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

2018 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 All 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 2018 first quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Financial Highlights

	<i>Unit: Yuan</i> <i>Currency: RMB</i>		
	As at 31 March 2018	As at 31 December 2017	Change as compared to the end of last year (%)
Total assets	271,084,300,364.97	254,814,966,451.09	6.38
Net assets attributable to shareholders of the company	65,563,770,919.11	64,513,027,189.45	1.63
	Three months ended 31 March 2018	Three months ended 31 March 2017	Change as compared to the same period of last year (%)
Net cash flow from/(used in) operating activities	5,227,542,522.46	-14,582,407,046.42	135.85
	Three months ended 31 March 2018	Three months ended 31 March 2017	Change as compared to the same period of last year (%)
Operating income	2,617,949,307.96	2,964,431,830.77	-11.69
Net profit attributable to shareholders of the company	1,014,308,288.16	1,117,341,620.62	-9.22
Net profit attributable to shareholders of the company excluding extraordinary items	1,011,496,744.88	1,116,373,627.27	-9.39
Return on weighted average net assets (%)	1.56	1.82	Decreased by 0.26 percentage point
Basic earnings per share (Yuan/share)	0.10	0.11	-9.09
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 2018	Note
Profit/loss on disposal of non-current assets	148,320.73	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)	4,265,632.12	Mainly governmental support fund
Other non-operating income and expenses save for the above	-260,752.20	-
Other gains or losses items conforming with the definition of extraordinary gains or losses	-	-
Effect on non-controlling interests (net of tax)	-272,311.86	-
Effect on income tax	-1,069,345.51	-
Total	<u><u>2,811,543.28</u></u>	

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

Unit: Share

117,462 shareholders in total

Total number of shareholders

in which 116,699 are holders of A shares and 763 are holders of H shares

Shareholdings of the Top Ten Shareholders

Name of shareholder (Full name)	Number of shares held as at the end of the period	Percentage (%)	Number of shares subject to selling restrictions	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	3,688,405,616	36.38	0	Nil	–	Foreign legal person
PICC Property and Casualty Company Limited	114,381,147	1.13	0	Nil	–	State-owned legal person
Bank of Lanzhou Co., Ltd.	90,514,398	0.89	0	Nil	–	Domestic non state-owned legal person
China Securities Finance Corporation Limited	84,078,210	0.83	0	Nil	–	State-owned legal person
Shanghai Rural Commercial Bank Co., Ltd.	79,028,158	0.78	0	Nil	–	Domestic non state-owned legal person
Account No.1 of National Council for Social Security Fund	58,726,267	0.58	57,132,376	Nil	–	State-owned legal person
China Resources Co., Ltd.	38,379,809	0.38	0	Nil	–	State-owned legal person
Joincare Pharmaceutical Industry Group Co., Ltd.	28,983,000	0.29	0	Nil	–	Domestic non state-owned legal person
Zhongshan Zhonghui Investment Group Company Limited	19,241,213	0.19	0	Nil	–	State-owned legal person

Shareholdings of the Top Ten Shareholders not subject to Selling Restrictions

Name of shareholder	Number of circulating shares not subject to selling restrictions	Class and number of shares	
		Class	Number of shares
HKSCC Nominees Limited	3,688,405,616	Foreign shares listed overseas	3,688,405,616
PICC Property and Casualty Company Limited	114,381,147	RMB ordinary shares	114,381,147
Bank of Lanzhou Co., Ltd.	90,514,398	RMB ordinary shares	90,514,398
China Securities Finance Corporation Limited	84,078,210	RMB ordinary shares	84,078,210
Shanghai Rural Commercial Bank Co., Ltd.	79,028,158	RMB ordinary shares	79,028,158
China Resources Co., Ltd.	38,379,809	RMB ordinary shares	38,379,809
Joincare Pharmaceutical Industry Group Co., Ltd.	28,983,000	RMB ordinary shares	28,983,000
Zhongshan Zhonghui Investment Group Company Limited	19,241,213	RMB ordinary shares	19,241,213
Shenzhen State-Owned Dutyfree Commodity (Group) Co., Ltd.	13,468,849	RMB ordinary shares	13,468,849
Dalian Port Group Corporation Limited	11,544,728	RMB ordinary shares	11,544,728

Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders The Company is not aware of any connected relationship or any parties acting in concert among each shareholders.

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

Note: HKSCC Nominees Limited is the nominee holder on behalf of the non-registered shareholders of the H shares of the Company, who holds the H shares on behalf of various investors.

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

Applicable Not Applicable

III. IMPORTANT MATTERS

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

Applicable Not Applicable

*Unit: Yuan
Currency: RMB*

Items	As at 31 March 2018	As at 31 December 2017	Increase/Decrease (%)	Main reasons
Advances to customers	57,501,959,494.00	60,063,731,272.85	-4.27	The reduced scale of the margin financing and securities lending business
Financial assets held under resale agreements	42,862,929,827.36	38,256,131,494.62	12.04	The enlarged scale of the dealer-quoted securities repurchase transactions
Debt investments	3,607,543,701.53	–	100.00	New classification under the new standards of financial instruments
Investments classified as loans and receivables	2,135,270,289.61	4,634,166,665.67	-53.92	Reclassification under the new standards of financial instruments
Financial assets at fair value through profit or loss	49,771,110,181.10	29,010,296,058.91	71.56	Financial instruments at the beginning of the period reclassified under the new standards of financial instruments and an increase in bond investments
Financial assets at fair value through other comprehensive income:				
– Financial assets designated at fair value through other comprehensive income	10,037,452,717.80	–	100.00	New classification under the new standards of financial instruments
– Debt investments	16,909,259,605.05	–	100.00	New classification under the new standards of financial instruments

Items	As at 31 March 2018	As at 31 December 2017	Increase/Decrease (%)	Main reasons
Derivative financial assets	–	22,935,563.67	-100.00	Derivative financial assets classified into financial assets at fair value through profit or loss under the new standards of financial instruments
Available-for-sale financial assets	–	34,060,840,802.93	-100.00	No such category under the new standards of financial instruments
Held-to-maturity investments	–	3,545,172,488.54	-100.00	No such category under the new standards of financial instruments
Long-term equity investments	786,472,339.29	–	100.00	New joint venture joined by a subsidiary
Short-term financing instrument payables	17,068,393,060.81	28,328,293,060.81	-39.75	Decreased short-term corporate bonds payable
Due to banks	1,650,000,000.00	500,000,000.00	230.00	The enlarged scale of due to banks
Financial liabilities measured at fair value through profit or loss	957,290,667.99	268,491,159.24	256.54	The enlarged scale of the issuance of the income certificates with floating income
Financial assets sold under repurchase agreements	27,424,722,814.40	18,716,223,850.20	46.53	The enlarged scale of the dealer-quoted bonds sold under repurchase agreement
Accounts payable to brokerage clients	68,274,515,068.08	64,787,131,698.69	5.38	The enlarged scale of the customer funds from brokerage business
Bonds payable	74,716,950,278.63	62,880,499,788.99	18.82	New issuance of corporate bonds in the first quarter
Deferred tax liabilities	18,089,840.53	6,580,849.77	174.89	Changes in fair value of financial assets

Items	Three months ended 31 March 2018	Three months ended 31 March 2017	Increase/ Decrease (%)	Main reason
Net fee income from brokerage business	1,187,855,889.75	1,058,950,913.24	12.17	Increase in trading volume of the brokerage business
Net fee income from investment banking business	147,200,864.39	44,862,481.90	228.12	The enlarged scale of the bond underwriting business
Net fee income from assets management business	205,937,818.45	135,648,651.53	51.82	The enlarged scale of the assets management business
Investment gains	-268,829,340.66	294,201,688.21	-191.38	Decrease in gains from disposal of financial assets
Gains arising from changes in fair value	641,329,504.19	534,180,979.94	20.06	Disposal of held-for-trading financial assets carried forward as profit or loss from the changes in fair value
Foreign exchange gains	869,547.02	583,211.72	49.10	Affected by changes in exchange rates
Other operating incomes	9,650,815.69	24,318,613.88	-60.32	Decrease in branches' other income
Taxes and surcharges	18,288,222.50	13,649,824.35	33.98	Increase in construction tax and education supplementary tax
Impairment losses on assets	22,970,753.66	188,971,020.86	-87.84	Decrease in provision for impairment loss on financial assets
Other operating expenses	1,426,415.09	21,212,200.00	-93.28	Decrease in branches' other expenses
Non-operating income	4,509,475.82	2,789,394.96	61.67	Increase in government subsidies
Non-operating expenses	504,595.90	948,128.82	-46.78	Decrease in other non-operating expenses
Income tax expense	207,631,824.68	130,796,304.03	58.74	Decrease in tax-free income for the current period
Net cash flow from/(used in) operating activities	5,227,542,522.46	-14,582,407,046.42	135.85	Increase in capital of the repurchase business, interbank business and brokerage clients
Net cash flow (used in)/from investing activities	-3,530,914,734.95	4,125,380,997.34	-185.59	Decrease in capital of the investment classified as accounts receivable and net decrease in cash from acquisition or disposal of financial assets at fair value through other comprehensive income
Net cash flow (used in)/from financing activities	-603,384,236.88	3,213,659,205.79	-118.78	Decrease in cash received from capital contribution and increase in cash paid by consolidated structured entities

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

Applicable Not Applicable

1. On 18 January 2018, China Galaxy International Financial Holdings Company Limited (“**Galaxy International Holdings**”), a wholly-owned subsidiary of the Company, has completed the transaction of acquiring certain equities of CIMB Securities International Pte. Ltd. (“**CIMB Securities International**”). Upon completion of the transaction, Galaxy International Holdings and Malaysia CIMB Group each held 50% of equity interest in CIMB Securities International. CIMB Securities International has changed its name to CGS-CIMB Securities International Pte. Ltd. The overseas business platform of the Company has extended to eight countries/regions including Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, the United States and the United Kingdom. As at the end of the reporting period, Galaxy International Holdings and CIMB Group are still in negotiation on the joint operation of the cash equities business and the securities margin financing and equity financing services business currently operated by CIMB Group in Malaysia.
2. On 28 March 2018, the Company announced the “Announcement on Change of Accounting Policies”, stating that the new standards of financial instruments revised and issued by the Ministry of Finance in 2017, such as “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments” (《企業會計準則第22號－金融工具確認和計量》), were implemented from 1 January 2018. As required by the new standards on financial instruments, the financial statements of the Company for the first quarter of 2018 were prepared in accordance to the new standards of financial instruments. No retrospective adjustment was made to the comparative financial statements information of 2017.
3. The Company has obtained the approval numbered Shang Zheng Han [2017] No. 243 from the Shanghai Stock Exchange in respect of the non-public issuance of subordinated bonds of no more than RMB30.0 billion. On 19 April 2018, the Company completed the non-public issuance of 2018 subordinated bonds (first tranche), among which, 2-year subordinated bonds amounted to RMB800 million with a coupon interest rate of 5.2%, and 3-year subordinated bonds amounted to RMB3,200 million with a coupon interest rate of 5.3%.

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

Applicable Not Applicable

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

Applicable Not Applicable

Name of the Company:	China Galaxy Securities Co., Ltd.
Legal Representative:	Chen Gongyan
Date:	26 April 2018

IV. APPENDIX

4.1 Financial Statements

Consolidated Statement of Financial Position

31 March 2018

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan
Currency: RMB

Items	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
Assets:		
Financial assets at amortized cost		
Cash and bank balances	60,600,581,635.71	59,741,699,051.06
Including: Cash held on behalf of customers	52,501,236,514.84	50,777,265,626.39
Clearing settlement funds	14,068,705,458.85	12,538,492,001.11
Including: Customer settlement funds	11,957,553,245.61	11,503,786,357.79
Advances to customers	57,501,959,494.00	60,063,731,272.85
Financial assets held under resale agreements	42,862,929,827.36	38,256,131,494.62
Accounts receivable	957,907,076.04	1,002,841,912.89
Refundable deposits	6,243,544,929.29	5,836,550,080.85
Debt investments	3,607,543,701.53	–
Investments classified as loans and receivables	2,135,270,289.61	4,634,166,665.67
Financial assets at fair value through profit or loss	49,771,110,181.10	29,010,296,058.91
Financial assets at fair value through other comprehensive income		
Financial assets designated at fair value through other comprehensive income	10,037,452,717.80	–
Debt investments	16,909,259,605.05	–
Interests receivable	3,692,666,857.84	4,003,081,934.44
Derivative financial assets	–	22,935,563.67
Available-for-sale financial assets	–	34,060,840,802.93
Held-to-maturity investments	–	3,545,172,488.54
Long-term equity investments	786,472,339.29	–
Fixed assets	250,180,584.67	261,080,141.41
Intangible assets	379,829,929.87	385,796,444.63
Goodwill	223,277,619.51	223,277,619.51
Deferred tax assets	147,661,930.21	168,047,637.97
Other assets	907,946,187.24	1,060,825,280.03
Total assets	271,084,300,364.97	254,814,966,451.09

Items	As at 31 March 2018 <i>(Unaudited)</i>	As at 31 December 2017 <i>(Audited)</i>
Liabilities:		
Short-term borrowings	2,348,770,046.47	2,550,330,900.00
Short-term financing instrument payables	17,068,393,060.81	28,328,293,060.81
Due to banks	1,650,000,000.00	500,000,000.00
Financial liabilities measured at fair value through profit or loss	957,290,667.99	268,491,159.24
Derivative financial liabilities	–	135,149,568.30
Financial assets sold under repurchase agreements	27,424,722,814.40	18,716,223,850.20
Accounts payable to brokerage clients	68,274,515,068.08	64,787,131,698.69
Accrued staff costs	3,027,032,704.01	3,389,597,032.90
Tax payable	221,176,795.29	387,671,812.76
Accounts payable	1,127,335,809.29	1,158,599,209.82
Interests payable	2,172,327,528.57	1,693,323,755.32
Bonds payable	74,716,950,278.63	62,880,499,788.99
Deferred tax liabilities	18,089,840.53	6,580,849.77
Other liabilities	6,127,248,204.20	5,126,640,096.88
Total Liabilities	<u>205,133,852,818.27</u>	<u>189,928,532,783.68</u>
Equity		
Share capital	10,137,258,757.00	10,137,258,757.00
Capital reserve	25,027,388,797.62	25,027,388,797.62
Other comprehensive income	438,575,605.81	-188,146,549.77
Surplus reserve	5,318,880,806.14	5,318,880,806.14
General risk reserve	8,340,704,118.45	8,340,704,118.45
Retained earnings	16,300,962,834.09	15,876,941,260.01
Total equity attributable to the shareholders of the Company	<u>65,563,770,919.11</u>	<u>64,513,027,189.45</u>
Non-controlling interests	386,676,627.59	373,406,477.96
Total equity	<u>65,950,447,546.70</u>	<u>64,886,433,667.41</u>
Total liabilities and equity	<u>271,084,300,364.97</u>	<u>254,814,966,451.09</u>

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

31 March 2018

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan
Currency: RMB

Items	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
Assets:		
Financial assets at amortized cost		
Cash and bank balances	45,112,094,982.94	42,773,349,226.62
Including: Cash held on behalf of customers	42,632,548,263.88	38,646,765,451.49
Clearing settlement funds	13,021,612,442.83	12,158,292,189.54
Including: Customer settlement funds	10,658,969,290.22	10,850,398,405.83
Advances to customers	54,547,361,414.81	56,919,964,282.95
Financial assets held under resale agreements	42,336,648,792.36	37,786,785,328.79
Accounts receivable	483,195,872.70	324,945,810.16
Refundable deposits	1,036,167,366.74	852,215,341.74
Investments classified as loans and receivables	1,212,904,532.47	1,250,246,774.77
Financial assets at fair value through profit or loss	48,616,941,940.83	25,325,713,356.13
Financial assets at fair value through other comprehensive income		
Financial assets designated at fair value through other comprehensive income	10,037,452,717.80	–
Debt investments	16,909,259,605.05	–
Interests receivable	3,270,149,978.47	3,431,469,957.39
Derivative financial assets	–	7,644,956.43
Available-for-sale financial assets	–	39,118,471,213.50
Long-term equity investments	7,095,827,407.02	7,095,827,407.02
Fixed assets	224,290,880.49	233,505,941.47
Intangible assets	371,110,285.53	376,017,180.97
Goodwill	223,277,619.51	223,277,619.51
Deferred tax assets	77,825,011.55	72,651,982.97
Other assets	787,365,212.37	878,039,153.02
Total assets	245,363,486,063.47	228,828,417,722.98

Items	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
Liabilities:		
Short-term financing instrument payables	17,068,393,060.81	28,328,293,060.81
Due to banks	1,650,000,000.00	500,000,000.00
Financial liabilities measured at fair value through profit or loss	949,887,495.75	263,776,871.32
Derivative financial liabilities	–	125,268,185.70
Financial assets sold under repurchase agreements	27,089,123,700.00	17,757,190,600.00
Accounts payable to brokerage clients	53,398,710,103.36	49,602,736,143.69
Accrued staff costs	2,620,595,018.03	2,953,879,837.94
Tax payable	126,247,494.48	315,791,461.02
Accounts payable	84,019,413.50	3,018,085.49
Interests payable	2,169,831,949.51	1,680,857,134.20
Bonds payable	74,416,950,278.63	62,581,199,789.20
Other liabilities	1,689,828,629.53	1,521,152,492.16
Total Liabilities	181,263,587,143.60	165,633,163,661.53
Equity		
Share capital	10,137,258,757.00	10,137,258,757.00
Capital reserve	24,965,390,451.43	24,965,390,451.43
Other comprehensive income	543,647,130.09	-38,617,404.62
Surplus reserve	5,318,880,806.14	5,318,880,806.14
General risk reserve	8,187,494,214.80	8,187,494,214.80
Retained earnings	14,947,227,560.41	14,624,847,236.70
Total equity	64,099,898,919.87	63,195,254,061.45
Total liabilities and equity	245,363,486,063.47	228,828,417,722.98

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*January to March of 2018*

Prepared by: China Galaxy Securities Co., Ltd.

*Unit: Yuan
Currency: RMB*

Items	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
I. Operating income	2,617,949,307.96	2,964,431,830.77
Net fee and commission income	1,427,587,956.85	1,349,098,707.91
Including: Net fee income from brokerage business	1,187,855,889.75	1,058,950,913.24
Net fee income from investment banking business	147,200,864.39	44,862,481.90
Net fee income from asset management business	205,937,818.45	135,648,651.53
Net interest income	807,192,504.14	761,962,574.12
Investment gains (losses presented by “-”)	-268,829,340.66	294,201,688.21
Including: Gains from investment in associates and joint ventures	2,434,930.40	—
Gains from changes in fair value	641,329,504.19	534,180,979.94
Foreign exchange gains	869,547.02	583,211.72
Other operating incomes	9,650,815.69	24,318,613.88
Gains from disposal of assets	148,320.73	86,054.99
II. Operating expenses	1,386,743,925.41	1,709,421,736.54
Taxes and surcharges	18,288,222.50	13,649,824.35
General and administrative expenses	1,344,058,534.16	1,485,588,691.33
Impairment losses on assets	22,970,753.66	188,971,020.86
Other operating expenses	1,426,415.09	21,212,200.00
III. Operating profits	1,231,205,382.55	1,255,010,094.23
Add: Non-operating income	4,509,475.82	2,789,394.96
Less: Non-operating expense	504,595.90	948,128.82

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
IV. Profit before income tax	1,235,210,262.47	1,256,851,360.37
Less: Income tax expense	207,631,824.68	130,796,304.03
V. Profit for the period	1,027,578,437.79	1,126,055,056.34
(I) Categorized by operation continuity		
1. Profit for the period from continuing operations	1,027,578,437.79	1,126,055,056.34
2. Profit for the period from discontinued operation	–	–
(II) Categorized by ownership		
1. Profit for the period attributable to shareholders of the Company	1,014,308,288.16	1,117,341,620.62
2. Non-controlling interests	13,270,149.63	8,713,435.72
VI. Other comprehensive income (net of tax)	-8,462,102.70	138,783,980.78
Other comprehensive income attributable to shareholders of the Company (net of tax)	-8,462,102.70	138,783,980.78
(I) Other comprehensive income that will not be reclassified into profits or losses subsequently	12,912,253.87	–
1. Fair value changes of financial assets designated at fair value through other comprehensive income	12,912,253.87	–
(II) Other comprehensive income that will be reclassified into profits or losses subsequently	-21,374,356.57	138,783,980.78
1. Gains and losses from changes in fair value of available-for-sale financial assets	–	149,168,474.55
2. Fair value changes of financial assets at fair value through other comprehensive income	97,825,304.15	–
3. Translation differences on foreign currency financial statements	-119,199,660.72	-10,384,493.77
Net other comprehensive income attributable to non-controlling interests (net of tax)	–	–

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
VII.Total comprehensive income	1,019,116,335.09	1,264,839,037.12
Total comprehensive income attributable to shareholders of the Company	1,005,846,185.46	1,256,125,601.40
Total comprehensive income attributable to non-controlling interests	13,270,149.63	8,713,435.72
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

The Company's Statement of Profit or Loss
January to March of 2018

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan
Currency: RMB

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
I. Operating income	2,157,703,047.78	2,581,825,217.28
Net fee and commission income	1,267,367,171.46	1,180,648,992.60
Including: Net fee income from brokerage business	1,102,232,077.50	1,126,440,166.30
Net fee income from investment banking business	145,089,112.36	40,057,569.65
Net interest income	472,819,707.79	659,188,851.82
Investment gains (losses presented by “-”)	-132,529,552.66	191,106,106.64
Gains from changes in fair value	552,463,917.87	527,838,890.37
Foreign exchange gains (losses presented by “-”)	-7,445,064.00	-1,563,035.07
Other operating incomes	4,849,254.48	24,512,489.31
Gains from disposal of assets	177,612.84	92,921.61
II. Operating expenses	1,149,122,693.50	1,503,181,210.73
Taxes and surcharges	16,545,362.95	13,051,916.76
General and administrative expenses	1,117,301,607.32	1,279,946,073.11
Impairment losses on assets	15,275,723.23	188,971,020.86
Other operating expenses	-	21,212,200.00
III. Operating profits	1,008,580,354.28	1,078,644,006.55
Add: Non-operating income	1,070,016.58	508,937.96
Less: Non-operating expense	181,625.49	830,917.33

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
IV. Profit before income tax	1,009,468,745.37	1,078,322,027.18
Less: Income tax expense	200,073,585.56	88,318,714.48
V. Profit for the period	809,395,159.81	990,003,312.70
(I) Profit for the period from continuing operations	809,395,159.81	990,003,312.70
(II) Profit for the period from discontinued operation	–	–
VI. Other comprehensive income (net of tax)	110,737,558.02	165,864,019.51
(I) Other comprehensive income that will not be reclassified into profits or losses subsequently	12,912,253.87	–
1. Fair value changes of financial assets designated at fair value through other comprehensive income	12,912,253.87	–
(II) Other comprehensive income that will be reclassified into profits or losses subsequently	97,825,304.15	165,864,019.51
1. Gains and losses from changes in fair value of available-for-sale financial assets	97,825,304.15	–
2. Fair value changes of financial assets at fair value through other comprehensive income	–	165,864,019.51
VII. Total comprehensive income	920,132,717.83	1,155,867,332.21
VIII. Earnings per share:		
(I) Basic earnings per share (Yuan/share)	0.08	0.10
(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

January to March of 2018

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan
Currency: RMB

Items	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
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	5,182,273,789.67	3,589,845,141.67
Net increase in repurchase businesses	4,107,061,700.46	–
Net increase in due to banks	1,150,000,000.00	–
Net decrease in advances to customers	2,550,710,070.70	2,243,856,035.32
Net increase in cash received from brokerage clients	3,487,383,369.39	–
Cash received from other operating activities	763,589,932.89	170,321,313.94
Subtotal of cash inflow from operating activities	17,241,018,863.11	7,773,587,792.02
Net decrease in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	8,242,391,988.48	–
Net cash paid to brokerage clients	–	8,336,063,058.45
Net decrease in repurchase businesses	–	11,486,161,132.29
Cash for the payment of interests, fees and commissions	595,769,863.77	544,438,133.81
Cash payments for employees	1,322,720,977.47	991,497,233.54
Tax expenses paid	372,574,149.04	325,601,517.52
Cash paid for other operating activities	1,480,019,361.89	672,233,762.83
Subtotal of cash outflow from operating activities	12,013,476,340.65	22,355,994,838.44
Net cash from/(used in) operating activities	5,227,542,522.46	-14,582,407,046.42

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
II. Cash flows from investing activities:		
Cash received from realized investment gains	118,025,403.14	257,965,509.99
Net increase in cash from investment classified as loans and receivables	113,207,265.98	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	2,293,269.86	418,352.63
Cash received from other investing activities	4,352,430,204.68	4,052,528,600.00
Subtotal of cash inflow from investing activities	4,585,956,143.66	4,818,091,863.28
Cash paid for investments	626,506,490.60	–
Net decrease in cash from acquisition or disposal of financial assets at fair value through other comprehensive income	2,061,846,095.40	–
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	38,518,292.61	42,710,865.94
Cash paid for other investing activities	5,390,000,000.00	650,000,000.00
Subtotal of cash outflow from investing activities	8,116,870,878.61	692,710,865.94
Net cash (used in)/from investing activities	-3,530,914,734.95	4,125,380,997.34

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
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
Cash received from issuance of bonds payable and long-term financing instruments	13,350,840,000.00	13,160,780,000.00
Cash received from issuance of short-term bonds and short-term financing instruments	5,164,110,000.00	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	18,514,950,000.00	20,565,082,599.87
Cash paid for debt repayment	18,124,945,853.53	16,628,355,333.33
Cash paid for distribution of dividends, on profit or for interest expenses	571,910,907.72	721,652,966.43
Including: Dividends paid to non-controlling interests	–	–
Cash paid from third-party interests in consolidated structured entities	421,477,475.63	–
Cash paid for other financing activities	–	1,415,094.32
Subtotal of cash outflow from financing activities	19,118,334,236.88	17,351,423,394.08
Net cash (used in)/from financing activities	-603,384,236.88	3,213,659,205.79
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
	261,708,480.81	-26,418,289.81
V. Net increase/(decrease) in cash and cash equivalents		
	1,354,952,031.44	-7,269,785,133.10
Add: Cash and cash equivalents at the beginning of the period	64,293,748,504.80	82,723,955,200.69
VI. Cash and cash equivalents at the end of the period		
	65,648,700,536.24	75,454,170,067.59

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

January to March of 2018

Prepared by: China Galaxy Securities Co., Ltd.

Unit: Yuan
Currency: RMB

Items	Three months ended 31 March 2018	Three months ended 31 March 2017
	(Unaudited)	(Unaudited)
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	2,863,056,158.24	3,223,961,458.70
Net increase in repurchase businesses	4,787,450,705.43	–
Net increase in due to banks	1,150,000,000.00	–
Net decrease in advances to customers	2,372,766,367.85	2,189,136,236.60
Net increase in cash received from brokerage clients	3,795,973,959.67	–
Cash received from other operating activities	214,327,916.87	158,409,957.31
Subtotal of cash inflow from operating activities	15,183,575,108.06	6,607,643,205.56
Net decrease in cash from acquisition or disposal of financial instruments measured at fair value through profit or loss	7,986,333,361.11	–
Net cash paid to brokerage clients	–	7,876,478,462.79
Net decrease in repurchase businesses	–	11,443,285,065.40
Cash for the payment of interests, fees and commissions	374,262,366.29	325,066,818.56
Cash payments for employees	1,131,551,547.63	797,363,033.07
Tax expenses paid	382,394,772.93	290,200,750.71
Cash paid for other operating activities	412,010,095.27	234,176,058.47
Subtotal of cash outflow from operating activities	10,286,552,143.23	20,966,570,189.00
Net cash from/(used in) operating activities	4,897,022,964.83	-14,358,926,983.44

Items	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)
II. Cash flows from investing activities:		
Cash received from realized investment gains	547,509,088.33	241,374,207.04
Net increase in cash from investment classified as loans and receivables	37,954,416.92	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	277,640.08	357,195.00
Cash received from other investing activities	–	2,528,600.00
Subtotal of cash inflow from investing activities	585,741,145.33	987,040,378.22
Net decrease in cash from acquisition or disposal of financial assets at fair value through other comprehensive income	2,061,846,095.40	–
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	37,788,819.22	38,606,599.98
Subtotal of cash outflow from investing activities	2,099,634,914.62	38,606,599.98
Net cash (used in)/from investing activities	-1,513,893,769.29	948,433,778.24

Items	Three months ended 31 March 2018 <i>(Unaudited)</i>	Three months ended 31 March 2017 <i>(Unaudited)</i>
III. Cash flows from financing activities:		
Cash received from capital injection	–	4,086,000,000.00
Cash received from issuance of bonds payable and long-term financing instruments	13,350,840,000.00	13,160,780,000.00
Cash received from issuance of short-term bonds and short-term financing instruments	5,164,110,000.00	1,486,210,000.00
Subtotal of cash inflow from financing activities	18,514,950,000.00	18,732,990,000.00
Cash paid for debt repayment	17,923,385,000.00	14,842,933,333.33
Cash paid for distribution of dividends, on profit or for interest expenses	708,737,637.94	702,225,143.74
Cash paid for other financing activities	–	1,415,094.32
Subtotal of cash outflow from financing activities	18,632,122,637.94	15,546,573,571.39
Net cash (used in)/from financing activities	-117,172,637.94	3,186,416,428.61
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
	-63,890,547.99	-11,581,646.82
V. Net increase/(decrease) in cash and cash equivalents		
	3,202,066,009.61	-10,235,658,423.41
Add: Cash and cash equivalents at the beginning of the period	54,830,009,616.16	78,346,154,952.85
VI. Cash and cash equivalents at the end of the period		
	58,032,075,625.77	68,110,496,529.44
Legal Representative: Chen Gongyan	Person-in-charge of accounting affairs: Zhu Ruimin	Person-in-charge of accounting department: Zhu Ruimin

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
26 April 2018

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. LIU Dingping and Mr. LI Chaoyang; and the independent non-executive Directors are Mr. WANG Zhenjun, Mr. LUO Lin, Mr. WU Yuwu and Mr. LIU Ruizhong.