. was approved. At present, the relevant work is in progress in an orderly manner.



- (6) On 22 September 2020, the Board received a written application for resignation from Mr. Zhang Tianli, a non-executive Director. Mr. Zhang Tianli tendered his resignation as a non-executive Director, member of the Strategic Development Committee, member of the Compliance and Risk Management Committee and member of the Audit Committee of the Company due to other work arrangements. Mr. Zhang Tianli's resignation took effect when his resignation application was delivered to the Board.
- (7) On 22 September 2020, the "Proposal on the Recommendation of Mr. Yang Tijun as the Candidate for Director of the Company" was considered and approved at the 62th meeting (extraordinary) of the third session of the Board, pursuant to which it was agreed to recommend Mr. Yang Tijun as the candidate for Director of the Company and to submit the proposal to the general meeting for approval.

### **3.3 Overdue commitments that have not been fulfilled during the reporting period**

Applicable     Not Applicable

### **3.4 Warning and explanation of reasons as to the anticipated loss in accumulated net profit from the beginning of the year to the end of the next reporting period or significant changes of profit as compared with that of the corresponding period of last year**

Applicable     Not Applicable

|                       |                                   |
|-----------------------|-----------------------------------|
| Name of the Company:  | China Galaxy Securities Co., Ltd. |
| Legal Representative: | Chen Gongyan                      |
| Date:                 | 30 October 2020                   |

## IV. APPENDIX

### 4.1 Financial Statements

#### Consolidated Statement of Financial Position

30 September 2020

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Items  | As at<br>30 September<br>2020 | As at<br>31 December<br>2019 |
|--|-------------------------------|------------------------------|
| <b>Assets:</b>                                   |                               |                              |
| Cash and bank balances                           | 86,149,438,144.28             | 70,329,276,149.83            |
| Including: Cash held on behalf of customers      | 72,293,772,267.80             | 60,281,957,293.02            |
| Clearing settlement funds                        | 18,501,700,446.57             | 11,276,474,884.56            |
| Including: Customer settlement funds             | 14,135,174,365.30             | 9,485,071,510.87             |
| Advances to customers                            | 86,422,610,543.00             | 58,721,318,360.66            |
| Derivative financial assets                      | 153,442,910.13                | 208,502,701.01               |
| Refundable deposits                              | 14,719,570,878.50             | 10,735,256,392.21            |
| Accounts receivable                              | 12,185,969,569.69             | 5,116,838,493.30             |
| Financial assets held under<br>resale agreements | 26,566,732,302.78             | 30,438,084,072.04            |
| <b>Financial investments:</b>                    |                               |                              |
| Financial assets held for trading                | 84,941,161,362.56             | 74,039,119,174.28            |
| Debt investments                                 | 4,280,963,433.11              | 5,031,295,864.93             |
| Other debt investments                           | 53,298,531,116.26             | 23,017,490,419.13            |
| Investment in other equity instruments           | 29,683,126,671.82             | 19,349,248,070.01            |
| Long-term equity investments                     | 1,344,588,085.34              | 1,320,135,982.87             |
| Investment properties                            | 7,886,700.00                  | 8,034,187.50                 |
| Fixed assets                                     | 279,290,695.68                | 276,718,303.25               |
| Construction in progress                         | 27,599,832.48                 | –                            |
| Right-of-use assets                              | 1,082,758,262.54              | 1,339,653,532.16             |
| Intangible assets                                | 493,869,681.46                | 493,538,105.23               |
| Goodwill   | 435,410,455.05                | 439,538,680.25               |
| Deferred tax assets                              | 60,955,555.97                 | 99,832,078.83                |
| Other assets                                     | 3,218,785,944.59              | 3,425,521,981.78             |
| <b>Total assets</b>                              | <b>423,854,392,591.81</b>     | <b>315,665,877,433.83</b>    |

| Items   | As at<br>30 September<br>2020 | As at<br>31 December<br>2019 |
|---|-------------------------------|------------------------------|
| <b>Liabilities:</b>   |                               |                              |
| Short-term borrowings   | 17,551,754,000.96             | 5,775,420,038.07             |
| Short-term financing instrument payables                            | 43,211,059,838.01             | 17,659,517,315.52            |
| Due to banks and other financial institutions                       | 13,910,637,346.12             | 8,177,307,038.33             |
| Financial liabilities held for trading                              | 5,976,201,328.07              | 1,718,081,624.77             |
| Derivative financial liabilities                                    | 674,257,948.64                | 469,791,795.92               |
| Financial assets sold under repurchase agreements                   | 86,356,252,371.55             | 54,855,653,810.50            |
| Accounts payable to brokerage clients                               | 95,911,928,678.52             | 80,508,860,269.58            |
| Accrued staff costs   | 3,731,153,398.09              | 3,354,729,064.45             |
| Tax payable   | 431,909,881.17                | 363,083,801.38               |
| Accounts payable  | 11,161,445,474.66             | 2,766,214,205.46             |
| Bonds payable   | 63,089,254,963.38             | 64,023,358,183.26            |
| Lease liabilities   | 1,056,512,446.76              | 1,336,724,225.09             |
| Deferred tax liabilities  | 335,225,672.43                | 261,392,439.43               |
| Other liabilities   | 5,298,153,039.01              | 2,474,045,715.04             |
| <b>Total Liabilities</b>  | <b>348,695,746,387.37</b>     | <b>243,744,179,526.80</b>    |
| <b>Shareholder's equity:</b>  |                               |                              |
| Share capital   | 10,137,258,757.00             | 10,137,258,757.00            |
| Capital reserve   | 25,224,806,680.80             | 25,022,895,958.83            |
| Other comprehensive income  | 76,271,948.30                 | 802,506,721.40               |
| Surplus reserve   | 6,083,975,483.31              | 6,083,975,483.31             |
| General risk reserve  | 10,039,858,457.26             | 9,933,043,865.37             |
| Retained earnings   | 22,837,840,766.63             | 18,915,913,292.54            |
| <b>Total equity attributable to the shareholders of the Company</b> | <b>74,400,012,093.30</b>      | <b>70,895,594,078.45</b>     |
| Non-controlling interests   | 758,634,111.14                | 1,026,103,828.58             |
| <b>Total equity of the shareholders</b>                             | <b>75,158,646,204.44</b>      | <b>71,921,697,907.03</b>     |
| <b>Total liabilities and equity of the shareholders</b>             | <b>423,854,392,591.81</b>     | <b>315,665,877,433.83</b>    |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei

**The Company's Statement of Financial Position**  
*30 September 2020*

Prepared by: China Galaxy Securities Co., Ltd.

*Unit: Yuan*  
*Currency: RMB*  
*Type of audit: Unaudited*

| <b>Items</b>                                  | <b>As at<br/>30 September<br/>2020</b> | <b>As at<br/>31 December<br/>2019</b> |
|---|--|---------------------------------------|
| <b>Assets:</b>                                |  |                                       |
| Cash and bank balances                        | 64,955,369,604.06                      | 54,569,153,153.38                     |
| Including: Cash held on behalf of customers   | 55,002,438,360.66                      | 49,265,274,863.27                     |
| Clearing settlement funds                     | 17,723,203,814.68                      | 9,988,220,413.94                      |
| Including: Customer settlement funds          | 13,095,547,763.61                      | 8,236,078,742.64                      |
| Advances to customers                         | 72,061,263,949.91                      | 54,028,306,139.65                     |
| Derivative financial assets                   | 194,715,371.82                         | 19,650,111.41                         |
| Refundable deposits                           | 2,609,206,066.51                       | 1,198,127,105.41                      |
| Accounts receivable                           | 883,352,428.89                         | 213,984,491.98                        |
| Financial assets held under resale agreements | 24,457,561,802.16                      | 28,890,035,982.20                     |
| <b>Financial investments:</b>                 |  |                                       |
| Financial assets held for trading             | 75,159,438,194.18                      | 68,973,038,818.51                     |
| Debt investments                              | 5,470,150,337.72                       | 4,651,423,601.74                      |
| Other debt investments                        | 53,298,531,116.26                      | 23,017,490,419.13                     |
| Investment in other equity instruments        | 29,682,982,764.97                      | 19,349,091,882.90                     |
| Long-term equity investments                  | 8,838,551,568.02                       | 8,595,827,407.02                      |
| Fixed assets                                  | 228,366,406.10                         | 234,356,898.66                        |
| Construction in progress                      | 27,599,832.48                          | –                                     |
| Right-of-use assets                           | 791,762,109.56                         | 1,123,744,495.23                      |
| Intangible assets                             | 396,107,617.81                         | 385,994,630.53                        |
| Goodwill                                      | 223,277,619.51                         | 223,277,619.51                        |
| Other assets                                  | 2,106,514,456.20                       | 1,990,710,078.13                      |
| <b>Total assets</b>                           | <b>359,107,955,060.84</b>              | <b>277,452,433,249.33</b>             |

| Items   | As at<br>30 September<br>2020 | As at<br>31 December<br>2019 |
|---|-------------------------------|------------------------------|
| <b>Liabilities:</b>                                     |                               |                              |
| Short-term financing instrument payables                | 43,211,059,838.01             | 17,066,135,994.57            |
| Due to banks and other financial institutions           | 13,910,637,346.12             | 8,177,307,038.33             |
| Financial liabilities held for trading                  | 5,946,834,099.23              | 1,718,081,624.77             |
| Derivative financial liabilities                        | 348,069,741.30                | 146,615,942.67               |
| Financial assets sold under repurchase agreements       | 86,153,792,707.38             | 54,843,554,061.76            |
| Accounts payable to brokerage clients                   | 68,273,988,088.02             | 57,596,602,174.41            |
| Accrued staff costs                                     | 3,061,915,459.36              | 2,771,260,844.81             |
| Tax payable   | 333,136,185.46                | 281,441,252.21               |
| Accounts payable  | 73,090,157.65                 | 114,742,315.44               |
| Bonds payable   | 63,089,254,963.38             | 64,023,358,183.26            |
| Lease liabilities                                       | 835,836,061.49                | 1,115,415,997.31             |
| Deferred tax liabilities                                | 262,413,485.92                | 228,461,602.69               |
| Other liabilities                                       | 1,747,780,626.74              | 556,462,490.55               |
| <b>Total Liabilities</b>                                | <b>287,247,808,760.06</b>     | <b>208,639,439,522.78</b>    |
| <b>Shareholder's equity:</b>                            |                               |                              |
| Share capital   | 10,137,258,757.00             | 10,137,258,757.00            |
| Capital reserve   | 25,004,379,072.54             | 24,965,390,451.43            |
| Other comprehensive income                              | -14,269,368.49                | 544,052,963.94               |
| Surplus reserve   | 6,083,975,483.31              | 6,083,975,483.31             |
| General risk reserve                                    | 9,717,683,569.14              | 9,717,683,569.14             |
| Retained earnings                                       | 20,931,118,787.28             | 17,364,632,501.73            |
| <b>Total equity of the shareholders</b>                 | <b>71,860,146,300.78</b>      | <b>68,812,993,726.55</b>     |
| <b>Total liabilities and equity of the shareholders</b> | <b>359,107,955,060.84</b>     | <b>277,452,433,249.33</b>    |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei

**Consolidated Statement of Profit or Loss**  
*January to September of 2020*

Prepared by: China Galaxy Securities Co., Ltd.

*Unit: Yuan*  
*Currency: RMB*  
*Type of audit: Unaudited*

| Items  | July to<br>September<br>2020 | July to<br>September<br>2019 | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|------------------------------|------------------------------|--|--|
| <b>I. Operating income</b>                               | <b>6,866,943,437.46</b>      | <b>4,675,565,498.42</b>      | <b>18,080,979,439.65</b>                     | <b>12,043,714,920.85</b>                     |
| Net interest income                                      | 1,206,291,938.64             | 911,729,705.18               | 3,150,422,291.53                             | 2,541,725,606.10                             |
| Including: Interest income                               | 2,912,111,370.17             | 2,351,133,596.13             | 7,797,683,034.84                             | 7,084,636,409.43                             |
| Interest expenses  | 1,705,819,431.53             | 1,439,403,890.95             | 4,647,260,743.31                             | 4,542,910,803.33                             |
| Net fee and commission income                            | 2,837,414,658.21             | 1,470,704,023.98             | 6,517,052,020.77                             | 4,530,870,132.12                             |
| Including: Net fee income from                           |                              |                              |  |  |
| brokerage business                                       | 2,561,422,425.64             | 1,150,151,448.12             | 5,615,743,511.03                             | 3,591,327,970.10                             |
| Net fee income from investment                           |                              |                              |  |  |
| banking business   | 373,104,456.91               | 147,104,408.69               | 645,679,443.24                               | 402,290,194.80                               |
| Net fee income from asset                                |                              |                              |  |  |
| management business                                      | 133,038,296.75               | 163,005,551.36               | 442,320,136.76                               | 488,937,902.60                               |
| Investment gains (losses presented by "-")               | 1,141,194,347.72             | 660,326,129.13               | 3,890,402,287.75                             | 1,707,370,407.81                             |
| Including: Gains from investment in associates and joint |                              |                              |  |  |
| ventures   | 20,587,510.85                | 14,960,423.09                | 47,043,476.24                                | 4,737,047.06                                 |
| Gains from derecognition of financial assets             |                              |                              |  |  |
| measured at amortisation costs (losses presented         |                              |                              |  |  |
| by "-")  | -                            | -                            | 2,143,151.23                                 | 65,927,645.31                                |
| Other gains  | 4,294,634.54                 | 5,051,603.07                 | 25,061,622.64                                | 14,760,877.25                                |
| Gains from changes in fair value                         |                              |                              |  |  |
| (losses presented by "-")                                | -156,225,126.23              | 590,519,886.85               | 48,680,961.04                                | 1,659,587,931.84                             |
| Foreign exchange gains                                   |                              |                              |  |  |
| (losses presented by "-")                                | -5,179,241.19                | 19,371,296.85                | 12,446,509.75                                | 23,226,185.98                                |
| Other operating incomes                                  | 1,833,528,526.11             | 1,017,799,859.22             | 4,431,180,656.65                             | 1,565,778,294.96                             |
| Gains from disposal of assets                            |                              |                              |  |  |
| (losses presented by "-")                                | 5,623,699.66                 | 62,994.14                    | 5,733,089.52                                 | 395,484.79                                   |
| <b>II. Operating expenses</b>                            | <b>4,215,929,764.95</b>      | <b>2,928,978,264.86</b>      | <b>10,793,312,608.19</b>                     | <b>6,900,343,615.84</b>                      |
| Taxes and surcharges                                     | 44,088,734.56                | 33,197,181.27                | 106,878,702.56                               | 89,279,177.58                                |
| General and administrative expenses                      | 2,293,820,221.56             | 1,871,077,954.36             | 6,090,381,892.57                             | 5,234,174,107.78                             |
| Impairment losses on credits                             | 57,994,350.33                | 24,765,945.92                | 108,161,492.06                               | 46,724,802.96                                |
| Other asset impairment losses                            | 14,766,573.09                | -3,813,505.58                | 23,866,646.45                                | 7,799,770.90                                 |
| Other operating expenses                                 | 1,805,259,885.41             | 1,003,750,688.89             | 4,464,023,874.55                             | 1,522,365,756.62                             |

| Items   | July to<br>September<br>2020 | July to<br>September<br>2019 | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|---|------------------------------|------------------------------|--|--|
| <b>III. Operating profits (losses presented by “-”)</b>   | <b>2,651,013,672.51</b>      | <b>1,746,587,233.56</b>      | <b>7,287,666,831.46</b>                      | <b>5,143,371,305.01</b>                      |
| Add: Non-operating income   | 5,151,664.32                 | 8,069,846.05                 | 7,762,489.03                                 | 10,276,926.24                                |
| Less: Non-operating expense   | 27,614,802.47                | 31,310,811.62                | 85,807,632.64                                | 34,102,062.25                                |
| <b>IV. Profit before income tax (total losses presented by “-”)</b>   | <b>2,628,550,534.36</b>      | <b>1,723,346,267.99</b>      | <b>7,209,621,687.85</b>                      | <b>5,119,546,169.00</b>                      |
| Less: Income tax expense  | 516,358,026.13               | 449,316,874.89               | 1,501,874,776.72                             | 1,240,468,103.69                             |
| <b>V. Profit for the period (losses for the period presented by “-”)</b>                                      | <b>2,112,192,508.23</b>      | <b>1,274,029,393.10</b>      | <b>5,707,746,911.13</b>                      | <b>3,879,078,065.31</b>                      |
| (I) Categorized by operation continuity   |                              |                              |  |  |
| 1. Profit for the period from continuing operations (losses for the period presented by “-”)                  | 2,112,192,508.23             | 1,274,029,393.10             | 5,707,746,911.13                             | 3,879,078,065.31                             |
| 2. Profit for the period from discontinued operation (losses for the period presented by “-”)                 | -                            | -                            | -  | -  |
| (II) Categorized by ownership   |                              |                              |  |  |
| 1. Profit for the period attributable to shareholders of the Company (losses for the period presented by “-”) | 2,098,197,800.38             | 1,265,234,139.19             | 5,650,638,803.29                             | 3,860,235,940.60                             |
| 2. Non-controlling interests (losses presented by “-”)  | 13,994,707.85                | 8,795,253.91                 | 57,108,107.84                                | 18,842,124.71                                |
| <b>VI. Other comprehensive income (net of tax)</b>  | <b>-532,944,425.63</b>       | <b>92,676,095.24</b>         | <b>-723,375,683.47</b>                       | <b>574,512,874.67</b>                        |
| Other comprehensive income attributable to shareholders of the Company (net of tax)                           | -518,063,431.75              | 91,105,287.88                | -726,234,773.10                              | 563,532,945.51                               |
| (I) Other comprehensive income that will not be reclassified into profits or losses subsequently              | 17,509,963.22                | -47,870,427.74               | -29,298,835.05                               | 335,946,074.76                               |
| 1. Other comprehensive income under equity method that cannot be reclassified into profit and loss            | -                            | -                            | -  | -390,603.17                                  |
| 2. Changes in fair value of other equity instruments investments  | 17,509,963.22                | -47,870,427.74               | -29,298,835.05                               | 336,336,677.93                               |

| Items   | July to<br>September<br>2020 | July to<br>September<br>2019 | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|---|------------------------------|------------------------------|--|--|
| (II) Other comprehensive income that will be reclassified into profits or losses subsequently   | -535,573,394.97              | 138,975,715.62               | -696,935,938.05                              | 227,586,870.75                               |
| 1. Other comprehensive income under equity method that can be reclassified into profit and loss | 4,504,365.01                 | -17,103,460.19               | 4,504,365.01                                 | -11,584,789.05                               |
| 2. Changes in fair value of other debt investments  | -387,307,708.96              | 56,120,563.30                | -561,055,428.37                              | 79,119,492.30                                |
| 3. Credit loss provisions for other debt investments  | 23,144,334.28                | 1,433,280.78                 | 32,031,930.99                                | 3,304,161.55                                 |
| 4. Cash flow hedge reserve  | -                            | -                            | -  | 20,204,906.15                                |
| 5. Exchange differences on translation of foreign currency financial statements                 | -179,998,780.14              | 98,525,331.73                | -172,416,805.68                              | 136,543,099.80                               |
| 6. Others   | 4,084,394.84                 | -                            | -  | -  |
| Net other comprehensive income attributable to non-controlling interests (net of tax)           | -14,880,993.88               | 1,570,807.36                 | 2,859,089.63                                 | 10,979,929.16                                |
| <b>VII. Total comprehensive income</b>  | <b>1,579,248,082.60</b>      | <b>1,366,705,488.34</b>      | <b>4,984,371,227.66</b>                      | <b>4,453,590,939.98</b>                      |
| Total comprehensive income attributable to the shareholders of the Company                      | 1,580,134,368.63             | 1,356,339,427.07             | 4,924,404,030.19                             | 4,423,768,886.11                             |
| Total comprehensive income attributable to non-controlling interests                            | -886,286.03                  | 10,366,061.27                | 59,967,197.47                                | 29,822,053.87                                |
| <b>VIII. Earnings per share:</b>  |                              |                              |  |  |
| (I) Basic earnings per share (Yuan/share)   | 0.21                         | 0.12                         | 0.56   | 0.38   |
| (II) Diluted earnings per share (Yuan/share)  | N/A                          | N/A                          | N/A  | N/A  |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei



**The Company's Statement of Profit or Loss**  
*January to September of 2020*

Prepared by: China Galaxy Securities Co., Ltd.

*Unit: Yuan*  
*Currency: RMB*  
*Type of audit: Unaudited*

| Items   | July to<br>September<br>2020 | July to<br>September<br>2019 | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|---|------------------------------|------------------------------|--|--|
| <b>I. Operating income</b>                            | <b>3,963,536,799.44</b>      | <b>3,024,536,611.66</b>      | <b>11,078,225,027.15</b>                     | <b>8,811,228,283.01</b>                      |
| Net interest income                                   | 1,006,701,636.87             | 680,223,813.52               | 2,604,200,805.76                             | 1,863,813,885.80                             |
| Including: Interest income                            | 2,626,508,842.20             | 2,112,559,010.66             | 7,017,235,622.13                             | 6,234,022,873.86                             |
| Interest expenses                                     | 1,619,807,205.33             | 1,432,335,197.14             | 4,413,034,816.37                             | 4,370,208,988.06                             |
| Net fee and commission income                         | 2,398,866,193.22             | 1,158,392,044.42             | 5,407,626,770.09                             | 3,792,800,980.12                             |
| Including: Net fee income from                        |                              |                              |  |  |
| brokerage business                                    | 2,031,507,358.54             | 1,020,085,003.37             | 4,778,225,202.90                             | 3,393,015,489.21                             |
| Net fee income from                                   |                              |                              |  |  |
| investment banking business                           | 359,526,975.99               | 128,419,459.93               | 587,618,975.80                               | 352,268,859.27                               |
| Net fee income from asset                             |                              |                              |  |  |
| management business                                   | -                            | -                            | -  | -  |
| Investment gains (losses presented by "-")            | 779,686,921.49               | 695,821,352.49               | 3,041,754,840.83                             | 1,611,946,474.76                             |
| Including: Gains from investment                      |                              |                              |  |  |
| in associates and joint                               |                              |                              |  |  |
| ventures  | -                            | -                            | -  | -  |
| Gains from derecognition of financial assets measured |                              |                              |  |  |
| at amortisation costs (losses presented by "-")       | -                            | -                            | -  | -  |
| Other gains   | 3,587,175.31                 | 4,750,600.08                 | 16,420,363.61                                | 8,809,510.92                                 |
| Gains from changes in fair value                      |                              |                              |  |  |
| (losses presented by "-")                             | -227,078,510.41              | 473,321,368.14               | -4,623,840.53                                | 1,512,724,118.72                             |
| Foreign exchange gains                                |                              |                              |  |  |
| (losses presented by "-")                             | -5,958,024.22                | 8,959,998.19                 | 1,075,636.66                                 | 10,198,035.22                                |
| Other operating incomes                               | 2,265,422.13                 | 2,734,202.64                 | 5,648,287.41                                 | 10,269,554.64                                |
| Gains from disposal of assets                         |                              |                              |  |  |
| (losses presented by "-")                             | 5,465,985.05                 | 333,232.18                   | 6,122,163.32                                 | 665,722.83                                   |
| <b>II. Operating expenses</b>                         | <b>1,745,971,228.20</b>      | <b>1,431,797,166.67</b>      | <b>4,569,409,513.48</b>                      | <b>4,162,348,023.68</b>                      |
| Taxes and surcharges                                  | 38,261,500.77                | 29,531,725.78                | 90,706,522.68                                | 76,450,911.77                                |
| General and administrative expenses                   | 1,662,019,512.67             | 1,380,209,170.05             | 4,404,507,454.86                             | 4,048,102,996.68                             |
| Impairment losses on credits                          | 45,690,214.76                | 22,056,270.84                | 74,195,535.94                                | 37,794,115.23                                |

| Items  | July to<br>September<br>2020 | July to<br>September<br>2019 | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|------------------------------|------------------------------|--|--|
| <b>III. Operating profits (losses presented by “-”)</b>  | <b>2,217,565,571.24</b>      | <b>1,592,739,444.99</b>      | <b>6,508,815,513.67</b>                      | <b>4,648,880,259.33</b>                      |
| Add: Non-operating income  | 5,092,727.42                 | 4,853,652.75                 | 5,695,320.03                                 | 6,170,740.72                                 |
| Less: Non-operating expense  | 9,639,241.95                 | 29,556,633.63                | 45,834,920.44                                | 30,700,979.34                                |
| <b>IV. Profit before income tax (losses presented by “-”)</b>  | <b>2,213,019,056.71</b>      | <b>1,568,036,464.11</b>      | <b>6,468,675,913.26</b>                      | <b>4,624,350,020.71</b>                      |
| Less: Income tax expense   | 433,455,069.89               | 369,008,577.85               | 1,280,292,890.40                             | 1,073,966,945.97                             |
| <b>V. Profit for the period (losses for the period presented by “-”)</b>                               | <b>1,779,563,986.82</b>      | <b>1,199,027,886.26</b>      | <b>5,188,383,022.86</b>                      | <b>3,550,383,074.74</b>                      |
| (I) Profit for the period from continuing operations<br>(losses for the period presented by “-”)       | 1,779,563,986.82             | 1,199,027,886.26             | 5,188,383,022.86                             | 3,550,383,074.74                             |
| (II) Profit for the period from discontinued operation<br>(losses for the period presented by “-”)     | -                            | -                            | -  | -  |
| <b>VI. Other comprehensive income (net of tax)</b>   | <b>-346,653,411.48</b>       | <b>9,683,416.34</b>          | <b>-558,322,332.43</b>                       | <b>418,760,331.78</b>                        |
| (I) Other comprehensive income that<br>will not be reclassified into profits<br>or losses subsequently | 17,509,963.20                | -47,870,427.74               | -29,298,835.05                               | 336,336,677.93                               |
| 1. Changes in fair value of other<br>equity instruments investments                                    | 17,509,963.20                | -47,870,427.74               | -29,298,835.05                               | 336,336,677.93                               |
| (II) Other comprehensive income that will be reclassified into<br>profits or losses subsequently       | -364,163,374.68              | 57,553,844.08                | -529,023,497.38                              | 82,423,653.85                                |
| 1. Changes in fair value of other<br>debt investments  | -387,307,708.96              | 56,120,563.30                | -561,055,428.37                              | 79,119,492.30                                |
| 2. Credit loss provisions for<br>other debt investments  | 23,144,334.28                | 1,433,280.78                 | 32,031,930.99                                | 3,304,161.55                                 |
| <b>VII. Total comprehensive income</b>   | <b>1,432,910,575.34</b>      | <b>1,208,711,302.60</b>      | <b>4,630,060,690.43</b>                      | <b>3,969,143,406.52</b>                      |
| <b>VIII. Earnings per share:</b>   |                              |                              |  |  |
| (I) Basic earnings per share (Yuan/share)  | N/A                          | N/A                          | N/A  | N/A  |
| (II) Diluted earnings per share<br>(Yuan/share)  | N/A                          | N/A                          | N/A  | N/A  |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei

## Consolidated Statement of Cash Flows

January to September of 2020

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan

Currency: RMB

Type of audit: Unaudited

| Items  | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|--|--|
| <b>I. Cash flows from operating activities:</b>  |  |  |
| Cash received from interests, fees and commissions                                     | 18,278,581,547.20                            | 11,679,545,302.02                            |
| Net increase in due to banks and other financial institutions                          | 5,697,000,000.00                             | 900,000,000.00                               |
| Net increase in cash from repurchase business  | 35,373,861,746.25                            | 21,329,524,683.14                            |
| Net cash received from brokerage clients   | 15,399,361,463.24                            | 22,798,425,777.82                            |
| Cash received from other operating activities  | 11,214,196,966.23                            | 1,689,752,947.98                             |
| <b>Sub-total of cash inflows from operating activities</b>                             | <b>85,963,001,722.92</b>                     | <b>58,397,248,710.96</b>                     |
| Net decrease in cash from acquisition or disposal of financial assets held for trading | 6,162,866,043.26                             | 8,440,330,378.68                             |
| Net increase in advances to customers  | 27,865,915,197.70                            | 7,581,558,954.19                             |
| Cash for the payment of interests, fees and commissions                                | 3,879,179,074.79                             | 1,447,410,543.70                             |
| Cash payments for employees  | 4,133,194,599.96                             | 3,355,166,810.69                             |
| Cash paid for taxes  | 1,528,728,977.64                             | 1,341,169,985.22                             |
| Cash paid for other operating activities   | 11,871,734,233.17                            | 5,907,945,340.47                             |
| <b>Sub-total of cash outflows from operating activities</b>                            | <b>55,441,618,126.52</b>                     | <b>28,073,582,012.95</b>                     |
| <b>Net cash flow from operating activities</b>   | <b>30,521,383,596.40</b>                     | <b>30,323,666,698.01</b>                     |
| <b>II. Cash flows from investing activities:</b>                                       |  |  |
| Cash received from realized investment gains   | 1,322,031,033.73                             | 2,137,321,947.10                             |
| Net increase in cash from acquisition or disposal of debt investment                   | 767,056,300.87                               | 4,028,404,193.71                             |

| Items  | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|--|--|
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets         | 3,239,497.59                                 | 8,130,137.79                                 |
| Net cash for acquisition of subsidiaries   | –  | 1,212,188,726.70                             |
| Cash received from other investing activities  | 10,497,473,843.93                            | 11,502,569,800.00                            |
| <b>Sub-total of cash inflows from investing activities</b>   | <b>12,589,800,676.12</b>                     | <b>18,888,614,805.30</b>                     |
| Cash paid for investments  | 242,724,161.00                               | 1,314,729,283.37                             |
| Net decrease in cash from acquisition or disposal<br>of financial assets held for trading                | –  | 89,184,643.14                                |
| Net decrease in cash from acquisition or disposal<br>of other debt investment                            | 30,358,400,765.54                            | 2,951,641,624.25                             |
| Net decrease in cash from acquisition or disposal<br>of other equity instrument investments              | 10,372,799,808.36                            | 4,001,368,656.33                             |
| Cash paid for purchase and construction of fixed<br>assets, intangible assets and other long-term assets | 363,786,081.95                               | 219,526,202.44                               |
| Cash paid for other investing activities   | 10,333,481,682.93                            | 11,843,476,387.00                            |
| <b>Sub-total of cash outflow from investing activities</b>   | <b>51,671,192,499.78</b>                     | <b>20,419,926,796.53</b>                     |
| <b>Net cash flow from investing activities</b>   | <b>-39,081,391,823.66</b>                    | <b>-1,531,311,991.23</b>                     |
| <b>III. Cash flows from financing activities:</b>  |  |  |
| Cash received from borrowings  | 11,756,117,030.27                            | 290,215,865.97                               |
| Cash received from capital injection of non-controlling<br>interests of subsidiary                       | 75,432,000.00                                | –  |
| Cash received from issuance of long-term bonds and<br>long-term financing instruments                    | 28,608,117,177.29                            | 16,422,310,000.00                            |

| Items  | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|--|--|
| Cash received from issuance of short-term bonds and short-term financing instruments | 81,827,249,678.07                            | 21,650,020,000.00                            |
| Cash received from consolidation of structured entities                              | 53,077,185.84                                | –  |
| <b>Sub-total of cash inflows from financing activities</b>                           | <b>122,319,993,071.47</b>                    | <b>38,362,545,865.97</b>                     |
| Cash paid for debt repayment   | 85,369,121,320.95                            | 40,970,749,999.67                            |
| Cash paid for dividend and profit distribution or interest payment                   | 4,996,233,672.77                             | 3,961,694,252.30                             |
| Cash paid for consolidation of structured entities                                   | –  | 1,446,365,024.08                             |
| Cash paid for other financing activities   | –  | 394,553,221.72                               |
| <b>Sub-total of cash outflows from financing activities</b>                          | <b>90,365,354,993.72</b>                     | <b>46,773,362,497.77</b>                     |
| <b>Net cash flow from financing activities</b>                                       | <b>31,954,638,077.75</b>                     | <b>-8,410,816,631.80</b>                     |
| <b>IV. Effect of changes in foreign exchange rates on cash and cash equivalents</b>  | <b>-124,409,510.24</b>                       | <b>152,875,410.61</b>                        |
| <b>V. Net increase in cash and cash equivalents</b>                                  | <b>23,270,220,340.25</b>                     | <b>20,534,413,485.59</b>                     |
| Add: Balance of cash and cash equivalents at the beginning of the period             | 70,916,867,149.75                            | 53,484,241,796.48                            |
| <b>VI. Cash and cash equivalents at the end of the period</b>                        | <b>94,187,087,490.00</b>                     | <b>74,018,655,282.07</b>                     |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei

**The Company's Statement of Cash Flows**  
*January to September of 2020*

Prepared by: China Galaxy Securities Co., Ltd.

*Unit: Yuan*  
*Currency: RMB*  
*Type of audit: Unaudited*

| Items  | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|--|--|
| <b>I. Cash flows from operating activities:</b>  |  |  |
| Cash received from interests, fees and commissions                                     | 14,788,663,617.07                            | 11,325,869,405.50                            |
| Net increase in due to banks and other financial institutions                          | 5,697,000,000.00                             | 900,000,000.00                               |
| Net increase in cash from repurchase businesses  | 35,721,909,605.09                            | 22,922,925,136.90                            |
| Net cash received from brokerage clients   | 10,673,678,967.90                            | 16,082,437,792.85                            |
| Cash received from other operating activities  | 27,763,971.05                                | 166,065,704.54                               |
|  | <u>66,909,016,161.11</u>                     | <u>51,397,298,039.79</u>                     |
| <b>Sub-total of cash inflows from operating activities</b>                             |  |  |
| Net decrease in cash from acquisition or disposal of financial assets held for trading | 1,637,245,545.89                             | 12,827,926,307.65                            |
| Net increase in advances to customers  | 18,176,909,938.71                            | 7,810,162,842.54                             |
| Cash for the payment of interests, fees and commissions                                | 2,792,153,972.54                             | 1,291,391,828.01                             |
| Cash payments for employees  | 3,266,402,480.75                             | 2,611,141,525.75                             |
| Cash paid for taxes  | 1,197,236,388.72                             | 1,230,634,522.58                             |
| Cash paid for other operating activities   | 1,738,259,623.42                             | 1,700,209,906.78                             |
|  | <u>28,808,207,950.03</u>                     | <u>27,471,466,933.31</u>                     |
| <b>Sub-total of cash outflows from operating activities</b>                            |  |  |
| <b>Net cash flow from operating activities</b>   | <u>38,100,808,211.08</u>                     | <u>23,925,831,106.48</u>                     |

| Items  | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|--|--|--|
| <b>II. Cash flows from investing activities:</b>   |  |  |
| Cash received from realized investment gains   | 1,148,052,439.35                             | 630,893,099.45                               |
| Net increase in cash from acquisition or disposal<br>of financial assets held for trading                | –  | 10,149,352,959.51                            |
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets         | 3,097,673.92                                 | 7,486,538.46                                 |
| Cash received from other investing activities  | 36,942,600.00                                | 131,569,800.00                               |
| <b>Sub-total of cash inflows from investing activities</b>   | <b><u>1,188,092,713.27</u></b>               | <b><u>10,919,302,397.42</u></b>              |
| Cash paid for investments  | 242,724,161.00                               | 1,500,000,000.00                             |
| Net decrease in cash for acquisition or disposal of<br>debt investment                                   | 800,137,876.76                               | 1,289,000,000.00                             |
| Net decrease in cash from acquisition or disposal of<br>other debt investment                            | 30,217,288,353.97                            | 3,024,968,969.24                             |
| Net decrease in cash from acquisition or disposal<br>of other equity instrument investments              | 10,372,955,995.47                            | 4,071,140,403.82                             |
| Cash paid for purchase and construction of fixed assets,<br>intangible assets and other long-term assets | 205,655,242.11                               | 143,376,650.77                               |
| Cash paid for other investing activities   | –  | 145,352,200.00                               |
| <b>Sub-total of cash outflows from investing activities</b>  | <b><u>41,838,761,629.31</u></b>              | <b><u>10,173,838,223.83</u></b>              |
| <b>Net cash flow from investing activities</b>   | <b><u>-40,650,668,916.04</u></b>             | <b><u>745,464,173.59</u></b>                 |

| Items   | Nine months<br>ended<br>30 September<br>2020 | Nine months<br>ended<br>30 September<br>2019 |
|---|--|--|
| <b>III. Cash flows from financing activities:</b>                                       |  |  |
| Cash received from issuance of long-term bonds<br>and long-term financing instruments   | 28,608,117,177.29                            | 16,422,310,000.00                            |
| Cash received from issuance of short-term bonds<br>and short-term financing instruments | 81,827,249,678.07                            | 21,650,020,000.00                            |
| <b>Sub-total of cash inflows from financing activities</b>                              | <b>110,435,366,855.36</b>                    | <b>38,072,330,000.00</b>                     |
| Cash paid for debt repayment  | 84,775,740,000.00                            | 40,670,850,000.00                            |
| Cash paid for dividend and profit distribution<br>or interest payment                   | 4,936,705,330.71                             | 4,050,003,797.75                             |
| Cash paid for other financing activities  | -  | 287,293,352.30                               |
| <b>Sub-total of cash outflows from financing activities</b>                             | <b>89,712,445,330.71</b>                     | <b>45,008,147,150.05</b>                     |
| <b>Net cash flow from financing activities</b>  | <b>20,722,921,524.65</b>                     | <b>-6,935,817,150.05</b>                     |
| <b>IV. Effect of changes in foreign exchange<br/>rates on cash and cash equivalents</b> | <b>-32,537,442.68</b>                        | <b>46,647,410.77</b>                         |
| <b>V. Net increase in cash and cash<br/>equivalents</b>                                 | <b>18,140,523,377.01</b>                     | <b>17,782,125,540.79</b>                     |
| Add: Balance of cash and cash equivalents<br>at the beginning of the period             | 64,374,434,866.30                            | 48,343,808,167.15                            |
| <b>VI. Cash and cash equivalents at the end of<br/>the period</b>                       | <b>82,514,958,243.31</b>                     | <b>66,125,933,707.94</b>                     |

Legal Representative:  
Chen Gongyan

Person-in-charge of  
accounting affairs:  
Wu Chengming

Person-in-charge of  
accounting department:  
Fan Minfei



**4.2 Information related to the adjustment to the financial statements at the beginning of the year in respect of the first implementation of the new revenue standards and new lease standards since 2020**

Applicable    Not Applicable

**4.3 Explanation for the retrospective adjustment to previous comparable data in respect of first implementation of the new revenue standards and new lease standards since 2020**

Applicable    Not Applicable

**4.4 Audit reports**

Applicable    Not Applicable

By Order of the Board  
**China Galaxy Securities Co., Ltd.**  
**CHEN Gongyan**  
*Chairman and Executive Director*

Beijing, the PRC  
30 October 2020

*As at the date of this announcement, the executive Directors of the Company are Mr. CHEN Gongyan (Chairman) and CHEN Liang (Vice Chairman and President); the non-executive Directors are Mr. LIU Dingping, Ms. XIAO Lihong and Ms. WANG Zelan; and the independent non-executive Directors are Mr. LIU Ruizhong, Mr. WANG Zhenjun, Ms. LIU Chun and Mr. LAW Cheuk Kin Stephen.*