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

ANNOUNCEMENT ON APPLICATION FOR ENFORCEMENT AND ARBITRATION

China Galaxy Securities Co., Ltd. (the “**Company**”) has recently applied to the Beijing No.1 Intermediate People’s Court (the “**Court**”) for the enforcement of the stock pledge repurchase transactions between the Company and Mr. Yang Zhenhua (楊振華先生, “**Mr. Yang**”), and applied to the Beijing Arbitration Commission (the “**Arbitration Commission**”) for arbitration. Details are as follows:

Mr. Yang entered into relevant agreements with the Company for stock pledge repurchase transactions. The notary public office issued the notarized debt documents in respect of a part of the transactions upon application by the Company and Mr. Yang and his spouse, Ms. Luo Jun (羅隽女士, “**Ms. Luo**”). As Mr. Yang failed to perform his repayment obligations in accordance with the relevant agreements, the Company has applied to the Court for the enforcement of the transactions that are covered by the notarized debt documents, requesting: (1) Mr. Yang and Ms. Luo to repay the principal amount of RMB141,010,273.50; (2) Mr. Yang and Ms. Luo to pay the interest payable from 20 September 2019 up to the date of actual settlement; (3) Mr. Yang and Ms. Luo to pay the default penalty at 0.05% per day based on the outstanding principal amount from the date of default; and (4) Mr. Yang and Ms. Luo to pay other charges and expenses incurred by the creditor to realise its rights and security interests, and to pay double interests for the late performance of obligations.

For the transactions that are not covered by the notarized debt documents, the Company has applied to the Arbitration Commission for arbitration, requesting: (1) Mr. Yang to repay the financing principal amount of RMB141,518,600.00; (2) Mr. Yang to pay the interest payable from 20 September 2019 up to the date of actual settlement; (3) Mr. Yang to pay the default penalty at 0.05% per day based on the outstanding principal amount from the date of default; (4) the Company to have the priority right to be repaid from Mr. Yang’s proceeds of the discounted pledged shares, auction or sale of such pledged shares within the limit of the above arbitration requests (1), (2) and (3); (5) Mr. Yang to compensate the attorney’s fees and travel expenses incurred by the Company for this case; and (6) Mr. Yang to bear the arbitration fee of this case.

Currently, all business operations of the Company remain normal. The above matters have 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
26 November 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.