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## HISTORY AND CORPORATE STRUCTURE

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### OUR HISTORY

Our Company was established on January 26, 2007 with a registered capital of RMB6 billion and a business scope covering securities brokerage, securities investment consulting, financial advisory for securities trading and securities investment, securities underwriting and sponsoring, securities proprietary trading and securities assets management. The promoters of our Company were Galaxy Financial Holdings, Beijing Tsinghua Venture Capital (currently known as Qingyuan Defeng), Chongqing Water, China General and CNBM. As of the date of establishment of our Company, Galaxy Financial Holdings contributed approximately RMB5,993 million to the registered capital of our Company and held approximately 99.89% of our Shares, while the other four promoters collectively contributed approximately RMB7 million of the registered capital of our Company and held approximately 0.11% of our Shares.

### Acquisition of the Assets and Business of Galaxy Limited

Subsequent to our establishment in 2007, we acquired the securities brokerage business, investment banking business and related assets from Galaxy Limited (renamed Galaxy Investment as of May 30, 2007) together with its 49.99% equity interest in Galaxy Futures (formerly known as Galaxy Futures Brokerage).

Galaxy Limited was established on August 22, 2000 with a registered capital of RMB4.5 billion. It was a wholly state-owned securities company formed by merging the securities departments and retail branches of then China Huarong Trust and Investment Company (中國華融信託投資公司), then China Great Wall Trust and Investment Company (中國長城信託投資公司), then China Dongfang Trust and Investment Company (中國東方信託投資公司), then China Cinda Trust and Investment Company (中國信達信託投資公司) and then China People's Insurance Trust and Investment Company (中國人保信託投資公司), which was then the trust and investment companies respectively wholly-owned by Industrial and Commercial Bank of China, China Agricultural Bank, Bank of China, China Construction Bank and China Life Insurance. The scope of business of Galaxy Limited at the time of its establishment included issue of and issuing agent for marketable securities, proprietary trading and trading agent for various marketable securities, depository agent, authentication and transfer of marketable securities, distribution agent for equity interest including debt repayment, interest payment and dividend distribution, fund and asset management, corporate restructuring, merger and acquisition, investment consulting and financial advisory.

In 2005, the State Council agreed in principle to the restructuring of Galaxy Limited, pursuant to which Huijin and the MOF established Galaxy Financial Holdings, which in turn established our Company in 2007 (together with our four promoters as disclosed above). Thereafter, we acquired from Galaxy Limited its securities business and the related assets.

#### *Acquisition of Assets*

In 2007, we acquired from Galaxy Limited:

- its securities brokerage business covering trading agent of various marketable securities, depository agent, authentication and transfer of marketable securities, distribution agent for various interest including debt repayment, interest payment and dividend distribution, and agent of QFIIs domestic securities brokerage, together with related assets;

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- the investment banking business covering share and bond underwriting, listing sponsorship, investment consulting, financial advisory, corporate restructuring and merger and acquisition, together with related assets; and
- 49.99% of the equity interest in Galaxy Futures, which is principally engaged in commodity futures brokerage, financial futures brokerage and futures investment consulting.

The aggregate consideration for the above acquisitions amounted to approximately RMB1.1 billion, which was determined with reference to the valuation of the brokerage and investment banking businesses of Galaxy Limited as of September 30, 2005 by a qualified PRC asset appraisal firm. The corresponding valuation report was approved by the Ministry of Finance by the “Approval of the Ministry of Finance on the Asset Valuation Result of China Galaxy Securities Company Limited” (Cai Jin Han [2006] No.207) (《財政部關於中國銀河有限責任公司資產評估結果的批覆》)(財金函[2006] 207號).

The above acquisitions were all completed in 2007. Upon such completion, our Company became a leading securities company in the PRC with a business coverage of securities brokerage, investment banking and futures brokerage.

### *Economic Interests*

In order for Galaxy Limited to settle its outstanding debts owed to its creditors at the time, during the restructuring of Galaxy Limited, it entered into the Economic Interests Transfer Agreement (收益權轉讓協議) with Galaxy Financial Holdings in December 2006. Pursuant to the agreement, Galaxy Financial Holdings agreed to transfer to Galaxy Limited the economic interests attributable to 2,000,000,000 of the Shares (each an “Economic Interest” corresponding to one underlying Share) then held by it. The Economic Interests so transferred included the right to receive dividends of the underlying Shares, the right to further transfer or sell the Economic Interests to third parties and the right to receive proceeds from such transfer or sale. Galaxy Financial Holdings would, in respect of the Economic Interests so transferred, reserve the right to attend Shareholders’ meetings of our Company and the voting right and such other non-property interests so provided for a Shareholder under the Articles of Association.

Thereafter, Galaxy Investment entered into the Business Affairs Agreements (業務處理協議) with 38 creditors for the transfer of Economic Interests attributable to an aggregate of 657,247,217 Shares to such creditors for settlement of debts owed by Galaxy Investment. It was agreed between Galaxy Investment and each of the 38 creditors that the creditors would be entitled to the right to receive dividends from our Company and any proceeds from the transfer of Economic Interests, the right to transfer the Economic Interests and the right to determine the terms of transfer including the transferee, the time of transfer and the transfer price. It was further agreed that Galaxy Investment should assist these creditors in their becoming registered holders of our Shares as and when the conditions for the above creditors to become Shareholders of our Company are satisfied. Upon such transfer, out of the 5,993,000,000 Shares held by Galaxy Financial Holdings, Economic Interests attributable to 1,342,752,783 Shares were held by Galaxy Investment and Economic Interests attributable to 657,247,217 Shares were held by 38 creditors of Galaxy Investment.

In December 2007, Galaxy Financial Holdings and Galaxy Investment entered into the Supplemental Agreement to the Economic Interests Transfer Agreement (《收益權轉讓協議》補充協議),

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pursuant to which Galaxy Investment transferred Economic Interests attributable to 600,000,000 Shares back to Galaxy Financial Holdings.

In December 2007 and January 2008, Galaxy Investment repurchased Economic Interests attributable to 17,300,000 and 1,869,200 Shares from two holders of Economic Interests, respectively. In February 2008, Galaxy Financial Holdings repurchased Economic Interests attributable to 8,000,000 Shares from one of the holders of Economic Interests. In October 2008, Galaxy Investment further repurchased Economic Interests attributable to 1,200,000 Shares from another holder of Economic Interests. After such repurchases, out of the 5,993,000,000 Shares held by Galaxy Financial Holdings, the Economic Interests attributable to 763,121,983 Shares were held by Galaxy Investment and the Economic Interests attributable to 628,878,017 Shares were held by other 34 holders.

On August 5, 2011, Galaxy Financial Holdings and Galaxy Investment submitted the “Application Concerning the Conversion of Economic Interest Holders of the China Galaxy Securities Co., Ltd. into Shareholders” (關於中國銀行證券股份有限公司收益權持有人轉為實名股東事項的請示) to the MOF recommending the conversion of 34 Economic Interests holders into our Shareholders. On September 28, 2011, the MOF issued the “Approval on the Conversion of Economic Interests Holders of the China Galaxy Securities Co., Ltd. into Shareholders” (Cai Jin Han [2011] No.146) (關於中國銀行證券股份有限公司收益權持有人轉為實名股東的批覆) (財金函[2011]146號) approving, in principle, the conversion of Economic Interests holders into our Shareholders.

Aside from the above, since the execution of the Business Affairs Agreements, ten of the Economic Interests holders have transferred their holdings of Economic Interests to nine corporates for their own reasons. As a result, out of the 5,993,000,000 Shares held by Galaxy Financial Holdings, the Economic Interests attributable to 763,121,983 Shares were held by Galaxy Investment and the Economic Interests attributable to 628,878,017 Shares were held by 30 corporates and three individuals.

During the period from October to December 2012, the above 30 corporates and three individuals applied to the China Securities Regulatory Commission Beijing Bureau (the “CSRC Beijing Bureau”) to be converted into holders of Shares in accordance with requirements of the “Notice Concerning the Change of Shareholders with Less than 5% Shareholding of a Securities Company” (Zheng Jian Ji Gou Zi [2006] No.117) (關於證券公司變更持有5%以下股權的股東有關事項的通知) (證監機構字[2006]117號) and the “Guidelines on Reporting and Filing of the Change of Shareholders with Less than 5% Shareholding of a Securities Company” (Zheng Jian Hui Ji Gou Bu Bu Han [2008] No.232) (證券公司變更持有5%以下股權股東報備工作指引) (證監會機構部部函[2008]232號), and accordingly became our Shareholders pursuant to the corresponding no-objection letters issued by the CSRC Beijing Bureau. On December 10, 2012, the names of all the 33 holders of Economic Interests have been entered on the share register of the Company. Thereafter on December 17, 2012, Galaxy Investment entered into the “Agreement for the Treatment of the Economic Interest”(股份收益權處理協議) with Galaxy Financial Holdings and transferred the remaining 763,121,983 Economic Interests then held by it back to Galaxy Financial Holdings. Upon such transfer, there are no longer any Economic Interests outstanding.

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### OUR BUSINESS MILESTONES

Set out below is a list of key milestones in the founding and development of our Group.

January 2007	Our Company was established with a registered capital of RMB6 billion.
September 2007	Galaxy Futures obtained the qualification to engage in futures exchange and clearance.
October 2007	Galaxy Futures became a clearing and settlement member of China Financial Futures Exchange.
October 2007	Our Company acquired the securities brokerage business, investment banking business and related assets of Galaxy Limited together with its holdings of approximately 49.99% equity interest in Galaxy Futures Brokerage (currently known as Galaxy Futures).
July 2008	Our company was approved to provide targeted asset management plans.
October 2008	Our company was approved to provide collective asset management schemes.
August 2009	Our company was approved to participate in the pilot program on direct investment.
October 2009	Galaxy Capital was incorporated with a registered capital of RMB1 billion.
May 2010	Our Company became one of the ten fund appraisal agencies for the SAC.
June 2010	Our Company was approved to participate in the pilot program on margin financing and securities lending.
June 2010	Our Company was approved to participate in the stock index futures trading.
July 2010	Galaxy Futures was assigned an AA rating by the CSRC.
February 2011	Galaxy International Holdings was incorporated in Hong Kong, and thereafter successively commenced the provision of securities and futures brokerage, research, financial advisory as well as money lending services through its subsidiaries.
September 2011	Galaxy Futures was qualified to provide futures investment consulting services, and its scope of business was amended to commodity futures brokerage, financial futures brokerage and futures investment consulting.
October 2011	Our Company was approved to participate in the pilot program on fixed-term securities repurchases.
November 2011	Our Company was approved to participate in the pilot program on exchange-quoted bond repurchase transactions.
March 2012	Our Company was qualified to provide integrated services to insurance institutional investors.
June 2012	Our Company was approved to participate in the pilot program on the offering of cash management products and the launching of our “Galaxy Mercury I” collective asset management plan.
September 2012	Our Company was qualified as a QDII.

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- November 2012 Galaxy Futures was qualified to engage in asset management and its scope of business was amended to commodity futures brokerage, financial futures brokerage, futures investment consulting and asset management.
- November 2012 Our Company became one of the ten qualified securities companies as lead underwriters for financial debt instruments of non-financial corporations.

### CHANGE OF EQUITY INTERESTS OF OUR SHAREHOLDERS

On November 30, 2010, China General entered into the Shanghai Equity Transfer Agreement (上海市產權交易合同) with Zhejiang Tianlang Investment Management Company Limited (浙江天朗投資管理有限公司), an independent third party, pursuant to which China General transferred the entire 2,000,000 Shares then held by it to Zhejiang Tianlang Investment Management Company Limited. The consideration of the transfer was RMB7.40 per Share, which was determined with reference to the valuation of the Shares by a PRC asset appraisal firm. The corresponding no-objection letter of CSRC Beijing Bureau for the captioned transfer was issued on December 29, 2010 and, subsequently, the transfer was registered on the share register of the Company.

On March 15, 2011, Qingyuan Defeng entered into a Share Transfer Agreement (股權轉讓協議) with Shougang Corporation (首鋼總公司), an independent third party, pursuant to which Qingyuan Defeng transferred the entire 2,000,000 Shares then held by it to Shougang Corporation at a price of RMB5.90 per Share. The consideration was determined with reference to the valuation of the Shares by a PRC asset appraisal firm. The corresponding no-objection letter of CSRC Beijing Bureau for the captioned transfer was issued on January 6, 2012 and, subsequently, the transfer was registered on the share register of the Company.

Regarding the conversion of the holders of Economic Interests into Shareholders as described in “History and Corporate Structure—Acquisition of the Assets and Business of Galaxy Limited—Economic Interests,” on October 8, 2012, October 18, 2012, November 27, 2012 and December 10, 2012 CSRC Beijing Bureau expressed its no-objection on the conversion of all 33 holders of Economic Interests (including 30 corporates and 3 individuals) into Shares by the “Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd.” (Jing Zheng Ji Gou Fa [2012] No. 149) (關於中國銀河證券股份有限公司變更持有5%以下股權股東的無異議函) (京證機構發[2012]149號), “Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd.” (Jing Zheng Ji Gou Fa [2012] No. 158) (關於中國銀河證券股份有限公司變更持有5%以下股權股東的無異議函) (京證機構發[2012]158號), “Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd.” (Jing Zheng Ji Gou Fa [2012] No. 166) (關於中國銀河證券股份有限公司變更持有5%以下股權股東的無異議函) (京證機構發[2012]166號), and “Letter of No-Objection Concerning the change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd.” (Jing Zheng Ji Gou Fa [2012] No. 171) (《關於中國銀河證券股份有限公司變更持有5%以下股權股東的無異議函》) ([京證機構發[2012]171號]), respectively. As a result, all of the 33 holders of Economic Interests have become our Shareholders, with their aggregate holding of Economic Interests attributable to 628,878,017 Shares all converted into our Shares; and Galaxy Financial Holdings’ shareholdings in our Company were correspondingly reduced by the same amount.

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### OUR SUBSIDIARIES

Our subsidiaries include:

#### (1) Galaxy Futures

As of the Latest Practicable Date, our Company held approximately 83.32% of the equity interest in Galaxy Futures, which is primarily engaged in commodity futures brokerage, financial futures brokerage, futures investment consulting and asset management.

Galaxy Futures was established on May 2, 1995 under the name of Dalian Zhongbei Futures Brokerage Company Limited (大連中北期貨經紀公司) with a registered capital of RMB30 million. It was renamed Dalian Wanheng Futures Brokerage Company Limited (大連萬恒期貨經紀有限公司) on October 9, 1998. In 2005, Galaxy Limited acquired 91% of the equity interest in Dalian Wanheng and further renamed Dalian Wanheng as Galaxy Futures Brokerage. In 2006, the registered capital of Galaxy Futures Brokerage was increased to RMB50 million through the introduction of ABN AMRO Asia Futures Limited and Galaxy Insurance Brokerage as new shareholders, and Galaxy Future Brokerage thereby became the first Sino-foreign joint venture futures company in the PRC. Upon completion of the said increase in registered capital, Galaxy Futures Brokerage was held as to 49.99% by Galaxy Limited, 40.02% by ABN AMRO Asia Futures Limited and 9.99% by Galaxy Insurance Brokerage.

In 2007, we acquired 49.99% of the equity interest of Galaxy Futures Brokerage from Galaxy Limited. We obtained the “Approval on the Change in the Equity Interest of Galaxy Futures Brokerage Company Limited” (Zheng Jian Hui Ji Huo Zi[2007] No. 112) (《關於核准銀河期貨經紀有限公司變更股權的批覆》) (證監會期貨字[2007]112號) issued by the CSRC in August 2007 for the change of ownership of the said 49.99% equity interest in Galaxy Futures Brokerage from Galaxy Limited to our Company. On August 6, 2010, Galaxy Futures Brokerage was further renamed to Galaxy Futures. Following the acquisition of equity interest of Galaxy Futures from Galaxy Limited, we have, through several rounds of additional equity subscriptions and acquisition from Galaxy Insurance Brokerage of the equity interest in Galaxy Futures then held by it, further increased our equity interest in Galaxy Futures. On July 26, 2012, our Board approved to further inject up to RMB500 million to the share capital of Galaxy Futures. We expect that the other shareholder of Galaxy Futures will also inject capital to Galaxy Futures in proportion to its shareholding and, thus, our shareholding in Galaxy Futures will remain the same after the capital injection. As of the Latest Practicable Date, the registered capital of Galaxy Futures was RMB600 million held as to approximately 83.32% by our Company and 16.68% by RBS Asia Futures Limited.

#### (2) Galaxy Capital

Galaxy Capital, our wholly-owned subsidiary, was incorporated on October 21, 2009 with a registered capital of RMB1 billion. The major scope of business of Galaxy Capital includes asset management, project investment and investment management.

#### (3) Galaxy International Holdings and its subsidiaries

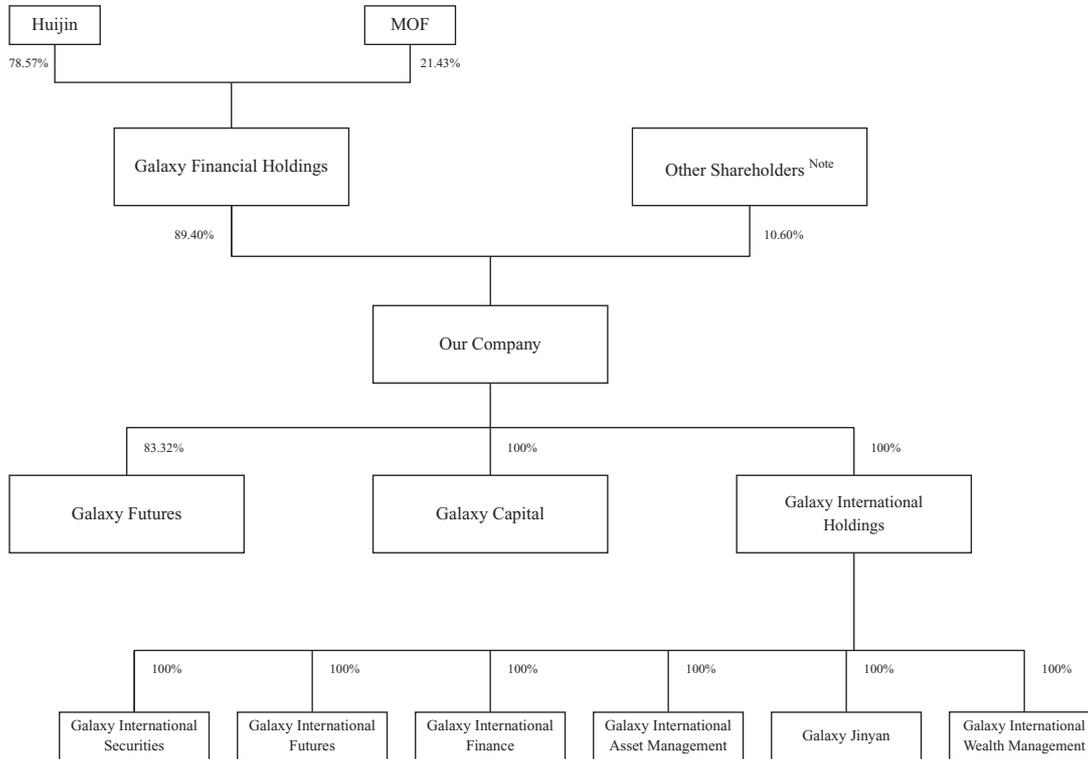
Galaxy International Holdings, our wholly-owned subsidiary, was incorporated in Hong Kong on February 9, 2011. As of the Latest Practicable Date, the issued share capital of Galaxy International Holdings was HK\$600 million. Galaxy International Holdings is principally engaged in securities and futures brokerage, research, investment banking as well as money lending in Hong Kong through its wholly-owned subsidiaries.

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## GLOBAL OFFERING

### Our corporate structure prior to the Global Offering

The following is a diagrammatic illustration of our shareholding and corporate structure as at the Latest Practicable Date and prior to the Global Offering:



Note: Other Shareholders include a total of 37 Shareholders each with less than 2% shareholding in the Company, including Shougang Corporation, Chongqing Water, Zhejiang Tianlang Investment Management Company Limited and CNBM, together with the 30 corporates and three individuals that were converted from Economic Interests holders to Shareholders.

