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

2017 FIRST QUARTERLY REPORT

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

I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”), supervisory committee, the directors (the “**Directors**”), supervisors and senior management officers of the Company confirm that the information contained in this quarterly report is true, accurate, and complete without any false and misleading statements or material omissions, and individually and jointly accept legal responsibility for the contents of the report.
- 1.2 Except for Mr. CHI Fulin, an independent non-executive Director, who has authorised Mr. LIU Feng, an independent non-executive Director, to attend the meeting and vote on his behalf, all other Directors attended the Board meeting to consider this quarterly report.
- 1.3 Chen Gongyan, person-in-charge of the Company, Zhu Ruimin, person-in-charge of the accounting affairs and person-in-charge of the accounting department (head of accounting), guaranteed the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial data contained in this quarterly report have been prepared in accordance with the Generally Accepted Accounting Principles in the People's Republic of China (the “**PRC GAAP**”) and are unaudited.
- 1.5 The Company prepared this quarterly report in both Chinese and English versions. In case of any discrepancy between the Chinese version and the English version in this quarterly report, the Chinese version shall prevail.
- 1.6 “**Reporting Period**” refers to the three months ended 31 March 2017.

II. BASIC INFORMATION OF THE COMPANY

2.1 Financial Highlights

	<i>Unit: Yuan</i> <i>Currency: RMB</i>		
	As at 31 March 2017	As at 31 December 2016	Change as compared to the end of last year (%)
Total assets	234,918,159,802.38	245,880,521,017.15	-4.46
Net assets attributable to shareholders of the company	63,198,885,809.63	57,988,546,199.71	8.99
	Three months ended 31 March 2017	Three months ended 31 March 2016	Change as compared to the same period of last year (%)
Net cash outflow from operating activities	-14,582,407,046.42	-3,960,839,531.04	N/A
	Three months ended 31 March 2017	Three months ended 31 March 2016	Change as compared to the same period of last year (%)
Operating income	2,964,345,775.78	3,301,246,846.79	-10.21
Net profit attributable to shareholders of the company	1,117,341,620.62	1,011,445,568.21	10.47
Net profit attributable to shareholders of the company excluding extraordinary items	1,116,373,627.27	1,007,701,751.27	10.78
Return on weighted average net assets (%)	1.82	2.10	Decrease by 0.28 percentage point
Basic earnings per share (Yuan/share)	0.11	0.11	-
Diluted earnings per share (Yuan/share)	N/A	N/A	N/A

Extraordinary Items of Gains and Losses and Amount

Applicable Not Applicable

*Unit: Yuan
Currency: RMB*

Items	Three months ended 31 March 2017	Note
Profit/loss on disposal of non-current assets	85,735.40	Mainly income on disposal of fixed assets
Government subsidies accounted into profit and loss for the current period (except for those closely associated with the normal operations of the Company which were accounted for in certain standard amount or volume in compliance with the requirement of the policies of the State)	2,276,500.00	–
Other non-operating income and expenses save for the above	-434,914.27	–
Effect on non-controlling interests (net of tax)	-269,768.17	–
Effect on income tax	-689,559.61	–
Total	<u>967,993.35</u>	

2.2 Total number of shareholders, shareholding of top ten shareholders and shareholding of top ten shareholders of shares not subject to selling restrictions at the end of the Reporting Period

Total number of shareholders

193,026

Shareholding of Top Ten Shareholders

Name of shareholder (Full name)	Shareholding as at the end of the Reporting Period	Proportion (%)	Number of shares subject to selling restrictions (share)	Pledged or frozen		Nature of shareholder
				Status of shares	Number of shares	
China Galaxy Financial Holdings Company Limited	5,160,610,864	50.91	5,160,610,864	Nil	–	State-owned legal person
HKSCC Nominees Limited	3,688,448,916	36.39	–	Nil	–	Foreign legal person
PICC Property and Casualty Company Limited	114,381,147	1.13	114,381,147	Nil	–	State-owned legal person
Shanghai Rural Commercial Bank Co., Ltd.	110,000,000	1.09	110,000,000	Nil	–	State-owned legal person
Bank of Lanzhou Co., Ltd.	90,514,398	0.89	90,514,398	Nil	–	Domestic non state-owned legal person
Shanghai CIIC Electric Technology Co., Ltd.	60,000,000	0.59	60,000,000	Nil	–	Domestic non state-owned legal person
Account No.1 of National Council for Social Security Fund	58,726,267	0.58	58,726,267	Nil	–	State-owned legal person
China Resources Co., Ltd.	38,379,809	0.38	38,379,809	Nil	–	Foreign legal person
Joincare Pharmaceutical Industry Group Co., Ltd	28,983,000	0.29	28,983,000	Nil	–	Domestic non state-owned legal person
Zhongshan Zhonghui Investment Group Company Limited	19,241,213	0.19	19,241,213	Nil	–	State-owned legal person

Shareholding of Top Ten Shareholders of Circulating Shares not subject to Selling Restrictions

Name of shareholder	Number of circulating shares not subject to selling restrictions (share)	Class	Class and number of shares Number of shares
HKSCC Nominees Limited	3,688,448,916	Foreign shares listed overseas	3,688,448,916
Langfang City Kangcheng Hejia Technology Industry Development Co., Ltd. (廊坊市康城合嘉科技產業發展有限公司)	14,285,700	RMB ordinary shares	14,285,700
Ling Huiming	6,298,600	RMB ordinary shares	6,298,600
Industrial and Commercial Bank of China Limited – SWS MU CSI SW Securities Industry Index Structured Securities Investment Fund	4,966,284	RMB ordinary shares	4,966,284
Hwabao Trust Co., Ltd. – “Hui Huang” No. 7 Single Fund Trust (華寶信託有限責任公司—「輝煌」7號單一資金信託)	4,856,100	RMB ordinary shares	4,856,100
Yin Jin	3,880,000	RMB ordinary shares	3,880,000
Kangcheng Technological Innovation Co., Ltd. (康城科創股份有限公司)	3,350,200	RMB ordinary shares	3,350,200
Hwabao Trust Co., Ltd. – “Hui Huang” No. 158 Single Fund Trust (華寶信託有限責任公司—「輝煌」158號單一資金信託)	2,622,200	RMB ordinary shares	2,622,200
Yang Qin	1,734,100	RMB ordinary shares	1,734,100
Xu Dongzuo	1,708,200	RMB ordinary shares	1,708,200

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

Hwabao Trust Co., Ltd. – “Hui Huang” No. 7 Single Fund Trust (華寶信託有限責任公司—「輝煌」7號單一資金信託) and Hwabao Trust Co., Ltd. – “Hui Huang” No. 158 Single Fund Trust (華寶信託有限責任公司—「輝煌」158號單一資金信託) are products managed by the same administrator and they have a connected relationship. Langfang City Kangcheng Hejia Technology Industry Development Co., Ltd. and Kangcheng Technological Innovation Co., Ltd. are regarded as parties acting in concert under the “Administrative Measures for the Takeover of Listed Companies”. The Company is not aware of any other connected relationship or any parties acting in concert among other shareholders.

Description on preferred shareholder of which voting rights had resumed and its shareholdings

Nil

Note 1: As at 31 March 2017, the total number of the shareholders of the Company was 193,026, in which 191,904 shareholders were holders of A shares and 1,122 shareholders were holders of H shares.

Note 2: HKSCC Nominees Limited is the nominal holder on behalf of the shareholders who do not register the H shares under their names. It represented various clients to holders such shares.

2.3 As at the end of the Reporting Period, total number of shareholders of preference shares, shareholding of top ten shareholders of preference shares and shareholding of top ten shareholders not subject to selling restrictions

Applicable Not Applicable

III. IMPORTANT MATTERS

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

Applicable Not Applicable

*Unit: Yuan
Currency: RMB*

Items	As at 31 March 2017	As at 31 December 2016	Increase/ Decrease (%)	Main reasons
Clearing settlement funds	15,943,252,758.49	25,363,434,521.56	-37.14	The amount of capital deposited in the depository and clearing company decreased
Derivative financial assets	250,280.16	8,477,091.17	-97.05	Changes in the scale and fair value of derivative financial instruments
Deferred income tax assets	89,027,122.70	239,630,410.69	-62.85	Resulted from changes in fair value of financial assets
Financial assets sold under repurchase agreements	16,731,241,223.80	24,494,653,056.69	-31.69	The reduced business scale of the transfer of income right of margin financing and securities lending business
Taxes payable	128,520,677.12	221,026,949.46	-41.85	Decrease in taxes for the current period
Other comprehensive income	-210,174,223.81	-348,958,204.59	N/A	Changes in fair value of relevant financial assets resulted from the fluctuation of the securities market

Items	Three months ended 31 March 2017	Three months ended 31 March 2016	Increase/ Decrease (%)	Main reason
Net fee income from brokerage business	1,058,950,913.24	1,657,171,930.95	-36.10	Decrease in trading volume of the brokerage business
Net fee income from investment banking business	44,862,481.90	257,001,520.51	-82.54	The reduced underwriting scale of the investment banking business
Net interest income	761,962,574.12	535,615,664.78	42.26	Mainly due to the enlarged scale of the share pledge repurchasing business
Investment gains	294,201,688.21	752,868,795.69	-60.92	Decrease in gains from disposal of financial instruments
Gains/(losses) arising from the changes in fair value	534,180,979.94	-34,527,789.24	N/A	Disposal of held-for-trading financial assets carried forward as profit or loss from change in fair value
Foreign exchange gains/(losses)	583,211.72	-526,936.28	N/A	Affected by changes in exchange rates
Other operating income	24,318,613.88	7,035,021.37	245.68	Increase in branches' other income
Taxes and surcharges	13,649,824.35	224,990,917.43	-93.93	Mainly due to the impact of replacing business tax with value-added tax since 1 May 2016
Impairment losses on assets	188,971,020.86	1,954,156.26	9,570.21	Increase in provision for impairment loss on available-for-sale financial assets
Other operating expenses	21,212,200.00	14,570.55	145,482.70	Increase in branches' other expenses
Non-operating income	2,898,901.69	7,998,830.64	-63.76	Decrease in government subsidies
Non-operating expenses	971,580.56	2,334,941.60	-58.39	Decrease in overdue fine
Income tax expense	130,796,304.03	300,159,416.60	-56.42	Decrease in taxable profit and increase in tax-free income for the current period
Net cash flow from operating activities	-14,582,407,046.42	-3,960,839,531.04	N/A	Decrease in capital of the repurchasing business and the margin financing and securities lending business
Net cash flows from investing activities	4,125,380,997.34	-676,103,612.14	N/A	Resulted from net increase in cash due to acquisition or disposal of available-for-sale financial assets
Net cash flows from financing activities	3,213,659,205.79	-7,949,871,236.59	N/A	Resulted from increase in funds raised from IPO and issuance of bonds

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

Applicable Not Applicable

- (1) In January 2017, the Company carried out initial public offering of 600,000,000 A shares to eligible natural person and institutional investors at a price of RMB6.81 per share to qualified individual and institutional investors, which became listed on the Shanghai Stock Exchange on 23 January 2017. The total proceeds amounted to RMB4,086 million. After deducting issuance expenses, the net proceeds raised amounted to RMB3,954 million. The proceeds raised will be used to increase the capital and replenish working capital of the Company.
- (2) On 30 March 2017, the resolution of “Proposal on the Review of Galaxy Jinhui’s Application to Galaxy Securities for an Increase of Net Capital Guarantee” was passed at the 23rd meeting of the third session of the Board, during which it was agreed to provide a net capital guarantee of RMB3.0 billion to Galaxy Jinhui Securities Assets Management Co., Ltd. (the “**Galaxy Jinhui**”) so as to meet the needs of its business development. The proposal will be proposed for consideration at the shareholders’ general meeting.
- (3) On 30 March 2017, the resolution of “Proposal on the Review of the Report regarding a Capital Increase Application of Galaxy Yuanhui Investment Co., Ltd.” was passed at the 23rd meeting of the third session of the Board, during which it was agreed to increase the registered capital of Galaxy Yuanhui Investment Co., Ltd. by RMB1.15 billion and its registered capital amounted to RMB1.5 billion afterwards. On 11 April 2017, the above capital increase has been completed.

On 30 March 2017, the resolution of “Proposal on the Review of the Report regarding Galaxy Jinhui’s Application to its Parent Company, Galaxy Securities, for an Increase of its Registered Capital” was passed at the 23rd meeting of the third session of the Board, during which it was agreed to increase the registered capital of Galaxy Jinhui by RMB0.5 billion and its registered capital amounted to RMB1.0 billion afterwards. On 11 April 2017, the above capital increase has been completed.

- (4) On 23 March 2017, the resolution of “Proposal on the Review of the Related Matters on the CIMB Group Mergers & Acquisition Project” was passed at the 24th meeting of the third session of the Board, during which it was agreed to inject capital into China Galaxy International Financial Holdings Company Limited (the “**Galaxy International**”) by the Company and Galaxy International will be the main body to implement such acquisition. The funds for acquisition shall be arranged by priority injection and other appropriate means. It was agreed to authorize the Chairman of the Company to determine the relevant matters of the acquisition (including funds for acquisition, etc.), authorize the operational management of the Company to cooperate and assist Galaxy International to fulfill all the relevant approval procedures relating to the transaction in accordance with relevant regulations, and to cooperate and assist Galaxy International to handle the relevant formalities, sign the documents relating to the transaction and proceed with other relevant matters.

The acquisition shall proceed in accordance with relevant laws and regulations and regulatory requirements, and is required to obtain approval from domestic and foreign relevant authorities. The Company will disclose the progress of the above project in a timely manner.

3.3 Overdue commitments that have not been fulfilled during the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

3.5 Others

The corrections to the “(i) Total number of shareholders” under “III. Shareholder and De Facto Controller” of “Section VI Changes in Ordinary Shares and Information of Shareholders” in the A share annual report for 2016 disclosed by the Company on the website of the Shanghai Stock Exchange on 31 March 2017 are as follows:

Total number of shareholders as at the end of the Reporting Period	37 holders of domestic shares, 1,141 holders of H shares
Total number of holders of ordinary shares at the end of the last month before annual report disclosure day	192,302 holders of A shares, 1,131 holders of H shares
Total number of preferential shareholders with resumed voting rights as of the end of the Reporting Period	0
Total number of preferential shareholders with resumed voting rights at the end of the last month before annual report disclosure day	0

The above content does not affect other contents of the Company’s A share annual report for 2016, and the A share annual report summary for 2016 shall be updated accordingly.

Name of the Company: China Galaxy Securities Co., Ltd.
Legal Representative: Chen Gongyan
Date: 28 April 2017

IV. APPENDIX

4.1 Financial Statements

Consolidated Statement of Financial Position (unaudited)

31 March 2017

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	As at 31 March 2017	As at 31 December 2016
Assets:		
Cash and bank balances	70,612,136,645.32	69,064,034,179.13
Including: Cash held on behalf of customers	61,128,428,649.24	61,215,187,894.24
Clearing settlement funds	15,943,252,758.49	25,363,434,521.56
Including: Customer settlement funds	14,783,588,738.65	23,365,572,391.12
Advances to customers	53,235,389,729.29	55,476,600,843.05
Financial assets measured at fair value through profit or loss	27,109,830,422.23	29,363,318,163.13
Derivative financial assets	250,280.16	8,477,091.17
Financial assets held under resale agreements	16,719,999,154.73	13,006,200,308.07
Accounts receivable	876,135,388.34	774,651,108.40
Interests receivable	3,818,644,996.08	3,553,683,027.27
Refundable deposits	7,474,949,915.10	7,070,055,005.78
Available-for-sale financial assets	33,610,183,451.34	36,524,139,008.28
Investments classified as loans and receivables	3,441,591,416.73	3,442,810,458.02
Long-term equity investments	—	—
Fixed assets	285,539,149.08	299,206,110.50
Intangible assets	357,022,669.13	354,240,786.04
Goodwill	223,277,619.51	223,277,619.51
Deferred tax assets	89,027,122.70	239,630,410.69
Other assets	1,120,929,084.15	1,116,762,376.55
Total assets	<u>234,918,159,802.38</u>	<u>245,880,521,017.15</u>

Items	As at 31 March 2017	As at 31 December 2016
Liabilities:		
Short-term borrowings	1,819,915,527.60	1,785,422,000.00
Short-term financing instrument payables	11,531,386,666.67	11,518,110,000.00
Financial liabilities measured at fair value through profit or loss	661,794,448.15	713,502,080.63
Derivative financial liabilities	45,580,810.96	38,001,654.41
Financial assets sold under repurchase agreements	16,731,241,223.80	24,494,653,056.69
Accounts payable to brokerage clients	82,068,145,524.67	90,404,208,583.12
Accrued staff costs	4,142,397,336.66	4,036,814,282.57
Tax payable	128,520,677.12	221,026,949.46
Accounts payable	855,939,198.81	1,006,807,636.91
Interests payable	1,618,742,532.99	1,731,709,893.17
Bonds payable	46,112,381,388.78	46,312,382,222.14
Other liabilities	5,629,161,751.79	5,263,982,989.31
Total Liabilities	171,345,207,088.00	187,526,621,348.41
Equity		
Share capital	10,137,258,757.00	9,537,258,757.00
Capital reserve	25,027,388,797.62	21,673,174,789.10
Other comprehensive income	-210,174,223.81	-348,958,204.59
Surplus reserve	4,964,783,833.97	4,964,783,833.97
General risk reserve	7,587,325,460.21	7,587,325,460.21
Retained earnings	15,692,303,184.64	14,574,961,564.02
Total equity attributable to the shareholders of the Company	63,198,885,809.63	57,988,546,199.71
Non-controlling interests	374,066,904.75	365,353,469.03
Total equity	63,572,952,714.38	58,353,899,668.74
Total liabilities and equity	234,918,159,802.38	245,880,521,017.15

Legal Representative:
Chen Gongyan

Person-in-charge of
accounting affairs:
Zhu Ruimin

Person-in-charge of
accounting department:
Zhu Ruimin

The Company's Statement of Financial Position (unaudited)

31 March 2017

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	As at 31 March 2017	As at 31 December 2016
Assets:		
Cash and bank balances	55,870,978,672.08	53,632,980,676.91
Including: Cash held on behalf of customers	49,233,550,225.23	48,221,248,898.57
Clearing settlement funds	15,140,737,193.58	24,816,687,775.94
Including: Customer settlement funds	13,852,804,916.66	22,726,585,298.50
Advances to customers	50,613,143,687.54	52,799,635,002.58
Financial assets measured at fair value through profit or loss	24,423,893,204.21	25,938,320,294.22
Derivative financial assets	884.92	7,589,764.39
Financial assets held under resale agreements	16,197,520,393.23	12,487,691,980.57
Accounts receivable	402,973,679.81	401,192,992.23
Interests receivable	3,380,067,721.21	3,161,064,752.10
Refundable deposits	364,154,278.52	347,625,337.96
Available-for-sale financial assets	33,780,858,296.01	36,942,513,486.40
Investments classified as loans and receivables	572,491,416.73	573,710,458.02
Long-term equity investments	3,535,479,607.02	3,535,479,607.02
Fixed assets	255,782,510.62	270,512,060.65
Intangible assets	344,515,571.93	341,067,696.39
Goodwill	223,277,619.51	223,277,619.51
Deferred tax assets	127,644,444.21	271,251,165.17
Other assets	1,070,186,450.37	1,022,508,784.00
Total assets	<u>206,303,705,631.50</u>	<u>216,773,109,454.06</u>

Items	As at 31 March 2017	As at 31 December 2016
Liabilities:		
Short-term financing instrument payables	11,531,386,666.67	11,518,110,000.00
Financial liabilities measured at fair value through profit or loss	641,606,653.79	704,179,952.14
Derivative financial liabilities	45,232,945.21	37,226,348.41
Financial assets sold under repurchase agreements	16,612,647,800.00	24,337,154,000.00
Accounts payable to brokerage clients	63,205,188,168.60	71,081,666,631.39
Accrued staff costs	3,824,666,505.04	3,669,039,019.45
Tax payable	92,150,345.71	157,461,788.65
Accounts payable	5,845,540.58	2,696,290.91
Interests payable	1,617,288,142.52	1,720,618,436.60
Bonds payable	45,813,531,388.90	46,013,682,222.23
Other liabilities	901,258,949.69	628,453,580.22
Total Liabilities	144,290,803,106.71	159,870,288,270.00
Equity		
Share capital	10,137,258,757.00	9,537,258,757.00
Capital reserve	24,965,390,451.43	21,611,176,442.91
Other comprehensive income	-241,277,639.51	-407,141,659.02
Surplus reserve	4,964,783,833.97	4,964,783,833.97
General risk reserve	7,479,300,270.43	7,479,300,270.43
Retained earnings	14,707,446,851.47	13,717,443,538.77
Total equity	62,012,902,524.79	56,902,821,184.06
Total liabilities and equity	206,303,705,631.50	216,773,109,454.06

Legal Representative:
Chen Gongyan

Person-in-charge of
accounting affairs:
Zhu Ruimin

Person-in-charge of
accounting department:
Zhu Ruimin

Consolidated Statement of Profit or Loss (unaudited)*January to March of 2017*

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
I. Operating income	2,964,345,775.78	3,301,246,846.79
Net fee and commission income	1,349,098,707.91	2,040,782,090.47
Including: Net fee income from brokerage business	1,058,950,913.24	1,657,171,930.95
Net fee income from investment banking business	44,862,481.90	257,001,520.51
Net fee income from asset management business	135,648,651.53	108,175,833.81
Net interest income	761,962,574.12	535,615,664.78
Investment gains (losses presented by “-”)	294,201,688.21	752,868,795.69
Including: Gains from investment in associates and joint ventures	—	—
Gains from changes in fair value (losses presented by “-”)	534,180,979.94	-34,527,789.24
Foreign exchange gains (losses presented by “-”)	583,211.72	-526,936.28
Other operating incomes	24,318,613.88	7,035,021.37
II. Operating expenses	1,709,421,736.54	1,989,734,652.36
Taxes and surcharges	13,649,824.35	224,990,917.43
General and administrative expenses	1,485,588,691.33	1,762,775,008.12
Impairment losses on assets	188,971,020.86	1,954,156.26
Other operating expenses	21,212,200.00	14,570.55
III. Operating profits (losses presented by “-”)	1,254,924,039.24	1,311,512,194.43
Add: Non-operating income	2,898,901.69	7,998,830.64
Less: Non-operating expense	971,580.56	2,334,941.60
IV. Profit before income tax (total losses presented by “-”)	1,256,851,360.37	1,317,176,083.47
Less: Income tax expense	130,796,304.03	300,159,416.60

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
V. Profit for the period (net losses presented by “-”)	1,126,055,056.34	1,017,016,666.87
Including: Profit for the period attributable to shareholders of the Company	1,117,341,620.62	1,011,445,568.21
Non-controlling interests	8,713,435.72	5,571,098.66
VI. Other comprehensive income (net of tax)	138,783,980.78	-725,915,663.78
Other comprehensive income attributable to shareholders of the Company (net of tax)	138,783,980.78	-725,915,663.78
(I) Other comprehensive income that will not be reclassified into profits or losses subsequently	-	-
(II) Other comprehensive income that will be reclassified into profits or losses subsequently	138,783,980.78	-725,915,663.78
1. Gains and losses from changes in fair value of available-for-sale financial assets	149,168,474.55	-758,523,437.55
2. Translation differences on foreign currency financial statements	-10,384,493.77	32,607,773.77
Net other comprehensive income attributable to non-controlling interests (net of tax)	-	-
VII. Total comprehensive income	1,264,839,037.12	291,101,003.09
Total comprehensive income attributable to shareholders of the Company	1,256,125,601.40	285,529,904.43
Total comprehensive income attributable to non-controlling interests	8,713,435.72	5,571,098.66
VIII. Earnings per share:		
(I) Basic earnings per share (Yuan/share)	0.11	0.11
(II) Diluted earnings per share (Yuan/share)	N/A	N/A
Legal Representative: Chen Gongyan	Person-in-charge of accounting affairs: Zhu Ruimin	Person-in-charge of accounting department: Zhu Ruimin

The Company's Statement of Profit or Loss (unaudited)*January to March of 2017*

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
I. Operating income	2,581,732,295.67	3,111,173,220.89
Net fee and commission income	1,180,648,992.60	1,927,869,198.54
Including: Net fee income from brokerage business	1,126,440,166.30	1,664,527,896.48
Net fee income from investment banking business	40,057,569.65	248,801,899.38
Net fee income from asset management business	—	—
Net interest income	659,188,851.82	477,252,469.44
Investment gains (losses presented by “-”)	191,106,106.64	735,889,560.91
Including: Gains from investment in associates and joint ventures	—	—
Gains from changes in fair value (losses presented by “-”)	527,838,890.37	-33,967,834.56
Foreign exchange gains (losses presented by “-”)	-1,563,035.07	-1,071,220.42
Other operating incomes	24,512,489.31	5,201,046.98
II. Operating expenses	1,503,181,210.73	1,805,761,606.35
Taxes and surcharges	13,051,916.76	215,282,558.15
General and administrative expenses	1,279,946,073.11	1,588,510,321.39
Impairment losses on assets	188,971,020.86	1,954,156.26
Other operating expenses	21,212,200.00	14,570.55
III. Operating profits (losses presented by “-”)	1,078,551,084.94	1,305,411,614.54
Add: Non-operating income	618,444.69	7,998,830.21
Less: Non-operating expense	847,502.45	2,150,375.63
IV. Profit before income tax (total losses presented by “-”)	1,078,322,027.18	1,311,260,069.12
Less: Income tax expense	88,318,714.48	284,594,150.67

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
V. Profit for the period (net losses presented by “-”)	990,003,312.70	1,026,665,918.45
VI. Other comprehensive income (net of tax)	165,864,019.51	-813,972,653.50
(I) Other comprehensive income that will not be reclassified into profits or losses subsequently	—	—
(II) Other comprehensive income that will be reclassified into profits or losses subsequently	165,864,019.51	-813,972,653.50
1. Gains and losses from changes in fair value of available-for-sale financial assets	165,864,019.51	-813,972,653.50
VII. Total comprehensive income	1,155,867,332.21	212,693,264.95
VIII. Earnings per share:		
(I) Basic earnings per share (Yuan/share)	0.10	0.11
(II) Diluted earnings per share (Yuan/share)	N/A	N/A
Legal Representative: Chen Gongyan	Person-in-charge of accounting affairs: Zhu Ruimin	Person-in-charge of accounting department: Zhu Ruimin

Consolidated Statement of Cash Flows (unaudited)*January to March of 2017*

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
I. Cash flows from operating activities:		
Net increase in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	1,769,565,301.09	–
Cash received from interests, fees and commissions	3,589,845,141.67	3,906,533,012.22
Net increase in repurchase businesses	–	14,629,901,685.79
Net decrease in advances to customers	2,243,856,035.32	17,108,739,787.20
Cash received from other operating activities	170,321,313.94	17,852,001.35
Subtotal of cash inflow from operating activities	7,773,587,792.02	35,663,026,486.56
Net decrease in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	–	20,953,007,404.46
Net cash paid to brokerage clients	8,336,063,058.45	12,891,882,969.25
Net decrease in repurchase businesses	11,486,161,132.29	–
Cash for the payment of interests, fees and commissions	544,438,133.81	878,089,872.77
Cash payments for employees	991,497,233.54	876,897,725.42
Tax expenses paid	325,601,517.52	1,122,978,332.96
Cash paid for other operating activities	672,233,762.83	2,901,009,712.74
Subtotal of cash outflow from operating activities	22,355,994,838.44	39,623,866,017.60
Net cash flow from operating activities	-14,582,407,046.42	-3,960,839,531.04

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
II. Cash flows from investing activities:		
Cash received from realized investment gains	257,965,509.99	146,775,502.48
Net decrease in cash from investment classified as loans and receivables	1,219,041.29	–
Net increase in cash from acquisition or disposal of available-for-sale financial assets	505,960,359.37	–
Cash received from disposal of fixed assets, intangible assets and other long-term assets	418,352.63	604,744.87
Cash received from other investing activities	4,052,528,600.00	400,000,000.00
Subtotal of cash inflow from investing activities	4,818,091,863.28	547,380,247.35
Net decrease in cash from acquisition or disposal of available-for-sale financial assets	–	1,187,191,117.82
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	42,710,865.94	36,292,741.67
Cash paid for other investing activities	650,000,000.00	–
Subtotal of cash outflow from investing activities	692,710,865.94	1,223,483,859.49
Net cash flow from investing activities	4,125,380,997.34	-676,103,612.14

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
III. Cash flows from financing activities:		
Cash received from capital injection	4,086,000,000.00	—
Including: Cash received from capital injection of non-controlling interests in subsidiaries	—	—
Cash received from borrowings	1,819,915,527.60	474,419,600.00
Cash received from issuance of long-term bonds and long-term financing instruments	13,160,780,000.00	300,000,000.00
Cash received from issuance of short-term bonds and short-term financing instruments	1,486,210,000.00	—
Cash received from third-party interests in consolidated structured entities	12,177,072.27	—
Subtotal of cash inflow from financing activities	20,565,082,599.87	774,419,600.00
Cash paid for debt repayment	16,628,355,333.33	7,971,240,000.00
Cash paid for distribution of dividends, on profit or for interest expenses	721,652,966.43	753,050,836.59
Including: Dividends paid to non-controlling interests	—	—
Cash paid for other financing activities	1,415,094.32	—
Subtotal of cash outflow from financing activities	17,351,423,394.08	8,724,290,836.59
Net cash flow from financing activities	3,213,659,205.79	-7,949,871,236.59
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
	-26,418,289.81	18,495,204.46
V. Net increase in cash and cash equivalents		
	-7,269,785,133.10	-12,568,319,175.31
Add: Cash and cash equivalents at the beginning of the period	82,723,955,200.69	116,801,455,162.99
VI. Cash and cash equivalents at the end of the period		
	75,454,170,067.59	104,233,135,987.68
Legal Representative: Chen Gongyan	Person-in-charge of accounting affairs: Zhu Ruimin	Person-in-charge of accounting department: Zhu Ruimin

The Company's Statement of Cash Flows (unaudited)

January to March of 2017

Prepared by: China Galaxy Securities Co., Ltd.

In RMB Yuan

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
I. Cash flows from operating activities:		
Net increase in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	1,036,135,552.95	—
Cash received from interests, fees and commissions	3,223,961,458.70	3,706,881,182.97
Net increase in repurchase businesses	—	14,792,261,402.17
Net decrease in advances to customers	2,189,136,236.60	17,312,304,202.01
Cash received from other operating activities	158,409,957.31	587,962,934.52
Subtotal of cash inflow from operating activities	6,607,643,205.56	36,399,409,721.67
Net decrease in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	—	21,009,077,563.55
Net cash paid to brokerage clients	7,876,478,462.79	16,049,076,468.65
Net decrease in repurchase businesses	11,443,285,065.40	—
Cash for the payment of interests, fees and commissions	325,066,818.56	666,538,359.91
Cash payments for employees	797,363,033.07	711,183,832.30
Tax expenses paid	290,200,750.71	1,052,801,633.25
Cash paid for other operating activities	234,176,058.47	394,354,237.42
Subtotal of cash outflow from operating activities	20,966,570,189.00	39,883,032,095.08
Net cash flow from operating activities	-14,358,926,983.44	-3,483,622,373.41

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
II. Cash flows from investing activities:		
Cash received from realized investment gains	241,374,207.04	142,375,996.10
Net decrease in cash from investment classified as loans and receivables	1,219,041.29	–
Net increase in cash from acquisition or disposal of available-for-sale financial assets	741,561,334.89	–
Cash received from disposal of fixed assets, intangible assets and other long-term assets	357,195.00	359,791.87
Cash received from other investing activities	2,528,600.00	–
Subtotal of cash inflow from investing activities	987,040,378.22	142,735,787.97
Cash paid for investments	–	350,000,000.00
Net decrease in cash from acquisition or disposal of available-for-sale financial assets	–	1,976,724,963.74
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	38,606,599.98	34,907,092.34
Subtotal of cash outflow from investing activities	38,606,599.98	2,361,632,056.08
Net cash flow from investing activities	948,433,778.24	-2,218,896,268.11

Items	Three months ended 31 March 2017	Three months ended 31 March 2016
III. Cash flows from financing activities:		
Cash received from capital injection	4,086,000,000.00	—
Cash received from issuance of long-term bonds and long-term financing instruments	13,160,780,000.00	—
Cash received from issuance of short-term bonds and short-term financing instruments	1,486,210,000.00	—
Subtotal of cash inflow from financing activities	18,732,990,000.00	—
Cash paid for debt repayment	14,842,933,333.33	7,971,240,000.00
Cash paid for distribution of dividends, on profit or for interest expenses	702,225,143.74	743,188,188.19
Cash paid for other financing activities	1,415,094.32	—
Subtotal of cash outflow from financing activities	15,546,573,571.39	8,714,428,188.19
Net cash flow from financing activities	3,186,416,428.61	-8,714,428,188.19
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
	-11,581,646.82	11,519,638.96
V. Net increase in cash and cash equivalents		
	-10,235,658,423.41	-14,405,427,190.75
Add: Cash and cash equivalents at the beginning of the period	78,346,154,952.85	114,077,627,154.23
VI. Cash and cash equivalents at the end of the period		
	68,110,496,529.44	99,672,199,963.48

Legal Representative: Chen Gongyan	Person-in-charge of accounting affairs: Zhu Ruimin	Person-in-charge of accounting department: Zhu Ruimin
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4.2 Audit reports

Applicable Not Applicable

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

Beijing, the PRC
28 April 2017

As at the date of this announcement, the executive Directors of the Company are Mr. CHEN Gongyan (Chairman), Mr. GU Weiguo (Vice Chairman) and Mr. WU Chengming; the non-executive Directors are Mr. DU Ping, Mr. SHI Xun, Mr. ZHANG Jinghua and Mr. LI Chaoyang; and the independent non-executive Directors are Mr. LIU Feng, Mr. LUO Lin, Mr. WU Yuwu and Mr. CHI Fulin.