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

ANNOUNCEMENT ON PROGRESS OF ARBITRATION

Reference is made to the announcement of China Galaxy Securities Co., Ltd. (the “**Company**”) dated 3 September 2018 in relation to the arbitration filed by the Company to the Beijing Arbitration Commission against Changchun Xiangsheng Investment Management Co., Ltd. (长春市祥升投资管理有限公司, “**Xiangsheng Investment**”).

The Company has recently received the Arbitral Award ((2019) Beijing Arbitration No. 1079) issued by the Beijing Arbitration Commission, which ordered that:

1. Xiangsheng Investment shall pay to the Company the repurchase transaction amount as of 30 April 2019 of RMB45,605,484.34, and the interests calculated at an annual rate of 5.7% based on the amount of RMB45,182,133.93 for the period from 1 May 2019 to the date of full settlement of the repurchase transaction amount;
2. Xiangsheng Investment shall pay to the Company the liquidated damages as of 30 April 2019 of RMB1,272,838.82, and the liquidated damages at a daily rate of 0.05% based on the amount of RMB45,182,133.93 for the period from 1 May 2019 to the date of full settlement of the repurchase transaction amount;
3. The Company shall have the right to discount the 9,748,658 circulating shares of Changsheng Bio-Technology Co., Ltd. (长生生物科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002680) that have been pledged by Xiangsheng Investment to the Company, or shall have priority right to be repaid from the proceeds of the auction or sale of such pledged shares within the limit of the above items 1 and 2;
4. Xiangsheng Investment shall pay to the Company the legal expenses of RMB100,000;
5. Other arbitration requests of the Company shall be rejected; and
6. Xiangsheng Investment shall pay to the Company the arbitration fee of RMB306,288.59 disbursed by the Company.

Currently, all business operations of the Company remain normal. The above matter has no material impact on the business operations, financial position and solvency of the Company.

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

Beijing, the PRC
11 July 2019

As at the date of this announcement, the executive Director of the Company is Mr. CHEN Gongyan (Chairman); the non-executive Directors are Mr. LIU Dingping, Ms. XIAO Lihong, Mr. ZHANG Tianli and Ms. WANG Zelan; and the independent non-executive Directors are Mr. LIU Ruizhong, Mr. WANG Zhenjun and Ms. LIU Chun.