



# 2021

## CORPORATE SOCIAL RESPONSIBILITY REPORT

VALUE-CREATION AND FORTUNE-SEEKING



CHINA GALAXY  
SECURITIES CO., LTD.  
**2021 Corporate Social  
Responsibility and  
Environmental, Social  
and Governance Report**

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## Preparation instructions of the report

This report presents the activities and performance of China Galaxy Securities Co., Ltd. (hereinafter referred to as "the Company" or "China Galaxy Securities") and all of its subsidiaries in 2021 with respect to their active social responsibility. The following is a description of the disclosures in this report:

### Reporting period

This Social Responsibility Report is an annual report covering the period from 1 January 2021 to 31 December 2021, retrospectively and prospectively as appropriate.

### Organizational scope of the report

This report is primarily about China Galaxy Securities Co., Ltd., covering all professional bodies under the Company, and the scope of disclosure in this report is consistent with the 2021 Annual Report of China Galaxy Securities Co., Ltd. (the "Annual Report").

### Preparation language of the report

The Company has prepared this report in both English and Chinese. In case of discrepancies between the English and Chinese versions of this report, the Chinese version shall prevail.

### Reporting principles

Materiality: Based on stakeholder research and data analysis, this report identifies and responds to important social responsibility issues that affect the Company's sustainable development, as detailed in P22 of this report.

Quantitative principle: This report disclosed the quantitative key social responsibility performances of the Company.

Consistency principle: This report uses consistent indicators for different reporting periods as far as possible. If there is any change in a key performance indicator, an explanation of the change is provided.

Balance principle: This report reflects objective facts and discloses both positive and negative indicators.

### Preparation guidelines of the report

This report has been prepared in accordance with the "Self-regulatory Guidelines of Listed Companies of the Shanghai Stock Exchange No. 1— Compliance operation" of Shanghai Stock Exchange (hereinafter referred to as "SSE") and the "The Environmental, Social and Governance Reporting Guide" of the Hong Kong Stock Exchange (hereinafter referred to as the "Hong Kong Stock Exchange"), with reference to the Sustainability Reporting Standards of Global Reporting Initiative (GRI).

### Data in the report

The financial data in this Report are extracted from the audited Annual Reports of the Company and other data are obtained from the Company's internal system or manually compiled. The currency types and amounts mentioned in this report are in RMB unless otherwise stated.

### Acknowledgement and approval

After acknowledgement by the Board of Directors, this report was considered and approved by the Board of Directors on 30th March 2022.

### Third party assurance

Ernst & Young Hua Ming LLP (Special General Partner) is engaged to provide an independent third party assurance for the report.

### Release and Interpretation of the Report

The report is released both in hard copies and online. The online version is available on the HKEX news' website(<http://www.hkexnews.hk>), SSE's website(<http://www.sse.com.cn>)and the Company's website (<https://www.chinastock.com.cn/>).

## Board statement

2021 is the 100th anniversary of the founding of the Communist Party of China and the opening year of the 14th Five-Year Plan. The economy of China is transforming from the phase of high-speed growth to high-quality development, and high-quality development embodies new development requirements of "innovation, coordination, green, openness and sharing" for enterprises. After the "three-year transformation period" and "one-year consolidation period", China Galaxy Securities has achieved remarkable development and entered a new stage of sustainable development. In 2021, the Board of Directors enhanced the ESG management of the Company in three aspects: ESG governance structure, ESG governance initiatives and ESG governance objectives, in order to lay a solid foundation for achieving high-quality and sustainable development. The Board of Directors of China Galaxy Securities presents this new ESG performance report to all stakeholders.

In terms of ESG governance structure, the Company has established a three-level ESG governance structure covering the "decision making level- management level- implementation level" and formally established an ESG working group in December 2020. The ESG Working Group consists of Directors, senior management, key heads of relevant functions implementing the ESG strategy, and other staff with sufficient ESG knowledge. The ESG Working Group is under the Audit Committee of the Board of Directors and reports directly to the Board of Directors, and is responsible for the overall improvement of the Company's social responsibility management. Under the supervision and management of the Board of Directors, the ESG Working Group reviews the ESG-related management system, supports the management in setting ESG targets, collects ESG information and leads the preparation of ESG reports, coordinates internal and external communication on ESG issues on an ongoing basis, and conducts internal ESG training, etc. in accordance with the "ESG Working Group's Terms of Reference".

Regarding ESG governance initiatives, we have established ESG management objectives and ESG management philosophy in conjunction with the Company's strategic objectives. Our ESG management objectives are "With clients at the core, we will build a first-class modern investment bank with an advanced social responsibility management system, and give back to the community in the process of creating wealth". Our ESG management philosophy is "To integrate corporate value, shareholders' returns, employees' interests and social responsibility, to promote the concept of responsibility based on compliance and innovation, and to take responsibility for our mission". On the basis of clear ESG management objectives and ESG management philosophy, we have built an ESG management model based on the core values of innovation, compliance, service, and synergy, and organically integrated ESG management with the Company's culture to realize value creation in four aspects: providing excellent service to customers, achieving a win-win trust with our shareholders, moving forward together with employees, and fulfilling corporate responsibility by giving back to society.

Consideration of material issues. In determining the Company's annual material issues, we followed the Hong Kong Stock Exchange's materiality principles and based on stakeholders' demands in determining annual material issues. Together with external expert, the Company systematically analyzed and assessed the impact of the issues on the Company's sustainability. For 2021, we identified 32 material issues such as serving the real economy, promoting common prosperity, and adapting to climate change, which are the focus of disclosure in our ESG report of 2021.

In terms of ESG target setting, we followed the national strategy closely and fully considered the Group's development and the external environment. In the environment aspect, we actively responded to the "carbon neutrality" goal and integrated low-carbon development into our operations by improving energy efficiency, promoting the concept of vigorous conservation, and evaluating the environmental impact of suppliers during procurement. On the other hand, we increased our forward-looking research on low-carbon transformation to better serve the high-quality development of the real economy. In the social aspect, we closely followed the national focus on agriculture, rural areas and farmers and took the initiative to comprehensively promote rural revitalization on the basis of the original institutional mechanism for poverty alleviation and improve the construction of a mechanism to help rural revitalization. In the governance aspect, we are striving to be a role model in the industry on the basis of satisfying ESG compliance requirements by holding the bottom line of risk and maintaining financial stability while actively promoting internal reforms.

Standing at a new historical starting point, China Galaxy Securities will actively implement the new development concept, integrate into the new development pattern, comprehensively promote the green transformation of production and lifestyle, and accelerate the construction of a resource-saving and environment-friendly society. We will be a staunch supporter and participant in the implementation of national strategies, and make greater contributions to the promotion of high-quality development of the capital market and the securities industry.



## Chairman's statement

**Before the end of the year,  
let me sing a long song at my leisure.**

2021 is the opening year of the 14th Five-Year Plan. Looking ahead to the 14th Five-Year Plan, Galaxy people will always upheld their original intention. With "first-class services, best investment bank" as the Company's vision, we will advance our core competitiveness and promote high-quality development of the Company, pursuing our dreams and forging ahead with the times.

**This year**, we moved forward with determination, always kept the greater good for China in mind, practiced the new development concept and integrated into the new development pattern. We adhered to the responsibility positioning of "two insistings and four services", actively implemented the national strategy, devoted to serve the "six stabilities and six guarantees" and fully promoted rural revitalization. Taking a path of poverty alleviation with Galaxy characteristics, we fulfilled our responsibility and commitment with concrete actions.

**This year**, we concentrated our efforts and celebrated the centennial of the founding of the Party in a grand manner, and elaborately developed the "Six-One" brand culture project to gather the power to strive for progress. We learned the history of the Party, understood thoughts and opened up new dimension. We used a "happiness list" to solve employees' "urgency, difficulty, worry and expectations", and did practical things for the masses to bring warmth to everyone.

**This year**, we set sail and successfully completed the merger and acquisition of CGS-CIMB, in an effort to build "Asia's financial gateway", serve both domestic and international markets, and consolidate our leading position in the Southeast Asian market. We also promoted the construction of Intelligent Galaxy, provided customized services to over 10 million customers, achieved an online trading coverage of over 99%, and created the first digital RMB investment scenario in the securities industry, contributing "Galaxy wisdom" to digital finance.



**This year**, we made steady strides, building up momentum for reform and transformation, and accumulating momentum for innovative development. The Company's operating results have reached a new level, its market position improved steadily, and reached the excellent target of the five-year development plan one year ahead of schedule. Continuous progress has been made in high-quality development, and we are moving forward from the "transformation period" and "consolidation period" to the "development period". Each honor and achievement is a testimony of the Company's moving ahead in line and together with the times, the motherland and the people, and is the crystallization of the hard work and sweat of each and every Galaxy people.

**It is the right time for practical work on the journey of 100 years.** Looking ahead to 2022, we are determined to excel and work hard to achieve our strategic objective of "building a carrier securities broker and a modern investment bank". In the coming year, we will live up to our time, maintain an unremitting spirit and indomitable attitude, take yesterday's achievements as the basis for today's struggle to achieve tomorrow's glory and create a brilliant future for Galaxy's development.

China Galaxy Securities Co., Ltd.  
Party committee secretary and Chairman Chen Gongyan

## ABOUT US

In 2021, operating income of the Group

RMB **35.98** billion

representing a year-on-year increase of

**51.52%**

Net profit attributable to shareholders of the listed company

RMB **10.43** billion

representing a year-on-year increase of

**43.99%**

China Galaxy Securities Co., Ltd. (the "Company") is one of the leading integrated service providers in the PRC for the securities industry. With our unique history, brand and shareholder advantages, the more extensive business network within the industry and a leading customer base, as well as comprehensive business strength, the Company provides comprehensive financial services such as think-tank consulting, wealth management, investment banking, investment management and international business to governments, corporations, institutions and individuals. The Company's capitalization, profitability, business strength and risk management capabilities have been ranked among the top in the industry. The Company's is committed to becoming a leading investment bank in Asian capital market and a securities financial institution of systematic significance.

Chinese name: 中国银河证券股份有限公司

English name: China Galaxy Securities Co.,Ltd.

Main business:comprehensive financial services such as think-tank consulting, wealth management, investment banking, investment management and international business

A Shares Stock Code: 601881.SH

H Shares Stock Code: 06881.HK

The Company is headquartered in Beijing, with a registered capital of RMB 10.14 billion. The Company has 37 branch offices and 501 securities branches located in 179 cities at prefecture level or above across China, and its international business network extends to Hong Kong, Singapore, Malaysia, Indonesia, Thailand, India, Korea, the United Kingdom, the United States and other countries and regions. The Company has five subsidiaries: 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.

## China Galaxy Securities

### 2021 Main operating contribution



Indicator	Unit	2019	2020	2021
Total revenue of major business	RMB	17,040,817,296.16	23,749,151,575.19	35,983,985,285.28
Total profit	RMB	6,830,129,353.16	9,156,734,047.07	12,791,012,234.77
Total taxes	RMB	4,139,965,917.52	4,434,755,806.48	5,268,854,572.66
Total assets	RMB	315,665,877,433.83	445,730,215,827.42	560,135,032,623.76
Basic earnings per share	RMB	0.52	0.71	0.97

#### Financial product sale and retention size "dual hundred billion"

Full spectrum financial product supermarket covering products in different risk categories and with different types of returns.

#### 3,000+ professional investment advisors

Providing 24/7, all-round and full range trading services, investment and wealth management and wealth allocation services to customers.

#### Created "Online Galaxy" and "Intelligent Galaxy"

Currently, online transactions and online account opening accounting for over 99%, intelligent marketing and products sold online accounting for over 60%, establishing a new ecology of integrated online and offline customer services.

#### Leading digital Renminbi application in the industry

The Company's "Digital RMB application scenario innovation pilot project" is included in the capital market financial technology innovation pilot list, realising first expansion of digital Renminbi application scenario to the securities industry.

#### First in the industry to propose "thematic funds + foundational services" model

Established 34 service bases including Fengtai, Beijing, Xicheng, Beijing, Deqing, Zhejiang, Zhongshan, Guangdong, etc.; Hainan Free Trade Port Construction and Investment Fund (Size of first phase RMB10 billion) and New OTC Board Venture Capital Fund (Total size of fund RMB10 billion) were established during the year.

#### Accelerating implementation of integrated investment and financing to serve the real economy

The GEM Topnew Info project is a typical case of the Company in integrating investment banking, investment and wealth management resources and integrated investment and financing to serve new infrastructure; with Langchao Group and Yunhai Big Data New Dynamic Fund, we invested in Inspur Information and helped it to raise financing of RMB2 billion, serving technological innovation.

#### Establishing a solid international financial hub to serve the "Belt and Road" construction

CGS-CIMB enjoys a leading position in ASEAN core markets: ranking first in Singapore market consecutively for many years, third in Malaysia market and fifth in Indonesia and seventh in Thailand market; constantly turning its leading advantage into the core competitiveness of the Company to serving the "Belt and Road".

#### Strengthening cross-border business to serve the new development pattern of "dual circulation"

Successfully issued the company's first Mainland-Hong Kong cross-border collective asset management product; as the only securities company to underwrite the Treasury bonds for the Republic of Poland; "2021 First RMB Bond (Bond Connect)" ; Leveraging domestic and overseas linkages to provide financial advisory services for the acquisition of cross-border green assets by large central enterprises.





## Responsibility focus 2021



### China Securities Industry Jun Ding Awards

All-Star Wealth Management Stockbroker Jun Ding Award  
Prime brokerage Jun Ding Award  
Investment Advisor Team Jun Ding Award  
Top 30 Securities Branches Jun Ding Award  
New OTC Board Business Team Jun Ding Award  
Equity Re-financing Team Jun Ding Award  
Interbank Bond Finance Team Jun Ding Award  
Main Board Financing Project Jun Ding Award



### 2021 Brokerage Firm Golden Tripod Award

Most Comprehensive Wealth Management Brokerage Firm  
Best Service Provider for Micro-, Small- and Medium-sized Enterprises  
Most Socially Responsible Brokerage Firm



### Financial Sector, Pioneering China

The Tenth Financial Sector Pioneering China "Golden Wisdom Award" – Outstanding Investor Education Award



### Research Association of Ideological and Political Work of China Financial Institutions

2021 First Prize and Third Prize for Outstanding Research Achievements in Ideological and Political Work and Cultural Construction in the National Financial System



### 2021 Best Investment Banks, Wind

Bond Underwriting Rapid Improvement Award  
Best Financial Bond Underwriter  
Best Credit ABS Underwriter



### Finance Asia

CGS-CIMB—2021 Best Brokerage Firm in Singapore, Best Brokerage Firm in Malaysia



### Capital Spiritual Civilization Construction Committee

2018-2020 Civilized Unit of the Capital Advanced Unit of Creation Work



## Recognition by the international and domestic capital market

With the inclusion of A Shares in the MSCI index, the Company's ESG performance has received considerable attention from both domestic and international investors. In 2021, the Company maintained its MSCI ESG rating of BBB and was selected as a constituent of the Hang Seng (China A) Corporate Sustainability Benchmark Index (HSCASUSB), reflecting recognition of the Company's ESG performance by the international capital market. In 2021, the Company ranked 19th in the overall list of "China Top 500 ESG Companies".

### Honours received

Honours	Granters
Recognized as "Outstanding" in the 2020-2021 assessment of securities and futures investor education bases in the PRC	China Securities Regulatory Commission
2021 Best Survey Organization Award	
2021 Investor Education Red Firm Outstanding Organization Award	
2021 Outstanding Stock Option Broker	
Top 10 Stock Options Market Expansion Brokers of the Year 2021	Shenzhen Stock Exchange
2021 Outstanding Fixed Income Business Innovation Institution Serving National Strategy	
2021 Outstanding Cross-Market Bond Trading Institution	
Top 10 Option Brokers of the Year 2021	
2021 Outstanding Option Market Maker	Shanghai Stock Exchange
Awarded A in the Evaluation of Information Disclosure for 2021	
Anti-money laundering project topic- "Outstanding Award" in the People's Bank of China Anti-Money Laundering Bureau 2021 National Anti-Money Laundering Essay Contest	People's Bank of China
2021 Golden Bull Award for Securities Companies—Securities Industry Culture Building Award	China Securities Journal
2021 Top 100 Proprietary Clearing	CCDC
2021 Best Practice Cases of Listed Company Board Offices	China Association for Public Companies
2021 Market Impact Award- Active Trader	
Market Innovation Award-Brokerage Short Term Loan Issuance	National Interbank Lending Centre
Financial and Capital Headquarters- National Financial Pioneer	China Finance Union
2021 "Huang Yanpei Cup" National University Student Wealth Management (Investment and Wealth Management) Knowledge and Skills Competition- Special Contribution Award	China Vocational Education Association
Excellent Organization Award of the 2020-2021 China Athletic	Chinese Athletic Association

## Theme:

### Deep-rooted culture building, Empowering China Galaxy Securities' high-quality development

Looking back on its development history, China Galaxy Securities has always insisted on being led by Party building and strengthened the Company's cultural construction with strategic thinking, the requirements of the times and development vision. After continuous precipitation and refinement, a cultural consensus has been formed with the Company mission of "creating wealth and taking responsibility", the Company vision of "first-class services and best investment bank", the business philosophy of "shareholders first, clients first and employees first", and the core values of "innovation, compliance, service and synergy".

In 2021, the Company continued to cultivate its cultural heritage and deepen its cultural philosophy. Based on the "Ten Elements of Culture Construction in the Securities Industry" issued by the Securities Association of China and the "Strategic Plan for the Development of Culture Construction of China Galaxy Securities (2019-2022)", the Company continued to promote the deep integration of its cultural philosophy with the Company's strategy and business decisions through centripetal efforts and intensive cultivation, and organic integration with the requirements of Party building, professional capacity building, comprehensive human development, and historical and cultural inheritance. In 2021, a number of culture construction topics of the Company were awarded as excellent cases.

01

"Party building leads, adhere to the organic combination of Party leadership and corporate governance" was selected an excellent case in the Industry Culture Construction Annual Report

02

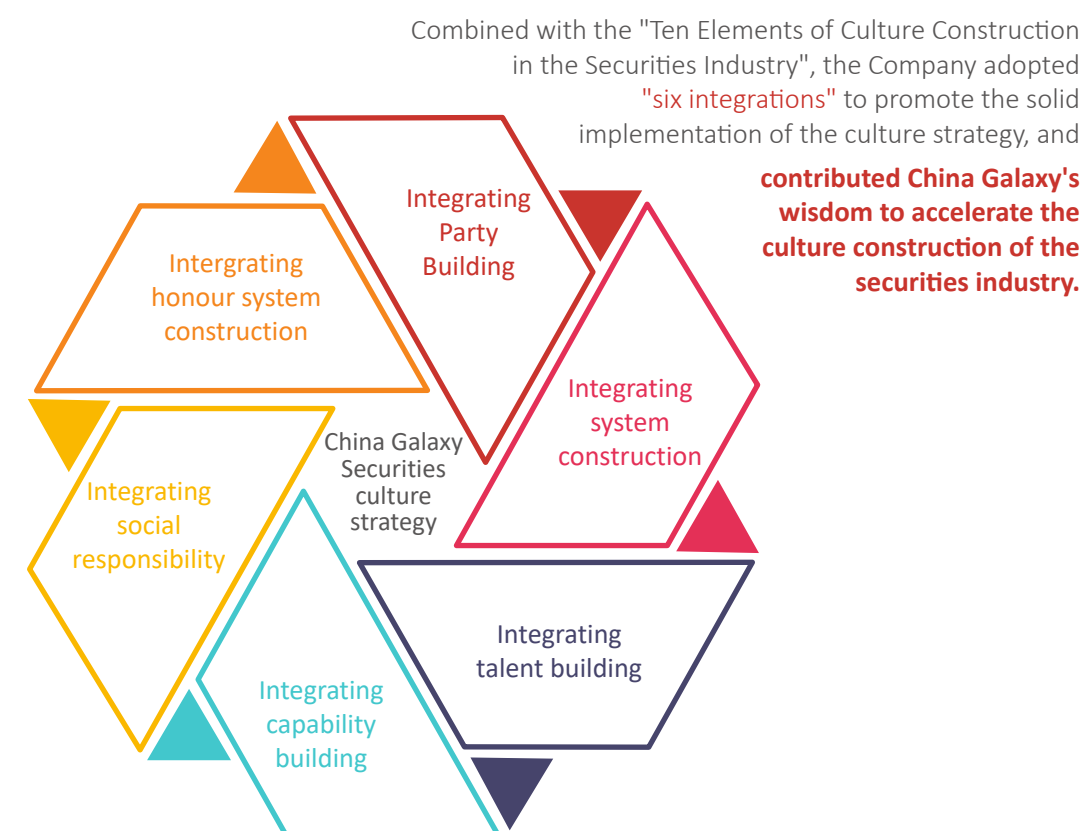
"Forging the Red Engine to Lead and Guarantee High-Quality Development" won the first prize in the topic of ideological and political work and cultural construction in the national financial system

03

"The Practice and Consideration of Constructing Honour System to Strengthen Culture Construction in Securities Companies" won the third prize in the topic of ideological and political work and culture construction in the national financial system



#### Ten Elements of Culture Construction in the Securities Industry





## Building the “red culture” brand project

The Company actively builds the brand of Galaxy culture, deepens cultural recognition and practice, and continues to build cultural consensus by implementing the concept of industry culture. In 2021, combining with the themes of celebrating the 100th anniversary of the founding of the Communist Party of China and Party history learning and education, the Company created the “red culture” brand project and organized and systematically carried out a series of featured activities such as the collection of Company culture stories related to “Retracing the centennial journey, Party flag travels thousands of miles”, “Red Culture Journey” and “Talking about the goodness of Galaxy, striving for a new chapter”, and the “Presenting gift on the First of July, a word from the heart to the Party”.



The Company's cultural construction work has been widely recognized and has won awards including:

### Securities Association of China

“Led by Party building, insisting on the organic combination of Party leadership and corporate governance” -- selected as an outstanding case in the Industry Culture Construction Annual Report  
Outstanding Topic Award for Research on Key Topics in 2021 (3 awards)

- “A study on the relationship between ESG and high-quality development of listed companies”
- “A study on the civil liability of intermediaries in bond misrepresentation”
- “Research on the application of knowledge mapping in the direction of compliance risk control in securities industry- exploration and practice in anti-money laundering monitoring analysis and group faction identification”

### China Financial Publishing House

“Six-One” all employees cultural event-- “2021 China Finance Annual Branding Case Competition - Corporate Culture Case of the Year” Award

### Research Association of Ideological and Political Work of China Financial Institutions

Two 2021 Outstanding Research Achievements in Ideological and Political Work and Cultural

In 2021, in order to build the “soft” strength of its brand culture, the Company launched a series of “Six-One” culture construction activities with the theme of “Draw on the energy of the original intention to light up the century of prosperity”, guiding employees to recognize and actively practice the Company culture through books, activities, songs, videos, environmental visuals and interactive experiences. The Company’s “Sparkling Galaxy” All Employees Cultural Activity Case won the Fourth (2021) China Finance Annual Branding Case Competition - Corporate Culture Case of the Year” Award.



### One website revamp:

The accumulated number of visits to the revamped official website is nearly 9 million, with a daily average of more than 25,000 visits. It enhances the brand image of the Company, help the business units to acquire customers, and becomes a new online business card of the company



### One round of securities branch image upgrading:

in accordance with the concept of “modernization, internationalization, standardization and simplification”, the visual image guidelines of the securities branches are formulated adopting refreshing color tone, modern simplicity and forward-looking style to provide a unified standard for the upgrade of the securities branches



### One Company anthem:

We “crowdsourced” lyrics from all employees and created the Company anthem “Galaxy” to stimulate the sense of belonging among employees and further enhance the affinity of corporate culture and employee adhesion



### One promotional video:

Focusing on the achievements of the Company’s reform and transformation, through the “road of finance, road of the world, road of responsibility and road of digital”, the Company’s new image as a state-owned enterprise that implements “two insistings and four services” is presented in a multi-dimensional manner



### One all-employee cultural event:

relying on cyberspace, breaking geographical boundaries and innovating the organization model, more than 6,700 employees participated, and nearly 370,000 likes and comments, its influence radiated from inside to outside, triggering the attention of mainstream financial media and self-regulatory organizations; more than 560 OA news items were posted throughout the year, and 70 floor display messages were posted



### One book:

A book: Organized the writing of a history of the Company's growth, drawing on the wisdom of historical development, inspiring all employees with a sense of belonging to the Company, and establishing a firm belief in future development

## Responsible ESG management with united minds and effort

2021

Held

**2**

ESG working group meetings

Contribution to

**15**

United Nations Sustainable Development Goals

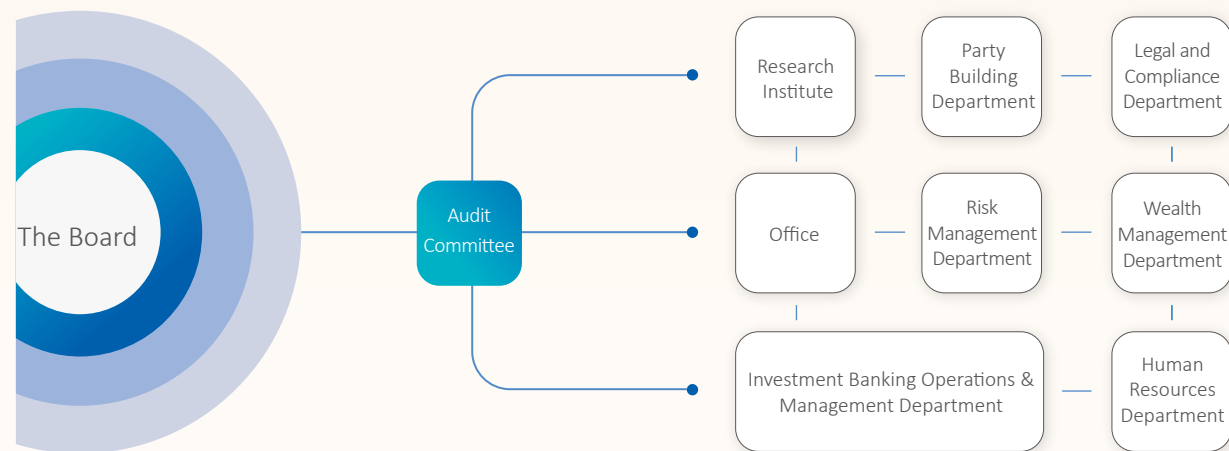




## ESG management structure

The Board of Directors attaches great importance to ESG management and development, and approved the establishment of the ESG Working Group in December 2020 to establish an ESG working mechanism with collaboration of various departments and vertically management of ESG work, effectively integrating the concept of social responsibility into the Company's operation and development.

In 2021, in accordance with the requirements of the "Environmental, Social and Governance Reporting Guidelines" in Appendix 27 of the Hong Kong Stock Exchange, the Company further optimized its ESG management structure, with the Board of Directors taking overall responsibility for and leading the Company's ESG strategy, reporting and management decisions, the Audit Committee managing the Company's ESG work strategy and important initiatives, and the relevant departments implementing ESG management work, forming a three-level ESG governance structure of supervision - management - implementation, and laying a solid foundation for the development and enhancement of ESG work.



Responsible for formulating ESG strategies, considering and decide major issues related to social responsibility, evaluating material issues, and reviewing annual ESG reports.

Reviewing the company's current ESG management system, conducting basic analysis of ESG information to support management in setting ESG objectives and activities, and reporting regularly

Collecting ESG information and leading the preparation of ESG reports; coordinating internal/external communication on ESG issues on an ongoing basis; coordinating the promotion of ESG practices.

## Promoting ESG development

The company realizes that attaching importance to ESG work is both an inevitable trend of development under the new pattern and a necessary way for the Company's high-quality development. In 2021, the Company will continue to deepen its ESG management concept model, identify its responsibilities as a listed company, a financial enterprise, a corporate citizen and a brand employer, and strengthen its management in the areas of compliance development, risk management, response to climate change and concern for employee development, so as to organically integrate corporate value, shareholder returns, employee interests and social responsibility.



### As a listing company Upholding trust and win-win philosophy

- The Company is committed to compliance and advanced management to achieve steady growth, provide sustainable returns to shareholders, protect the interests of small and medium-sized shareholders and win the trust of shareholders to achieve a win-win situation

Continuity and stability in business, strengthening compliance and internal control, comprehensive risk management

### As a corporate citizen Actively taking corporate responsibility

- We firmly believe in drinking water and giving back to the community with our financial strength, serving national strategies and promoting economic and social progress
- Serving real economy, responding to climate change, help rural revitalization, develop sustainable finance

### As a financial enterprise Insisting on attitude of service excellence

- We are building a leading investment bank with a strong customer focus, continuous business innovation and best-in-class service

Product innovation and high-quality customer services

### As a brand employer Carrying on together with employees

- The Company believes in putting people first, providing a fair and perfect career development platform, creating a harmonious and healthy office environment and collaborating with our staff to grow

Cultivating high-quality talent, concerning employee development and health

Upholding ESG philosophy of taking "compliance as the bottom line, innovation as the driving force", the Company integrates the concept of compliance into all aspects of business operation, adheres to the business policy of "making progress in stability and active risk control", plays the role of "gatekeeper", and provide a solid foundation for the development of shareholders, investors, customers and employees. At the same time, we bear in mind the corporate mission of wealth creation, insist on the concept of innovation-driven development, focus on professional capacity building, and contribute to the construction of a healthy, harmonious, rational, regulated, open and dynamic capital market.

In 2021, the Company undertook a research on key topic of the Securities Association of China- "A study on the relationship between ESG and high-quality development of listed companies", and won an outstanding award. The study was made in five parts, including discussion of ESG disclosure, the position of corporate governance in corporate ESG development, and the relationship between ESG performance of a company and its excess returns. The study found that:

Regulatory policies, such as mandatory disclosure policies, can significantly improve ESG performance of listed companies.

Corporate governance is the core of ESG. A high level of governance in listed companies promotes environmental and social benefits in the medium and long term, and environmental and social awareness is an important component of the current management model of listed companies.

ESG scores of listed companies and the components of environmental and social significantly and positively affect stock returns.

## 2

held two ESG Working Group meetings

### January 2021

- Discussion on improving ESG work mechanism and optimizing ESG work synergy among various departments;
- Identifying the problems of ESG management in the Company in light of the actual situation of the Company and discussing the work that can be improved in the annual ESG management;

### September 2021

- Discussion on improving ESG management of the Company and better involvement of the Board in ESG governance
- Revising the dictionary of the Company's ESG indicators on an item-by-item basis with reference to "Environmental, Social and Governance Reporting Guidelines" in Appendix 27 of the Hong Kong Stock Exchange (the "SEHK ESG Guidelines");
- Involvement of external experts in the identification and analysis of annual material ESG issues of the Company.

# Stakeholders communication

The Company's development cannot be separated from the input or participation of various stakeholders, and understanding and fulfilling the demands of its stakeholders will help the Company to create long-term value. The Company has identified its major stakeholders based on their relevance to corporate responsibility in actual operational development, the degree of influence on the Company's development and other factors

Good stakeholder communication can reduce operational risks and build a responsible corporate image. In 2021, the Company improved its stakeholder management methods and carried out stakeholder management in a more scientific and systematic manner. The Company actively communicated with stakeholders through a series of activities such as information disclosure, shareholders' meetings, investor conferences, investment education activities and employee meetings, and listened to the diverse demands of stakeholders and seriously provided feedback in order to improve the ESG performance of the Company. We also used online platforms and other media channels to continuously communicate the Company's development to the public.



Figure: China Galaxy Securities' stakeholder management method



## Galaxy Securities' stakeholder demands and feedback in 2021

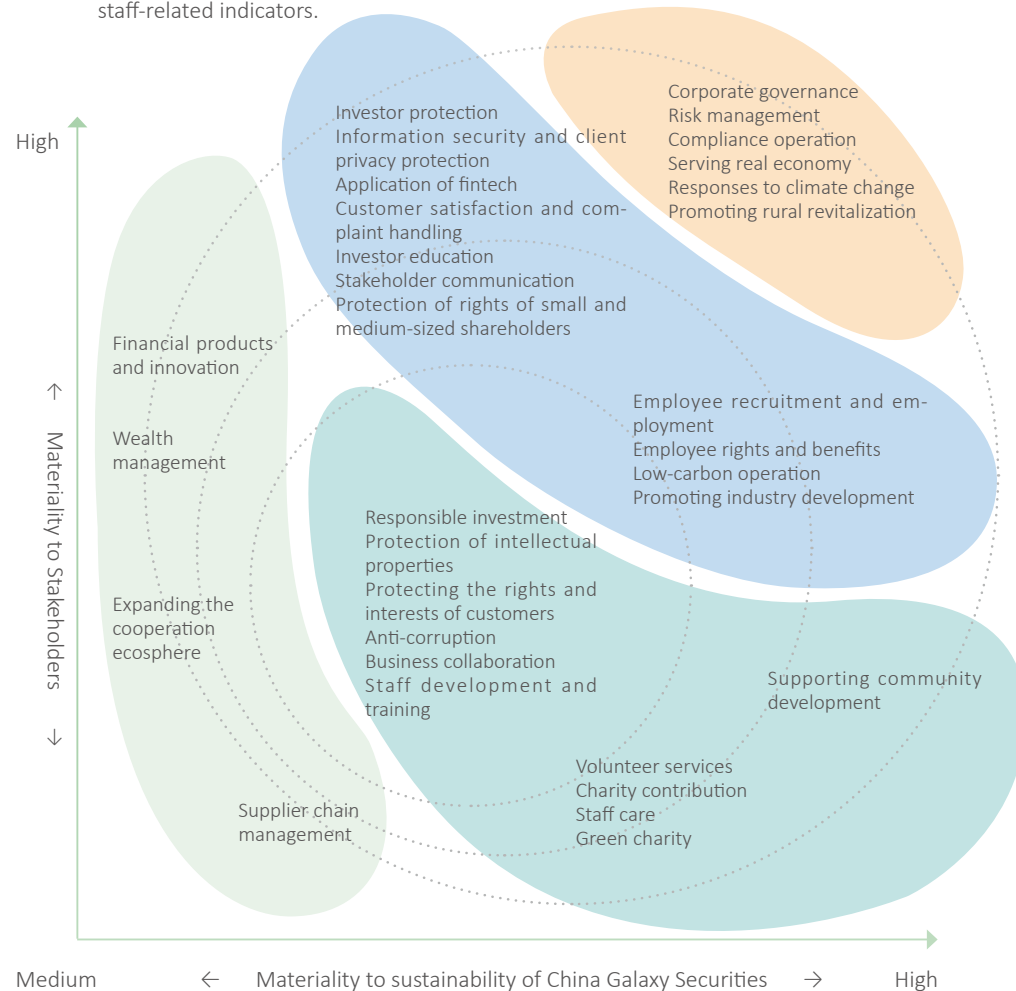
Major stakeholder groups of China Galaxy Securities	Stakeholder demands	China Galaxy Securities' feedback
 Government and regulators	Risk management Compliance operation Responding to climate change Investor protection Anti-corruption District development Rural revitalization Serving real economy	Cooperate with regulators for verification Regular information disclosure Meetings and reporting
 Shareholders and Investors	Corporate governance Risk management Compliance operation Economic benefits Business collaboration Financial products and innovation	General Meeting of Shareholders Regular information disclosure Investor conference Results announcement presentation
 Customers	Information security and client privacy protection Investor protection Responsible marketing Customer services and communication Wealth management Financial products and innovation	Investor education activities Customer enquiries and complaints Customer satisfaction survey Official website, public website
 Staff	Employee recruitment and employment Staff development and training Employee benefit protection	Trade union activities Staff training Cultural activities Staff care
 Suppliers and partners	Supplier chain management Anti-corruption	Strategic cooperation exchange Business communication Tendering activities
 Community	Responsible investment Public welfare Green operations	Conducting joint Party organization Community public welfare Volunteer activities Implementing special poverty alleviation



## Annual materiality analysis

In 2021, the Company conducted a stakeholder survey on materiality issues related social responsibility, and combined it with expert assessment to identify issues of high materiality to the Company and stakeholders, and made key disclosures and responses in this report.

Based on the domestic and international policy trends, the key work deployment of the securities industry and the important factors affecting enterprise development, new issues of "Responses to climate change", "Information security and client privacy protection" and "Rural revitalization" have been added; and based on the concerns of exchanges and international rating agencies, the "Responsible investment" issue has been added to optimize staff-related indicators.



## ESG management improvement direction

CSR/ESG management is an important starting point in our commitment to sustainable development. The company will be in accordance with the regulatory requirements, focusing on employee protection, environmental pollution, commodity quality, community relations, etc. Strengthen related work on key issues, keep pace with the times, and achieve longer long-term and short-term improvements. And continue to ensure timely and compliant disclosure of information. In this process, with the vast Stakeholders maintain close communication, learn from others' strengths, and strive to build a leading role in the CSR/ESG field. Benchmark company.

## China Galaxy Securities' contribution to SDGs

The Company is committed to solving environmental and social problems through financial services and promoting the sound, healthy and sustainable development of society. We use the United Nations Sustainable Development Goals as a reference to assess how our business activities contribute to the achievement of the most relevant sustainable development goals.

Corresponding sections in this report	Corresponding actions of China Galaxy Securities	Corresponding United Nations Sustainable Development Goals (SDGs)
<b>Responsible ESG management with united minds and effort</b>	Corporate governance	
<b>Strictly and conscientiously strengthening corporate governance</b>	Risk management Compliance operation Public welfare Anti-corruption Investor protection	  
<b>Shouldering responsibility, financial support for high-quality development</b>	Corporate governance Anti-corruption Public welfare District development	  
<b>Good at action and act for good, climate action contributing to "dual carbon" goals</b>	Green operations Serving real economy Responding to climate change	   
<b>Pioneering and empowering quality and efficiency with technology</b>	Green operations Customer services and communication	 
<b>One heart and one mind, innovation motivated team vitality</b>	Public welfare Employee benefit protection Employee recruitment and employment Staff development and training	   
<b>Create and build together, cooperate for and promote value sharing</b>	Public welfare	  

## Strictly and conscientiously strengthening corporate governance

2021

Revised

**17**

governance systems of the Company

Female directors

**2**

Female supervisor

**1**

Anti-corruption training for employees

**12,655** persons-times





## Corporate governance

Guided by the decision and deployment of the Party Committee, China Galaxy Securities promotes business development through Party building, examines the effect of Party building through business, leads all employees to enhance the "four consciousness", adhere to "four confidence" and achieves the "two upholds", and improves the governance system based on solid Party building work, continues to standardize corporate governance, and lays a solid foundation for long-term stable operation. The Board of Directors believes that good corporate governance is essential to the long-term development of the Company and is committed to continuously optimizing corporate governance and establishing an open and transparent governance structure with checks and balances.

In 2021, the Board of Directors conducted a systematic review of the changes in regulatory laws and regulations in recent years and, with the objective of establishing an "excellent, sound and efficient" corporate governance mechanism, conducted a comprehensive revision of 17 governance systems, including the Articles of Association, to effectively promote the adaptation and alignment of the corporate governance system with the new Securities Law and the new laws and regulations and regulatory requirements issued by the State Council and the CSRC.

### Led by Party building



As the "national team" of the securities industry and capital market, the Company insisted on the leadership of Party building during its reform and development in many years

In 2021, the Company thoroughly implemented the requirements of the Party Committee of CIC, industry regulators and self-regulatory organizations on strengthening the culture construction of the industry, and closely focused on the "ten elements" work requirements. We continued to promote the deep integration of cultural philosophy with the Company's strategies and business decisions, and the organic integration with the requirements of Party building, professional capacity building, comprehensive human development and historical and cultural heritage, so that the ecological environment of the Company continued to improve and its reputation in the society has been significantly enhanced.

### General meeting, the Board, Supervisory Committee and the management



The Board of Directors is fully responsible for overseeing corporate responsibility issues, controlling the Company's corporate responsibility strategies, policies and objectives, ensuring that appropriate and effective environmental, social and governance risk management and internal control systems are in place. It receives regular reports on corporate responsibility work, and reviews the Company's corporate responsibility performance.

The Board constantly strengthens training, fully utilizes the training platforms of regulators, self-regulatory organizations and exchanges to understand the new requirements of relevant laws and regulations and regulatory rules in a timely manner, including but not limited to the interpretation of laws and regulations and policies, analysis of capital operation experience of the boards of directors of outstanding listed companies and analysis of ESG responsibilities of listed companies. The Company actively organizes, coordinates directors to conduct a series of surveys and seminars, and organizes training for directors in light of changes in regulatory regulations, etc., to provide strong support for directors to perform their duties.

### In 2021 the Company organized

4 shareholders' general meetings to consider 35 resolutions, 1 meeting to receive special report

9 Board meetings to consider 70 resolutions, 10 meetings to receive special reports

19 special committee meetings to consider 69 resolutions, 12 meetings to receive special reports

The Supervisory Committee is responsible for the supervision of risk management and supervision and inspection of the Board of Directors, the general manager (president) and other senior management members in respect of their performance of risk management duties in accordance with laws, regulations and the Articles of Association. The management is primarily responsible for risk management and the thorough implementation of the risk management strategy, objectives and policies of the Board of Directors.

The Board of Directors, in accordance with regulatory requirements and in line with the actual development needs of the Company, has promoted the merger of the functions of the President's Office and the Executive Committee of the Company to establish the "Executive Committee System" for the management team of China Galaxy Securities, realizing the "unification of the two committees", promoting the governance system to meet the operational development needs of the Company, promoting a new stage of corporate governance operation, and practically enhancing the efficiency of the Company's decision-making and governance effectiveness, while refining the solution measures and closely supervising implementation to form a closed loop of investigation and research work.



During the reporting period, there were

2 female directors at the Board level

1 female supervisor at the Supervisory Committee level

### Management diversity policy

For the sustainable and balanced development of the Company, the Company considers it important to diversify its management, especially at the Board level. In formulating the composition of the Board of Directors, the Company considers the diversity of the Board from various aspects, including but not limited to not selecting directors based on their physical characteristics such as gender, age and height, and social characteristics such as ethnicity, nationality, religious beliefs and economic conditions.

## “Zero error”disclosure

The Company strictly followed the disclosure requirements of listed companies and strengthened the management of information disclosure in various aspects such as system process, work coordination and working methods. In 2021, the Company made 328 announcements for A Shares and H Shares.



## Protecting the rights of small and medium-sized shareholders

The Company has set up an effective communication channel with small and medium-sized investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. In 2021, the Company focused on conducting various small and medium-sized investor reception and communication activities to promote the interactive development of investor relationship management and business. The Company classifies and manages its investor relationship activities according to regular, periodic and dynamic categories. During the reporting period, the Company organized four results announcement presentations for all investors, and received and replied nearly 100 questions from small and medium-sized investors through the online E interactive platform, mail box and public telephone. The Company disclosed information truly, accurately, completely and timely to ensure that investors would know the important matters of the Company in a timely manner, protecting the investors' interests to the greatest extent.

## Comprehensive risk management

China Galaxy Securities always takes the prevention and resolution of financial risks as its core task in serving the national strategy, insists that risk management is an important component of the Company's core competitiveness, continuously improves its professional risk management tools, and effectively prevents and controls major risks. With the objective of maximizing risks and returns, the Company actively responds by taking effective measures, and was able to maintain risks at a measurable, controllable and tolerable level in general.

## Building robust risk management system



The Company continues to perfect its "penetrating and comprehensive" risk management system, accurately identify risks, strengthens forward-looking market judgment and risks and returns analysis, and dynamically optimizes and adjusts risk limits to protect the expansion of business scale while reducing marginal additional risks. It has established a country risk management system, a graded reporting mechanism for major risk events, and a full-coverage risk performance assessment mechanism, and optimized a number of credit risk prevention and control mechanisms, such as the negative list, and management of stock pledge risks by category.

The Company deepened the vertical risk management of subsidiaries, and promoted the connection of systems between the parent company and subsidiaries and the full coverage of data collection. It strengthened the pre-evaluation of major new business and major investment and financing, and reinforced the effective basis, tools and means of the penetrating risk management of subsidiaries to protect the subsidiaries, especially making the risks of overseas subsidiaries more "clearly visible".

The Company promoted the effective use of three major management tools of operational risk, deepened operational risk and control self-assessment and continuous optimization of loss data collection and reporting process, and promoted the reporting and monitoring of KRI indicators in key areas and key business processes.

The Company promoted the further deepening of data and system construction, increased investment in talents and resources in the field of risk measurement, strengthened the development and application of models for impairment, economic capital, OTC derivatives and liquidity risk management, and deepened the effectiveness of risk data governance and system construction. Overall, the foundation of risk management was strengthened, its professional risk management tools further enriched and automation further improved.



In 2021, there was no major risk incident identified. Inventory risks were continuously eliminated, and the overall risk situation is under control. Various risk monitoring indicators, risk appetite and risk limits are implemented smoothly.







### Reputation risk mechanism more perfect

The Company strives to cultivate its good reputation and image, and considers them important strategic resource for the sustainable development of the Company. The Company includes reputation management capability in its key capabilities to be developed and takes “the building of a first-class investment bank reputation management system” as a work objective. In 2021, the Company's reputation management work focused on "emphasizing comprehensive, system building", continued to improve the Company's management mechanism, gradually strengthened the management of self-media, improved the public opinion monitoring system, actively maintained good communication with the media, and enhanced the promotion of Galaxy's image. The percentage of objective and positive media reports exceeded 98%, and its public opinion environment remained healthy and stable. During the reporting period, there was no material reputation risk event occurred.

### Promoting risk management of the industry

The Company actively participated in the 2021 key topic research of the Securities Association of China, and completed the topic “A study on country risk rating and prevention mechanism for ‘going global’ of securities firms”. As a committee unit of the Risk Control Committee of the Securities Association of China, the Company participated in the study on the topic of credit bond pre-warning, and undertook the research task for the special topic of single customer risk management practice. As a member of chairman unit of the Risk Management Committee of the Shanghai Stock Exchange Council, the Company organized the collaboration of institutions in the industry, and promoted research on topics such as “Construction of risk indicators and early warning system for the whole process of securities issuance, trading and delisting under the new securities act” and “Research on cross-market systemic risk transmission and prevention” to provide reference for capital market risk management.

In accordance with the overall principle of "comprehensive coverage, unified management, and classified implementation of policies", the Company established a sound compliance management system, and actively conducted relevant anti-money laundering and anti-corruption education and training to ensure the Company's compliance operation in all respects.

### Compliance internal control

The Company established a sound compliance management system, which sets out a clear Chinese wall management organization system and division of responsibilities at all levels. The Company established the “Measures for the Management of Chinese Walls”, the “Implementation Rules for Management of Conflicts of Interest”, the “Implementation Rules for the Management of Abnormal Transactions of Customers” and other relevant management rules to strengthen compliance operation and prevent fraudulent transactions. The Company established a conflict of interest identification and management reporting mechanism, adopted effective measures to manage conflict of interest and strictly prohibit transfer of benefits in any form.

In 2021, the Company organized training for all staff on personal investment behavior and management of Chinese walls. Training materials were distributed through platforms such as the Galaxy University, and examinations were arranged.

## Ensuring compliance operation

In 2021, the Galaxy University platform provided

**1**  
anti-corruption training to a total of  
**12,655**  
persons-times



### Anti-corruption

In 2021, the Company strived to establish a coordinated supervision system including a comprehensive supervision by the Party committee, special supervision by disciplinary inspection bodies and professional supervision by functional departments. The Company continuously improved the long-term mechanism under which no one dares to corrupt, can be corrupted or thinks of committing corruption. We will also improve the system of performing duties and standardize the relevant working mechanism by amending the system regulations. The Company also improved the system of performance of duties and standardized relevant working mechanism by amending the system regulations. The Company has further strengthened the regulation of staff's professional conduct through the "Anti-Commercial Bribery Standard Terms Template of China Galaxy Securities Co., Ltd.", and refined the requirements of anti-corruption according to business lines, including investment banking, financing, proprietary trading, wealth management, securities investment advisory and fund custody. At the same time, the Company held integrity practices training and examination for all staff, monitored regulatory changes on an ongoing basis, sorted out and analysed outstanding problems and typical cases in the industry issued compliance reminders and gave warning by cases to enhance the awareness of integrity practices among all staff.

### Anti-money laundering

In accordance with the laws and regulations, regulatory rules and industry self-regulation rules regarding anti-money laundering including the “Anti-Money Laundering Law of the People's Republic of China”, the “Administrative Measures for the Reporting of Large-Value and Suspicious Transactions by Financial Institutions” and the “Measures for the Implementation of Anti-money Laundering in the Securities and Futures Industry” and in light of the Company's business practices, the Company has established an anti-money laundering and internal control system with the “Anti-Money Laundering and Anti-Terrorism Financing Management System” at its core for effective anti-money laundering.

The Company has established a comprehensive anti-money laundering mechanism, covering the entire process of early prevention, monitoring and analysis during the process and subsequent handling. The Company has diligently fulfilled its reporting obligations for anti-money laundering suspicious transaction, which has been recognized in the "Circular on Anti-Money Laundering Data Reporting by Financial Institutions in the Securities and Futures Industry in 2020" issued by the People's Bank of China.

The Company actively explored the use of big data, machine learning, knowledge mapping and other technologies to carry out anti-money laundering monitoring and analysis work, and was the first in the industry to implement them. In addition, the Company actively hosted the “Fintech Empowered Anti-money Laundering in the Securities Industry” exchange conference of the Securities Association of China to facilitate the exchange of anti-money laundering technology application in the industry and promote the Company's outstanding anti-money laundering practices.

## Held "Fintech Empowered Anti-money Laundering in the Securities Industry" exchange conference

In October 2021, the "Fintech Empowered Anti-money Laundering in the Securities Industry" exchange conference organized by the Securities Association of China and hosted by China Galaxy Securities was successfully held in an online and offline combined mode.



## "Outstanding Award" in the Central Bank Anti-Money Laundering Bureau 2021 National Anti-Money Laundering Essay Contest



In 2021, in the national anti-money laundering essay contest organized by the Anti-Money Laundering Bureau of the People's Bank of China, the Company's anti-money laundering topic "Technology Empowering Anti-Money Laundering, Intelligent Monitoring and Identification of Suspicious, Anti-Money Laundering Application and Practice of Machine Learning Technology in Securities Industry" won the "Outstanding Award".

## Compliant procurement

In order to strengthen the regulation of various procurement activities and effectively prevent procurement risks, the Company revised three systems related to procurement in 2021, optimized the centralized procurement decision-making mechanism and procurement-related processes, and consolidated the responsibilities of procurement personnel to improve procurement efficiency.

- Revised The Centralized Procurement Management Measures
- The Decentralized Procurement Management Measures for Headquarters
- The Decentralized Procurement Management Measures for Branches



For the selection of suppliers, the Company makes in-depth market to understand the ESG risk of a supplier, and suppliers with ethical or reputational problem will be rejected. Procurement information is open and transparent to ensure the consistency of information available to all participating suppliers. The procurement results are published on the website of the Company in a timely manner. The Company actively explored and created a new online procurement and bidding model, which meets the requirements for both timeliness and compliance of procurement.



In 2021, our procurement involved over **230** suppliers which were mainly IT companies and over **50%** of suppliers were located in three cities, namely Beijing, Shanghai and Shenzhen.



In 2021, as the securities industry representative, the Company participated in the compilation of the industry tool book "Procurement Management Guide for Financial Enterprises". The guide provides a detailed description of the key contents of the sections on procurement management overview, whole process procurement management, procurement risk management, digital procurement, and procurement supervision and audit for financial enterprises, fully reflecting the characteristics of procurement in the financial industry.

## Protecting intellectual properties

China Galaxy Securities strictly complies with the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Regulations for the Protection of Computer Software and other laws and regulations, and strictly protects the intellectual property rights and commercial information of itself, its clients and third-party organizations.

The Company vigorously promoted the work of office software legalization and standardization by unifying the procurement of domestic office software packages and organizing centralized training for employees on the use of office software to enhance their skills in using office software and their awareness of software legalization. In addition, the Company strengthened the management of commercial fonts, photo galleries, LOGO trademark graphics and visual specifications to ensure legalized and standardized use.

## Shouldering responsibility financial support for high-quality

2021

Underwriting amount of investment  
banking business exceeded

RMB **200** billion

Actual amount of equity and debt  
financing raised for private enterprises

RMB **15.3** billion

Total amount of local bonds  
underwritten

RMB **46.33** billion

Pledge financing provided to shareholders of  
micro, small and medium-sized listed companies

RMB **857** million

Helping rural revitalization and providing assistance in various forms

RMB **37.85** million



## Serving the real economy



As a state-owned financial enterprise, China Galaxy Securities bears in mind its original intention and mission, fulfills its responsibilities and commitment, concretely promotes "six stabilities", implements the task of "six guarantees", actively practices the new development philosophy of "innovation, coordination, green, openness and sharing", establishes and firmly grasps the responsibility positioning of "two insistings and four services", and makes serving the national strategy the top priority in order to realize the common growth of the Company and the country and strive to create a new situation for its high-quality development.

The Company gives full play to the important role of the multi-level capital market in serving the supply side structural reform to provide comprehensive financing services to enterprises. In 2021, the underwriting amount of the Company's investment banking business exceeded the RMB200 billion mark, covering many production and service sectors closely related to the real economy, such as the manufacturing, construction and transportation industries.



- ◆ Insisting on Party supervising the financial field
- ◆ Insisting on preventing and controlling systemic financial risks



- ◆ Serving real economy
- ◆ Serving technological innovation
- ◆ Serving national strategy
- ◆ Serving common prosperity

## Strategic emerging industries

As the pace of technological innovation and industrial development continues to accelerate, strategic emerging industries have become an important driving force to promote the transformation and upgrade of China's industrial structure and high-quality economic development. The Company strongly supports the development of strategic emerging industries and continues to enhance its capacity to serve strategic emerging industries through listing financing, mergers and acquisitions, and refinancing.



### Bioindustry



Ringpu Bio-technology is one of the largest and most comprehensive veterinary medicine manufacturers and animal health service providers in China. In November 2021, Tianjin Ringpu Bio-technology Co., Ltd. issued shares to specific targets on GEM, for which Galaxy Securities acted as the sponsor (lead underwriter), raising a total proceeds of **RMB1.34billion**.



### High-end Equipment Manufacturing Industry



Three-circle Group is mainly engaged in the research and development, production and sales of electronics, ceramic electronic components and electronic basic materials. In November 2021, the issuance of shares by Chaozhou Three-circle (Group) Co., Ltd. to specific targets, for which Galaxy Securities acted as the sponsor (lead underwriter), was successfully completed, raising a total proceeds of **RMB3.9 billion**.



### New energy industry



In 2021, Galaxy Capital invested in Chipone Technology (Beijing) Co, Ltd. in the field of integrated circuit and Huayao Photoelectric Technology Co., Ltd. in the field of new energy industry through Galaxy Core Dynamic No. 1 Equity Investment Fund (Yantai) Partnership (Limited Partnership) and Zhongshan Xingzhong Galaxy Green Industry Investment Fund (Limited Partnership), respectively with a total investment amount of **RMB 100 million**, and completed the signing of investment agreement for Hubei Rongtong Hi-Tech Advanced Materials Co., Ltd., a new energy battery industry chain company, in the amount of **RMB62.5 million**.



### Emerging information industry



Business-intelligence of Oriental Nations Corporation Ltd. is a global leading third-party cloud computing and big data technology service company. In May 2021, Business-intelligence of Oriental Nations Corporation Ltd. issued shares to specific targets on GEM, for which Galaxy Securities acted as the sponsor and lead underwriter, raising a total proceeds of **RMB800 million**. The proceeds will be invested in projects including industrial Internet cloud-based intelligent platform project and 5G + industrial Internet convergence access and edge computing platform project.

## Advanced manufacturing industries

The high-quality development of advanced manufacturing industry is of great significance in the new development pattern. The Company actively gives full play to the power of financial resources, including financing and intelligence to support innovation, promote the maturity and growth of advanced manufacturing industry, consolidate the foundation of China's real economy, and contribute to the building of a strong manufacturing country.



### Lead underwriting of non-public issuance of shares by

Tongyu Communication Inc. ("Tongyu Communication") is engaged in the research and development and production of mobile communication base station antennas, microwave antennas, radio frequency devices, optical modules, wireless broadband terminals, small base stations and private network equipment. In December 2021, Tongyu Communication made a non-public offering of shares on the main board, for which China Galaxy Securities acted as the sponsor (main underwriter), raising a total proceeds of **RMB812 million**, which was intended to be invested in the research and development and production projects of high-speed optical communication devices and optical modules, the construction project of Wuhan research and development center, the research and development and industrialization project of wireless communication systems and the replenishment of working capital.

## Technological innovation industries

The Company insists on the core aspiration of serving technological innovation and provides a full range of capital market and financial services for technological innovation enterprises.



### The IPO of Chengda Biotech on the Sci-Tech Innovation Board

The IPO of Chengda Biotech, for which China Galaxy Securities acted as the deputy lead underwriter, was considered and approved by the listing committee of the Science and Technology Innovation Board (Sci-Tech Innovation Board) of SSE, making it the first case of a listed company spinning off a holding subsidiary of the New OTC Board to list on the Sci-Tech Innovation Board. This listing of Chengda Biotech on the Sci-Tech Innovation Board raised **RMB4.58 billion** for human vaccine project construction and research and development and replenishment of working capital.





## Other key industries supported

### Deepening financial supply side reform and actively participating in public REITs

The Company fully supports the development of national financial innovation and actively participates in the issuance and transaction of REIT public offerings. We have been preparing for such type of investment in advance, and actively cooperated with the stock exchange to complete system construction and investor education. We participated in the promotion activities of public REITs and published articles in mainstream media such as China Securities Journal to guide investors to properly understand and participate in the investment in projects of public REITs. As a market maker for three REITs projects, the Company effectively enhanced market liquidity and guided market pricing, and received an **A** in all market making assessments.

In April 2021, the first "Starlight Galaxy, Sharing Prosperity" China Galaxy Securities Public Fund Strategic Cooperation Forum was held in Chengdu, successfully creating an important platform for regular exchanges between the Company and its core public fund clients and strengthening the Company's all-round cooperation with public funds.



Photo: The first "Starlight Galaxy, Sharing Prosperity" Galaxy Securities Public Fund Strategic Cooperation Forum

The Company is one of the institutions with the largest positions in public REITs among securities companies

the amount of investment participation in public REITs exceeds RMB **700** million in 2021



### Strengthening the core competitiveness of the Company's ETF industry

In November 2021, the Company established a special working group for ETFs to strengthen the core competitiveness of the Company's ETF industry chain in an all-round manner. With the coordination of multiple departments, the Company strives to integrate its advantageous resources and focus on building a public fund ETF product pool with excellent reputation. Based on the comprehensive and complete industrial chain of ETF sales, market making, securities borrowing, investment advisory, asset allocation, and transaction services, the Company has established its core competitiveness in the field of fund sales and services.



## Supporting small and micro-sized enterprises



Since 2020, the COVID-19 pandemic has seriously affected social and economic development, and many private enterprises have been hit hard. Based on its professional duties, the Company has increased financing to support the development of small and medium-sized enterprises. In 2021, the actual amount of equity and debt financing raised by the Company for private enterprises was **RMB15.3 billion**.

The Company focuses on "Specialized, sophisticated, special and new small giant" enterprises and provides capital support for small and medium-sized enterprises. In 2021, the Company provided pledge financing of **RMB857 million** to shareholders of **11** micro, small and medium-sized listed companies, and provided market making quotation services to **18** companies listed on the New OTC Board, making positive contributions to the provision of market liquidity for high-quality small and medium-sized enterprises.

In addition, the company has helped the development of small and micro enterprises by issuing micro, small and medium-sized bonds for bank customers. In addition, the company has helped the development of small and micro enterprises by issuing micro, small and medium-sized bonds for bank customers. The Company issued small and micro enterprise special bonds for Chongqing Three Gorges Bank and undertook small and micro bonds for Ping An Bank and Xiamen International Bank, with a total financing amount of **RMB25 billion**.

### Acting as a joint lead underwriter of special financial bonds for small and micro enterprise loans of Changsha Rural Commercial Bank

Changsha Rural Commercial Bank is a modern rural commercial bank aiming to be the main bank for "agriculture, rural areas and farmers" and a partner bank for small and micro enterprises. In September 2021, the Company acted as the joint lead underwriter for the issuance of "Changsha Rural Commercial Bank Co., Ltd. 2021 First Tranche of Special Financial Bonds for Small and Micro Enterprise Loans". The rating of the issuer and the bonds are both **AA+**. The bonds are issued with a **3-year** maturity, an issue size of **RMB2 billion** and coupon rate of **3.12%**.

## Promoting regional coordination

Under the new development pattern, the regional development policy is gradually changing from "promoting the rich first" to "coordinating and taking care of all". As an important member of the "National Team of Securities Brokers" and "CIC Ecosystem", China Galaxy Securities has actively integrated into the regional economy and served the coordinated development of the regions. Through local bond underwriting and investment business, we have supported the development of the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta region and the Hainan Free Trade Zone.

In 2021, the total amount of local bonds underwritten by us was **RMB46.33 billion**, representing a year-on-year increase of **596%**.



### Beijing-Tianjin-Hebei region

As the joint development of Beijing, Tianjin and Hebei is one of the key national strategies, the Company concentrates its advantageous resources to serve the upgrading and transfer of industries in Beijing, Tianjin and Hebei and accelerate the process of market integration. In 2021, we reached business cooperation with many large enterprises such as Shougang Group, Datang Group and China Power, and successively launched restructuring or hybrid reform projects of the State Council and local key state-owned enterprises such as Ben-steel Group, Sapa Chalco and TEDA Holding. As at the end of 2021

Under the support of the Beijing Municipal Bureau of Finance, the Company initiated and established Beijing Guoguan Shunxi Galaxy New OTC Board Venture Capital Development Fund jointly with Beijing State-owned Capital Operation and Management Center, with the initial fund size of **RMB2 billion**, and the Company invested **RMB400 million** to support the construction of "two districts" of Beijing and the in-depth reform of the New OTC Board.

the financing scale we served the Beijing-Tianjin-Hebei region reached RMB

**102.46** billion

representing a year-on-year increase of

**171.98%**

### Yangtze River Delta region

The Company has focused on creating a "Huzhou model" for bond business, vigorously developing bond business in economically developed regions and promoting the integrated development of the Yangtze River Delta. In 2021, the Company ranked **No. 4** in bond underwriting scale in Huzhou, with a market share of **7.64%**, and has formed a significant advantage in regional development. In Zhejiang, the Company's underwriting scale exceeded **RMB11 billion** in 2021.

### Acting as a joint lead underwriter of special financial bonds for small and micro enterprise loans of Chongqing Three Gorges Bank

Chongqing Three Gorges Bank Co., Ltd. is a city commercial bank approved by China Banking Regulatory Commission, with its base in the reservoir region and serving Chongqing. It is fully committed to serving the local economy, small, medium and micro enterprises and urban and rural residents. In April 2021, the Company acted as the lead underwriter for the issuance of "Chongqing Three Gorges Bank Co., Ltd. 2021 First Tranche of Special Financial Bonds for Small and Micro Enterprise Loans". The bonds are issued with a **3-year** maturity, and the rating of the issuer and the bonds are both **AA+**. The issue size is **RMB3 billion** and final issuance rate is **3.80%**.

### Guangdong-Hong Kong-Macao Greater Bay Area

The financial industry is the core industry to enhance the competitiveness of the development of the Guangdong-Hong Kong-Macao Greater Bay Area. At the same time, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area will also help promote the development of the financial industry in the direction of high-end and high value-added services. The Company has seized the opportunity to deeply develop its investment and financing business in the Greater Bay Area. In the past three years, the Company invested around 100 staff members and raised finance of **RMB28.43 billion** for various enterprises in the Greater Bay Area.

### Galaxy Capital supporting the economy development of Zhongshan

Galaxy Capital established Zhongshan Xingzhong Galaxy Green Industry Investment Fund (Limited Partnership) jointly with Zhongshan Xingzhong Group Co., Ltd. The Fund has a size of **RMB250 million**, and will extensively explore outstanding enterprises with high technological content and innovation capability in relevant fields, support their development through direct investment, incubation and mergers and acquisitions, and guide the investees to pursue innovation and start their own businesses in Zhongshan, thus contributing to the high-quality economic development of Zhongshan.



## Hainan Free Trade Zone

In 2021, Galaxy Capital and the Department of Finance of Hainan Province continued to actively prepare and accelerate the establishment of the Hainan Free Trade Port Construction Investment Fund ("Hainan Free Trade Port Fund"). The Fund adopts a "government-led, market-oriented operation" model and the scale of the first phase is **RMB10 billion**. It is functionally positioned as a fund of funds guided by the provincial government of Hainan Province, with Galaxy Capital as the fund manager. The establishment of the Hainan Free Trade Port Fund will guide more social capital to invest in the construction of key parks, major infrastructure and key industries in Hainan, forming an important financial support to serve the construction of the Hainan Free Trade Port.

In addition, the Company plans to cooperate with the Department of Finance of Hainan Province to establish Hainan Free Trade Port Fund Management Co., Ltd. which will take up the market-oriented operation and professional management of the Free Trade Port Fund. Meanwhile, Galaxy Capital intends to establish Hainan ICBC Galaxy Equity Investment Fund as one of the first sub-funds of Hainan Free Trade Port Fund with a fund size of **RMB400 million** and act as its fund manager. The sub-fund will mainly invest in high-tech, high-end equipment manufacturing, new materials, new energy and other strategic emerging industries supported by the state.



the scale of the first phase is

**RMB 10 billion**

Galaxy Capital intends to establish Hainan ICBC Galaxy Equity Investment Fund as one of the first sub-funds of Hainan Free Trade Port Fund with a fund size of

**RMB 400 million**

On 18 February 2022, the inauguration and signing ceremony of Hainan Free Trade Port Construction Investment Fund was held, which was attended and addressed by the Chairman of the Board of Directors, Mr. Chen Gongyan. At the signing ceremony, Galaxy Securities signed a strategic cooperation agreement with the Department of Finance of Hainan Province. On behalf of the Free Trade Port Fund, Galaxy Capital signed sub-fund cooperation agreements with central financial institutions and key industrial and capital institutions, including Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, and China PPP Fund.

## Supporting rural revitalization

2021 is a year for consolidating and extending achievements in poverty alleviation and the beginning year for its effective connection with rural revitalization. In accordance with the "uphold the bottom line, grasp the connection, and promote revitalization" poverty alleviation work ideas, the Company continued to promote the implementation of poverty alleviation work, insist on preventing return to poverty as a top priority. It took consolidating and extending achievements in poverty alleviation and its effective connection with rural revitalization as the most urgent task and strived to promote designated assistance and rural revitalization work to begin well, start well and see real results. The Company studied and formulated the "Implementation Details for carrying out of the CIC 2021-2025 Designated Assistance and Rural Revitalization Work Plan", strengthened the management of designated assistance funds, and conducted follow-up audits on the use and management of assistance funds invested in Jingning County, striving to achieve the strategic requirements of industrial prosperity, ecological livability, rural civilization, effective governance and affluent living.

In 2021, the Company provided assistance totaling **RMB 37.85 million** (including **RMB 2 million** contributed by Galaxy Futures) in the form of industrial, financial, education and talent assistance.



Industry assistance of  
RMB **16.67** million

Education assistance of  
RMB **1.33** million

Talent assistance of  
RMB **1.25** million

Assistance in other areas of  
RMB **18.6** million

## Promoting industrial prosperity



Based on the characteristics of Jingning County's resources, the Company helped implement an orchard modifying and upgrading demonstration base construction project, transforming 2,000 mu of old orchards to strengthen the foundation for revitalization of apple industry. Leveraging on the concept of whole industrial chain to expand the value-added efficiency of the apple industry in Jingning County, we helped the introduction of intelligent agriculture, using the power of science and technology to make Jingning the first county in the country to digitalize the production of apples.



On the basis of helping Jingning County to set up an industrial development fund, we expanded the scale of the industrial fund, and established a sound fund operation mechanism. In 2021, Galaxy Capital managed a fund, the Gansu Jingning Galaxy Development Fund Co., Ltd., to support rural revitalization and invested in two projects, namely Gansu Xiongzhang Animal Husbandry Co., Ltd. and Jingning County Fenggu Mushroom Co., Ltd. with a total investment amount of RMB11 million, accounting for 11% of the fund's total investment.



## "Insurance + futures" financial assistance

In 2021, the No. 1 document of the Central Government proposed to give full play to the role of "insurance + futures" in serving the development of rural industries, so as to raise the financial services for rural revitalization to a new level. In 2021, the Company helped to implement the 2020-2021 apple "insurance + futures" project with full county coverage in Jingning County, and realised claim payment of **RMB40.74million** and a payout rate of **180.60%**, both were new records for apple future price insurance payout. This effective avoid "farmers being hurt by low fruit prices" and has become a model path for the industry to serve rural industrial revitalization, with leaders from various cities and counties in Henan, Shandong and Shaanxi visited Jingning County to learn the experience and practice of "insurance + futures".



Photo: Payout ceremony of the apple "insurance + futures" full county coverage project

## Prevent returning to and becoming poverty

While progressing towards rural revitalization, the Company does not forget that it insists on preventing the return of poverty as a top priority, and actively establishes a long-term mechanism to prevent the return of poverty around the goal of "two no worries and three guarantees".

### Consolidating achievements in poverty alleviation

Purchasing anti-poverty insurance

In 2021, we purchased anti-poverty insurance for **17,283** people in **5,171** households in Jingning County to realize timely detection, timely assistance and timely elimination of those who return to poverty, firmly guarding the goal of preventing return to poverty and firmly guarding the achievements of poverty alleviation.

### Poverty alleviation through consumption

"Direct purchasing + assisting sales"

In 2021, we purchased agricultural products of **RMB11.12 million** from poverty areas in the form of "donation through purchase" and "assistance through purchase". We also introduced online and offline platforms to help selling agricultural products from Jingning County in the amount of **RMB14.18 million**.

### Improving living environment

Improving living facilities

**24** townships and **333** administrative villages of Jingning County have been "lit up" with **3,000** solar-powered streetlights, which have brightened up the night of the villages and the new living of the villagers. At the same time, we repaired **25** village clinics, built **1** new bridge, and supported the construction of **1** demonstration village to improve the public service of villages in Jingning County.



Implementing the "light up" village project

### Sun Chenrui, original deputy director of Agricultural and Rural Bureau

Supporting school facilities

We supported the construction of a plastic sports field for Gangu Township Central Primary School in Jingning County, improving the hardware foundation of the school.



Dong Xinzheng, original first secretary of the village party

## Helping to revitalize talents

The Company drew on its talents, actively explored the effective way of poverty alleviation through talents and continuously provide assistance through talent and employment. It selected and arranged cadres on temporary duty to Jingning, the designated county for assistance, and has maintained five cadres on such temporary duty. The Company conducted policy training for village-based assistance team and the first secretary of the village, and rural industrial revitalization trainings for agricultural cadre, large farmer and expert in getting rich. Trainings were provided to a total of **5,649** participants. We set up "return to hometown entrepreneurship demonstration award" and labour organization award relating to designated assistance, and provided incentives for **10** Jingning return to hometown entrepreneurship demonstration bases and **3** labour intermediaries, which help employ **3,938** persons under the assistance.

### Du Xiaoguang

a cadre on temporary duty of the Company was awarded the National Advanced Individual for Poverty Alleviation, the National Financial May Day Labor Medal, Gansu Province Advanced Individual for Poverty Alleviation

### Lei Tao

a cadre on temporary duty of the Company was awarded the Gansu Province Advanced Individual for Poverty Alleviation

### The Company's poverty alleviation office

was awarded the Gansu Province Advanced Organization for Poverty Alleviation

01

Du Xiaoguang, the original cadre on temporary duty acting as deputy county head

02

Wang Xiaolin, deputy county head

03

Lei Tao, original deputy director of Rural Revitalization Bureau

04

Bian Ying, deputy director of Human Resources and Social Security Bureau



05 Sun Chenrui, original deputy director of Agricultural and Rural Bureau

06 Dong Xinzheng, original first secretary of the village party

07 Qiao Zhonglin, first secretary of the village party

08 Far left: Wang Zhimei, deputy director of Rural Revitalization Bureau  
Far right: Hao Hong, deputy director of Agricultural and Rural Bureau

## Deepening global presence

Enhancing overseas layout, serving the "Belt and Road" Construction

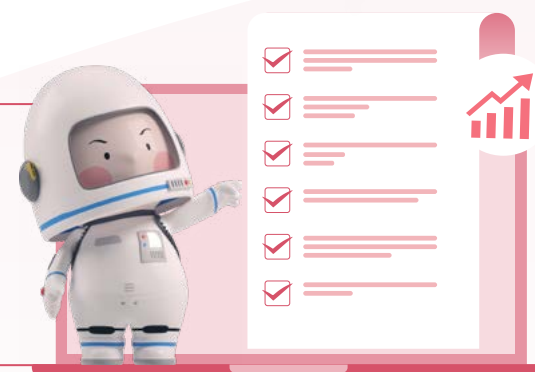
The Company continues to improve its "Asia-centric" business layout, promoted two-way openness, and participates in the "Belt and Road" and free trade zone construction. Galaxy International and CGS-CIMB leverage on the synergy of the Company as a whole, based in Asia and focusing on the world, so as to closely integrate funds and assets in Mainland China with those across the world, and strive to become "Asia's financial gateway".



In December 2021, the first option exercise of CIMB merger and acquisition was completed, increasing Galaxy International's shareholding in CGS-CIMB Singapore and Malaysia to

**74.99% and 75%**

respectively, and establishing a solid international financial hub to serve the "Belt and Road" construction.



### CGS-CIMB entered into cooperation agreement with DNSE, a Vietnam securities broker

In March 2021, CGS-CIMB signed a cooperation agreement with Dai Nam Securities Joint Stock Company (DNSE), a leading provider of integrated financial services in Vietnam. CGS-CIMB and DNSE will jointly develop an integrated trade execution platform in Vietnam for global institutional investors to invest in the Vietnamese market through CGS-CIMB's global trading system. Through this partnership, CGS-CIMB will continue to strengthen its "Asia-focused" international business structure and help investors to explore more investment opportunities in the Vietnamese stock market, as Vietnam is an important market in the "Belt and Road" Southeast Asia region.



### Participating in international cooperation and exchange activities



### CGS-CIMB invited Chief Economist of Nasdaq to host an online seminar

In July 2021, ProsperUs, the online trading platform of CGS-CIMB, held an online seminar on "U.S. Stock Market Highlights: Relationship between Macro economy and Retail Investors" and invited Phil Mackintosh, Chief Economist of Nasdaq, to share his insights on the trend of the U.S. retail trading market from a macro perspective and how the COVID-19 pandemic affects retail investors' investment appetite.





## Good at action and act for good

climate action contributing  
to “dual carbon” goals

2021

Obtained approval for

**First**

carbon neutrality infrastructure REITs product in the market

**375**

online meetings held

Greenhouse gas emission per capita

**1.41**

ton of CO<sub>2</sub> equivalent/person

Representing a year-on-year decrease of

**35%**



## Responding to climate change

Tackling climate change has become the consensus of all mankind. With the announcement of our country's Carbon Peaking and Carbon Neutrality goals at the United Nations Conference in 2020, the Company is aware that climate change is highly relevant to its long-term stable development. Therefore, in 2021, the company actively conducted research and increased its low-carbon investment portfolio, while actively participating in industry exchanges and discussing with peers how to curb the aggravation of climate change with our financial strength.



In December 2021, Mr. Liu Feng, Chief Economist of the Company and Executive Vice Chairman of the Green Committee of Asian Financial Cooperation Association, attended the 10th Chinese Listed Companies Summit and its sub-forum on "The Reality and Path of the New Situation of Carbon Neutrality" and delivered a keynote speech on "Carbon Trading Market Construction and Financial Product Innovation". During the forum, Mr. Liu Feng proposed a number of suggestions to improve China's carbon market.

01

Determine a reasonable overall control of carbon emission, and gradually increase the proportion of auctioned allowance.

02

Implement industry-specific allowance allocation and expand the coverage of greenhouse gases.

03

Build an international carbon trading system to lay the foundation for connecting to the global carbon trading market.



04

Support financial institutions to participate in the carbon trading market and promote the innovation of carbon financial products.

05

Innovate monetary policy tools to enrich the carbon price transmission mechanism.

06

Encourage financial institutions to establish carbon databases for enterprises, so as to provide a basis for promoting reasonable carbon pricing.

## Improving green financial product series

The development of green finance has become a global consensus and an investment opportunity. Although green finance started late in China, it has entered the fast lane of development, and the financial industry is facing both challenges and new development opportunities. China Galaxy Securities has strengthened its position and seized the opportunity to continuously increase the allocation of resources for green finance, actively explore product and service model innovation to meet the diversified financing service needs of green enterprises and projects, and fully play the role of linkage between financial capital and the real economy. In 2021, the Company further expanded and strengthened its green bond business, which covered green corporate bonds, green private bonds, carbon neutral small-scale public offerings, green renewable corporate bonds and green ABS. The Company obtained approved for the first "carbon neutrality infrastructure" REITS product in the city, adding momentum to its own high-quality development.

### Green asset-backed securities



#### Gongyuan Zhiyuan Green Asset-Backed Securities

In September 2021, ICBC's "Gongyuan Zhiyuan Phase I Auto Instalment Green Asset-Backed Securities", for which the Company acted as the joint lead underwriter, was successfully established. The product, with a total issuance size of **RMB132 million**, is the first green-certified auto installment ABS in the interbank market initiated by ICBC to implement the major strategic decisions of the State on "carbon peaking" and "carbon neutrality", and has been widely recognized by investors.

### Renewable green corporate bonds



#### Renewable Corporate bonds of Suntien Green Energy

In March 2021, the issuance of "China Suntien Green Energy Corporation Limited Public Issue of 2021 Renewable Green Corporate Bonds (Phase I)", for which China Galaxy Securities acted as the lead underwriter, was completed. The rating of the issuer and the bonds are both **AAA**. The actual proceeds raised were **RMB1.04 billion** and the final issuance rate was **5.15%**.

Founded on 9 February 2010, China Suntien Green Energy Corporation Limited is the first domestic A+H listed company in wind power and natural gas operation. With the accelerated pace of ecological civilization construction and the effective implementation of green development measures, the company will actively expand its industry scale, focusing on wind power and natural gas, and explore the development of other renewable new energy and clean energy.





## Carbon neutral and green corporate bonds

### Carbon neutral and green corporate bonds of China Huaneng Group

In October 2021, the public issuance of "China Huaneng Group Co., Ltd. 2021 Carbon Neutral and Green Corporate Bond (Phase III) for Professional Investors", for which the Company acted as the joint lead underwriter, was completed. The bond has made positive contributions to safeguarding national energy security, promoting energy transformation and upgrading, and facilitating national economic development.



## Promoting transition and development, supporting green industries

The Company takes green finance as its mission to help the construction of ecological civilization and the realization of the "carbon peaking" and "carbon neutrality" goals. It has grasped the general trend, strengthened its green financing service capability, injected new momentum into the low-carbon industry through its financial strength, and increased research on green finance with an eye on long-term development.

## Supporting green industries

### Helping Hongcheng Environmental to list in Hong Kong

In 2021, China Galaxy International acted as the joint bookrunner and joint lead manager for the listing of Hongcheng Environmental Technology Company Limited ("Hong Cheng Environmental") on the main board of Hong Kong. The company was listed on 12 November 2021 with a total financing of **US\$32,776,000**.

Hongcheng Environmental is the third largest gold mine hazardous waste treatment company in the China, recycling and extracting economically valuable resources for the establishment of new production facilities, strengthening research and development capabilities, optimizing existing products and diversifying product mix.

## China Galaxy Securities Research Institute set up a carbon neutral research team in April 2021

### Insight into green finance opportunities

In order to better serve the national policies, China Galaxy Securities Research Institute set up a carbon neutral research team in April 2021 and successively released a series of research reports on "carbon neutral, and research teams covering strategy, environmental protection, building materials, electric new, steel, coal and other industries analyzed the impact of "carbon peak" and "carbon neutral" and other policies on the industries and enterprises from various perspectives.

In April 2021, China Galaxy Securities Research Institute organized a seminar on "Carbon Neutrality" in Beijing, and invited Energy Research Institute of NDRC, Technology and Information Department of CNBM, State Grid Integrated Energy Service Company, and the deputy general manager of Longyuan (Beijing) Carbon Assets Management Company of the CHN Energy to present their views from various perspectives on the transformation of national energy structure, low-carbon transformation of power enterprises, carbon asset management and carbon trading of power generation enterprises.

In July 2021, representatives of the Company's Research Institute shared and discussed the "3060" vision with domestic energy policy experts and other industry professionals. Dr. Ma Zongming, a representative of the Company's Research Institute, shared his view on the three stages of decarbonization path and industry development prospect from 2020 to 2030, 2030 to 2045 and 2045 to 2060 under the topic "Background, Pathways and Industry development prospect for Carbon Neutrality".



Photo: Dr. Ma Zongming of Galaxy Research Institute shared his view on the topic "Background, Pathways and Investment Opportunities for Carbon Neutrality"



## Green development starting from ourselves



### Reducing waste of resources



#### Saving water and electricity, environmental protection starts from me

Using efficient and recyclable office furniture, and advocate turn off the lights when you leave. Equipped with large-size trash cans, increase the frequency of cleaning patrols and reduce the use of plastic bags. Installation of sensor faucets in bathrooms to reduce water waste. Energy-saving light sources and 24 water fountains in the office area save 360 kWh of electricity per day, saving over 130,000 kWh of electricity in 2021.



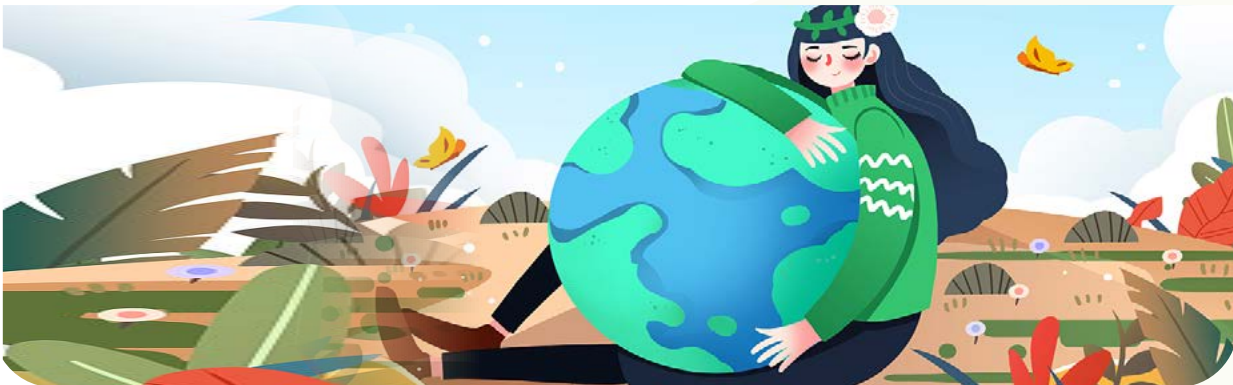
#### Strict frugality and opposing food waste

In 2021, the company once again issued the "Notice on Further Implementation of the Strict Frugality, Stop Meal Waste", which comprehensively strengthens practical measures such as restaurant management, strictly enforces meal standards, promotes dietary concepts, strengthens daily supervision and inspection, and strengthens staff publicity and guidance. Publicity was made through multi-channels including staff dining hall theme wall, posters, banners and signs. Meal line civilization supervisors were arranged to promote small and micro-sized meals. Through monitoring methods such as regularly reviewing dining room monitoring video, the amount of residual food was effectively reduced by 50%. The company's ongoing prevention of meal waste is effective. Under such measures, our employees have been effectively guided to become promoters for cherishing and conserving food, role models of strict frugality, practitioners of traditional virtues, and advocates of new social trends.



#### Practice circular economy and improve recycling efficiency

Avoiding waste of resources: we repaired 30 notebook computers and provided them to Jingning County, our designated assistance unit, supporting education. Reuse of accessories: we selected accessories which are still useful and used them as spare parts. Harmless recycling: In 2021, the office purchased 600 pieces of toner cartridges and ink cartridges for office equipment, most of which were recycled by suppliers or by selected qualified recycling companies to reduce environmental pollution.



### Reducing carbon emission

In 2021, the company continued to vigorously promote paperless office and operation, encouraged online meetings instead of offline meetings, actively promoted the construction and upgrade of ITAI OA and mobile OA, launched the online "Staff Office Room" and staff digitization platform, and developed and launched the online intelligent terminal teller machines (VTM) to realize paperless processing and centralized management of counter business. A total of 375 online meetings were held in 2021, effectively reducing carbon emissions while reducing corporate meeting costs and improving collaboration efficiency. In addition, in 2021, the Company increased the number of morning and evening shuttles during peak commuting hours and installed electric vehicle charging piles in office buildings to encourage employees to travel green. The Company is in the financial industry and its operations do not cause significant pollution to the environment, and no penalties were imposed due to environmental pollution during the reporting period.

Indicator	Unit	2019	2020	2021
Emissions				
Total greenhouse gas emissions (Scope 1 and Scope 2)	ton of CO <sub>2</sub> equivalent	24,357.23	25,156.15	17,811.86
Direct greenhouse gas emissions (Scope 1)	ton of CO <sub>2</sub> equivalent/m <sup>2</sup>	728.79	630.35	660.31
Indirect greenhouse gas emissions (Scope 2)	ton of CO <sub>2</sub> equivalent/m <sup>2</sup>	23,628.44	24,525.80	17,151.55
Greenhouse gas emissions per unit of area	ton of CO <sub>2</sub> equivalent/m <sup>2</sup>	0.08	0.08	0.05
Per capita greenhouse gas emissions	ton of CO <sub>2</sub> equivalent/person	2.48	2.18	1.41
Use of Resources				
Total office power consumption	MWh	25,114.78	28,206.51	29,374.13
Power consumption per unit of area	KWh/m <sup>2</sup>	81.79	86.02	87.30
Per capita office power consumption	MWh/person	2.56	2.44	2.82
Total water consumption	10kilo-tons	17.20	12.54	12.80
Water consumption per unit of area	ton/m <sup>2</sup>	0.56	0.38	0.34
Natural gas consumption	10,000 m <sup>3</sup>	1.54	2.06	6.14
Gasoline consumption	10,000 litre	30.47	26.40	23.40
Diesel consumption	litre	1,535.33	2,929.34	5,240.24
Comprehensive energy consumption	tons of standard coal	3,590.29	3,781.29	3,949.75
Comprehensive energy consumption per capita	tons of standard coal/person	0.33	0.37	0.31
Comprehensive energy consumption per unit office area	tons of standard coal/m <sup>2</sup>	0.01	0.01	0.01

Direct greenhouse gas inventories include carbon dioxide, methane and nitrous oxide, which are principally generated from natural gas, diesel, gas and fuel consumption by public buses. The data of direct greenhouse gas emissions covers China Galaxy Securities and all of its subsidiaries. Indirect greenhouse gas emissions are mainly from purchased electricity consumption, and the data covers China Galaxy Securities and its domestic branches, subsidiaries and subordinate sales departments. Data of greenhouse gas emissions is presented in terms of carbon dioxide equivalents and accounted for in accordance with the Guidelines on Accounting Methodology and Reporting of Corporate Greenhouse Gas Emissions of Power Generation Facilities (2021 Revised Edition) issued by the Ministry of Ecology and Environment of the PRC and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).

## Pioneering and empowering quality and efficiency with technology

2021

Accumulated new customers

**1,157,587** accounts

Held investor education events

**4,481** sessions

Participants

**25.57** million persons-times

Customer complaint handling rate

**100%**

Resolution rate

**82%**



## Improving product series

Opinions on the Regulation of Asset Management Business of Financial Institutions", "Regulations on the Administration of the Suitability of Securities and Futures Investors" and other relevant regulatory laws, regulations and systems, the Company has established a relatively comprehensive product business system and process system, which comprehensively covers the management of the qualifications of principals, due diligence and risk assessment of financial products, management of investor suitability, management of marketing and publicity, control mechanism of the agency sales business, etc. The system is constantly updated and improved in line with the actual business development, so as to ensure that there is a system to follow, rules to be observed and order to be followed, and the business is carried out in a standardized manner.

In 2021, China Galaxy Securities upheld the "customer-oriented" development concept and implemented a tiered service model for customers of different asset sizes according to their individual needs. By focusing on the different investment and service needs of high net worth clients, we proposed three service contents, namely asset allocation service, capital service and private value-added service, and built up a service process that includes four links of "diagnosis, advice, allocation and personal care", and the "1+1+N" headquarters and branches crossover service model has been established. We launched exclusive interface and functions for high net worth clients in our APP to provide them with matching business models, differentiated service contents and advisor designation.

At the same time, the company created a system of asset allocation products with different risk types by grouping the underlying strategies to achieve different return targets, and provided scenario-based, differentiated and customized asset allocation solutions to meet clients' individual needs, as well as comprehensive post-investment continuous tracking services.

In 2021, the Company provided **110** corporate clients with customized Galaxy-branded products, which were mainly low-risk fixed income and structured products with principal protection, with a total of **217** customized products and a customized scale of **RMB15.9 billion**, generating cumulative income of over **RMB913 million** for corporate clients to meet their prudent investment needs and support the development of the real economy.

.....  
In 2021, the Company issued more than  
**300**  
diagnostic reports and allocation plans for high net worth clients  
.....  
and the accumulated assets under management were  
**12.9** billion  
.....

## Enhancing accessibility of financial services

China Galaxy Securities actively responded to market changes. For retail business, the Company adopted the strategy of integrating online and offline stores and combination of network and outlets to help the branch business with accurate analysis. The Company actively engaged in the innovation of service mode, using measures such as focusing on existing customers, and sharing experience online, thus helping to provide accurate service to customers. During the reporting period, the Company accumulated 1,157,587 new customers.

### Strengthening channel construction

On the one hand, the Company actively expanded its outlets and cooperated with the peers in outlet-pairing marketing, and on the other hand, it accelerated the construction of electronic channels. The Company independently developed off-site account opening, completed the revamping and launching of the new version of the Company's website, realized the integration of online account opening, business processing and customer service, established mobile Internet service platforms such as WeChat service public account and China Galaxy Securities mobile APP, and launched the "online mall" internet financial business model of customer banking account system and payment system, continuously enriching its Internet finance platform and services, and promoting digital transformation.



In 2021, the number of new customers for brokerage business was **1,157,587**, of which **1,149,330** accounts were opened online, accounting for **99%** of total new accounts opened.



### Galaxy International launching online account opening service

In 2021, Galaxy International launched online account opening service to allow individual clients to open accounts without leaving their homes and enhance account opening efficiency. To facilitate the operation of clients and frontline colleagues, the Company's internal client platform continued to improve and add new functions, such as submission of exchange orders, internal transfers, withdrawal from futures and stock options accounts, addition of new statements, professional investor applications, and uploading and client's submission of documents to improve work efficiency and data management capabilities.

### Improving Emergency services

In order to effectively deal with emergencies and avoid, mitigate and resolve the impact and influence of emergencies on the Company's normal business activities, the Company revised the "Handling of Emergencies of China Galaxy Securities Co., Ltd. (2021 Revision)" in 2021, proposing four handling principles for emergency and catastrophic events such as natural disasters, fires, explosions, intentional destruction, mass food poisoning and other major incidents, mass petitions, information system incidents such as data loss and system paralyzed, and major customer disputes.



In addition, the Company set up an emergency office, which is responsible for centralized information collection, decision making, coordination, information reporting, follow-up and rectification, training and drills, and system development for emergencies.





## Enhancing service quality and efficiency with technology

### 2021 is an important year for the development of the national data industry

Closely following the national data strategy guidelines and the pace of industry development, China Galaxy Securities was committed to bridging the last mile of business and technology integration to serve the Company's digital transformation and business development. The Company focused on intelligent scenario in the integration of technology and business, developed intelligent applications and services, empowered front-end services and marketing, and actively explored new models, new business modes and new growth points, empowering various business lines and branches and innovating collaboration and service models. The Company has gradually built data service capability, data model capability, data analysis capability and digital operation capability with digital intelligence as the core capability.

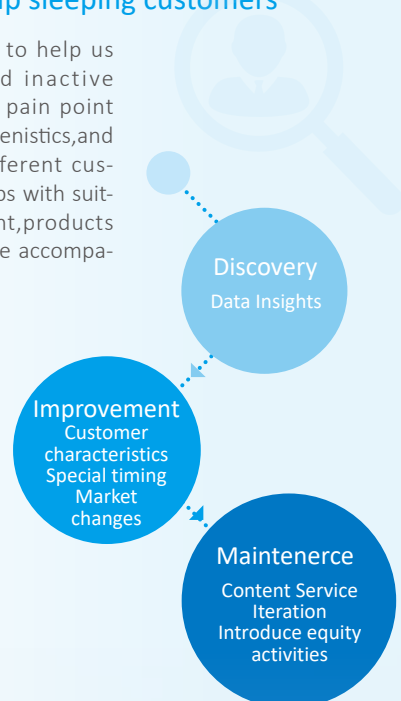
The Company advocates the collaboration of all business lines, headquarters and branches, embedding digital intelligence elements into the marketing process and service scenarios, and providing financial technology empowerment from multiple levels. In 2021, the Company's Strategic Cooperation Agreements were fully managed and maintained online:

**395**  
strategic cooperation agreements were re-recorded and managed by system

During the six-month trial period of WeChat public account, about **50** tweets were sent

### Waking up sleeping customers

Using data to help us understand inactive customers' pain point and characteristics, and provide different customer groups with suitable content, products and effective accompanying



### Cross-sector operation ecology

Public domain >>> Private domain

"Sharing" "Integration"

Flow >>> Content

"Customer oriented"

### Promoting digital Renminbi application scenario innovation in the securities industry

According to the results announced by the CSRC Beijing Regulatory Bureau and the Beijing Local Financial Supervision and Administration Bureau, the "Digital RMB application scenario innovation pilot project", for which the application was led by China Galaxy Securities, has been included in the capital market financial technology innovation pilot list. Relevant departments of the Company actively explored the digital RMB application scenarios in the securities industry, and launched the online CCB Digital Currency H5 gateway payment function, becoming the first company in the securities industry to launch an online digital RMB payment scenario. Meanwhile, the Company and ICBC have jointly launched the "Digital RMB application scenario innovation pilot project in the securities industry", which is the first digital RMB application case in the industry.

### China Galaxy Securities received first pilot qualification for account management function optimization

With the diversification of business, the account system of securities companies has become increasingly complex, which gives rise to new demand for the integration and optimization of the existing account management system. CSRC supports securities companies to carry out pilot projects to optimize account management functions such as establishing integrated customer accounts, allowing same-name transfers, and account management by category. In December 2021, China Galaxy Securities was one of the first ten securities firms to receive the pilot qualification for the optimization of account management functions.

### Smart trading

The Company continued to develop the smart trading system design, and promote the implementation of smart trading in four aspects: smart strategy, smart early warning, smart tools and user relationship. At the same time, according to the Company's strategy and industry development trend, it continued to improve and promote the interactive experience of its products, explore the needs of users, and promote the innovation and iteration of product functions, with customer experience as the guide.

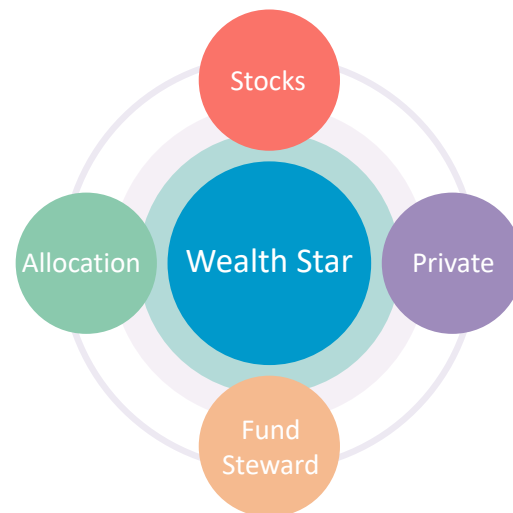
### Galaxy Futures exploring artificial and intelligent collaborative service model

In view of the increasing number of customers, Galaxy Futures breaks the traditional response model of piling up labor costs and helps the transformation of the company's broker business model to wealth management by full application of financial technology. In 2021, the intelligent transformation of the customer service system has been completed with the establishment and smooth switching of the service platform, and the functions that have been put online include intelligent outbound calls and panoramic display of multi-channel customer trajectory, of which **84,029** outbound calls were made, with a success rate of **53.41%** and a cumulative workload of **3,215.22** hours, resulting in significant labor savings and improved customer service efficiency.

## Intelligent investor advisory

In 2021, the Company continued to optimize its quantitative analysis system, established macro and micro business models, implemented a client-oriented investment advisory business development concept, and established two major systems: the Company's development think tank and high-end research think tank. Through the "thematic funds + bases" model with Galaxy's characteristics, we have expanded our leading edge in wealth management transformation and provide investors with good risk management and innovative tools for the gold market.

By enriching the "Wealth Star" product series, we have created an investment advisory service system ranging from stocks, funds to fixed income to achieve customer stratification and provide different classes of products to meet customers' diversified investment needs.



As of the end of the reporting period, the Wealth Star series products have achieved excellent performance.



### Wealth Star - Stocks

Contracted assets of RMB **277.04** billion  
 291,900 contracted persons  
 brokerage income increased by RMB **175** million to RMB **244** million.



### Wealth - Private

Covering high net worth customers, **32** pilot securities branches  
 2,076 contracted customers  
 RMB **8.35** billion contracted assets  
 per capita assets of RMB **4.02** million



### Wealth Star - Fund Steward

The cumulative number of contracted customers was **83,400**  
 cumulative number of entrustments was **446,700**  
 cumulative entrusted assets of RMB **4.71** billion



### Wealth Star - Allocation

Cumulative number of contracted customers was **142,000**  
 with **374** institutional customers  
 and the highest single-day bulk agency commission amount exceeded RMB **7.6** billion  
 generating cumulative returns of RMB **128** million for customers.

## Protecting investors' rights

China Galaxy Securities insists on being people-oriented, follows the principles of voluntary, equality, fairness, honesty and credit, takes up the main responsibility for the protection of investors' rights and interests, and fulfills its legal obligations for the protection of investors' legitimate rights and interests. The Company is fully committed to maintaining an open, fair and equitable capital market order and promoting the healthy and stable development of the capital market. It is also committed to enhancing investors' self-protection capabilities, helping them to establish rational investment concepts and raise their awareness of risk prevention.

## Enhancing customer services

In 2021, the Company focused on improving the customer service system, introducing different solutions for different types of customers and providing one-stop services. It has cultivated a professional service team to provide quality services and help customers avoid risks, and established online and offline multi-party communication channels.



Internally, we continued to operate a monthly multi-departmental joint meeting platform covering **12** business departments and subsidiaries, and organize quarterly business exchange meetings with account executives across the country



Externally, we organized a series of activities exclusively for strategic customers to enhance customer communication and exchange through online and offline, and organized **10** special events online and offline, covering more than **2,000** strategic customers and account executives serving strategic customers



Promote professional empowerment and strengthen one-stop service capability through bi-weekly information pushing, unscheduled business topic review and WeChat public account, which summarizes business topics based on customer demand scenarios



Deepen the core strategic customer services, sorted out **12** standard actions of the customer commissioner according to the Measures for Management of Strategic Customers of the Company, the Account Executive Management Measures and the Rules for Account Executive Work, formed two service models and established a core strategic customer service team. We also launch a series of joint Party building activities to strengthen communication and exchange with customers



Improve the organization and staff structure, develop a departmental management system, insist on the combination of weekly meeting and monthly multi-departmental business joint meeting mechanism, and strictly implement the "Measures for the Management of Company Supervisory Work"

## Customer service achievements

Core strategic client maintenance achieved significant results, with revenue up **18.97%** and total assets up **8.93%** year-on-year.





## Promoting financial literacy

The company launched the annual investor education campaign under the theme of "Galaxy Wisdom, Connecting of Investment and Education". Based on investor rights protection and investor needs, and while carrying out public, basic and public welfare investor education, the Company focused on "customer classification, special products and service stratification" to promote differentiated investor education and continued to deepen the "Internet+" mindset and made efforts towards intelligent, convenient and fun investor education.

In 2021, the Company held

**4,481**

investor education events with

**25.57**

million persons-times

### Organizing the 3•15 and 5•15 investor protection activities

Taking the "3•15 Investor Protection Publicity Month" and "5•15 National Investor Protection Day" as opportunities, the Company continued to organize investor education and publicity activities, focusing on the registration system, delisting regime reform, improving the quality of listed companies, preventing bond default risks, private equity fund risks, preventing and combating over-the-counter capital allocation and "pig butchering" scams, and helping investors improve their professional knowledge and awareness of risk prevention.



### Launching the "Infrastructure REITs are Coming" campaign

The Company produced the video series of "Galaxy Little Show: Infrastructure REITs All-in-One" to explain the definition, characteristics and trading rules of infrastructure REITs through the form of sitcom, and introduced the pilot project areas of infrastructure REITs and related project requirements to the public. The Company's investor education went to campus to promote and popularize infrastructure REITs-related knowledge to teachers and students in colleges and universities. The Group's branches in Beijing, Shanghai, Nanjing, etc. held special seminars on infrastructure REITs.



Photo: The Galaxy Little Show: Infrastructure REITs All-in-One" video series



Photo: The "Infrastructure REITs are Coming" campaign

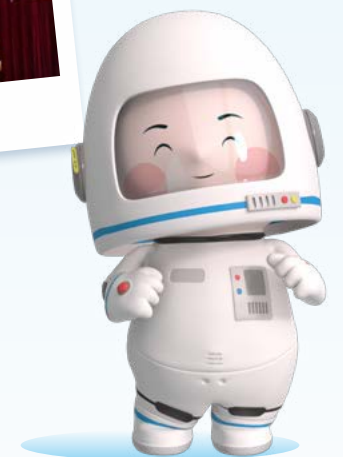
## Launching the "Four Reaching" investor education campaign

The company has launched a series of investor education brand activities, including "reaching the primary and secondary schools", "reaching colleges and universities", "reaching listed companies" and "reaching communities", to carry out differentiated investor education activities targeting investors with different types of characteristics.

For students of different age groups, the "entering primary and secondary schools" and "entering colleges and universities" activities were held, under which professional courses with different stages were developed to cultivate financial literacy catering to the physical and mental development characteristics and learning and knowledge base of students of different ages, and to promote the integration of investor education into the national education system.

Organized investors to visit listed companies to conduct on-site research, hold discussions and exchanges with the management of listed companies, gain an in-depth understanding of the value of listed companies and enhance investors' initiative in exercising shareholders' rights.

Targeting middle-aged and elderly investors which are more vulnerable to illegal securities activities, we launched in-depth publicity activities in the community to remind middle-aged and elderly investors to raise their awareness of various illegal securities activities.





## Prevention of illegal securities publicity activities

In June 2021, the Company launched a publicity month campaign to prevent illegal securities activities, "Be alert to gangsters and do not fall into securities and futures scams" and "Study and publicize the "Regulation on Prevention and Treatment of Illegal Fund Raising" to raise investors' legal awareness, explain to investors the manifestations of illegal securities activities, common tactics, and show warning cases to help investors understand the formal, legal investment channels and financial management methods.

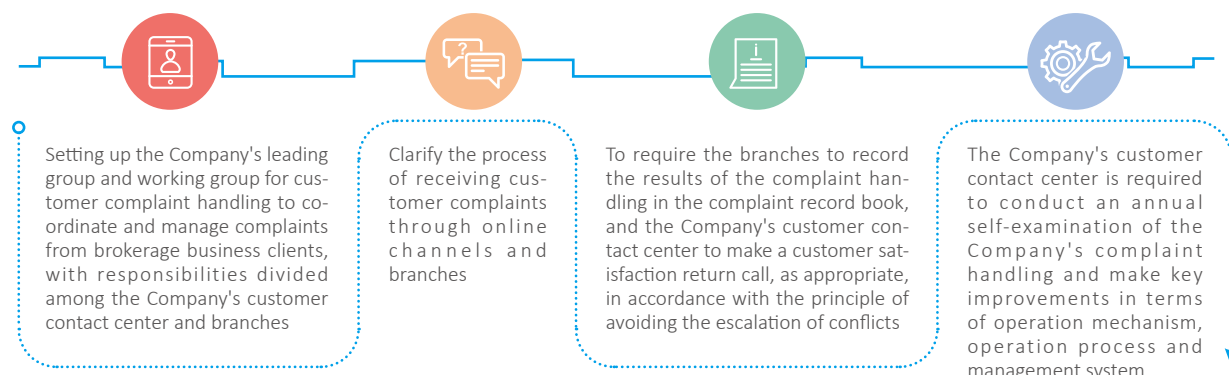
In December 2021, the Company held the "Run Across China•2021 China Securities Industry Prevention of Illegal Securities Publicity Online Health Run•China Galaxy Securities" public welfare activity, which took the innovative form of "Prevention of Illegal Securities Publicity + Internet + Sports" to educate investors on the characteristics, hazards and typical cases of illegal securities activities.



Photo: Prevention of illegal securities publicity activities

## Customer complaint handling

In 2021, the Company amended its complaint handling rules to clearly regulate the followings:



### The Company's complaint and enquiry channels

**Online:** official website, trading terminals (mobile phones, computers), customer service hot-lines (95551, 4008-888-888), fax: 010-84042213, official WeChat account, webmaster email

**Offline:** branches

### In 2021

The Company have a **100%** customer complaint handling rate and a **82%** resolution rate.

For complaints in progress, the Company continued to maintain active communication with its customers to address their needs

In the new customer satisfaction return call survey,

“satisfied” accounted for **97.84%**

and “satisfied + average” accounted for **99.08%**

## Galaxy Futures standardizing and optimizing multiple enquiry and complaint channels

Galaxy Futures has formulated the "Rules for Handling Customer Complaints of Galaxy Futures Company Limited" (trial), "Operation Guide for Handling Customer Complaints of Galaxy Futures Company Limited" and "Approval Process for Handling Customer Complaints". Through various means such as telephone hotlines, customer complaints referred by regulators and customer visits, an efficient, convenient and smooth online and offline mechanism for receiving, handling and feeding back on enquiries and complaints was formed. 66 complaints were handled in 2021, with no negative impact on public opinion.



Customer service hotline: 4008867799

Customer service email: yhqhservice@chinastock.com.cn

## Ensuring privacy and data security

In terms of data security protection, China Galaxy Securities has formulated the "Information Technology Management Regulations of China Galaxy Securities Co., Ltd.", "Information Security Assurance Management Regulations of China Galaxy Securities Corporation" and "Data Asset Management Regulations of China Galaxy Securities Co., Ltd." to regulate and clarify the collection, storage, transmission and application of data from various aspects, and has adopted various security measures such as network isolation, firewall, anti-virus wall, intrusion detection system, database audit system and sensitive data desensitization. We adopt various security protection technical measures such as network isolation, firewall, anti-virus wall, intrusion detection system, database audit system, and sensitive data desensitization, and commission professional security vendors to conduct regular security risk assessment and penetration tests to ensure the security of sensitive data.

## Improving information system emergency response

In terms of emergency handling, the Company has established and improved the emergency response mechanism for information system security incidents and set up an information system emergency management team in accordance with the "China Galaxy Securities Co., Ltd. Information System Emergency Response Plan" and other systems to achieve "early detection, early reporting and early handling" of security incidents.

At the same time, the Company actively participated in the network security joint emergency drill organized by the industry, and conducted drills for various security event scenarios in the emergency plan as required, and revised and improved the emergency plan in a timely manner according to the drill situation. No major information system failure occurred throughout the year.

## One heart and one mind innovation motivated team vitality

2021

Number of employees

**12,661**

Percentage of female employees

**46.62%**

Total training expenses

RMB **7.89** million



## Employment and employees' rights

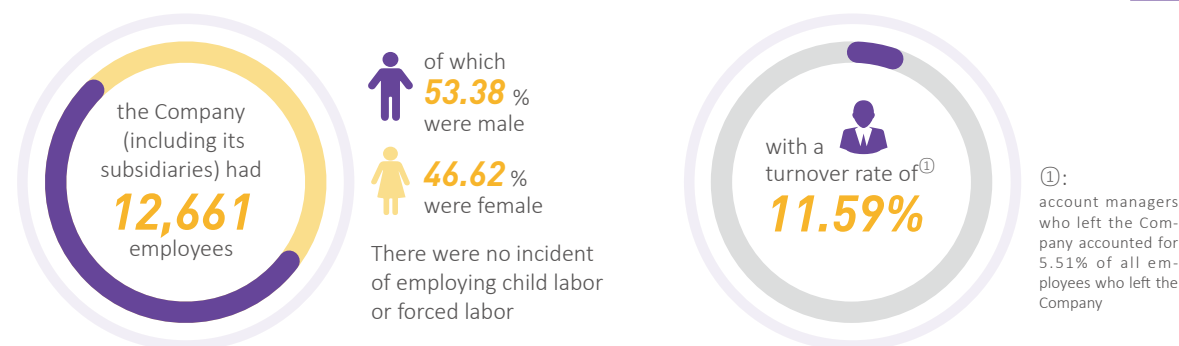
In order to protect the legitimate rights and interests of laborers and to establish and maintain positive, healthy and harmonious employee relations, the Company has established a complete set of comprehensive management systems, including employment and termination systems such as Measures for Management of Recruitment, Implementation Rules for Labor Contract System, Guidelines for Labor Relations Management, as well as remuneration and welfare systems such as Measures for Management of Remuneration, Measures for Implementation of Remuneration Allocation and Measures for Management of Employee Benefits, and work hours and rest and leaves system such as Measures for Management of Attendance and Leave. In the future, the Company will continue to improve the protection of employees' rights and interests based on laws and regulations and the Company's system.

### Equal employment and protection of employee's right

The company strictly enforces the Labor Law of the People's Republic of China and the relevant regulations of local People's Governments at all levels, insists on equal employment, and eliminates any discrimination based on race, gender, religion, age, social origin and other factors. All illegal employment practices such as child labor, forced labor and restriction of employee freedom are prohibited. During the reporting period, the Company (including its subsidiaries) had 12,661 employees, of which 53.38% were male and 46.62% were female, with a turnover rate of 11.59%, of which 5.51% were account managers who left the Company accounted for 5.51% of all employees who left the Company. There were no incident of employing child labor or forced labor.

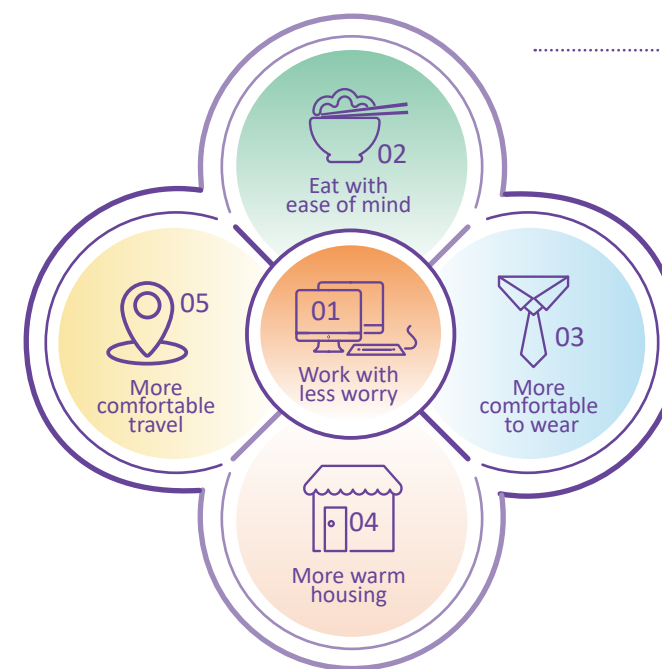
In addition to protecting the statutory employee benefits of five insurance and one pension, the Company provides employees with various supplementary benefits such as supplementary medical insurance, enterprise annuities and employee medical checkups in accordance with national policies and its own operating results. In addition, since 2020, we have increased the lunch allowance and annual medical checkup benefits for account managers, and the standards are the same as those for management service fee employees, further improving the welfare protection for customer service managers.

During the reporting period



### Democratic participation

On 28 June 2021, the Company convened the sixth meeting of the second session of employee representative meeting and elected Jiang Yuesheng as employee director and Chen Jijiang and Fan Minfei as employee supervisors, and considered and approved the Measures for Implementation of Accountability of China Galaxy Securities Co., Ltd. (2021 Revision) and the Measures for Handling Employee Violations of China Galaxy Securities Co., Ltd. (2021 Revision).



### Protect employees' work, food, clothing, housing and travel

- 01 Work with less worry: Develop and launch the "Employee Office Hall" platform, the platform contains 23 sub-categories in 3 categories, effectively improving the convenience and efficiency of employees' work
- 02 Eat with ease of mind: launch the "Silver Chef" "stomach warming" project, optimize the meal mix
- 03 More comfortable to wear: new employees are issued with uniforms, and the online shopping mall for additional uniforms is opened
- 04 More warm housing: provide public rental housing allotment services for more than 110 young employees
- 05 More comfortable travel: additional morning and evening shuttles during peak commuting hours, additional electric vehicle charging piles

### Promoting employment

Actively responding to the call of the central government for "six stabilities and six guarantees", the Company took the initiative to fulfill its responsibility as a state-owned enterprise by putting stabilizing employment in a prominent position during the epidemic period. We carried out staff recruitment and talent development in a scientific and orderly manner through social recruitment, campus recruitment and job transfer.





# Promoting employee career development

The Company attaches importance to staff selection and cultivation, implements the centralized learning mechanism of departmental meetings, regular departmental meetings and three meetings and one class, organizes collective activities of the Party, workers and group, gives full play to the role of backbone staff in "passing on, helping and leading", grasps staff education and guidance, creates a working atmosphere of everyone seeking progress, comparing with, learning from and surpassing peers, and striving for first-class, so that every staff can work hard and reap happiness, make contribution and grow.

we selected and arranged 4 outstanding cadres on temporary duty to Jingning County, a designated county for assistance, and arranged posts for 4 cadres who have completed the temporary duty.

The Company has formulated a selection plan and a supporting guarantee plan for the staff to be stationed overseas, and completed the work of stationing 2 staff members to Galaxy International in 2021.

## Career development

The Company provides employees with a wide space for development and motivates them to work actively and proactively. In accordance with the Measures for Management of Duties and Positions, the Company adjusted the positions and salaries of all employees for many consecutive years, and conveyed the management philosophy of "rewarding the good and punishing the bad" and "career-oriented and performance-oriented" to our employees. The Company guided outstanding young cadres to grow and train in difficult areas. In 2021.

The building up of international talent reserve is an important part for the implementation of the Company's five-year development strategy.



## Employee training

The company focuses on optimizing the three-dimensional training system, formulating graded and categorized training courses for different levels of staff, actively carrying out training innovation, promoting the transformation of training into real productivity, providing intellectual support for the implementation of the Company's strategy and business development, helping employees to broaden channels and expand the space for career development, and striving to build and deepen the construction of a learning organization.



**In 2021 Online Galaxy University**  
The learning platform released a total of **327** courses

with total course duration of **414** hours

and total course broadcast duration of **536,022** hours



As at the end of the reporting period, the platform released a total of **868** courses

with total course duration of **965** hours

and total course broadcast duration of **789,143** hours



**Offline training**



Total training hours of **1,139** and **1,328** trainees (including trainees from the headquarters and branches).

**20** offline training sessions were held in the year, covering management training, business training, training on general skills for employees, vocational skills training, etc.

China Galaxy Securities Training Summary for 2019-2021

Indicator	Unit	2019	2020	2021
Coordinated training at Company level	session	24	3	20
	person/time	3,499	85	1,328
Training at business department level	session	325	39	63
	person/time	8,478	1,296	28,359
Training at branch level	session	903	444	544
	person/time	13,824	3,733	7,954
Total	session	1,252	486	627
	person/time	25,801	5,114	37,641
Total training expenses	RMB in ten thousand	780.95	559.9	789

## Occupational health and safety

### Employee health



#### “Galaxy speed” strict prevention of the epidemic

In 2021, the company continued to organize the prevention and control work in a solid and orderly manner. It formulated emergency plans, normalized prevention and control work plans and integrated emergency work mechanisms to meet the requirements of prevention and control at different times. After an employee at the headquarters was identified as a close contact, the Company responded quickly and efficiently, testing 1,978 employees and the environment for nucleic acid within 6 hours and reporting the results early the next morning. Through a series of efforts, we were able to ensure "zero importation and zero infection" in two office buildings.

In 2021, the Company issued more than <b>50</b> notifications	and organized <b>9</b> centralized vaccinations for employees	with a vaccination rate of more than <b>90%</b>	for more than <b>3,000</b> employees in Beijing	more than <b>650,000</b> people were tested	and <b>396,450</b> masks were distributed	and <b>1,056</b> building disinfections made
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### Employee safety

The Company standardizes daily security workflow, continuously optimizes post settings, strengthens the duty of important posts, strictly detects and directs personnel and vehicles to ensure the safety of the headquarters office area. It has established and improved the security and fire-fighting facilities of the headquarters, organized regular maintenance, and carried out emergency drills and safety inspections on a monthly basis.

The Company strengthens and standardizes the daily management of external security supervisors. Weekly work meetings are held, business training is provided to security supervisors, and duty of important positions strengthened. Job responsibilities and work discipline are further clarified and their ability to identify and solve problems is enhanced.

#### Security video training to ensure employee safety

Recorded security instructional video is used to improve the Company's employees' basic precautionary awareness.



## Care for employees

The Company considers the demands of employees as the ultimate work objective. It cares about the difficulties of employees in their living, pays attention to the exchange of ideas and communications with them, and expresses care for special groups such as employees in difficulty. During the floods in Henan and Shanxi in 2021, the Company actively carried out comfort work and allocated more than RMB420,000 relief fund to the affected branches and employees who were severely affected.

The Company advocates the concept of "happy work and healthy life". It organized activities to celebrate the International Working Women's Day on March 8, the photography and painting exhibition, the "Hundred-year journey casts great achievements, calligraphy, light and shadow praising the Party's kindness", to celebrate the 100th anniversary of the founding of the Party, the 2021 badminton double competition series, the fifth staff skills competition, etc., which covered a wide range of employees and enriched their spare time cultural life with high participation.

#### Colorful and healthy life



The fifth staff skills competition



Celebration for International Working Women's Day on March 8



2021 badminton double competition series



Visit retired cadre



"Hundred-year journey casts great achievements, calligraphy, light and shadow praising the Party's kindness", a photography and painting exhibition to celebrate the 100th anniversary of the founding of the Party

## Create and build together cooperate for and promote value sharing

2021

Donation to children at rural area

**300**<sup>+items</sup>

A subsidiary's donation through  
Everbright Concern Action

HK\$**28,500**





## Promoting industry development

As the core financial intermediary of the capital market, China Galaxy Securities has been making positive contributions to the economic and social development by insisting on reform and innovation, promoting the development of the industry, and helping the high-quality development of the capital market with its own high-quality development.

The Company strongly supports and helps the work of the Financial Technology Research and Development Center for Securities and Futures Industry (Shenzhen) to carry out industry public research on the pre-research, development, application and promotion of financial technology innovation in the industry. Our employees are appointed as expert advisors of the fintech center and undertake a lot of assessment work on the establishment and conclusion of topic and outstanding topic evaluation of industry fintech research topics, making valuable suggestions for fintech innovation research and fintech center development and construction, and jointly promoting industry fintech innovation.

### China Galaxy Securities entering into strategic cooperation agreement with Industrial Bank

In June 2021, the Company signed a strategic cooperation agreement with Industrial Bank. The parties intend to develop comprehensive business cooperation in the areas of depositary and settlement, funds accommodation, asset management, investment banking, FICC (fixed income, currencies and commodities), asset custody, research and consulting, etc., to realize resource sharing and complementary advantages, and jointly build an open, innovative and win-win financial ecosystem.



## Contributing to public welfare

In 2021, China Galaxy Securities continued to promote the development of public welfare, and while focusing on its own development, it actively assumed social responsibility and deepened its commitment to public welfare. From donating food and clothing to helping infrastructure construction, from caring for children in mountain areas to visiting the elderly, the Company has been fulfilling its social responsibility and promoting the spirit of helping others. The Company attaches importance to building community relationship, complies with the rules and regulations of the community in the place where it operates, carries out its work in line with community development, and there was no incident of community dispute. In 2022, the Company will further enrich the form of its public welfare activities and make contributions to the construction of better communities.

### "Love Closet" campaign to help children in mountain areas

The Company's marketing and trading headquarters launched the "Love Closet" campaign to help children in mountain areas. Through offline clothing donations and online charity ambassador selection activities more than 300 pieces of children's clothing, stationery, toys, books and other items were donated to children in remote mountain area.



### Galaxy International joint Everbright Concern Action to give back to the community

In 2021, our subsidiary Galaxy International donated HK\$28,500 to the Everbright Concern Action to support and deliver timely care to the community, such as feeding the street sleepers, delivering festive food to the elderly living alone, hosting free festive dinners for low-income families, providing emergency assistance to the underprivileged with financial needs and distributing materials to the underprivileged through social welfare organizations.



### Galaxy International - Care and warmth to the community volunteer activities

In 2021, Galaxy International organized its employees to participate in the "Chinese Enterprises Care and Warmth to the Community" social welfare activity, where employees and other volunteers visited grassroots families in Tsuen Wan and Kwai Tsing, providing them with common household items such as rice, noodles, food and oil, masks and alcohol, and understanding the family situation and needs of the public.



### CGS-CIMB made donation to elderly care home in Puchong

During Ramadan, CGS-CIMB visited the elderly care home in Puchong, Malaysia, donating food and supplies and sending warm greetings to the elderly, fulfilling social responsibility and taking action to give back to the community.



## APPENDIX Index to the ESG Reporting Guidelines of the Hong Kong Stock Exchange

Aspect, general disclosure and KPIs	Key performance indicators	Section
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	ESG Quantitative Performance Summary Table —Environmental performance
A1.1	The types of emissions and respective emissions data.	The types of emissions and respective emissions data.ESG Quantitative Performance Summary Table —Environmental performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	ESG Quantitative Performance Summary Table —Environmental performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	As the Company is an office type enterprise, hazardous waste is collected by a third party and is being gradually improved
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	ESG Quantitative Performance Summary Table —Environmental performance
A1.5	Description of emissions target(s) set and steps taken to achieve them	Green office, Compliant procurement
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Green office, Compliant procurement
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Green office, Compliant procurement
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	ESG Quantitative Performance Summary Table —Environmental performance
A2.2	Water consumption in total and intensity	ESG Quantitative Performance Summary Table —Environmental performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Green development starting from ourselves
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	As the Company is in the financial industry, this indicator is not applicable
A2.5	Total packaging material used for finished products with reference to per unit produced	As the Company is in the financial industry, this indicator is not applicable
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Promoting transition and development, supporting green industries
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green development starting from ourselves

Aspect, general disclosure and KPIs	Key performance indicators	Section
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Responding to climate change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Identification of stakeholders, Stakeholder engagement, Responding to climate change
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Protecting employees' rights, Promoting employee development
B1.1	Total workforce by gender, employment, age group and geographical region	ESG Quantitative Performance Summary Table —Social performance — Employment
B1.2	Employee turnover rate by gender, age group and geographical region	ESG Quantitative Performance Summary Table —Social performance — Employment
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employee health, Employee safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	As the Company is an office type enterprise,no employee injured or died due to work
B2.2	Lost days due to work injury	As the Company is an office type enterprise,no days of work lost due to work injuries
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Employee health, Employee safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Career development, Employee training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Employee training
B3.2	The average training hours completed per employee by gender and employee category	Employee training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and employees' rights
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and employees' rights
B4.2	Description of steps taken to eliminate such practices when discovered	Employment and employees' rights

## Self-regulatory Guide of Listed Companies of the Shanghai Stock Exchange No. 1— Compliance operation

8.6 Listed companies may prepare annual social responsibility reports according to their own characteristics, describing the company's work in promoting social, environmental and ecological, and sustainable economic development. The content of the social responsibility report should at least include:

(1)	Construction and implementation of social responsibility systems for employee protection, environmental pollution, product quality, community relations, etc.	P55,P58,P70
(2)	Problems and shortcomings in fulfilling social responsibilities, deviation from the Guidelines and their causes	P22
(3)	Improvement measures and specific time arrangements	P22,P70

Aspect, general disclosure and KPIs	Key performance indicators	Section
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	As the Company is in the financial industry, this indicator is not applicable
B5.1	Number of suppliers by geographical region	As the Company is in the financial industry, this indicator is not applicable
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	As the Company is in the financial industry, this indicator is not applicable
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	As the Company is in the financial industry, this indicator is not applicable
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	As the Company is in the financial industry, this indicator is not applicable
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Ensuring privacy and data security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	As the Company is in the financial industry, this indicator is not applicable
B6.2	Number of products and service related complaints received and how they are dealt with	Customer complaint handling
B6.3	Description of practices relating to observing and protecting intellectual property rights	The Company intends to disclose in the future
B6.4	Description of quality assurance process and recall procedures	As the Company is in the financial industry, this indicator is not applicable
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Ensuring privacy and data security
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption, Promoting financial literacy
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	The Company intends to disclose in the future
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	The Company intends to disclose in the future
B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contributing to public welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Contributing to public welfare, Work-life balance
B8.2	Resources contributed (e.g. money or time) to the focus area	Enhancing service quality and efficiency with technology,- Contributing to public welfare



## Third-party Independent Assurance Report



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Level 16, Ernst & Young Tower  
Oriental Plaza, 1 East Chang An Avenue  
Dongcheng District  
Beijing, China 100738

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### Independent Assurance Report on the Social Responsibility Report

安永华明(2022)专字第61517561\_A01号  
China Galaxy Securities Co., Ltd.

#### To the Board of Directors of China Galaxy Securities Co., Ltd:

We have been engaged to express a limited assurance opinion on the selected data as at 31 December 2021 and for the year then ended in the 2021 Social Responsibility Report (the "Social Responsibility Report") prepared by the China Galaxy Securities Co., Ltd. (the "China Galaxy Securities").

#### Selected Data

The selected data in the Social Responsibility Report of China Galaxy Securities for 2021 that is covered by this report is as follows:

- Number of securities branches
- Handling rate of customer complaints(%)
- Settlement rate of customer complaints(%)
- Return call satisfaction rate of new customers of the Company – Satisfied (%)
- Return call satisfaction rate of new customers of the Company - "Satisfied + Average" (%)
- Number of new brokerage customers
- Number of accounts opened online
- Percentage of accounts opened online to total new accounts opened (%)
- Number of investor education sessions (times)
- Investor education coverage (10,000 person-time)
- Total issuance size of Gongyuan Zhiyuan Green Asset-Backed Securities (RMB in million)
- The actual proceeds raised of China Suntien Green Energy Corporation Limited Public Issue of 2021 Renewable Green Corporate Bonds(RMB in billion)
- The learning platform released total course.
- Total course duration time of the learning platform. (hours)
- China Galaxy Securities Training Summary for 2021 total (session)
- China Galaxy Securities Training Summary for 2021 total (person-time)
- Total training expenses (RMB in ten thousand)
- Number of Anti-corruption training(session)
- Number of directors and employees covered by anti-corruption training(person-time)
- Total employees (persons)
- Number of fresh graduates recruited(persons)
- Percentage of male employees (%)
- Percentage of female employees (%)
- Staff turnover rate(%)
- Shareholders' general meeting (session)
- Board meeting (session)
- Special committee meeting (session)
- Female directors at the Board level (persons)
- Female supervisor at the Supervisory Committee level (persons)
- Total Office Power Consumption(MWh)
- Power Consumption per Unit Office Area(kWh/m<sup>2</sup>)

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- Per Capita Office power Consumption(MWh/person)
- Total Water Consumption(0'000 ton)
- Water Consumption per Unit Area(ton/m<sup>2</sup>)
- Natural Gas Consumption(0'000 m<sup>3</sup>)
- Total Petrol Consumption(0'000 litre)
- Total Diesel Consumption(litre)
- Comprehensive Energy Consumption(ton of standard coal)
- Per Capita Comprehensive Energy Consumption(ton of standard coal/person)
- Comprehensive Energy Consumption per Unit Office Area(ton of standard coal/m<sup>2</sup>)
- Total Greenhouse Gases(ton of CO<sub>2</sub> equivalent)
- Direct Greenhouse Gas Emissions (Scope I)(ton of CO<sub>2</sub> equivalent)
- Indirect Greenhouse Gas Emissions (Scope II)(ton of CO<sub>2</sub> equivalent)
- Greenhouse Gas Emissions per office area (ton of CO<sub>2</sub> equivalent/m<sup>2</sup>)
- Greenhouse Gas Emissions per capita (ton of CO<sub>2</sub> equivalent/person)

Our assurance was with respect to the selected data as at 31 December 2021 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2021 Social Responsibility Report.

#### Criteria applied by the China Galaxy Securities

The criteria used by China Galaxy Securities to prepare the selected data in the 2021 Social Responsibility Report is set out in the basis of reporting of the selected data (the "basis of reporting") before the assurance report.

#### The Board of Directors' Responsibilities

The Board of Directors of the bank are responsible for selecting the basis of reporting, and for presenting the data in accordance with the basis of reporting within the 2021 Social Responsibility Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the data, such that it is free from material misstatement, whether due to fraud or error.

#### Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the Selected Data as at 31 December 2021 and for the year then ended in the 2021 Social Responsibility Report based on the evidence we have obtained.

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We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Selected Data in the Social Responsibility Report is presented in accordance with the basis of reporting, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and Quality Control

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. Our team has required competencies and experience for this assurance engagement. And we have complied with the quality control requirements of the International Standard on Quality Control 1.

### Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Selected Data in the Social Responsibility Report and related information, and applying analytical and other appropriate procedures.



## Independent Assurance Report on the Social Responsibility Report

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Our work was performed at the Head Office of China 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,
- 4) Recalculation,
- 5) Other procedures deemed necessary.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Selected Data as at 31 December 2021 and for the year then ended in the 2021 Social Responsibility Report, in order for it to be in accordance with the basis of reporting.

### Restricted use

Our report has been prepared for and only for the board of directors of China Galaxy Securities and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Ernst & Young Hua Ming LLP  
Beijing, China  
28 March 2022



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